

Report No: AUS0001030

# Nepal

## Inclusive performance audits in Nepal

Promoting Citizen Participation in Performance Audits in Nepal  
- facilitated through the Office of the Auditor General

June 25, 2019

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# Promoting Citizen Participation in Performance Audits in Nepal

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## FINAL REPORT

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June 2019



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## **The Annexes**

**under separate cover**

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Please note that photos of the project activities can be found in Annexes B and C.

## **Acronyms**

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AAG	Assistant Auditor General
CPAs	Citizen Participation Audit
CBO	Community Based Organization
CPA TM	The CPA Training Manual
CSO	Civil Society Organization
GoN	Government of Nepal
GPSA	Global Partnership for Social Accountability
NTF	The Nordic Trust Fund
OAGN	Office of the Auditor General of Nepal
PAD	Performance Audit Directorate
PFM	Public Finance Management
RTI	Right to Information
SA	Social Accountability
SWC	Social Welfare Council
World Bank	World Bank

## Preface

The Office of the Auditor General in Nepal (OAGN), which reports and is responsible to the President of Nepal, has the mandate to examine and report on the finances of the Government of Nepal (GoN) through the 2015 Constitution and the Audit Act of 1991.

The Constitution and the Act provide the OAGN the mandate to carry out the audit of all government offices and branches at all levels with a focus on regularity, economy, efficiency, effectiveness and propriety.

The World Bank began to support the OAGN in 2011 in order to increase the level of citizen participation in the audit process and, in 2013, supported and facilitated an exchange of OAGN staff on Citizen Participatory Audit (CPA) with the Philippines Commission of Audit. Since then, the World Bank has been closely engaged with the OAGN in promoting citizen's participation in the audit process with a variety of different activities and engagements.

The current three-month project, the subject of this report, *Promoting Citizen Participation in Performance Audits in Nepal*, was funded by the World Bank through the Nordic Trust Fund (NTF), which was a \$20 million multi-year, multi-donor facility under the supervision of a Bank-wide Steering Committee. The NTF was established with agreed contributions from Denmark, Finland, Germany, Iceland, Norway, and Sweden.

The NTF supports programs to help the Bank develop a more informed view on how human rights relate to the Bank's core mission of promoting economic growth and poverty reduction. Important areas of emphasis in this mission is promoting the accountability and transparency of governments to their citizens and the participation of indigenous peoples in decision-making, as well as improving poor people's access to health, supporting justice reforms, and fighting corruption.

The project continues the support provided by the World Bank to the OAGN for promoting citizen engagement in auditing, and this report describes the outputs, lessons learnt and outputs from the latest support project.

The implementation team sincerely thank the many individuals who have assisted them during the implementation of the project – these include many senior members of the OAGN, the World Bank teams in both Nepal and Washington DC, the management of both Helvetas Swiss Intercooperation and Sky Samaj, as well as the participants of the six workshops undertaken from which such valuable feedback was received.

## 1. Introduction

### 1.1 Background

The Government of Nepal (GoN) has emphasized the importance of engaging citizens and civil society organizations (CSOs) at both the policy and local levels for the success of public financial management reform under the new federal administration system. Many newly elected officials lack experience in engaging citizens but channels for receiving and responding to feedback from citizens are critical to the success of the new federal structure as well as improvement of peoples' lives.

In this context, the experience of the Office of the Auditor General of Nepal (OAGN) in integrating citizen engagement in performance audits (CPAs) is crucial, and it is deemed important to support the continued efforts of OAGN in this regard.

Between 2013-2018, support was provided by the World Bank to elaborate and test the CPA guidelines and the operations manual. Several World Bank projects and programs supported this process, most recently through the PFM Multi-Donor Trust Fund. The CPA Guideline was published in 2016.

In 2018, the World Bank committed funds for a small project to support the OAGN in ensuring further efforts to promote citizen engagement in performance audits. The project eventually began in February 2019, with the following main deliverables:

- capacity development of CSOs and elected local government officials in five locations in four Provinces: Province no. 1 (Biratnagar), 3 (Hetauda), 5 (Butwal and Nepalgunj) and 7 (Dhangadi);
- preparation of a training manual for capacity building of CSOs;
- review of the current CPA guidelines with recommendations for updates;
- a reflection workshop in Kathmandu at the end of assignment; and
- preparation of program documentation.

A consortium comprised by Helvetas Swiss Intercooperation and SKY Samaj Nepal was selected for facilitating the three-month program, originally from February to April 2019, later extended to end of May 2019.

### 1.2 Objectives of the Project

The project's specific objectives were to:

- a) mobilize CSOs in selected municipalities to facilitate collaborative social accountability processes with local authorities, service providers and citizens through the use of CPAs in order to monitor health services expenditures (specifically medical supplies management) in selected health facilities;
- b) undertake capacity building of CSOs on the mandates and technical aspects of the audit functions and on collaborative social accountability approaches that enhance consensus, inclusion and non-discrimination and use of human rights principles;
- c) convene stakeholders for learning exchange and systematize learning by integrating it in OAGN's Performance Audit Report and in a training manual on OAG-CSO engagement on participatory audits.

Due to the delay in project implementation and the OAGN focus on preparation and finalization of the Auditor General's final annual report during the period of the project implementation, it was not possible to fully achieve project objective a). It was partially achieved, however,

through half day field sessions at the 5 training workshops, during which workshop participants visited health centres of different levels to undertake a partial citizen performance audit of the health services provided.

## 2. The History of Citizen Engagement in Performance Auditing

Citizen engagement can be defined as the two-way interaction between citizens and governments regarding policy dialogues, projects and advisory services that has as its goal the provision of a greater stake and role in decision making for the citizen – the objective being to improve the development outcomes of government interactions and actions.

The engagement of citizens in participatory audits began in Nepal in May 2013, when a video conference was organized between OAGN and the Commission of Audit in the Philippines, which had already begun the process of engaging local citizens in the auditing process. The table below provides some of the highlights in the development of CPA since 2013.

Nepali Date	Gregorian Date	Activity, Occurrence
Baisakh 2070	May 2013	CPA introduced by OAGN in Nepal with the support of World Bank through a video conference with the Philippines Commission of Audit.
Asoj 2070	October 2013	A joint workshop on the <i>Advancing Public Partnership in the Audit</i> process in Nepal was held, a joint OAGN-CSO training and round table discussion took place, with the formation of a multi-stakeholder working group as a major output.
Poush 2070	January, 2014	The multi-stakeholder working group began working, and the OAGN and CSOs first worked together during performance audits in Kapilvastu District.
Poush 2071	January 2015	The multi-stakeholder working group under OAGN guidance prepared a 'Guidance Note' on engaging CSOs in the audit process in the dissemination of audit recommendations back to the communities, and in partnering with OAGN in carrying out performance audits.
26 Shrawan 2072	August 11, 2015	The Auditor General approved the OAGN CSO engagement guidelines which provides guidance on how CSOs can be engaged by the OAGN when conducting performance audits.
2071/2072	Fiscal year 2015	OAGN began to include civil society groups in the undertaking of performance audits; the first mobilization of joint teams took place during performance audits in Janakpur, Dhankuta, Palpa and Kailali.
25-29 Shrawan 2072	August 10-14, 2015	A peer-assisted process was undertaken in Kathmandu, Nepal. The main output of the activity was a draft operations manual to be used by the OAGN to jumpstart discussion with their CSO counterparts.
7-11 Mangsir 2072	November 23-27, 2015	OAGN officials undertook a study tour, a south-south exchange, to the Commission on Audits (COA) in the Philippines. The Auditor General himself participated in the exchange program.  That study tour was the result of a joint collaboration between 3 World Bank programs: 'Strengthening Civil Society Organizations'; PFM in Nepal, "Strengthening the OAGN", and the program on "Advancing Public Participation in Budgets and Audit Process (PPBA)" – the study tour was a collaboration between the OAGN, the Governance team at the World Bank country offices in both Nepal and the Philippines.
Phalgun 2073	February 2016	The CPA Operational Manual was finalized and approved by the AG The 5 year strategic plan was prepared by the OAGN – this clearly reflected citizens' participation in the audit process in Nepal'



2073	2016	The OAGN reviewed its legal mandate, and the Audit Act 1991 (amendment 2016) was endorsed by Parliament - it includes references to citizens' participation (CPA) in the audit process in Nepal
Phalgun 2073	February 2017	The CPA Manual was used during the involvement of 8 CSOs in a participatory audit process in five earthquake affected districts.
Baisakh 2075	May 2018	OAGN approved 12 topic for performance audit and began recruiting CSOs to assist; AG approves amended steering committee and working committee according CPA procedure, 2073.
Baisakh 2076	April 2019	The Audit Act 1991 was replaced by the Audit Act 2019.

### 3. The Background to the CPA Project

#### 3.1 Terms of Reference and Specific Objectives

As outlined above, tangible World Bank support for the OAGN program of CPA began in 2013 and has been on-going since then.

This current short project was due to start in November 2018, so that CSOs could work with OAGN in several performance audits in the field. Unfortunately, the start of the project was delayed until February 2019, by which time all staff of the OAGN were fully engaged in the preparation of their annual report, which was scheduled for submission to the President of Nepal by 15 April 2019.

As a result, the Assistant Auditor General was appointed to assist the project implementation team in facilitating the 5 planned CPA training workshops, but due to his busy schedule and two unavoidable overseas trips, these 5 workshops spanned the period from 20 February to 2 May.

The Contract and the final ToR – please refer Annex A – specified that the project would support the execution of CPAs in the field with OAGN staff (Activity 4 in the ToR). However, due to the delay in project inception and the understandable OAGN focus on completion of the Annual Report, with no OAGN staff available for CPA in the field at this time, the deliverables and the workplan had to be adapted somewhat – see sections 3.2, and 4.

#### 3.2 The Work Plan

The project team inception meeting, attended by key staff from Helvetas and Sky Samaj, took place on Thursday 7 February, which marked the launch of the project.

Collaborative preparation of a detailed workplan took place in the subsequent week through numerous meetings of project staff with the Office of the Auditor General Nepal (OAGN), World Bank and Helvetas staff, and video conference discussions with World Bank staff in Washington DC.

Due to the delayed inception (see section 3.1 above), the outcome of the discussions was that the previously planned program would need to be modified with the project now focusing on training CSO staff in CPA. As a result, "Activity 4 Support execution of CPAs in the field with OAGN staff" was partially replaced with a half day practical CPA exercise at a local health service provider at each workshop. This was envisaged to introduce the practical aspects of performance auditing in the field to participants.

The final Workplan, which developed and adapted to the project schedule through the February to May period, is presented in the following table.

# WORK SCHEDULE for CPA

✓ indicates completed or on-going activities

ver 6 01-06-2019

#	ACTIVITY	February '19				March '19					April '19					May'19		
		Week 1	2	3	4	1	2	3	4	5	1	2	3	4	5	1	2	3
1	Project inception meeting		✓															
2	Desk review of the relevant literature	✓	✓	✓														
3	Inception and follow-up meetings with OAGN, GPSA/World Bank, & Helvetas			✓														
4	Arrangements for Butwal CPA Training Pilot Workshop for CSOs, inc. selection of participants		✓	✓														
5	Development of training curricula and materials		✓	✓														
6	1st CPA Training in Butwal (22/23 Feb.)			✓														
7	Analysis, reflections and reporting on Butwal Workshop				✓	✓	✓											
8	Re-develop workplan on basis of Butwal learnings				✓													
9	Preparations for Hetauda Training Workshop, inc. selection of participants				✓	✓												
10	2nd CPA Workshop for CSOs in Hetauda (4,5 March)						✓											
11	Analysis, reflections and reports on Hetauda Workshop						✓	✓										
12	Mid-term progress meeting with OAGN & World Bank staff									✓								
13	Preparations for 3 remaining workshops: Nepalgunj (21/22 April), Dhangadi (24/25 April), Biratnagar (2/3 May) inc. selection of participants								✓	✓	✓	✓	✓					
14	3rd CPA Workshop in Nepalgunj (21-22 April)													✓				
15	4th CPA Workshop in Dhangadi (24-25 April)													✓				

16	Analysis, reflections and reports on Nepalgunj & Dhangadi Workshops														✓	✓				
17	5th CPA Workshop in Biratnagar (02-03 May)																	✓		
18	Analysis, reflections and reports on Biratnagar Workshop																	✓	✓	
19	Review and revise CPA methodology/ tools, develop questionnaires, and CSO selection criteria				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓						
20	Drafting of review and recommendations for updating OAGN CPA Guidelines						✓	✓	✓	✓	✓	✓	✓	✓						
21	Drafting of CPA Training Manual for OAGN (for testing in remaining workshops)						✓	✓	✓	✓	✓	✓	✓	✓						
22	Undertake ongoing stakeholder dialogue and discussions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
23	Process documentation, CSO database prepn. & CPA workshop reports				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓						
24	Prepn. for & facilitation of reflection workshop with reps. from CSOs, OAGN, World Bank-GPSA ,& other interested parties (scheduled for 9 May, delayed to 19 May)												✓	✓	✓	✓	✓			Final Review Workshop held on 19.05
25	Finalisation of CPA Training Manual											1st Draft						Drafting		Final Draft
26	Finalisation of review & recommendations for improvement of present CPA guidelines											1st Draft						Drafting		Final Draft
27	Finalisation of mapping of CSOs - a) of trained staff and b) in limited areas of 4 target provinces																	Drafting		Final Draft
28	Finalisation of Project Completion Report inc. CPA Training Manual, updated CPA Guidelines, workshop reports & databases																	Drafting		Final Draft
29	Submission of Draft Deliverables to World Bank and OAGN																			Delayed to 31 May

**N** Workshop schedule was dependant on Assistant Auditor General Damodar Pudasainee's schedule; he was away from  
**B** Nepal from 9-17 March, and 6-19 April; final workshop schedule confirmed at OAGN-World Bank progress meeting on 28-03-19

## 4. The Deliverables

Following the modification of the activities and outputs, the revised project deliverables, as agreed between the key stakeholders, were as follows:

- a) 5 workshops to provide training in citizen participation in performance auditing, and subsequent preparation of five workshop reports;
- b) a training manual to support future trainings relating to citizen participation in performance auditing;
- c) a review of the current CPA procedure/guidelines with recommendations and updates;
- d) preparation of a database documenting the CSOs/individuals who have undertaken CPA training, past and current;
- e) a reflection workshop in Kathmandu in the final week of the project;
- f) preparation and submission of a final report and the documented deliverables.

## 5. The CPA Training Workshops

### 5.1 The Workshops

As specified in the ToR, project activities took place in Kathmandu and five municipalities. As a result, 5 CPA training workshops, one in each of the 5 municipalities, were organised and undertaken in the period February to May 2019, for the training of CSO and local government staff in CPA on the dates specified below:

- 1) Butwal, for participants mainly from Province 5, held on 22/23 February, 2019 (10/11 Falgun, 2075);
- 2) Hetauda, for participants mainly from Provinces 2 and 3, held on 4/5 March 2019 (20/21 Falgun, 2075),
- 3) Nepalgunj, for participants mainly from Province 5, held on 22/23 April 2019 (9 & 10 Baishakh, 2076),
- 4) Dhangadi, for participants mainly from Province 7, held on 25/26 April 2019 (12 & 13 Baishakh, 2076),
- 5) Biratnagar, for participants from Province 1 and 2, held on 01/02 May 2019 (18 & 19 Baishakh, 2076),

A report on each of the workshops has been prepared – please refer to Annex B.

### 5.2 Selection of the Participants

A few points to take into consideration in the selection of the CSO participants was first obtained from the OAGN CPA Procedure; following discussion and feedback from the major stakeholders, this was somewhat modified and expanded for the purpose of selecting the appropriate CSOs for this series of CPA training workshops.

The selection criteria developed for these workshops is shown overleaf.

## **The CSO Selection Criteria**

### **Specifically for the CPA Training Workshops of February to April 2019**

#### **Mandatory Criteria**

- 1) CSO must be currently registered under the Social Organization Act at the District Administrative Office to include Nepalese fiscal year 2075/76. In case of a CSO branch office, the office must have been in existence in that district for at least the past one year.
- 2) CSO must be associated with the Social Welfare Council and recorded in the SWC database.
- 3) The CSO must be at least 5 years old although an exception can be made for highly relevant CSOs with < 5 years' experience.
- 4) CSO must be involved in social awareness or development work as well as advocacy related to delivery of basic services, human rights, and governance. Advantage will be given to those CSOs having experience in the specific areas of health and education.
- 5) CSO must have working experience with the Governments and/or a development partner.
- 6) CSO must not have been blacklisted or placed under funding restrictions by any Government or Government agency.

#### **Other Important But Secondary Criteria**

- 7) CSOs who are led by a woman and or other disadvantaged groups, with main priority being given to either Chairperson or Secretary or Chief Executive.
- 8) CSOs whose staff has been trained by OAGN/World Bank in another CPA-type of program such as LGCDP, PRAN or SALG or LGAF.
- 9) CSOs must be registered within the 6 to 8 districts adjacent to the workshop venue.
- 10) CSOs are recommended by World Bank or OAGN, Helvetas or Sky Samaj.
- 11) CSOs should have a minimum of Rs. 3 lakhs in the bank according to the last statement.

### 5.3 The Participants

The table overleaf summarizes the participants who attended the workshop.

In summary, a total of 266 participants attended the five workshops, of whom:

- 186 were local CSO representatives, 70% of the total participants trained over the 5 workshops;
- 44% of total participants were women – this ranged from 53% at the Butwal workshop to 41% at the Hetauda workshop;
- there were media representatives at all the workshops and as a result the workshops were well covered in the local press.

Categorizing the Participants at the 5 CPA Training Workshops

Workshop	Date 2019	Total No. of Participants	CSO Reprs	%	Health Staff	Local Gov. Reprs.	Journalists/ Media Reprs	Total Males	% Males	Total Females	% Females
Butwal	22/23 Feb	36	19	53 %	2	10	5	17	47 %	19	53 %
Hetauda	04/05 March	56	40	71 %	5	8	3	33	59 %	23	41 %
Nepalgunj	22/23 April	63	40	63 %	4	15	4	35	56 %	28	44 %
Dhangadhi	25/26 April	58	42	72 %	3	10	3	32	55 %	26	45 %
Biratnagar	01/02 May	53	45	85 %	3	3	2	31	58 %	22	42 %
<b>Totals</b>		<b>266</b>	<b>186</b>	<b>70 %</b>	<b>17</b>	<b>46</b>	<b>17</b>	<b>148</b>	<b>56 %</b>	<b>118</b>	<b>44 %</b>

Please note following consistent feedback from participants and deliberations by the facilitating team, the number of local government staff were reduced, and the numbers of CSO representatives increased – by the 5<sup>th</sup> workshop, 85% of participants were from the CSOs.

160 CSOs were represented at the 5 workshops from 32 districts, as follows:

@ **Butwal**, Province 5 (February) - participants from Arghakhanchi, Gulmi, Kapilvastu, Palpa, Parasi, Rupandehi

@ **Hetauda**, Province 3 (March) - participants from: Bara, Chitwan, Dhading, Makwanpur, Parsa, Rautahat

@ **Nepalgunj**, Province 5 & 6 (April) - participants from: Banke, Bardiya, Dailekh, Dang, Jajarkot, Surkhet

@ **Dhangadhi**, Province 7 (April) - participants from: Achham, Bajura, Dadeldhura, Doti, Kailali, Kanchanpur

@ **Biratnagar**, Province 1 & 2 (May) - participants from: Dankanta, Jhapa, Morang, Sunsari, Udayapur, Dhanusha, Saptari, and Siraha

#### 5.4 Expectations of the Workshop Participants

As citizen participation in performance audits was a new topic for the great majority of the participants, their expectations were collected at the beginning of each workshop in order to guide the training team as to what their audience felt they required, and to focus on the subjects where the participants felt that they needed the most help.

These are covered in detail in each of the workshop reports, see Annex B, and can be summarised as follows. Most participants were hoping for training, information and a better understanding on:

- audits, auditing and the different types of audits, including performance audits
- concept, principles, methods and the field practice of performance auditing
- citizen participation and public representation in the audit process
- how to encourage and ensure active citizen involvement in the audit process
- the role of the citizen and the CSO in the auditing process in the field – what is expected of them? - and how to make this more effective
- the connection of good governance and rights to information and transparency with the audit process
- information on current policies and laws concerning citizen participation in the audit process,
- selection of topics for the audit process, and examples of where OAGN has carried out performance audits to date
- how is it considered that performance audits will directly benefit our working areas or society in general
- the objectives and future plans for citizen participation in auditing
- the expected impact of greater involvement of citizens in performance auditing.

It was notable that the received feedback on expectations for the workshop did not vary much between the 5 venues. The above perceptions are thus a useful backdrop for organisers of future CPA training workshops for CSO representatives; the planned agenda for the workshops might well be reviewed in the light of this feedback in order to ensure that relevant topics are covered.

#### 5.5 The Workshop Contents

The agenda for the workshop developed as the workshops proceeded, the two main developments being: a) increased time and better organization for the field exercise, and b) greater involvement of the OAGN staff as they were freed from duties concerning the preparation of the Annual Audit Report. Besides the Assistant Auditor General, who attended and was the focal trainer at all the workshops, OAGN staff were available for the last 3 workshops, and two OAGN members (either Directors or Audit Officers of the Performance Audit Directorate) attended the workshops at Nepalgunj, Dhangadhi, and Biratnagar.

An example of the agenda and the workshop contents for these workshops is shown overleaf.

Lessons learnt from the contents presented during the five workshops are detailed in the Workshop Reports (Annex B), have been incorporated into the CPA Training Manual (Annex D), and are summarised in Section 5.7.



## An Example of the Workshop Contents Use During this Series of CPA Training Workshops.

### Objectives:

- Participants will understand the concepts and principle of audits
- Participants will learn about procedures involved in citizen participation in the performance audit process (CPA)
- CSO representatives capacitated on how to conduct CPA

### Day I

Time	Activities/Topics	Responsibility
08:00 to 08:30	Breakfast	
08:30 to 09:00	Registration	All Participants
09:00 to 09:10	Introduction	Facilitator & all participants
09:10 to 09:20	Welcome to Participants	World Bank representative
09:20 to 09:25	Inauguration	Mayor of Municipality
09:25 to 09:35	Objectives of the Training	AAG, Mr. Damodar Pudasainee
09:35 to 10:00	Expectation collection	Dr. Shesh Raman Neupane
10:00 to 10:15	Background, relevancy and perception on audits	AAG, Mr. Damodar Pudasainee
10:15 to 11:15	Concept and principles of audits	AAG, Mr. Damodar Pudasainee
11:15 to 11:30	Tea Break	
11:30 to 12:30	Collaborative social accountability approach and SA tools in public service delivery	Dr. Shesh Raman Neupane
12:30 to 13:30	Lunch Break	
13:30 to 14:15	Audits & Performance Audits	AAG, Mr. Damodar Pudasainee
14:15 to 15:00	Concept of CPA, Citizen/CSO engagement in CPA and Procedure of CPA	AAG, Mr. Damodar Pudasainee
15:00 to 16:00	Chronology of CPA in Nepal.	World Bank Anjalee Thakali
16:00 to 16:15	Tea Break	
16:15 to 17:00	Concepts of RTI, procedure for receiving information and pro-active disclosure	Mr. Prabhakar Pandit
17:00 to 17,30	Evaluation of the day – questionnaire	AAG, Mr. Damodar Pudasainee

## Day 2

Time	Activities/Topics	Responsibility
07:45 to 08:30	Breakfast and Tea	
08:30 to 08:45	Sharing of Questionnaire Results	AAG, Mr. Damodar Pudasainee
09:00 to 09:30	Presentation Skills	AAG, Mr. Damodar Pudasainee
09:30 to 10:00	Rights to Health	Ms Prativa Karki
10:00 to 10:30	Group division and orientation about CPA in the field	AAG, Mr. Damodar Pudasainee Mr. Prabhakar Pandit Ms Prativa Karki
10:30 to 10:45	Tea Break	
10:45 to 14:00	CPA in the Field	3 teams of +/- 10 to 3 health institutions, led by AAG, Mr. Damodar Pudasainee
14:00 to 15:00	Lunch Break	
15:00 to 15:30	Preparation of field work presentation reports	Supervision provided by: AAG, Mr. Damodar Pudasainee
15:30 to 16:30	Presentations, feedback, reactions, comments and discussion	15 minutes per group, supervised by: AAG, Mr. Damodar Pudasainee
16:30 to 17:00	Evaluation of workshop & comments from the floor	AAG, Mr. Damodar Pudasainee Mr. Prabhakar Pandit
17:00 to 17:30	Closing Remarks & Distribution of Certificates	AAG, Mr. Damodar Pudasainee Ms Rosy Wagley

Please note that much was learnt about the above schedule, agenda and subject matter during the series of workshops, and these lessons have been incorporated into the recommended Workshop Agenda in the CPA Training Manual (Annex D). It is strongly recommended that in future CPA trainings, the agenda in Annex D is followed or adapted to fit the situation.

## 5.6 The Field Work

The project's specific objectives included reference to capacity building of CSOs in performance auditing with particular focus on the health sector. As a result of the non-availability of the OAGN staff until the latter parts of the project period, it was decided by the main stakeholders that this could only be done by providing half a day during the training workshop for a sample CPA in the field.

The training team considers that the short field exercises undertaken in the first two workshops, Butwal and Hetauda, were largely ineffectual and did not provide much to the participants in terms of learning about real-life CPA auditing on the ground. At both workshops, individual learning was constrained by the large number of participants at each hospital, which did not permit enough room to use appropriate social accountability tools, nor to collect useful data.

Important hands-on, field-based learning did take place at the subsequent 3 workshops. Three or more health institutions were identified in the near vicinity of the workshop venue, and participants were broken into three groups, with each group visiting a hospital or a health centre. The other advantage in the last 3 workshops was that OAGN staff were available, and each of the 3 groups was led by a member of OAGN staff.

The best example of a practical field-based CPA audit came in Biratnagar where a member of OAGN staff split one of the groups into sub-groups, with each of 4 sub-groups examining a different aspect of the health service provision at a Public Health Care Centre.

The main lessons learnt from the 5 workshops in relation to this practical session are that:

- the field session and its modality, and the health centres to be visited (or office of other sectors) need to be properly introduced to the participants prior to the visit;
- the field session needs to be properly organized, with four or more health service institutions being identified prior to the day of the field trip;
- the institutions need to be pre-warned of the visit;
- the groups should be no more than 10 persons maximum;
- that the 10 person groups need to be broken into sub-groups to examine different aspects of the health institution.

These and other learnings from the field session experiences have been incorporated in to the CPA Training Manual - see Annex D, section 7.

## 5.7 End of Workshop Feedback from the Participants

The feedback from the workshop participants at all five venues was collected via a questionnaire, and was encouragingly positive. The feedback is covered in detail in the 5 workshop reports (Annex B), and is summarised below.

- *the workshops were very useful*: over 90% of participants at all the workshops felt that content, objectives, usefulness, standard of presentations were very good to excellent;
- *the workshops were too short*: this was mentioned by 30 to 50% of the participants at all venues on the basis that there was a lot of material to cover and comprehend; this was by far the most repeated comment from the participants in their end-of-workshop evaluation;

- *more field practice is required*: this was mentioned by 10-20% of the participants at the 5 workshops, and was based on the fact that there is much to learn to become a citizen auditor, and the field trips were too short;
- *workshop needs to be more practical*: more focus needed on practical techniques of performance auditing, and the role of the citizen auditor, especially in collecting information.

## 5.8 Lessons Learnt from the Workshops

- a) Many of the workshops were organised at short notice but good numbers of participants were ensured by mobilizing a forward party to the workshop venue to chase up the selected participants, and encourage attendance.
- b) The training and implementation team were very pleased with participation numbers, the level of engagement shown over the 2 days, and the gender balance.
- c) There is a real thirst for knowledge on the topic of CPAs by civil society.
- d) The workshops were very well received by the participants.
- e) For the purpose of training the CSOs to engage with OAGN in performance auditing in the future there may be a need for both CSOs-only training and mixed training involving the CSOs and local government staff, elected or otherwise.
- f) It is also important to provide the local government staff with a 2 hour (max.) information seminars so that they are aware of: a) the workshop taking place in their jurisdiction, and its purpose; b) the importance of engaging citizens in performance auditing; c) the role of the local governments in facilitating and supporting performance audits. These seminar could be provided in the late afternoon on the day before the workshop begins, or between 9 am and 11 am before the workshop starts.
- g) These training workshops should be held at times convenient to the OAGN; more than one OAGN staff attended the last three workshops, and their presence was very valuable, particularly so during the field CPA audit exercises.
- h) Field visits need to be well planned with sufficient time provided for participants to undertake data collection and use of at least one social accountability tool.
- i) The field exercises benefit considerably from involvement of OAGN staff, who have on the ground experience of performance auditing; as stated above, it was extremely useful having a Director and Officer of the Performance Audit Directorate at the last 3 workshops.
- j) Due to the number of topics to cover, and the considerable amount of information to impart to workshop trainees, there is a need to provide more materials to the participants, so that they have documentation to study during and after the workshop; it is recommended that this is prepared in the form of a booklet, and should include the CPA Training Manual, the CPA Procedure, the history and background to performance auditing, the current status of performance auditing in Nepal with examples.
- k) For reasons, h), i) and j) above, it is recommended that future such workshops are of three days duration; this was by far the most repeated request from the participants in their end-of-workshop evaluation.

## 5.9 Costs of the Workshops

The total costs of the workshops are currently estimated as shown in the table below. This includes travel, accommodation, and food costs for all participants, training team and project implementation team at each of the workshops.

Workshop	No. of Participants *	Costs in NPR	Costs in US \$
Butwal	36	461,239.38	4,193.09
Hetauda	56	507,200.84	4,610.92
Nepalgunj	63	796,545.11	7,241.32
Dhangadhi	58	798,778.53	7,261.62
Biratnagar	53	754,091.88	6,855.38
Ktm Wrap-Up & Review	46	584,236.75	5,311.24
<b>Total</b>		<b>3,902,092.49</b>	<b>35,473.57</b>

\* the number of participants excludes the project implementation team.

Due to the later recommendation in this report that the training workshops should be of 3 days duration to ensure proper time and emphasis is placed on the CPA practice in the field, it is important to note that this will have both a time and a cost implication in implementing such workshops. It is roughly estimated that a 3-day workshop for 40 to 50 participants would cost between NPR 8 and 10 lakhs, depending on the geographic location.

## 6. The Final Wrap-up and Review Workshop

This sixth and final workshop in the current series comprised a Wrap-Up & Review Workshop to exchange learnings between all senior stakeholders; this 1-day workshop was conducted in Kathmandu on 19 May 2019. Please refer to Annex C for the full report of this workshop.

The workshop was attended by 19 CSO staff from 18 different CSOs and 16 different districts, 11 staff from OAGN, 3 staff from the World Bank Nepal office, as well as staff from Helvetas Swiss Intercooperation and Sky Samaj. 35% of participants were women.

The objectives of this workshop were as follows:

- assess the completed elements of the findings and deliverables;
- identify and analyze the lessons learnt from the CPA workshops;
- review and discuss the OAGN-World Bank CPA Guideline 2073;
- review the manual on CPA workshop targeted to CSOs, Government authorities and local representatives;
- identify potential pathways for mainstreaming the lessons learned.
- agree a plan of action for the next phase of the CPA program.

Following a presentation on project background and the progress achieved to 19 May, the participants broke into 3 groups as follows:

### Group 1 The CPA Training Manual

Group 1 was given the task of looking at sections of the Training Manual and provide additional information and points that needed to be included.

### Group 2 Review of the CPA Procedure

Group 2 was requested to look at the work undertaken to date on the CPA Procedure and provide feedback both positive and negative, and any new points that needed to be taken into account.

### Group 3 Review of OAGN Health Sector Questionnaire

Group 3 was asked to look at an OAGN questionnaire concerning performance audits of health institutions and provide feedback as to its completeness and usefulness.

The findings of the working groups were discussed and are described in the workshop report (Annex C). The received comments have been taken into account and, where appropriate, absorbed into the final versions of the CPA Training Manual and the review of the CPA Procedure.

## **7. The CPA Training Manual**

The CPA Training Manual is one of the key deliverables of the project, and is presented in full in Annex D.

The Training Manual is presented in six key sections: Introduction to Auditing, Performance Auditing, Citizen Participation in the Auditing Process, the Right to Information, Social Accountability and Responsibility, and Field Practice.

For each of these key sections, comprehensive theory is presented in the relevant chapter, and a lesson plan prepared for future trainers.

Feedback and comment from the group work undertaken at the Final Wrap-Up and Review Workshop was incorporated into this final version of the Training Manual.

*This is considered to be a live document, and is handed over to the OAGN for their consideration, deliberation and improvement over time.*

## **8. The Review of the CPA Procedure**

OAGN published the CPA Procedure in 2073 and it is available from their website on the following address: <https://oagnep.gov.np/audit-post/cpa-procedures-2073/>.

The CPA Procedure is the legal document, but it includes the guidelines which is a more elaborate document, and based on the Procedure.

A draft review of the Procedure was undertaken by the project implementation team and presented to the Final Wrap-up and Review Workshop; this was discussed by one of the groups and recommendations made as to further improvements that could be made.

These small amendments have been included in the Review of the CPA Procedure which is presented in Annex E.

Keys issues that have been highlighted during the review process include:

- a) Legal status: in the Audit Act 2075, there is provision to make rules and guidelines; if the Procedure was elevated to rules, it is considered that the procedure and the guidelines would have greater impact and result in improved up-take.
- b) Incentives for the CSO: without providing any incentives, involving the leading citizen society organizations and leaders is not possible over the long term. The Procedure states that no support, DSA or even training should be provided to the CSO partners. It is considered that this stipulation should change if the OAGN wants to encourage a greater engagement of private citizens in performance auditing in the future.
- c) Political affiliation: this is not acceptable within the CSOs that are selected for partnering the OAGN in performance auditing; this is correct and understandable but it is not possible to measure the degree of affiliation or political involvement in individuals within any given organization or CSO. To what degree is affiliation or active participation acceptable? – the majority of the civil society leaders are usually close to one or other political party.
- d) Monitoring and follow-up: there is a central level OAGN mechanism governing the engagement of national-level CSOs in terms of selection. The Procedure also covers aspects of participation and implementation – however, there is little in the Procedure concerning the roles and collaboration modality for local level CSOs in the monitoring and follow-up stages of the audit process.
- e) Procedures in Audit: the Procedure includes aspects of topic selection and the CSO's role in this, as well as explanation of other administrative details; however, there needs to be more clarity and explanation of the actual roles and responsibilities of the CSOs as well as the OAGN in the procedures and practices of a performance audit in the field – this needs more elaboration and fuller coverage, and in a phase by phase, step by step process. It is considered that the CSO could, even should have a role to play in topic selection, the implementation of the performance audit, as well as report implementation, monitoring and follow-up. A future version of the CPA Procedure should define the responsibilities of both OAGN and the CSO at each stage of the audit.

This Review is also presented to the OAGN for consideration when they are next updating the CPA Procedure in the years to come.

## **9. The Right to Information and Performance Auditing the Health Sector**

### **9.1 The Right to Information (RTI)**

The RTI is a key element in the performance auditing of service providers – without the correct and relevant information, a performance is not possible.

A one hour session was included in all five CPA training workshops to introduce the subject of RTI to the participants, and it is covered in detail in Section 5 of the CPA Training Manual (Annex D). This is considered to be a very important session for those CSOs who will be involved in performance auditing with the OAGN for two reasons: a) to ensure that the CSO representatives have at least a basic knowledge of this little discussed subject, and b) to maximize the effectiveness of their assistance to OAGN.

The session focuses on the concept and principles of RTI, the legal provisions in Nepal provided through the RTI Act 2064 BS (slightly amended in 2072 BS), and the National Information Commission, the meaning of a public body, the responsibilities of the public offices

in terms of providing information, the procedures and costs for obtaining information, the complaints and appeals system, and the importance of RTI, and human rights in general, in the process of engaging citizens in performance auditing.

The team considers that it would be most useful for the CPA Training Manual to be provided to the participants due to the amount of background information and current modalities that are included in the Manual. If the OAGN is not inclined, a 5-page hand-out could be provided covering each key topic, including RTI.

## 9.2 Performance Auditing the Health Sector

The Objective and the project's specific objectives of the project specify supporting the right to health, access to information, the use of human rights principles, and specifically to assist in mobilization of the CSOs to audit and monitor health service provision.

A presentation on the rights to health and factors to be considered in auditing the health sector was included in the agenda at the final two workshops, in Dhangadhi and in Biratnagar. There were complications in the first three workshops related to planning of the multitude of presentations and preparation by the implementation team.

This session covered the relationship between health and human rights, the international and national agreements and laws governing the provision of health service to Nepal's population, and the elements and factors to be considered when undertaking a performance audit of a health provider. As a result of this session and the field practice sessions which were all concerned with a practice CPA of a range of health service institutions from Zonal Hospitals, Public Health Care Centres, Health Posts and Urban Clinics), the participants had some knowledge of CPAs in this sector.

In support of the focus of the project on the health sector, Annex H provides further information on the background to health services in Nepal, the different levels of health service provided, the factors to be taken into account during an audit of a health institute, the list of essential medicines for different levels of health service provider, and some of the questionnaires that are used by the Ministry of Health and Population in their social audits of their service providers. This comprehensive Annex provides much supporting documentation some of which is essential, other parts useful, when conducting a performance audit of a health service establishment.



## **10. The CSO Databases**

Two databases have been prepared to support the OAGN efforts in encouraging more CSO staff members to take part in the performance auditing program in the future.

### **10.1 CSO Personnel Trained in CPA**

Database 1 (Annex F) comprises the CSO staff that have been trained in CPA at the 5 workshops under the current contract. Separate worksheets present the staff trained as well as their organizations and contact points, from the 5 worksheets; in the same database, the 17 CSO staff who were trained in Kathmandu in 2016 are also presented in a separate worksheet.

The same staff are also listed by Province and district in separate spreadsheets.

### **10.2 Draft Active CSOs**

Both World Bank staff and OAGN requested an additional database listing the active CSOs nationwide. This is not part of the current contract, and is a major piece of work.

However, a template was prepared, and 8 CSO staff in the Biratnagar area were identified to assist in collecting this data for 8 districts. Despite a small incentive being provided, the preparation of contracts, and continuous follow-up, only 4 of the staff who had accepted to take on this work responded with lists of reasonable quality.

These lists recording the active CSOs, together with other important details, from the districts of Jhapa, Saptari, Siraha and Sunsari, comprise Database 2 (Annex G).

Both the Social Welfare Council and the NGO Federation have databases of CSOs available on their websites. These databases record considerable detail, but the quality of the data and its current nature is questionable.

It is suggested that this work is covered under the next World Bank support program to the OAGN. A responsible national NGO/INGO would be capable of undertaking this significant piece of work providing sufficient time and funds for travel to field verify the lists were provided.

## **11. Recommendations**

The recommendations in this section are presented for consideration by the OAGN, and the World Bank for inclusion in their future support programs.

They are based on the feedback received from the participants of the 5 training workshops (Table 11.1 below), and the recommendations received from participants of the Final Wrap-up and Review Workshop of 19 May 2019 (Table 11.2, overleaf).

Table 11.1 Recommendations from Training Team and Participants of the 5 Workshops

#	Subject	Recommendation	Remarks
<b>Workshop Related</b>			
1	Duration of training period	Make the training of 3 days - reduce the training content if 2 days only available	This is in regard to the schedule of the current workshops
2	Facilitator	Facilitators must be from the OAGN for the auditing/performance auditing and CPA sections	If current OAGN staff not available, it might be possible to use retired senior OAGN employee - outsourcing only appropriate for other topics
3	Nos. of participants	A suitable no. of participants is 40 CSO staff	
3	Types of participants	Participants should be from only CSO and locally elected government staff – these should not be mixed	Related government staff can be invited if appropriate to project or audit topic – eg. health, education
4	Time of training	Training should be organized at a convenient time for OAGN staff	Presence of several OAGN staff is very beneficial
5	Supporting material	Training manual and other relevant handouts should be provided to participants	Should be undertaken, following approval by OAGN, for participants of 5 current workshops
<b>Field Work Related</b>			
6	Questionnaires and checklists	There is a need for OAGN to develop comprehensive questionnaires & checklists for different sectors	Necessary for field use by citizen performance auditors
7	Duration of field practice	Field practice times need to be extended	See CPA Training Manual for organization of 3 day training
8	Field practice & no. of participants	Field practice should be well planned	Groups of no more than 10 per group to visit each institution
9	Facilitation of field work	Each group to be led by an experienced staff member of Performance Audit Directorate	Benefit of OAGN staff presence = more engagement/interaction in group and field work between trainee and OAGN staff

The recommendations tabulated overleaf in Table 11.2 were made by the participants at the final workshop; the participants comprised senior OAGN staff, senior staff of CSOs who had all had some experience of CPAs, members of the World Bank Nepal team, as well the Helvetas-Sky Samaj implementation team.

Table 11.2 Summary of Recommendations from the Final Review Workshop (19 May 2019)

#	Recommendation	Reference	Status	Remarks from the CPA Implementation Team
1	Duration of training needs to be longer (3 days instead of 2)	Overall	For relevant OAGN/World Bank staff to discuss for future training programprograms	If workshop duration is extended to 3 days, the delivery of the content of this Training Manual can be delivered comfortably, and a more effective full day field exercise accommodated. However, it should be born in mind that this has both time <u>and</u> cost implications for future training programprograms.
2	The CPA Training Manual needs to be prepared in both Nepalese and English	Overall		Fully agreed, but the Training Manual will first be prepared in English and then on the agreement of all concerned parties with the content, can then be translated into Nepali, as Version 1. It is considered a live document, open to improvements as the CPA program moves forward.
3	Include the Audit Evidence	Chapter 2 of the CPA Training Manual	Incorporated – ref.to section 2.5 of the CPA TM	This has already been incorporated.
4	Include a case study of CSO involvement in CPA	Chapter 4, CPA TM	Incorporated examples of CSO involvement	Examples from Philippines, Korea and Argentina have been given in section 4.4; but OAGN needs to provide examples from Nepal for future versions of the Training Manual.
5	Include the importance and two-way benefit of CPA for CSO and OAGN	Chapter 4, CPA TM	Incorporated in Chapter 4	The two way benefit has been included in several places in section 4 - see 4.1.3 and 4.2.3
6	Include more examples of the roles of CSOs during CPA	Chapter 4, CPA TM	More roles of CSOs incorporated in Chapter 4	The roles of CSOs is now well covered in Chapter 4, see especially sections 4.2 and 4.5
7	Include the professional ethics of CSO	Chapter 4, CPA TM	Professional ethics is covered in the CPA procedure	The CPA Procedure can be provided as a handout to trainees, but is available from: <a href="https://oagnep.gov.np/audit-post/cpa-procedures-2073/">https://oagnep.gov.np/audit-post/cpa-procedures-2073/</a> .
8	Refer to the Amendment (2072) in the Right to Information Act 2064	Chapter 5, CPA TM	Ref. to the amend-ment incorporated in section 5.2	This reference has been incorporated in section 5.2.1
9	Present the linkage between audit governance, accountability and responsibility	Chapter 6, CPA TM	Incorporated in 6.3	This linkage is now covered in a section of its own, 6.3.
10	Present the pre-preparation steps in Field Practice	Chapter 7, CPA TM	Incorporated in 7.2	These steps have been comprehensively covered in section 7.2.
11	Increase the role of the CSOs in the CPA process	Overall		The implementation team fully supports this recommendation as this will strengthen both the CSO itself and the relationship with the OAGN, and benefit the CPA process moving forward
12	CSOs should be provided with some form of operational costs	Overall		The CSO request for funds to cover travel, & DSA etc. concerns CPA procedure, and is a matter for OAGN management.

## Summary of Overall Recommendations

### *The Duration of the Workshops*

- A. Due to the volume of information to impart to the participants at the workshops and the need for more hands-on practical experience of CPA in the field, future workshops should be of 3 days duration.
- B. As between 10% and 17% of participants across the workshops, felt the need for more time for the field work, the 3<sup>rd</sup> day should be dedicated to a field practice performance audit or a scheduled OAGN performance audit.
- C. Several participants requested better time management of the workshops, and management accepts that this was less than optimum – this aspect needs improvement whether the workshop is of 2 or 3 days duration.

### *Participants*

- D. There is a consensus amongst the workshop team and participants that it is much more valuable to invite CSO representatives than local government officials to such training workshops.
- E. It is valuable, however, to provide 1 to 2 hour information seminars for the local officials, so that they are aware of the workshops undertaken in their geographical jurisdiction, as well as the objectives of the workshops, and the importance of CPA. This seminar might take place on the afternoon prior to the start of the training workshop, if convenient.
- F. It would be beneficial if future such CPA training workshops were attended by 4 actively involved members of the Performance Audit Directorate, so that not all the pressure is put on one person, and there is more engagement in group and exercise work between trainee and OAGN staff.
- G. Future workshops should maintain the gender balance as exhibited in the 5 CPA training workshops just completed, but pay greater attention to ensuring an ethnic balance and participation by ethnic minorities.

### *The Field Exercise*

- H. As stated above, more time is required to properly introduce participants to the skills necessary to undertake a complete performance audit in the field – to undertake this properly, a full day is required.
- I. Where there are no contiguous OAGN performance audits being carried out, any field exercises to provide hands-on practice on CPA for the participants must be well planned, pre-planned and pre-scheduled with the institution to be visited.
- J. Groups of citizen auditors should be no greater than 10 in number when visiting a target institution.
- K. It is highly advantageous if each field group is led and supervised by a member of the Performance Audit Directorate to provide the appropriate advice and guidance.

- L. It is further suggested that the group of 10 should be split into sub-groups to investigate different aspects of the target institution, as happened at Biratnagar (see Annex B5, the Final Report on the Biratnagar Workshop).
- M. It is very important that future workshops are held at times convenient to the work schedule of the OAGN, and specifically to the Performance Audit Directorate. It is strongly recommended that these training workshops are held at times contiguous with the periods when OAGN are undertaking performance audits in the field, so that participants receive hands-on practical training directly supervised by OAGN staff with experience in performance auditing.

#### *The CPA Training Manual and CPA Questionnaires*

- N. The CPA Training Manual is presented as a live document to the OAGN for detailed scrutiny, use and improvement. Due to the comprehensive amount of material that is included in the Manual, it is recommended that it is sent to all participants of the current series of workshops, but only following the approval of the Performance Audit Directorate.
- O. The Training Manual and other elements of this Final Report might also be used as hand-out material in future workshops.
- P. There is an urgent need for OAGN to develop comprehensive questionnaires and checklists for different sectors to be used by citizen performance auditors in the field.
- Q. It is further suggested that a core team in the Performance Audit Directorate is given the responsibility a) to develop the questionnaires for different sectors, and b) of continuously improving the training manual and managing a nationwide training program.

## **12. Conclusions**

The implementation team consider that the project has been a success thanks to the considerable support provided by the OAGN and the World Bank.

Preparing materials for, and then organising and implementing the workshops was the major focus of the project, and the workshops were well received – over 90% of the participants rated the workshops as good to very good, and highly relevant and useful. The focus and lively engagement of the participants was impressive at all five workshops.

The training and organising team was pleased with the outcomes of the five workshops, especially in view of their rapid organization in a short space of time, the numbers of participants at each workshop, the satisfactory gender balance, and the progressive improvements to the workshops' structure and management.

Through these workshops, 266 participants were trained in the theory of, and appropriate tools involved in performance auditing, 186 of them from CSOs based in 32 districts of Nepal. CSO representatives comprised 70% of the participants across the 5 workshops and 44% of the total 266 participants were women.

The training workshops has resulted in a much greater pool of trained human resources available for participation in future performance audits, and OAGN will receive applications from more CSOs when calling for EOIs for conducting performance audits.

The CPA Training Manual is considered a comprehensive document but should be considered a live document and a template for continuous improvement.

The recommendations in the previous section provide a number of considered thoughts and opinions for potential incorporation into the CPA program in the future.

This project has been a small milestone in the nation's CPA history, and will enhance the growing international recognition of Nepal's progress in engaging citizens in performance auditing.

Key considerations for the future CPA program include the need to invest in a facilitated process for the OAGN and CSO stakeholders to come to an agreed approach and modality for citizen engagement, and to increase the opportunities and roles of the private citizen in the undertaking of performance audits.