

The Joint COA-Citizen Audit Process

This issue will outline the normative joint audit process based on the experience of the Philippines' Commission on Audit (COA) and citizen group partners under the Citizen Participatory Audit project. It will highlight the roles of citizen auditors as well as some emerging issues in the conduct of joint audits.

In November 2012, the Commission on Audit launched the Citizen Participatory Audit Project (CPA). CPA is a key reform initiative of the COA and is aligned with the Aquino administration's commitments to the global alliance Open Government Partnership (OGP). Its main objective is to enhance government transparency through citizen participation in the audit process, guided by the principle that a vigilant and involved citizenry promotes greater accountability in government.

One of the ways COA is opening public audit to citizens is by taking on institutional partnerships with citizen groups (including civil society and professional organizations) to conduct joint audits of selected government programs.

The Commission on Audit is the Republic of the Philippines' supreme audit institution. It audits more than 61,000 units from the legislative, executive and judicial branches of the government. With the current ratio of auditor to auditee being 1:9, COA auditors often face difficulties in following up on auditee action on audit recommendations and undertaking comprehensive performance audits of government programs.

Citizen Auditors in Joint Audits

In a joint audit, special audit teams with COA and citizen auditors are created to conduct performance audits of selected government programs. Joint audits differ from other forms of participatory audit (e.g., social audits) in that non-COA auditors are given more roles and responsibilities and are present in all steps of the audit. When citizen auditors are "deputized" as COA auditors, they:

- receive the same level of access to information and documents related to the audit as any other member of the audit team;
- are bound by the same protocols and principles that safeguard against the obstruction of an efficient, effective and independent audit, such as premature disclosure of audit information;
- are expected to participate in the entire audit process, with their input on methodologies and approach bearing equal weight as any audit team member.

While other forms of citizen participation in audit see the formal audit process as a takeoff point for third-party citizen monitoring—as in cases where civil society groups use audit reports as source documents for budget analysis or government performance monitoring—joint audits brings citizens from non-government groups into the formal audit process, giving COA a chance to explore complementary and additional approaches to audit (e.g., community scorecards)



The Joint Audit Process

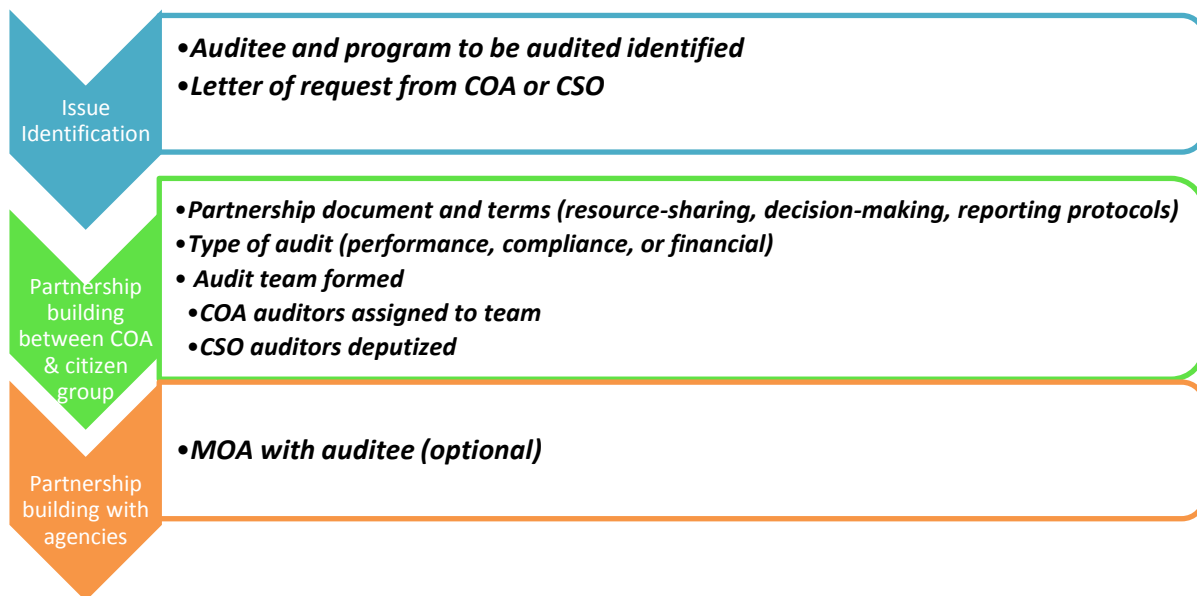

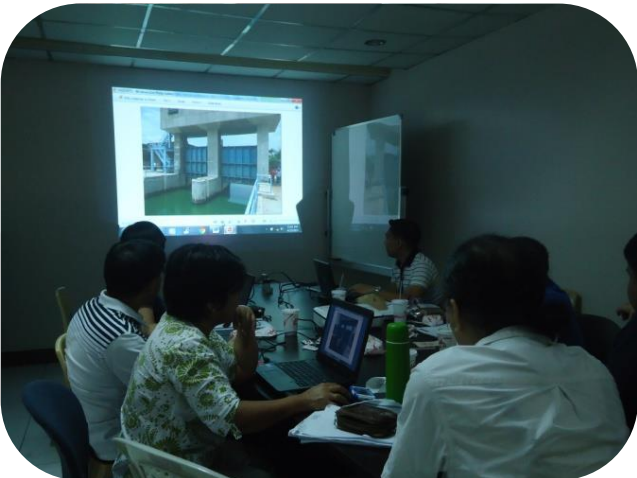


Figure 1. Step 1: Partnership Building

Figure 2: Steps and citizen-auditors' roles and emerging issues

STEP	CITIZEN AUDITORS' ROLES AND EMERGING ISSUES
<p>1 PARTNERSHIP BUILDING</p> <p>Objective: To formalize the partnership between COA and citizen auditors</p> <p>The normative approach to joint audit follows what seems to be the predominant audit process undertaken by most COA auditors. There are two potential scenarios in starting a joint audit:</p> <p>COA-initiated</p> <p>COA identifies issue and approaches citizen groups/CSOs who are potential partners. Under the current COA system, issue identification can originate from: one, feedback received from citizens through its various feedback channels; two, official COA audit agenda for a particular time period; or three, requests from agency, as in the case of the DPWH Flood-Control Project Pilot Audit. All possible audit issues are reviewed against set criteria for joint audit.</p> <p>CSO-initiated</p> <p>CSOs involved in monitoring government performance may approach COA to request for a joint audit of a program, based on the results of previous monitoring activities or of an expressed interest in what they deem a program fraught with corruption and inefficiency vulnerabilities. Partnering with COA provides CSOs another “legitimate” approach to monitoring, which can help compel agencies in question to cooperate with the CSOs and to respond to the monitoring – or in this case, audit – results.</p> 	 <p>Citizen-Auditors' Roles</p> <ul style="list-style-type: none"> • Prepare letter of partnership request to COA, or respond to partnership request from COA. The letter typically contains the proposed auditee agency and/or program. • Prepare and sign partnership documents (e.g., MOA) with COA, detailing joint agreements on resource-sharing, decision-making, reporting and disclosure protocols, etc. • <i>For organized citizen groups, including CSOs and professional/industry experts:</i> Prepare letter appointing staff members (1 or 2) to the joint audit. These individuals will be deputized as COA auditors on behalf of the citizen organization. • Join initial audit team meeting to brainstorm on type of audit to be used and initial audit scope <p>Emerging Issues</p> <p>Creating Citizen and CSO Demand for Joint Audits. Allowing citizens to give input on identifying issues for CPA is a critical marker of COA's openness to citizen participation. External demand plays an important role in keeping the reform alive beyond the current piloting initiative and in making the reform resilient to changes in COA leadership.</p> <p>Sustaining this joint agenda-building beyond the current CPA project requires that CSOs—who are already monitoring the delivery of government services—recognize the value of joint audits in enhancing their current monitoring initiatives. On the side of COA, a process for receiving and deciding on formal requests for partnership initiated by CSOs needs to be installed. COA's website for citizens (i-kwenta.com) is a useful tool for receiving these formal requests, and keeping the public informed on the status of such requests.</p>

STEP	CITIZEN AUDITORS' ROLES AND EMERGING ISSUES
<p>2 PRELIMINARY MEETING WITH AUDITEE</p> <p>Objective: To inform and secure the cooperation of the agency on the joint audit.</p> <p>It involves the joint COA-CSO audit team and the officials from the agency and/or program to be audited.</p>	<p>Citizen-Auditors' Roles</p> <ul style="list-style-type: none"> Along with the entire audit team, request for a briefing on the agency and program to be audited. 
<p>3 AUDIT PLANNING</p> <p>Objective: To reach shared decisions on the audit design and approach.</p> <p>Audit planning is a multi-event process that involves the entire audit team.</p> <p>In this step, the audit team decides on the following:</p> <ul style="list-style-type: none"> ✓ Audit objective and criteria ✓ Timeline ✓ Design and methodology ✓ Tasking/assignments ✓ Instruments to be used (e.g., survey forms) 	<p>Citizen-Auditors' Roles</p> <ul style="list-style-type: none"> Bring in prior monitoring results relevant to the scope of the audit. Suggest methodologies for gathering and processing data for the audit, to complement traditional audit methodologies. <p>Emerging Issues</p> <p>Reconciling citizen group and COA methodologies. In Pilot Audits 2 (Quezon City Solid Waste Management) and 3 (Marikina City Barangay Health Units), COA auditors and citizen auditors carried out their data gathering, processing and reporting processes separately. The approaches of COA auditors in both pilot audits are focused on the auditee's compliance with existing laws and service standards, while citizen auditors' preferred tools prioritized interaction with beneficiaries and communities.</p> <p>The benefit of having two different methodologies – one on on-site compliance to policy standards and the other to check on community or “client” satisfaction and perception – expanded audit coverage to not just the presence of these services but actual citizens' access as well. However, it is crucial that the data gathering instruments in both methodologies are aligned with a single set of audit questions. Otherwise, some difficulty is to be expected in reconciling the two data sets, especially when it comes to looking for areas of (in)consistency and validation.</p> <p>A more systematic way of reconciling divergences in data must be developed in future joint audits. How the two pilots married the two sets of data is an important source of lesson in designing future joint audits.</p>

STEP

CITIZEN AUDITORS' ROLES AND EMERGING ISSUES

4

AUDIT EXECUTION

The audit team, based on the plan, leads the execution phase. It usually begins with the initial audit conference with the auditee, and ends with the preparation of the audit report.

Task teams – composed of both COA and CSO auditors – undertake the necessary fieldwork and come together for regular check-ins to review documents, share initial observations, and, if needed, readjust plans.



Citizen-Auditors' Roles

- Accomplish tasks set out in the audit plan.
- Attend regular check-in meetings with the entire audit team.
- Prepare working papers (notes from the field), as input to the audit report.
- Abide by the non-disclosure policy on all matters relating to the audit.

Emerging Issues

Resources for operation. Because audit is its core business, COA has its own resources for activities under audit execution. Citizen auditors, on the other hand, often have to seek other fund sources for operational costs like field transportation and meals. Apart from jointly seeking external funding – e.g., from donors – for joint audits, resource needs of both parties must be considered in drafting a policy for the institutionalization of joint audits as a formal and regular type of audit in COA.

5

EXIT CONFERENCE

Objective: to discuss audit findings and recommendations, and develop a program for follow-up monitoring with the agency.

Unique to the joint audit approach, the Exit Conference is seen as a problem-solving activity, wherein the audit team discusses possible next steps with the agency.



Citizen-Auditors' Roles

- Along with the entire audit team, present the results of the audit report to the agency.
- When appropriate, commit to monitoring how the agency acts on the audit findings and recommendations within an agreed timeframe.



STEP

6 FOLLOW-UP OF AUDITEE ACTIONS

Objective: To ensure that the auditee responds to the audit recommendations based on commitments made during the Exit Conference.

The entire audit team may closely follow up on agency action, or the citizen auditors could agree to take on this specific task.



CITIZEN AUDITORS' ROLES AND EMERGING ISSUES



Citizen-Auditors' Roles

- Send updates to the entire audit team on the status of auditee's compliance to agreements made during the Exit Conference.

Emerging Issues

Ensuring auditee action. When auditee is unwilling to take appropriate action on audit findings, the citizen group/s must decide on an appropriate follow-up strategy. Among possible strategies are: elevating concerns to agency heads, publicizing audit findings, and organizing community-based monitoring action.

Written by: Kristina Marie Aquino and Boy Randee Cabaces
Layout by: Patricia Moira Membrebe
for ANSA-EAP

The Citizen Participatory Audit Project is a joint initiative of the Commission on Audit and the Affiliated Network for Social Accountability in East Asia and the Pacific. This is supported by the Department of Foreign Affairs and Trade- Australian Aid through its Public Financial Management Program implemented by Coffey International Pty. Ltd. The views expressed here solely reflect the opinions of the author and do not necessarily reflect the opinions of COA, ANSA-EAP or DFAT-AusAid.

For more information, please visit these links:

www.coa.gov.ph
www.i-kwenta.com
www.ansa-eap.net