

# PUBLIC AUDIT

Ways of Enhancing Development Effectiveness



Reflections from Community Support Programme (CSP-II)



*Rural Reconstruction Nepal*  
(RRN)

<b>C</b>	Community
<b>S</b>	Support
<b>P</b>	Programme
समुदाय सहयोग कार्यक्रम	

# **PUBLIC AUDIT**

## **WAYS OF ENHANCING DEVELOPMENT EFFECTIVENESS**

### **REFLECTIONS FROM COMMUNITY SUPPORT PROGRAMME (CSP-II)**



**Rural Reconstruction Nepal (RRN)**

# **PUBLIC AUDIT: WAYS OF ENHANCING DEVELOPMENT EFFECTIVENESS**

REFLECTIONS FROM COMMUNITY SUPPORT PROGRAMME (CSP- II )

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# Foreword

RRN follows its four-fold approach of rural reconstruction as the foundation of all its development programmes. This approach consists of four key features which are education and awareness, sustainable livelihood, health and self- government.

With regard to self-government: the process of empowerment and self-reliance includes awareness raising and active participation through analysing problems, potentials, opportunities and constraints, capacity building through management, leadership and technical skills training and federating and networking people's organizations.

Public audit is such a process that promotes effectiveness of development intervention by assessing and facilitating the projects in the community level. The concept of public audit in development came in order to increase development effectiveness by full participation of people that would enhance community ownership and promote transparency and accountability. Transparency and accountability become issues of concerns if the local people do not own the development interventions. Thus, public audit in the development process has proven to be innovation in reaching to the poor and marginalised people and empowering them in a decision-making process at the local level.

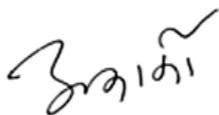
This document, "Processes and Stages of public audit: ways of enhancing development effectiveness, lessons and reflections from RRN/CSP" is an effort to highlight the necessity and importance of public audit for empowering the marginalised social groups.

We are grateful to the DFID/UKAid of the UK government for supporting us to achieve our mission. We are also thankful to the local communities, local bodies, CBOs, NGOs, the government and other stakeholders for their invaluable support. I heartily appreciate the efforts of the staff members of the RRN for successfully implementing the programme.

Last but not the least, we offer our deepest appreciation to our independent consultants Dr. Netra Prasad Timsina and Mr. Roshan Sharma Paudel for their wider consultation with RRN/CSP staff at central, regional and district level as well as social mobilisers and members of

User Committee and general users at large in the field for their contributions in documenting the process of social mobilisation and drawing lessons from the practices in the grassroots.

We hope this document will help to highlight and strengthen the imperativeness of public audit for a holistic development of deprived and marginalised groups in the community.



**Dr. Arjun Karki**

President

Rural Reconstruction Nepal (RRN)

# Summary

Public audit is a process that promotes effectiveness of development intervention by assessing and facilitating implementation of projects in the community level. The concept of public audit in development came in order to increase development effectiveness by full participation of people that would enhance community ownership and promote transparency and accountability. Issue of ownership of development by local people in a conventional development process appears to be an area that needs to be addressed. Transparency and accountability become issues of concern if the local people do not own the development interventions. Thus, public audit in the development process has proven to be an innovation in reaching the poor and marginalised people and empowering them in the decision-making process at local level. The use of public audit in local development intervention used by Civil Society Organisations (CSOs) is found to be very useful in enhancing the effectiveness of development.

Rural Reconstruction Nepal (RRN) has adopted the public audit in its development projects as a tool to empower the poorest of the poor and marginalised social groups (women, dalit, janjati and other minority groups). Although RRN has been adopting the public audit throughout its organizational system, including all its development projects, public audit is being largely used under the Community Support Programme (CSP) supported by DFID/UKaid since 2003.

RRN has commissioned a study team to document the process of social audit being practiced in the field. Five districts, Rolpa, Banke, Ilam, Morang and Siraha were selected to undertake this pilot study.

RRN has implemented the public audit in three stages: i) planning and designing phase (first public audit), ii) implementation phase (mid-term public audit), iii) after completion of the project (final public audit). Practicing public audit in the initial phase of the project (conceptualising, planning and designing) has been seen as one of the important innovations in order to enhancing development effectiveness by reaching to poor and marginalised social groups and providing them a space for engaging in the decision-making process. Mid-term public audit is also

found to be very useful and an innovative way of promoting transparency in development projects. Final public audit has been used as a platform to make everything clear about the development interventions (cost, contribution, human-resource mobilisation, etc.) and its sustainability. Use of public audit in three different stages in development projects has been found as an effective approach in promoting ownership of local community and empowering them, increasing transparency and enhancing accountability of the authority and the service providers.

The process followed for public audit in RRN/CSP is rigorous and provides an institutional framework within which public audit activities are conducted that can enhance development effectiveness at the local level. The process makes meaningful contribution both to the accountability aspect of the public expenditure and to the reduction of chances of corruption and misuse of the development fund. The process of public audit also has proven to be an effective approach to empower the poor and marginalised social groups (the left out people in development hitherto) by addressing the issues of exclusion in the mainstream development process. The learning derived from the public audit can be promoted at the community level at large (scaling out) and at various levels of service providers and government agencies (scaling up).

# 1. Introduction



Public audit is a process which promotes effectiveness of development intervention by assessing and facilitating the community project implementation. This is an approach for enhancing transparency and accountability of development interventions and empowering the marginalised social groups, resulting in the active participation of members of the local community not only in the implementation phase but also in the conceptualising, planning and monitoring stages of the project; thus ensuring public participation, transparency, accountability and ownership in the development interventions.

Rural Reconstruction Nepal (RRN) has adopted the public audit as a tool to enhance development effectiveness by mobilising local people in order to promote accountability of the service providers and to develop mutual understanding between service providers and people at the community. RRN has been largely using public audit as a tool for effective project implementation under the Community Support Programme (CSP), supported by UKaid since 2003. This report embraces the process of public audit implemented by RRN-CSP.

Initially, five districts (Rolpa, Banke, Ilam, Morang and Siraha) were selected to undertake a pilot study. Diversity of the population, ethnicity, castes and

geography have been captured while the districts were selected on purpose, considering the importance of such diversities in order to validate the lessons derived from the process of public audit.

A total of ten Peace Promotion Centers (PPCs), recently renamed as Citizen Awareness Centers (CACs) were consulted in this documentation process. Moreover, meetings were also held with five community-building committees and school building committees. The RRN staff, including social mobilisers in all five districts and two regions (Mid-Western and Eastern regional offices)) were consulted. The study team also held interaction with Local Development Officers (LDOs), Village Development Committees' (VDCs) secretaries and the Local Governance and Community Development Programme (LGCDP)'s social mobilisers in order to identify their perception in public auditing.

References from the public audit guidelines, field reports, progress reports and other relevant documents have been drawn to relate the concept of public audit in field practices.

# 2. Public Audit-Principles and Practices

Public audit adds value not only for analysing and reporting the past events of development projects, but it also brings synergy to indentifying lessons to be learnt and disseminating good practices for enhancing development effectiveness. Public Audit mechanism embraces certain principles as follows.

## 2.1 Independence

Public audit must be independent of the organization so that the auditor cannot be improperly influenced by those whose work they audit. Consequently, they can carry out their role freely. The methods of appointment of the public auditors should ensure that the appointed auditor can work independent to the audited body and can report without fear or favour. They should be ensured with proper access to the required information to undertake the audit.

## 2.2 The wide scope

The scope of public audit should not be limited within a mere activity of providing an opinion on the financial statements prepared by the Users Committee or public bodies, but also should deal with the issues as appropriate to the work, good governance and transparency. The public audit generally embraces following three criteria:

### a) Compliance

Public audit must ensure that the financial transactions comply, where appropriate, with the legislation or certain principles. Such principles are set at different levels- national to community in compliance with the national legislations.

### b) Accountability

Public audit helps to ensure that public bodies meet their statutory and ethical duties to the public and other stakeholders in an open and transparent manner.

**c) Value for money**

Public audit must include examinations of the economy, efficiency and effectiveness in the use of public resources, including the evaluation of service quality and the measurement of performance.

**2.3 Information dissemination and reflection**

Appropriate mechanisms should be put in place for information dissemination and reflection in order to ensure effectiveness of the public audit. The concerned authority shall be held responsible to public information dissemination and to provide ample opportunities to understand and reflect the information on the development project to be audited publicly.

# 3. Field Practice of Public Audit under RRN/CSP

CSP, a DFID/UKaid supported programme was originally designed in June 2003 with a view to assist in solving the immediate development needs of the poor and excluded people, who have been the hardest hit victims of the armed conflicts in 39 districts, spreading across the far-west, mid-west, western and eastern development regions of Nepal. The second phase of the CSP has been in operation since April, 2010 in 44 districts. RRN is implementing the programme in 19 districts and CARE Nepal in 25 districts. The purpose of the programme is to improve the access of the poor and excluded groups to the community-based development opportunities.

Transparency and accountability are key elements of RRN. Therefore, public audit has become an important working approach of RRN/CSP II, which has engaged community group members to integrate the public audit mechanisms in all stages of the project cycle (conceptualising to completion). These processes enhance the understanding and trust between the right holders (women, dalit, janajati and other marginalised groups) and duty bearers (government line agencies, DDC, VDC, NGOs and other service providers). Moreover, this process has become a platform for different interest groups to interact and reduce conflict over resources and enhance inclusiveness in the decision-making process. The major objectives of bringing Public Audit practices in CSP II are to:

- establish the public audit as a process rather than an event,
- increase transparency, accountability and ownership of the development project leading to the good governance.

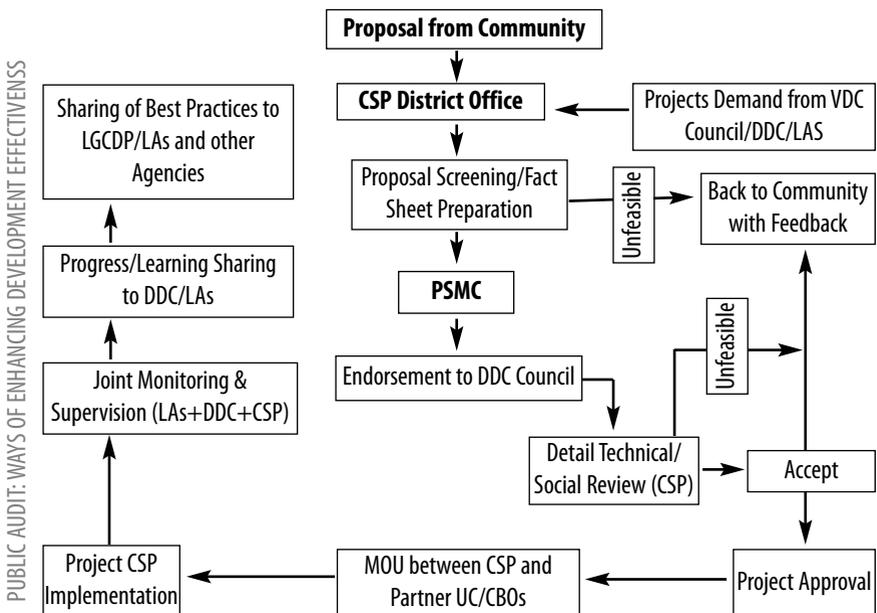
This section documents the steps and processes of the public audit being practiced in the field.

### 3.1 Pre-public audit phase

RRN facilitates a rigorous process of project formulation-planning, designing and implementation. The following steps have been observed in terms of reaching out to the project agreement with the User Committees as pre-public audit phase.

- i) At the beginning of the project identification, different consultation meetings on the project process are organised with different stakeholders. Following information are provided to the District Development Committees (DDCs) and district level line agencies, Village Development Committees (VDCs) and representatives of the local community through the meeting with stakeholders.
  - a) Working areas of RRN/CSP
  - b) Project selection and priority of RRN/CSP
  - c) Target group/beneficiaries of RRN/CSP
  - d) Implementing modalities

#### Programme Implementation Modality



- ii) The user committees upon their interest and needs in RRN/CSP project submit applications with the recommendations from DDC/VDC and other line agencies.
- iii) A preliminary assessment/pre-feasibility study is conducted by RRN/CSP staff with the adoption of the following activities:
  - On-site visit of the project staff upon request of the beneficiary groups.
  - Compilation of basic information about the project from key personnel (VDC secretaries, local leaders, school teachers and project beneficiaries).
  - Quick review of the project concept against the criteria developed by RRN/CSP, i.e., target beneficiaries, budget and other technical and social aspects that CSP considers in order to approve the project.
- iv) The RRN/CSP social and technical staff facilitates to form the User Committee. The User Committee should adopt the inclusive policy comprising women, dalit, ethnic groups, poor and other marginalised social groups. A mass meeting of the users is invited, and the User Committee is formed from among the members of the user community comprising 5-11 members, pursuant to the following provisions:
  - At least 40 percent women,
  - At least one woman in the key position of User Committee, i.e. Chairperson or Secretary or Treasurer,
  - Socially inclusive, comprising women, dalit, ethnic groups, impoverished and marginalised social groups.
- v) The data and information obtained from the pre-feasibility are then put under RRN/CSP's major following selection criteria, which mainly considers:
  - Inclusion of the poor and the most disadvantaged groups within the communities as beneficiaries,
  - Community contribution (at least 10% of the total project budget),

- Potential in reducing inequality and tension in the community once the project is accomplished,
  - Prevention of corruption and proper utilisation of the funds,
  - Sustainable benefits of the programme,
  - Synergistic effect with existing development activities among others.
- vi) The technical and social staff of RRN/CSP then prepares a list of the requests received from the users and submits it to Project Selection and Monitoring Committee (PSMC) for screening and recommendations. The requests received from the users by DDC, and other line agencies will also be considered in the project filtering process. PSMC is chaired by Local Development Officer (LDO) of DDC. PSMC member comprises of representatives of different line agencies, CSOs including RRN/CSP. The evidence has proven that while the LDO chaired the PSMC, this mechanism would become effective for avoiding duplication and put concerted efforts of the development agencies with a view to sustainability of the project.
- vii) After the recommendations from PSMC are received, the technical and social staff conducts a detail feasibility study. This process involves the base line survey, which covers following aspects:
- a) Physical Aspect:** This process involves identifying the status of physical structures and needs assessment for further improvement of existing infrastructures such as, school building, community building, and health post, irrigation, rural road and bridge culvert.
  - b) Technical Aspect:** It involves identifying the appropriate technology for physical infrastructures based on the access to transportation, climate, cultures and society as well as design and estimate.
  - c) Social Aspect:** It covers the socially accepted physical structures without any disputes among the target communities, that promotes social harmony.
  - d) Financial Aspect:** The process covers to identify the rates of skilled and unskilled labours and the local materials (i.e., sand, brick, wood, aggregate and stone).

**The base line survey also involves the disintegrated data collection on:**

**i) Poverty:** It covers the food sufficiency of targeted beneficiaries from their own agriculture land and livestock products throughout the year (i.e., landless, very poor, poor, moderate and food sufficient)

**ii) Ethnicity:** It covers the disintegrated data of different ethnic groups (i.e. Brahmin, Chhetri, Thakuri, Sanyasi (BCTS), relatively disadvantaged janajati (RDAJ), relatively advantaged janajati (RAJ), Dalit, other excluded caste (OEC) and religious minorities (RM).

**iii) Gender:** It covers the disintegrated data of total targeted beneficiaries on gender basis and also the gender balance in User Committee and sub-committees and their roles in the process.

**iv) Disadvantaged Groups:** It represents the marginalised disadvantaged groups excluded from resources and other benefits (i.e. janajati, women, Dalit, etc.).

**v) Food Balance:** It takes the stock of food availability in the community/household all year round.

Above all, the base line survey also covers the local rates of the materials and services which will be required for cost estimation.

Based on the data obtained, each aspect is scored and the final score is obtained to provide an overall status of the project area (the criteria for score setting has been developed by RRN/CSP).

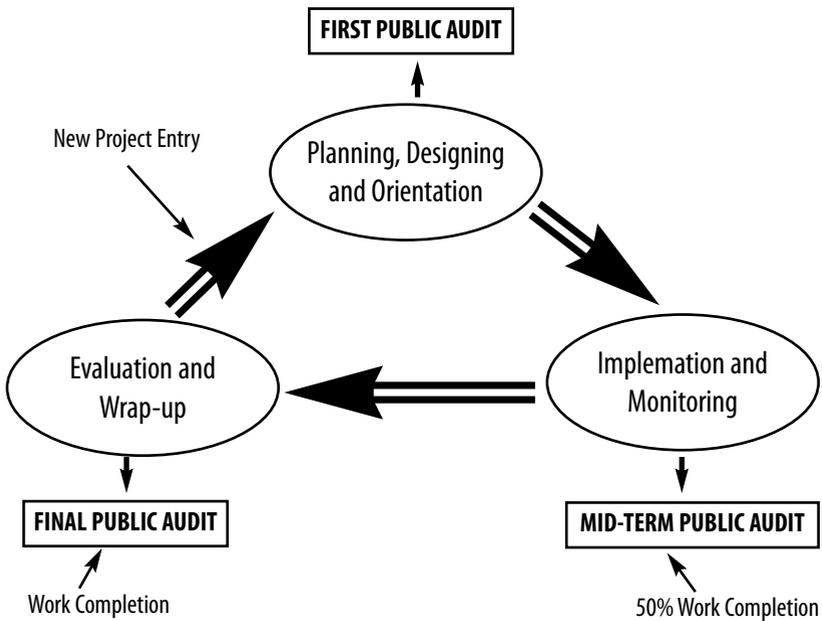
The project is then designed, and the cost is estimated. As far as the projects related to the infrastructures are concerned, their design and the cost estimation take place based on the findings of the base line survey and in consultation with the local community.

A kind of negotiation then takes place with the user community followed by a thorough discussion on the cost contribution. The concept of cost contribution is developed not to create a burden to the user community but to ensure their ownership by mobilising local resources. Moreover, negotiation also involves the information dissemination about possible sources for availability of the local fund.

Finally, District Project Team submits the detail proposal to the Regional Office, and it recommends it to the head office. The relevant specialists at the head office assess the proposal and recommend it to the project director for final approval.

After the project is approved, it enters into public scrutiny through the process of public auditing. Depending on the size, area, duration and geographical coverage of the project, public audit generally takes place in three stages: initial, mid-term and completion stages of the project, whereas the assessment of labour, money and materials mobilisation along with views, reviews, suggestions and discussions take place with the members of the community. The stages for the practical approach to the Public Audit are explained as in Figure 1.

**Fig. 1: Stages of Public Audit**



## 3.2 Public audit in project planning and implementation phase

### I. First Public Audit (Planning and Orientation)

After the approval of the project, first public audit is conducted while inviting all users and stakeholders at the project sites.

#### Objectives of First Public Audit

- To inform the beneficiaries and stakeholders about RRN/CSP-II project selection and prioritization procedure and provide detail information about the project, including the budget and their sources,
- To provide clear information about the working procedures of RRN/CSP-II,
- To provide information about the estimated project expenditure and sign an agreement between RRN/CSP and the user committee, and others, if any,
- To prepare an action plan for the project implementation.

#### Process:

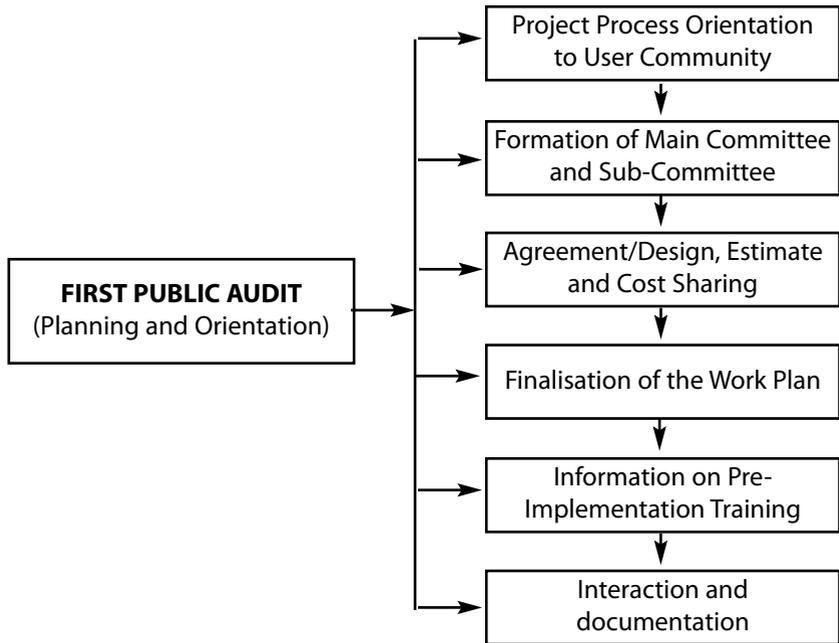
##### A. Orientation to User Community

In the first stage, RRN and User Committee jointly provide information regarding the processes carried out from the project selection to the approval, to the general users and the stakeholders at the project site. This information is to be given by Project Staff, members of user committee and the project partners, such as DDC, VDC, etc, if any.

##### B. Main Committee and Sub Committees

The ad hoc committee formed at the initial stage of the project selection is again put under assessment to verify the inclusivity and acceptability, in the first public audit. Provided the committee is not inclusive and if general users cannot accept it, such committee will be reshuffled to ensure proper inclusion. Sub-committees are also formed with explicit roles and responsibilities. At least, one member from the main committee will represent each sub-committee. Other two members

**Fig. 2: Steps in First Public Audit: A Flowchart**



from the users group are selected in the sub-committee that comprises at least three members, with mandatory provision of a one-woman representative. However, the chairperson, vice-chairperson and secretary of the main committee shall not be eligible to be the member of the sub-committees. They remain to be independent for overall monitoring and control.

***i) Human Resource Mobilisation Sub Committee***

The Sub-Committee is responsible for mobilising labours for both paid and volunteer works, including mobilising the public for skilled, semi-skilled and unskilled labour contribution and maintaining records accordingly.

***ii) Procurement Sub-committee***

The sub-committee is chiefly responsible for procurement of all the materials required for the project and maintaining daily records of the supply (local and external), the materials that are used and are in the

stock and the expenditure for this. Besides the procurement and records keeping, they also ensure the regular supply of the materials and their proper storage, protection and uses.

### ***iii) Account Sub-committee***

The Sub-Committee maintains the income and expenditure records of the on-going project, including the records of the skilled, semi-skilled and unskilled labours and the materials used, in coordination with human resource mobilisation sub-committee and procurement subcommittee respectively.

### ***iv) Monitoring Sub-committee***

This sub-committee monitors work on progress, and gives feedback and suggestions to the users/construction committee and the project partners, if any. They should monitor whether the resources and labours are mobilised effectively.

### ***v) Public Auditing Sub Committee***

This is a core committee of the project under consideration for public audit, which monitors input such as the flow of money, labour and materials. It documents the overall activities, from money disbursement to mobilisation of financial and human resources and their transparency among the general users and the key stakeholders. It collects all the information drawn from the subcommittees and main committee in order to prepare a compiled report.

## **C. Agreement/Design, Estimate and Cost Sharing**

The User Committee and RRN staff shall provide all information about cost sharing partners, cost estimation and local contribution required. This agreement is made at the project site and witnessed by all users. The major processes under this step are:

### ***i) Discussion on Agreement Paper***

The agreement that was prepared during the negotiation between RRN/CSP staff and user committee is brought into discussions whereby the user committee is once again made clear about their responsibilities and contribution to the proposed project.

**श्री रातामाटा सामुदायिक अध्ययन केन्द्र  
भवन निर्माण योजना  
खोहगाउँ बार्ड नं. २, राय्पा**

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४२.	दाग रोकाले	५०	५०	५०	५०
४३.	दाग रोकाले	५०	५०	५०	५०
४४.	दाग रोकाले	५०	५०	५०	५०
४५.	दाग रोकाले	५०	५०	५०	५०
४६.	दाग रोकाले	५०	५०	५०	५०
४७.	दाग रोकाले	५०	५०	५०	५०
४८.	दाग रोकाले	५०	५०	५०	५०
४९.	दाग रोकाले	५०	५०	५०	५०
५०.	दाग रोकाले	५०	५०	५०	५०

समूहमा म्या सामूहिक आयोजनाको कामलाई अगाडि बढाऔं ।

## ii) Briefing on Proposed Design

The design and estimate that are prepared by RRN/CSP team in consultation with the Users Committee is briefed in front of all users.

## iii) Cost Sharing

The cost contribution of the community to the on-going project is shared with all users. They are provided with the tentative figure of estimation under local contribution along with the information about the expected financial and labour contribution from them. Discussions are also held on identifying interested and potential partners.

## D. Finalisation of the Work Plan

The work plan is drawn and finalised in the first public audit with clear time frame and responsibilities. Then the overall information about the project is publicised through the information board placed accessible to the public.

### **E. Information on Pre-Implementation/ Construction Training:**

With a view to strengthening the capacity of the User Committee and sub-committees, pre-implementation/construction management training are given to the main committee and sub committees just after the first public audit, prior to the implementation of the project. The information regarding the pre-implementation/construction management trainings are discussed in the first public audit. The trainings given prior to the implementation cover following areas:

- Public auditing
- Right based approach
- Gender equity
- Social inclusion
- Pre-construction management
- Regular monitoring and payment
- Post-construction management
- Basic care and maintenance (water-related projects)

### **F. Interaction and Documentation**

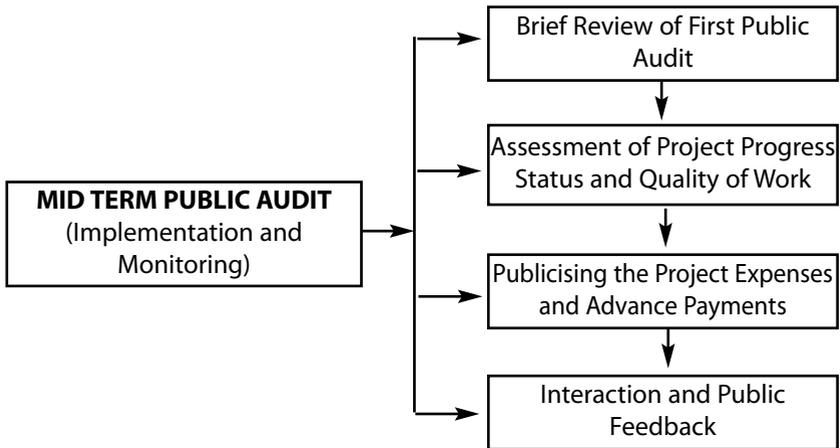
The first phase of public audit comes to the final stage of the interaction and discussion of the User Committee, stakeholders and members of the community, in which the participants are given opportunities for questions and answers. Participants can ask clarifications to the members of User Committee and RRN staff regarding the project.

Any suggestions, views and feedbacks (strengths/weaknesses) are presented before the RRN team and user committees, and they will incorporate the feedback into the implementation process. Finally, the minute of the meeting is written and signed by all participants as a confirmation of their commitment in the process of the first public audit.

## **II. Mid-term/Second Public Audit**

At the midst of the implementation phase of the project, often times after 50% work completion, users, and concern stakeholders are invited for the second phase of public audit (Mid-term Public Audit). This is the most interactive public audit. The role of User Committee is crucial in this process.

**Fig. 3: Steps in Mid-Term Public Audit: A Flowchart**



### **Objectives of Mid-Term Audit**

- To disseminate information on the progress of the project in implementation,
- To provide information on up-to-date expenses of the project,
- To interact on the problems, if any, faced during the period and find out their solutions and to receive feedback for further improvement.

### **Process:**

#### **Brief Review on First Public Audit**

A brief review of the first public audit takes place, in which the information that was already provided in the first audit is discussed and made clear to the users and User Committee.

#### **Assessment of Project Progress and Quality of Work**

Assessment of the quality of construction materials and monitoring of the quality of work is discussed. All the information about the current status of the project, progress and the limitations are shared with the public. Assessment of the project status also takes place in relation to the time frame. Consent from the community is taken into consideration

as and when the project needs to be revised. The plan can also be revisited should the necessity arise. A revised action plan for the completion of the project will be developed if required.

### **Publicising the Projects Expenses and Advance Payments**

In this process, information on the expenses and outstanding advance payments are shared with the people. The major activities under this step include verification of the expenses as well as the use of the materials spent for the construction and make the details public.

### **Interaction and Public Feedback**

Open interaction is held in order to provide an opportunity to the participants in the public audit to ask questions to the User Committee, sub committees and the RRN staff, in which the participants also give their feedback.

## **III. Final Public Audit**

This is the final stage of the public audit, which is carried out after completion of the project.

### **Objectives of Final Public Audit**

- To present the final progress report of the project,
- To present the actual figures of project expenditures,
- To carry out discussions on repair and maintenances of the project,
- To discuss on the long term sustainability of the project,
- To discuss on the lessons learnt in the process of project implementation.

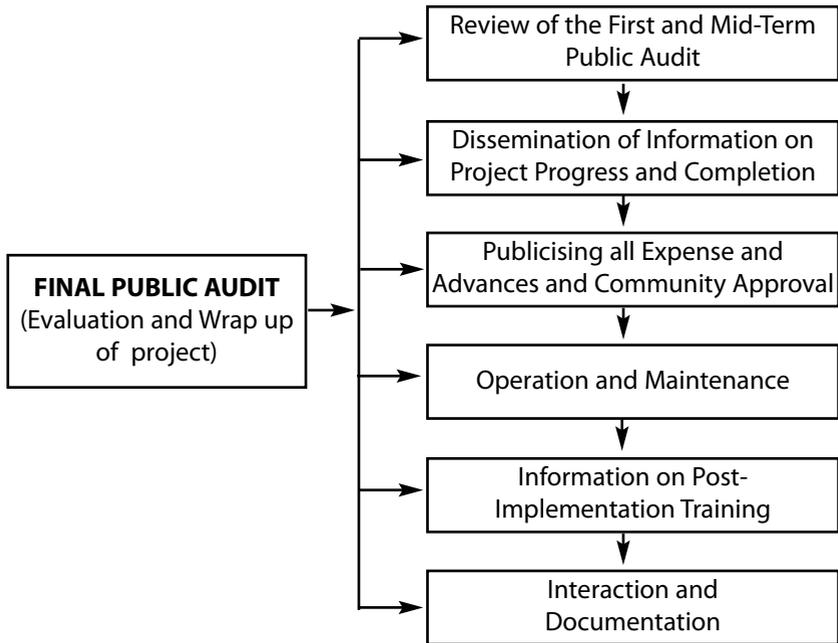
### **Process:**

#### **Review of the First and Mid-Term Public Audit**

The overall information on the status of the project discussed in the first and mid-term public audits are again reviewed.

#### **Dissemination of Information on Project Progress and Completion**

All the information regarding the project status, completion and

**Fig. 4: Steps in Final Public Audit: A Flowchart**

activities that were carried out in the implementation process are discussed with users in detail.

### **Publicising all Expenses and Cash Advance for Community Approval**

Clear information on the expenses, cash disbursements and monetary transactions are provided to the public. The channels through which the money flows, sources of fund and amount received are also reviewed with the user community. The materials used and human resources mobilised in the project are also assessed and publicised.

### **Operation and Maintenance**

The maintenance and operation of the project have a great deal of importance for sustainability of the project. Therefore, post construction training is conducted to provide information to the user group about

the operation and maintenance of the accomplished project in order to obtain maximum output in a sustainable manner.

### **Interaction and Wrap Up**

The final interaction is held in the form of question and answer session to clarify the issues, to the users. Suggestions and feedback are provided by the users and the concerned stakeholders about the project management process, quality of work, critics on the role of the User Committee and RRN/CSP team. The User Committee and RRN/CSP staff will then take the feedback positively. Finally, the entire project is wrapped up, and the committee will issue a project completion letter to the concerned authority.



# 4. Lessons of Public Audit-Scaling out and Scaling up



The process followed for public audit is rigorous, and it provides opportunities that can enhance development effectiveness at the local level. The process makes meaningful contribution both to the accountability aspect of the public expenditure and to the reduction of chances for misusing the development fund. The lessons learnt from the public audit can be promoted at the community level at large (scaling out) and among various levels of service providers and government agencies (scaling up). Some of the lessons are as follows:

## **4.1 Public audit promotes transparency and accountability in development work**

Public audit practice has improved transparency and compliance by building citizen consensus against corruption and misappropriation of public resources. In Rolpa, the member of Shree Ratamata Citizen Awareness Centre (CAC- formerly known as Peace Promotion Centre-PPC) mentioned that they did not have the idea of how much budget

was allocated for VDC for the development activities in their village. However, after the public audit, they adopted the CSP project, they became curious to learn about the development programmes, including the budget of their VDC. The women members of CAC reported that they had invited the VDC Secretary to provide them with information about the budget allocated by VDC for empowerment of women and the marginalised social groups. After they received the information, the CAC member decided to demand with VDC for budget to conduct women empowerment training. VDC provided the budget as requested by the women members.

In Baijapur-5, Bhawanipur, Banke the members of the school management committee confidently reported that they would apply the process they had learnt in application of public audit to other future projects to promote the transparency and accountability.

#### **4.2 Public audit ensures quality of work**

The participants of the CAC, RRN/CSP II raised their concern that the development projects in the past did not maintain quality. Once the public audit practice was adopted, the community developed their skills to monitor and control the quality of the development projects in their villages. Women of Shree Ratamata CAC reiterated that they would adopt the public audit in all development projects in their village immediately after they have learnt about public audit. The members of the CAC have reported that such process will be effectual even in the projects implemented by VDC and DDC.

#### **4.3 Public audit enhances the responsibility and ownership of local people to development project**

The practice of public audit initiated by RRN/CSP project has not only been a major impact on transparency and accountability, but it has also enhanced the ownership and responsibility of local people on the project. The CAC members and the members of Community Building of Peltimari (Chulachuli VDC) of Ilam district reported that the development initiatives in their villages began when RRN started facilitating the development activities. "We can generate resources in the community with the technical support of the external agencies. RRN has given us some skills, knowledge and resources that we own and apply in the facilitation process. Sital Rai, Chairperson of Sayapatri

## **Public audit promotes public awareness and transparency in development work**

"Before the Public Audit Practice initiated by RRN/CSP, we never knew about channels and channeling of the development funds, such as the donor, the amount of funds allocated to the villages, the right approaches to access to the funds and the purpose of using the funds. These issues were mysterious to us. But now, we are aware of all those issues through Public Audit Practice and CAC's classes. Consequently, no one can think of channeling the money to their pockets. We are now fully satisfied with the process that helps in promoting transparency in development work in our village."-Member of Chahana Citizen Awareness Centre, Ghodagaon-6, Rolpa.

Citizen Awareness Centre says that 'they love all the development activities they have implemented in this village; they would like to build on such activities with their sweat, and in the future they will continue to own and take responsibility for their development in Peltimari.'

### **4.4 Public audit enhances the level of confidence**

The formation of sub-committees while adopting the principles of inclusion has helped in raising the level of confidence among the local people. They have also got increased amount of ownership and responsibility of the development projects. Moreover, the training on various topics has equipped them with the knowledge and skills to implement the activities at different levels.

The poor and marginalised social groups participated in the discussions of the project management processes and asked for clarification how the project would benefit them. Hajari Devi Rishi Dev (a Mushar woman) of Buddhanagar VDC of Morang said that in the first public audit, they wanted to know from the User Committee and the RRN staff how the proposed community building for peace promotion would benefit the Mushar Community.

### **4.5 Public audit promotes harmony and collaboration**

Public audit has promoted harmony within the community and enhanced collaboration between the stakeholders. Transparency and

## Public audit builds trust among the community members

"The process in public audit provided us with the detail information on the allocated fund, and expenses occurred against each topic. This process made the overall financial activities so transparent that people have increased amount of trust in any individual regarding the activities of sub-committees. So, the public audit has not only built transparency but also has strengthened the bond and intimacy between each member of community."- Member of User Group, Baijapur-2, Bhawanipur, Banke.

accountability have reduced the scope of suspicion among the people regarding the activities, people's involvement, cash disbursement, material used, etc. When each member has increased amount of the ownership, it will bring the project to its shape within the timeframe, and promote cooperation and collaboration between the members of their community. RRN/CSP not only provides funds to the users but also provides people with knowledge and information about the process, funding opportunities and sources of support. Consequently, people will try to bring and incorporate different stakeholders and service providers within the same project. This in turn, will also develop collaboration between the service providers and the stakeholders.

### 4.6 Public audit ensures effective delivery of the essential services

After the public audit came into practice, the community people were able to distinguish between projects with and without public audit. This example helped them establish a concept of bringing public audit practice on every ongoing activity within their community. VDC has realised the impact of public audit even in terms of providing essential services such as health, education, drinking water, sanitation, etc., as their responsibilities. So, the implementation of such practice in every single activity at VDC level will help in ensuring and promoting the effective delivery of the essential services.

## **4.7 Public audit empowers the marginalised social groups**

People's attraction to the practice of public audit has helped bring the women, poor and marginalised people to the common platform of decision making, which in return has positive implication in their lives. The opportunities of people for engaging in the local development process have promoted their self-respect and dignity. Rishidev (Mushar-Terai Dalit) community in Budhanagar VDC was found to be highly encouraging for getting opportunities to lead the construction of school building in their community.



# 5. Opportunities for Institutionalising the Public Audit

Public voices for transparency, accountability and effective delivery of services are being louder through the public auditing process. The results of the public audit practices have encouraged the local people to use the lessons to all development projects in their community.

Today, the active citizens are making a call for responsive government, for policies fostering equity and development, a budgetary planning, which is open to the public for scrutiny, for prevention of corruption and for visibly improved results. Public audit practice makes an attempt to bring these calls into the development project, and thereby building itself as the effective tools among the citizens.

The public at the local level are deprived of the effective public services and they have been putting pressure to the policy makers, service providers and civil servants to be more accountable and responsible. Non-inclusive public polices, auditing and service delivery will bring nothing more than a strong disapproval from the public. So, the socially inclusive concepts brought about by the public audit best fit the current debates of public sector.

The current practices of delivering public services are not transparent and non-consultative, which are being openly criticised. Therefore, public audit can be the best alternative practice that will promote democratic spaces for people to be engaged in development process and make the authority and service providers more accountable and transparent.

The provision of Project Selection and Monitoring Committee (PSMC) chaired by DDC official appeared to be a potential mechanism for institutionalising the lessons coming from the CSP. The processes adopted and the lessons learnt by RRN/CSP II are being replicated to the projects implemented by other agencies such as LGCDP, DDC, VDC and other development agencies. However, scaling out of the lessons is a slow process so the rigorous engagement with LGCDP, DDC and VDC is necessary to properly institutionalise the process.

It is also found that RRN/CSP II and LGCDP implemented by DDC have reciprocal relationship at central, DDC and VDC level, which would help in institutionalising the lessons coming from the CSP. LGCDP has already picked up some of the approaches adopted by CSP in community mobilisation. For example, RRN/CSP formed Peace Promotion Centre (PPC) as a local institution for community empowerment. LGCDP also has adopted similar approach reflecting lessons coming from PPC to Citizen Awareness Centre (CAC) as a community institution for community mobilisation. PPC formed under CSP are now renamed as CAC for mainstreaming in LGCDP to maintain uniformity of community institutions. The educational materials used in facilitating PPC have been used in facilitating CAC.

Local Development Officer of Banke district appreciated the process of public audit being used in CSP II project saying that the process is useful for reciprocal learning (government, community and NGOs) that brings synergy in development and promotes transparency and sustainability of the projects.