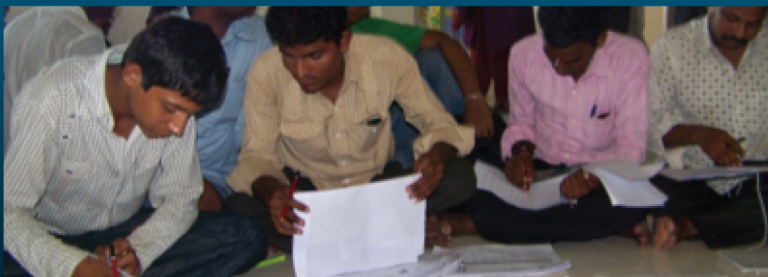# Social Audits
as a Budget
Monitoring Tool

The IBP's Learning
from Each Other Series

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02

Social Audits
as a Budget
Monitoring Tool

This short report is based on the paper Social Audits: Changing the Paradigm of Budget Decision-Making authored by Vivek Ramkumar (IBP) and Sowmya Kidambi for the International Budget Partnership. The paper was based on a peer exchange hosted by the Society for Social Audits, Accountability, and Transparency (SSAAT) to promote horizontal learning among partners. This exchange took place in Andhra Pradesh, India, in April 2011 with the following partners:

- Mazdoor Kisan Shakti Sangathan (MKSS), Samarthan, and National Campaign on Dalit Human Rights (NCDHR) - India
- Lakpesdam, Fitra, Pattiro, IDEA, and Inisiatif - Indonesia
- Center for Public Integrity (CIP) - Mozambique
- Muslims for Human Rights (MUHURI) - Kenya
- Society for Social Audits, Accountability, and Transparency (SSAAT), Government of Andhra Pradesh
- The International Budget Partnership

The IBP's Learning from Each Other Series.

This series developed as part of the peer exchanges realized under the Technical Assistance and Mentoring Program of the IBP's Partnership Initiative.

The Partnership Initiative is a five-year program that operates in 18 countries and provides financial support, technical assistance, training, documentation, knowledge development, and networking opportunities to 45 partner organizations.

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Preface

The IBP's Horizontal Learning Approach

Peer-to-peer learning is a core value of the IBP. Despite differences in contexts, organizational cultures, and social advocacy issues, we find great value in learning from others' strategies, methodologies, impactful experiences, and challenges. With peer-to-peer exchanges, or horizontal learning, practitioners that work with budgets and use similar strategies exchange relevant and timely lessons, creating a valuable opportunity for capacity building and reflection. By discussing their own experiences and those of others, practitioners question their assumptions in a friendly environment and revisit their approaches to budget work. This exchange often inspires groups to incorporate and adapt a vision used on the other side of the world.

To translate this belief into action, the IBP's Partnership Initiative (PI) – a five-year regranting technical assistance and learning program with 45 partners in 18 countries – has supported horizontal learning events for partners across the world. PI developed the Learning from Each Other Series to share the deliberations and reflections of these exchanges with a wider community. The series is aimed at IBP partners, other civil society groups, and international nongovernmental organizations (INGOs) interested in public finance issues and in learning from the experiences of practitioners.

Manuela Garza
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Mexico, October 2012

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Introduction

In April 2011 the Partnership Initiative (PI) sponsored a horizontal learning exchange for partners from India, Kenya, Mozambique, Cambodia, and Indonesia on social audits implemented by the government of Andhra Pradesh, India. The government of this state established an autonomous society (Society for Social Audits, Accountability, and Transparency or SSAAT) to conduct social audits drawing on the model pioneered by the Mazdoor Kisan Shakti Sangathan (MKSS). The MKSS is a peasant and workers collective in India that developed a simple yet highly effective format for conducting social audits through public hearing forums called Jan Sunwai. The SSAAT trains local youth to facilitate social audits on the implementation of programs in the state that are part of India's rural employment guarantee law.

By observing and participating in a social audit in Andhra Pradesh, IBP partners learned how government and civil society organizations (CSOs) can utilize this monitoring and evaluation tool to ensure transparency and accountability in the expenditure of public funds.

This document lays out the main elements of social audits in India and consolidates lessons from the exchange. We hope that it will serve as a resource for other CSOs interested in exploring this methodology.

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Rationale and History of Social Audits in India

> *Social audit is the process of cross verification of government records with the ground realities. The unique thing about a social audit is that it is conducted by the very people who are affected by the implementation of any particular project, law, or policy. Thus, a social audit creates a platform for [the] poorest and most disempowered to participate in governance.*
> *Samarthan, India*

The widely used term social audit can mean different things to different stakeholders. The National Ministry of Rural Development in India describes a social audit as "a continuous process of public vigilance through which the potential beneficiaries and other stakeholders of an activity or project are involved at every stage: from the planning to the implementation, monitoring and evaluation."[1]

The best-known form of citizen-led social audits in India can be traced to the work of the MKSS, which has been implementing this model since 1994 in the state of Rajasthan. According to the MKSS, social audits need to accomplish three objectives: 1) demystify government reports on public programs; 2) proactively share these reports with the public; and 3) organize Jan Sunwai forums in a manner that provides adequate space and opportunities for poor and marginalized individuals and communities to testify on the implementation of government programs without fear of retribution from officials and other vested interests who may have mismanaged public programs.

As a result of the work of the MKSS, the government of Rajasthan initiated action in cases identified through social audits of misappropriated funds meant for the poor. For example, an MKSS Jan Sunwai in 2000 revealed such extensive corruption in public programs implemented by one village council in Rajasthan that the state government decided to launch an official probe into the case.[2]

The MKSS Social Audit Model

Typically, a social audit conducted by the MKSS and the SSAAT includes five stages:

Government-led versus citizen-led social audits

- *CSOs struggle to get information from public officials, but this information is readily available when government leads the process.*
- *Government-led audits face less resistance from institutions whose budgets are being audited.*
- *Citizen-led audits have the knowledge and recognition of local communities. If conducted appropriately, audits and public hearings center on people's needs.*
- *Although there is a greater chance of redress in a government-led social audit, both mechanisms contribute to more accountable use of public resources and to a shift in the balance of power between government and citizens.*

1) Gathering Information: Citizen auditors gather documents from public agencies about development projects such as cash books, payrolls, and expenditure voucher files with bills that record materials purchased for projects. The MKSS also gathers records that a layperson seldom encounters such as project engineer measurement books and utilization certificates with complete details of the project's expenditures.

2) Collating Information: Data is put into matrices that detail the days that each worker received employment at a particular project site, materials used at public works projects, and funds spent on these materials. To make this information understandable to communities, volume measurements presented in 'metric tons' are translated into camel or bullock cartloads.

[1]*Ministry of Rural Development, Government of India. "Operational Guidelines 2006 of the National Rural Employment Guarantee Act." 2006. Retrieved on May 4, 2011. http://nrega.nic.in/Nrega_guidelines.pdf*
[2]*See http://www.mkssindia.org/writings/mkssandrti/chasing-a-right/*

3) Information Sharing: Teams of volunteers go from house to house distributing copies of this information in villages where public hearings will be held. Volunteers and members of the community then scrutinize public works and compare them to government records. This phase can take from one week to a couple of months and provides an opportunity for MKSS members to build momentum within communities prior to the actual public hearing.

4) The Public Hearing: The most crucial aspect of a social audit is the public hearing — a forum to which people are invited to review government records and evaluate the implementation of programs under audit. This forum encourages public participation. Public hearings organized by the MKSS have a festive atmosphere and are held in an open field. The hearings are attended by public officials, local representatives, the media, and residents of the area. A panel of eminent area citizens is set up to administer proceedings. MKSS members control the flow of discussions and enable residents and public officials to systematically provide opinions. Corruption and inefficiency in the utilization of public funds, as well as poor planning within public agencies, may be uncovered in testimonies. In some instances, public officials have even confessed their wrongdoings.

5) Follow-up to the Public Hearing: A formal report is prepared following each public hearing. Participants send copies of this report to senior state government officials, media, and other groups engaged in anti-corruption campaigns. Since local community members are part of the social audit exercise, they also play an active role in follow-up activities and often demand corrective action.

Samarthan's Social Audits on NREGA in Madhya Pradesh

Samarthan is a local CSO based in the State of Madhya Pradesh. Following the National Rural Employment Guarantee Act (NREGA) provision to make social audits mandatory, Samarthan has conducted over 100 social audits in Chhattisgarh, Sehore, and Puna. An important component of their strategy has been to build the capacities of the Village Monitoring Councils (VMCs) on social audits, how they are performed, and why they are a key element of citizen engagement in decisions that affect their lives. Samarthan has also been involved in forming monitoring groups throughout the state.

Samarthan's approach to social audits includes three steps:

1. VMCs collect data on NREGA projects from the Gram Panchayat (local government);
2. VMCs and the community classify and analyze data records to identify information gaps; and
3. The community mobilizes and participates in public hearings during Gram Sabha meetings.

Overall, the key to Samarthan's approach is very tight engagement with local communities and the use of public participation mechanisms like the Gram Sabha to express community concerns to public officials.[3]

Lessons from Practitioners: Scope and Enabling Conditions for CSO-Led Social Audits

After witnessing the on-site implementation of a social audit, partner organizations had the opportunity to reflect upon this experience vis-à-vis their own contexts, institutional conditions, and experiences shared by groups doing social audits. As expressed by a participant from the Center for Public Integrity (CIP) in Mozambique, "in order to consider the implementation of any social monitoring tool, it is important to consider contextual elements such as the level of decentralization of budgets and social services, citizens' freedom and security to speak out, the existence of an active civil society, the quality of the media, the leadership orientation of service providers, and the openness of governments toward this practice."

[3]See: http://www.samarthan.org/social-audits/. A case study on Samarthan's achievements can be found at http://internationalbudget.org/wp-content/uploads/LP-case-study-Samarthan-summary.pdf

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This collective reflection allowed practitioners to draw conclusions on what the scope of a social audit should be and the minimum enabling conditions necessary for such a process.

Breadth and Depth of Social Audits

What Programs Should We Monitor? The most important consideration when it comes to selecting the program for a social audit is that it must reflect the needs and interests of the community. Engaging the community throughout the process is crucial; it marks the difference between social audits and other budget monitoring tools. Community development programs are usually most suited for examination through a social audit (especially if these programs are not adequately delivering services). Regardless of whether or not groups work in a decentralized or centralized context, the social audit must monitor programs that relate to people's needs and concerns.

> **MKSS Social Audit Focus**
>
> *During an MKSS-led social audit, local communities check accounting and other records of public works and welfare programs executed in their areas. They also identify instances of fraudulent documentation, including accounts purporting to record the construction of works that have not been created (ghost works), improper billing for project activities, and falsified labor rolls.*

Scale: How Big? Typically, social audits are undertaken in relatively small geographic areas and cover a limited number of issues. The case of Muslims for Human Rights (MUHURI) monitoring Constituency Development Funds in Kenya is a good example of this scale. The SSAAT's experience in Andhra Pradesh, however, points to the feasibility of social audits on a much larger scale and involving millions of individuals in a single country. This method is particularly successful when governments adopt this approach. CSOs with limited resources and reach but that want to raise the profile of their social audits could work in coalitions to increase the scale of their efforts.

Where to Focus? The success of social audits in identifying graft and mismanagement of funds makes it an attractive anti-corruption tool. Social audit forums could, however, go beyond identifying problems in the implementation of programs to identify the priorities that future budgets should address. Social audits can shed light not only on how funds are being used, but also on how they should be used.

External and Internal Factors in The Implementation of Social Audits

External Factor 1: Political Freedom and a Supportive Government

> *We are trying to develop social audits in a cultural context very different to what we saw in Andhra Pradesh. Here, the community easily participates in the whole process, it is easy for them to express what they feel, and [they] have no difficulty in stating what is wrong and what is right. […] Our community with its background has difficulties doing this. That is our challenge. — IDEA, Indonesia*

The exchange brought together activists from diverse political contexts. The key question for them after witnessing a government-led social audit was whether it is possible to implement such a highly visible and participatory approach in contexts with much less political freedom and a weak culture of accountability such as Indonesia, Cambodia, and to some extent Kenya.

While participants concluded that social audits should generally be undertaken in countries in which citizens are guaranteed at least minimum political freedom to express themselves without fear of a government crackdown, a less than ideal setting does not automatically preclude them. Both the MKSS and MUHURI have held social audits in hostile environments. Their experiences show that individuals that would otherwise feel intimidated to speak out against public officials are willing to do so in the context of a well-attended social audit forum — perhaps due to the strength they perceive from being part of a collective evaluation process.

External Factor 2: Access to Information

Gaining access to relevant government financial records is absolutely essential to the success of a social audit. Access to information laws can open the door for CSOs to obtain government records. In contexts where

this legal framework exists, civil society should use it to obtain information necessary to conduct an audit. On the contrary, poor financial management practices and a culture of opacity can create a situation in which a government agency does not maintain formal records of how funds have been utilized or is simply unwilling to disclose them. Conducting social audits with partial records can seriously compromise the quality of the process; and if it is impossible to access financial records, it will be impossible to conduct a social audit.

External Factor 3: Engaged Media

MKSS social audits receive wide coverage in local and national dailies. The SSAAT social audits have even received coverage in the international media. In Kenya, MUHURI has used a combination of community radio stations and the national television station to publicize its social audits.

In most contexts, however, CSOs have to first sensitize the media to transparency, participation, and development issues to get good coverage. The National Campaign for Dalit Human Rights (NCDHR) in India, for instance, has struggled to gain the interest of mainstream media, which is not always open to talking about Dalit issues that they believe paint a negative picture of India.

Internal Factor 1: Capable Human Resources

Social audits require any organization looking to lead such a process to have sufficient and capable human resources to carry out dedicated research on government programs and budget information, engage and sensitize communities about the link of these programs to their lives, mobilize and train citizens to become social auditors and participate in project monitoring and public hearings, and finally, follow up and carry out advocacy. Key skills include the following:

- **Research Skills:** The lead organization needs to understand government budgets and budget execution, as well as record-keeping regulations that relate to programs subject to social audit.

- **Mobilization Skills:** Because the community sits at the core of social audits, the organization leading this process requires mobilization skills. They must reach out to and develop a relationship of trust with local communities and build cadres of volunteers to undertake the social audit.

- **Training Skills:** Volunteers from the local community need to be trained on how to understand government records of audited programs. Such training is best provided by people who have the capacity to implement adult education techniques.

- **Advocacy Skills:** The main target audience of the social audit is government. The organization implementing social audits needs advocacy skills that enable them to secure government cooperation at various moments in the process.

[4]*Excerpt from a case study developed by Monique Oliff with MUHURI in 2012*

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Internal Factor 2: Experienced Leadership

The highly visible and potentially confrontational nature of social audits means dealing with vested interests that may stand in the way of the smooth implementation of the process or disrupt public hearings. Any group involved with social audits needs experienced and mature leadership capable of assessing risks and taking preventive action to protect the community. Experienced leadership is also key to ensuring that testimonies stick to evidence and contribute to a constructive dialogue between communities and public officials.

Internal Factor 3: Strong Connections with the Local Community

If an organization does not have a history of working in a particular area, it may lack the credibility to organize members of the community. As a result, one of the key elements of a social audit might be undermined — namely the ability to work with volunteers from within the community to lead the social audit exercise. Working with locals is imperative so that others in the same community understand the motives of the social audit, and thus are less apprehensive about the consequences of their involvement. This factor is essential for real and empowered participation of affected communities in the process.

Internal Factor 4: Good Reputation and Track Record

As stated above, at various points in a social audit, the lead organization requires government involvement. It needs government consent to obtain records on the programs selected for the social audit and the participation of relevant government officials during the public hearing. It also relies on the government's willingness to act upon social audit findings. While the organization coordinating the social audit should not be "beholden" to government support, it is more likely to achieve needed support if it has a solid reputation with a track record of effective working relations with the government.

Conclusion

Social audits are different from other monitoring tools in that they depend on widespread and active participation from local residents. In a social audit, discussions spring from testimony provided by beneficiaries of public programs, residents of neighborhoods where public programs have been executed, and employees of public programs. These discussions include such topics as the efficacy, adequacy, and achievements of programs subject to social audit.

Since the success of a social audit depends on large-scale public engagement, the issues subject to audit need to be directly relevant to the public. This condition helps to ensure that social audits are used to monitor public priorities rather than the priorities of an individual or a single organization.

Social audits are exercises in participatory democracy that challenge the traditional "rules of the game" in governance. Through the social audit process, the public moves from being passive recipients of government largesse and mute spectators of graft to an empowered collective with a forum in which to challenge poor governance practices and claim entitlements from corrupt officials. If implemented properly, social audits can also be used to inform the development of future budgets, thus shifting the paradigm of budget decision making.

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This booklet is based on a horizontal peer exchanged organized by the IBP's Partnership Initiative in April 2011 and consolidates lessons and reflections from budget advocates around using social audits as a budget monitoring tool. We hope that this document will serve as a resource for other civil society groups that seek to incorporate social audits into their budget advocacy strategies.

For more detailed information on this exchange and to read the "From Analysis to Impact: Partnership Initiative Case Study Series" coordinated by Albert Van Zyl or "Our Money, Our Responsibility: A Citizen's Guide to Monitoring Government Expenditures," please visit internationalbudget.org

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