



Government of Nepal



Public Audit Guideline

Rural Access
Programme (RAP)
Phase 3

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Acronyms and Abbreviations

CPD	Continuing Professional Development
DDC	District Development Committee
DDF	District Development Fund
DoLIDAR	Department of Local Infrastructure Development and Agricultural Roads
DRCN	District Road Core Network
DTA	District Technical Assistance
DTO	District Technical Office
EI	Economic Infrastructure
GoN	Government of Nepal
IG	Income Generation
LRCC	Local Road Coordination Committee
LRN	Local Road Network
LRUC	Local Road Users Committee
MoFALD	Ministry of Federal Affairs and Local Development
MUS	Multi Use System
NGO	Non-Government Organisation
RAP3	Rural Access Programme Phase3
RBG	Road Building Group
RMG	Road Maintenance Group
RTI	Rural Transport Infrastructure
SBG	Special Building Group
SED	Social and Economic Development
SWAp	Sector Wide Approach
UC	Users Committee
VDC	Village Development Committee

1.0 Introduction

The RAP3 Public Audit is a monitoring process through which beneficiaries and stakeholders provide vital feedback on the design, delivery and expenditure of the programme. The overall purpose of the process is to use public participation as a means to continually improve the transparency, governance and approach of the programme.

Public Audits occur regularly and are organised by beneficiary representatives with the facilitation and support of the programme staff. Prior to an Audit, information is distributed on the programme's activities, implementation approach and roles and responsibilities of stakeholders. During the Audit, public discussions are held on a range of subjects including the process and progress of the development activities undertaken, budget and expenditure, labour wage payments, community mobilisation, social and technical issues, quality of works & technical supervision, environmental management, support on social & economic development activities and transparency. The focus of each Audit depends on the type and approach of activities undertaken in the locality. After the Audit, feedback, comments and suggestions are collected, analysed and shared publicly.

The following guidelines are based on international best practice Public Audit policies and procedures and are in line with the Government of Nepal's Public Audit Procedures 2067 (MoFALD), designed for conducting public audits of local development projects implemented through central and local bodies.

2.0 Purpose

The basic purpose of a RAP3 Public Audit is for the programme delivery team to receive beneficiary-level feedback on work activities. It is an important internal control which strengthens accountability and transparency and allows management to understand, measure, report and improve the social and ethical approach of the programme.

More specifically, benefits of Public Audits include, but are not limited to:

- Creating awareness among beneficiaries;
- Enhancing stakeholders' participation in monitoring access and quality of services;
- Increasing a sense of ownership amongst beneficiaries and stakeholders;
- Ensuring transparency in all activities;
- Verifying payments received by labour groups;
- Providing information to communities on all types of expenditure incurred during the implementation of works;
- Providing information on the status of physical progress and raising issues related to the technical, managerial and administrative aspects of activities undertaken at the local level;
- Responding to issues raised by project staff;

- Assessing the views of beneficiary communities on local governance and evaluating the participation of local communities and targeted households;
- Increasing the interaction between communities, government agencies and the programme; and
- Increasing the efficiency and effectiveness of local development programmes

3.0 The 6 RAP3 Public Audit Principles

The 6 RAP3 Public Audit principles are as follows:

1. **Participatory** – Provides the opportunity for stakeholders to participate in discussions about the delivery of the programme and to contribute evidence-based information, comments and feedback
2. **Transparency** – Ensures transparency in the planning and implementation of works and provides access to relevant information to stakeholders
3. **Accountability** – Promotes the accountability of RBGs, SBGs, RMGs, Users Committees, Group Facilitators, Contractors and representatives of implementation agencies
4. **Responsibility** – Increases a sense of ownership for beneficiary communities and provides the opportunity to contribute to the delivery of the programme
5. **Regular** – Public Audits are carried out at project sites on a regular basis, creating a culture of participation and transparency
6. **Disclosure** - Outcomes of the Public Audit are disclosed to stakeholders and the wider community through various communication channels including reports, webpages and RAP’s FM radio programme “Bikash Ko Baato”

4.0 Type and Frequency

RAP3 Public Audits are convened in different ways depending on the implementation approach and activities in a given locality. Whilst they all serve the general purpose of providing vital feedback to the programme, their focus and scheduling is tailored to the works, beneficiaries, development strategy and demographics of the locality. Findings of previous Audits also contribute to the issues raised at subsequent ones. RAP3 Public Audits are organised at public places within the vicinity of programme locations – normally in schools, VDC buildings, health posts and government service centre premises.

The following table summarizes the type and frequency of Public Audits per project component:

Component	Level/Focus	Timing	Organiser	Participants	Scope/Coverage
LRN New Construction	RBG/SBG	After each payment from RAP DTA	Group facilitator (Sahajkarta)	RBG/SBG, RAP DTA, SC, NGO Social Mobiliser	Wage payments, employment days, equal wages for equal work, environmental safeguards, status of savings and lending scheme
	LRUC	Bi-annually	Local Roads Users	UCs, RBGs, SBGs, Members of Local	Income & expenditure, works undertaken, environmental

Component	Level/Focus	Timing	Organiser	Participants	Scope/Coverage
			Committee	Road Coordination Committees, political party reps., VDC Secretaries, DDC/DTO, local community people, community based organisations	safeguards, support & guidance from Construction Supervision Technicians, Social Mobilisers and problems & issues encountered during the period
	Contractor	Once during project implementation	Contractor with the RAP DTA support	Contractor, RAP DTA, labourers, road side neighbours and representatives of project affected people	Timely payment of wages, accident insurance, social/environmental standards, workers' safety, labour camps, overall progress of works
LRN Maintenance & Improvement	RMG Wages	After each payment from DDC	Technical Supervisor and RAP staff	RMG members, representatives of road maintenance committees, DDC/DTO staff and RAP3 staff	Wages, equal wages for equal work, workers safety
	RMG Cluster	Annual	DDC/DTO	UCs, political parties, RMG members, DDC/DTO staff and RAP3 staff (including partners)	Efficiency of RMG maintenance works, verification of wage payments, employment days, workers safety
	(Road Maintenance) Users Committee	End of assignment	(Road Maintenance) Users Committee	Beneficiary households, DDC and RAP3 staff, representatives of political parties	Income and expenditure, wage distribution, employment days, work quality and workers safety
	Contractor	Once during project implementation	Contractor during early implementation and DDCs during implementation	Labour groups, Supervision Consultants, DDC staff, DTO staff, RAP3 staff, roadside neighbours	Scope of works, minimum daily labour wage rates, quarry site management, work quality, accident insurance, traffic management and social/environmental safeguards
SED	Economic Infrastructure	Once during project implementation	Implementing partners	DDC staff, RAP3 and its partners' staff, beneficiary households, political party representatives, VDC secretaries	Scope of works, income and expenditure, support from RAP3 and other implementation partners, problems encountered during implementation phase, wage payment & distribution, O&M mechanisms, funds for maintenance, employment

Component	Level/Focus	Timing	Organiser	Participants	Scope/Coverage
					days and environmental management
SED	Income Generation	Annual	Implementing partners	RAP3 and its partners' staff, local beneficiary community households, local party representatives, VDC secretary	Income and expenditure, outputs and progress, efficiency and effectiveness of each programme intervention and future plans and programmes of IG activities

The major categories of RAP3 Public Audits are:

4.1 LRN – New Construction

Public Audits on new construction corridors are organised for works carried out by RBGs, SBGs and Contractors. Although Contractor works will be minimal in new construction corridors, RAP3 organises Public Audits for all works:

RBG and SBG works – At the RBG and SBG level, Public Audits are conducted after each payment from RAP DTA. The group facilitator, who is responsible for distributing the wages of each individual member of the group organises the Public Audit, which is witnessed by the NGO Social Mobiliser who is responsible for that particular road section. The group level Audit focuses on wage payments, total generation of employment days and ensures that all members within the group are paid equally for the same amount of work based on inputs provided for road construction and the status of the group savings and lending scheme for the period.

At LRUC level, Public Audits are carried out two times a year. The LRUC chairperson, with the support of RAP3 and its partners' staff, is responsible conducting the Audit. All facilitators – representing 10-15 RBGs under one LRUC – present income and expenditure, works undertaken, support and guidance received from Construction Supervision Technicians, Social Mobilisers and problems and issues encountered during the period. Following the presentations, each participant is given the chance to raise questions. Queries related to the programme are responded to by RAP3 or its partners' staff as appropriate. The Audit is attended by members of Road Building Groups, Special Building Groups, Members of Local Road Coordination Committees, political party representatives, VDC Secretaries, DDC and DTO representatives, local community people, representatives of community based organisations and other stakeholders.

Contractor works – Public Audits on Contractor works is carried out to verify whether labour groups are paid on time as per the agreed commitments, accident insurance costs are reimbursed, social and environmental standards are met, workers' safety measures are addressed adequately, labour camps are maintained as per the contract provision and the overall progress of works is satisfactory. The Contractor is also responsible for maintaining and disseminating records of total employment

days generated and, with the facilitation of RAP3, organises the event and presents the status on the above mentioned issues. Issues raised by participants are clarified by the Contractor and RAP3 staff.

4.2 LRN – Road Maintenance and Improvement

RMG maintenance works – There are two types of Public Audits for RMG road maintenance works. The first is focused on wage payments to RMG members and will be carried out after each payment from DDCs. During the Audit, wages received by individual group members are verified to ensure that members are being paid equally for the same amount of work and that they are paid on time as per the agreed wage rates. The provision and replenishment of safety gear is also discussed. RMG members, representatives of road maintenance committees, DDC/DTO staff and RAP3 staff participate in the meeting.

The second type is an annual road cluster-level Audit attended by RMGs from one or more road corridors of the DRCN. The one-day event focuses on the efficiency of RMG maintenance works in improving the road conditions, verification of wage payments, generation of employment days and use & replenishment of workers' safety gear. Representatives of Road Maintenance Users Committees, political parties, RMG members, DDC/DTO staff and RAP3 staff (including partners) attend the Audit. Group and road cluster-level Public Audit meetings are organised by DDCs with the support of RAP3.

Users Committee works – Public Audits of User Committee works is carried out towards the end of the assignment as per the agreement made between DDCs and the representatives of the User Committee. The primary responsibility for conducting the Public Audit lies with the User Committees, where all beneficiary households, DDC and RAP3 staff, representatives of political parties and other stakeholders participate in the meeting. Representatives of the executive committee present details of income and expenditure, wage distribution, employment days and works. Queries raised during the discussion are answered by representatives of the User Committees and other stakeholders as needed.

Contractor works – Labour groups, Supervision Consultants, DDC staff, DTO staff, RAP3 staff and roadside neighbours are present for the Public Audits for Contractor works. At the beginning of the assignment, the project proponent organises a public hearing to disseminate the scope of works and other contract provisions on labour camps, minimum daily labour wage rates, quarry site management, accident insurance, traffic management and environmental management. Information on how beneficiaries can submit complaints regarding the Contractors' performance is given during the public hearing. In the later phase of project implementation, Public Audits are carried out by DDCs, with support from RAP3 staff.

4.3 SED – Economic Infrastructure

Public Audits for economic infrastructure works (Trail Bridges, Irrigation Ponds and Drinking Water (MUS), Market Building, Solar Voltaic Panels, Small Micro Hydro projects, Improved Cook Stoves,

Improved Water Mills) are carried out once during project implementation by the RAP3 Implementation Partners. Public hearings are organised at the beginning of the project to present information on the approach to project implementation, sources of funding and roles & responsibilities of all stakeholders, including beneficiary community households.

The RAP3 Implementation Partners and NGOs are responsible for organising the Public Audits. DDC staff, RAP3 and its partners' staff, beneficiary households, political party representatives, VDC secretaries and other stakeholders participate in the Audit. Details on the type and scope of works, income and expenditure, support from RAP3 and other implementation partners, problems encountered during the implementation phase, wage payment and distribution, operation and maintenance mechanisms, funds for maintenance, employment days and environmental management are presented and discussed at the meeting. Queries raised are answered by representatives of RAP3 and its Implementation Partners.

4.4 SED – Income Generation

Public Audits for SED income generation are organised once a year. Public Audits of RAP3 support on income generation activities – household and community level supports, business service providers and market system development initiatives – are organised at project locations in presence of RAP3 and its partners' staff, local beneficiary community households, local party representatives, VDC secretary and other stakeholders. The primary responsibility of organising Public Audits lies with the implementation partners. Details on income and expenditure, outputs and progress, efficiency and effectiveness of each programme intervention and future plans and programmes of IG activities are presented and discussed in the Public Audit meeting. Queries raised for clarification will be responded to by representatives of User Committees and RAP3 and its implementation partners.

5.0 Key Process Steps

The RAP3 Public Audit process includes the following key steps:

5.1 Step 1: Preparatory Works

- Define the scope of the audit - including programme components, activities and progress
- Form a working group to organise the Public Audit
- Identify participants for the Public Audit
- Fix date, time and venue of the Public Audit in consultation with all stakeholders and set the agenda
- Invite the key stakeholders and explain their roles and responsibilities during the Public Audit
- Prepare the presentation report and assign the roles and responsibilities for organising the venue, facilitating the event, presenting, taking meeting minutes and managing logistics

- Organize a public awareness campaign about the aims and benefits of the Public Audit, using media, public forums, door-to-door visits, etc.

5.2 Step 2: Convene Public Audit Meeting

- Introduction to objectives and agenda
- Presentations on activities, progress, income & expenditure and other key issues
- Discussion on presentation and other relevant matters with the wider audience
- Collection of queries and concerns from participants and stakeholders
- Response, clarification, solution and next steps
- Preparation of meeting minutes (includes a list of participants)
- Formal closing of the meeting

5.3 Step 3: Follow-up

- The Public Audit meeting minutes book is kept open to the public and relevant authorities for review
- Meetings are held to discuss findings and plan next steps
- A plan is prepared to implement agreed actions
- A report on the Public Audit is prepared and sent to RAP Technical Management Office and the relevant DDC/DTO office. This information is later presented during the annual Social Audit meeting and through district webpages and the media
- Address instances of mismanagement and corruption if any, as well as broader considerations review of implementation approaches

6.0 Budget Arrangements

The Public Audit budget covers costs for information gathering, organisation, stationery, transport, subsistence daily allowance for participants from distant locations, tea & snacks and out-of-pocket expenses. The budget arrangements are as follows:

LRN – New Construction: the cost of the Public Audit is included in the Local Road Users Committee’s management costs.

LRN – Road Maintenance and Improvement: the cost of the Public Audit is included in district management support costs.

SED – IG and EI: the cost of the Public Audit is included in the RAP3 partners’ budgets.

Capacity Building: Costs associated with the continual improvement programme review, evaluation of GoN agencies and CPD related programme under the capacity building component are provisioned for in the district and central annual support plan.

Budget estimates for Public Audits (excluding SED Public Audits) are sent by RAP3 district teams to RAP3 TMO for approval.