

POLICY BRIEF

This policy brief is based on the Study "Civil Society and Citizens in the External Audit Process: Comparative Study of International Practices with Recommendations for Serbia", produced by the European Policy Centre as part of the Project "Increasing Citizens' Involvement in Achieving Government Accountability in Serbia" and supported by the United States Agency for International Development – USAID, Judicial Reform and Government Accountability Project.

Research for the comparative study was undertaken in the period March – July 2013 and encompassed twenty five supreme audit institutions, mostly from Europe and Latin America. Moreover, the existing practices of citizens' inclusion and cooperation between the civil society and the independent bodies and other state institutions in Serbia were examined.

Based on the analysis of the researched domestic and international practices in terms of their feasibility and suitability for application in Serbia, recommendations have been developed for the Serbian SAI and they are offered in the Study.

CIVIL SOCIETY AND CITIZENS IN THE EXTERNAL AUDIT PROCESS

Why Should Citizens Participate in External Audit?

Supreme Audit Institutions (SAIs) are relatively new actors in the transition-laggard countries which face numerous challenges in their functioning. The State Audit Institution of the Republic of Serbia has recognised the need of involving citizens and civil society organisations (CSOs), given that there are mutual interests on both sides to contribute to the improvement of transparency and accountability of the government: SAI, on the one hand, with its legally defined position and role, and citizens, on the other hand, as the most interested actors in the public procurement control process and the responsible management of the public finances.

The importance of citizens' involvement and cooperation with the CSOs in the area of external audit reflects primarily in the fact that citizens' insights can be very useful for the external audit process through various forms of contributions (requests, petitions, complaints, etc.). Besides, citizens and CSOs represent the natural allies of supreme state institutions, as they put pressure on the state authorities to enforce SAI's recommendations through their active participation and advocacy for a greater transparency and accountability. The special position of the CSOs in this respect stems from the fact that they represent a bridge in liaising citizens and the SAI, in other words they are a means to channel the citizens' contributions. Citizens' involvement and cooperation with the CSOs does not necessarily jeopardise the traditional position of SAIs as independent bodies. The focus today is to find adequate innovative synergies between the citizens and SAIs, so as to create a better environment for complying with the SAIs' recommendations, thus producing a positive social change.

Citizens' Participation and Government Accountability

The debate on the "legitimacy crisis" and the "democratic deficit" in the European Union has progressively led to a new focus on the civil society, which is seen as crucial in the authentic participatory democracy as a promising supplement to the representative democracy, in which the alienation of the elected representatives from the citizens is a common phenomenon. By envisaging the institutionalised modalities for citizens' participation, participatory governance aims to empower the citizens to assume a greater role in decision making. It is considered that through participatory governance the frequency and quality of citizens' participation increases, the new relation between the citizens and the state based on cooperation and deliberation is established and the final results of state institutions are improved. Deliberative democracy expands the notion of participation to public discussions, public interventions and more inclusive processes, with the focus on creating a wide social consensus.

Citizens' participation is linked to government accountability through the concepts of diagonal and social accountability. Diagonal accountability means direct participation of citizens in horizontal accountability mechanisms (ensured by independent bodies such as SAIs), with the aim to improve the performance of the oversight authorities. Social responsibility is related to direct inclusion of citizens into the oversight systems and government control systems, e.g. via participatory budgetary planning or social audit, in which citizens themselves establish groups/committees examining the functionality, usefulness and regularity of the government's policies and programmes.

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For a country aspiring to EU membership such as Serbia, the context for including the citizens in the work of state institutions (or public affairs management) is also created by EU regulations, the EU founding Treaties above all. The significance of citizens' involvement is recognised in Article 10 (3) of the Treaty on European Union, which stipulates that every citizen has the right to participate in democratic life and that decisions should be taken "as closely as possible to the citizen." Article 11(2) says: "The institutions shall maintain an open, transparent and regular dialogue with representative associations and civil society." (Articles 8a and 8b of the Lisbon Treaty).

"Despite the fear that cooperation with the civil society could compromise the traditional role of SAI as independent institutions, strong partnerships and effective practices improve the quality of services and strengthen the fight against corruption."

From the Study "Civil Society and Citizens in the External Audit Process"

Citizens' Participation Mechanisms in Serbia

Recent research has shown that CSOs in Serbia consider the attitude of the State towards them mostly as uninterested (39%), 22% think that the State has a positive attitude, while 19% of the organisations believe that the State does not recognise them as partners. CSOs dealing with law, public advocacy and politics see the greatest progress in their relations with the State.

In 2010, the Government of Serbia established the Office for Cooperation with the Civil Society, with the aim to create institutional mechanisms for support and development of the civil society. The Office is supposed to, on the one side, enable the platform for partnerships through creating and establishing clear standards for inclusion of the CSOs at every decision-making level, and on the other side to provide support to the CSOs in the processes of defining and implementing the laws and policies.

The state institutions with solid mechanisms and practices of cooperation with the CSOs in Serbia include: the Government's Social Inclusion and Poverty Reduction Unit (SIPRU), Serbian European Integration Office (which is currently developing the mechanisms for CSOs involvement in the EU accession negotiations), as well as the independent bodies: the Anti-Corruption Agency, the Ombudsman, the Commissioner for Protection of Information of Public Importance and Personal Data Protection. The Supreme Audit Institution in Serbia has also intensified its cooperation with the CSOs over the past year.

Citizens' Participation in European SAIs

According to the surveys on the integrity system in a wide spectre of institutions and actors in the EU member states, SAIs are highly ranked, with a high level of compliance by the public institutions with the measures that they proclaim, due to which the need for "mediators" in this relation is marginal. This does not necessarily imply that in some of the countries of the EU and the European Economic Area the problems of government accountability are inexistent – it rather means that SAIs do not encounter difficulties in the implementation of their recommendations. At the same time, in these countries government accountability and transparency are no longer in the primary focus of the CSOs, which have shifted their attention to other areas in which citizens' involvement is highly in need.

Nevertheless, certain mechanisms exist in the European SAIs' practices and, although usually insufficient to be characterised as institutionalised, they differ in how they are regulated and do provide experiences suitable for further consideration. From communication via official internet presentations (Iceland, Lithuania), to reception and responding to citizens' letters and inquiries (Norway, France, Germany, the Netherlands), direct visits to the institution (Lithuania, Germany, France), to organisation of info sessions, seminars and other forms of training (France, Germany, Denmark), various SAIs diversely define their cooperation with citizens and CSOs. In the majority of cases it was noted that the information received from the citizens is taken into consideration in audit planning, though there are usually no clear rules regulating that process. Norway has the most advanced system for collecting citizens' inputs using a special online portal as well as developed internal procedures for processing these „tips“, as they are referred to.

Although the external audit process at the first glance seems exclusive due to the somewhat technical language and highly specialised substance, the experiences of Latin America show that citizens can significantly contribute to oversight systems if they are given a true opportunity."

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SAIs in the Region and Citizens' Participation

In the Supreme Audit Institutions in the countries of South-Eastern Europe practices of involving the civil society and citizens in the external audit process are missing for other reasons, which can be attributed to a relatively short existence of SAIs in these countries' legal and political systems as well as to insufficiently vocal civic initiatives in this area. Based on the research of SAIs in the neighbouring countries (Macedonia, Montenegro, Slovenia and Croatia) via direct contact or questionnaire, in one case cooperation mechanisms do not exist (Macedonia), while in another it is unclear how the proclaimed willingness to cooperate is being translated into practice (Montenegro). In Croatia's case it is noted that audit is not performed according to citizens' claims, but that they do influence the scope of the annual audit plan, without any further explanations.

The Slovenian SAI does not recognise the notion of citizens' claims as such, but it does enable citizens to address it with their information through the website. Although unnoticed at the beginning, this possibility has widely been used in the pre-election periods. All the inputs are stored in the internal e-database which is not open for public. Slovenian SAI has supported several civil society initiatives relating to its purview and it has conducted activities based on the findings of such initiatives.

These examples show that the practices initiated by SAI Serbia, which are expected to further positively develop in the following years can serve as a solid basis for establishing regional cooperation in the external audit and citizens' participation area, where the Serbian SAI can play a prominent role.

Non-European SAIs and Citizens' Participation

The analysis of experiences outside Europe, especially those in Latin America, demonstrate a great diversity of practices in citizens' participation and cooperation of SAIs with CSOs. The Declaration of Asunción "Principles of Accountability", adopted by the Organisation of Latin America and Caribbean Supreme Audit Institutions (OLACEFS), stresses the importance of active civic participation as a crucial component of the accountability system and an area that SAIs need to focus on in the development of their capacities. Many SAIs organise trainings for citizens and CSOs, both general (government accountability, external audit, citizens' participation) and specialised – aimed at enabling them to take part in other mechanisms of direct civic participation (e.g. joint audits), but the examples of such specialised trainings are less common. In some countries citizens participate in the election of auditors and comptrollers, though such examples are rare. Citizens' and CSOs' involvement in the audit planning process is a common practice in Latin America (and in some other countries, such as South Korea), which is most often conducted through the collection of complaints/requests that are processed by the competent SAI services. Separate online portals are often created to support this process. Rare are the practices of direct participatory audit planning, e.g. via public consultations with the CSOs. Direct citizens' participation in audit is implemented through joint audits or even social audits, conducted by the civic oversight committees. Examples of countries which successfully implement social audits are rare due to the high level of skills and capacities they require. In some countries CSOs actively participate in monitoring the implementation of SAIs' measures and recommendations.

CIVIL SOCIETY AND CITIZENS IN THE EXTERNAL AUDIT PROCESS

It could be said that 2013 is the ideal year for launching the activities for involving the citizens and CSOs in the work of the State Audit Institution in Serbia, for two reasons:

Firstly, SAI Serbia plans to initiate performance audit in 2014, which is highlighted in comparative practice as particularly convenient for using the contributions by the citizens and the CSOs.

Secondly, by the end of 2013 or in early 2014 Serbia will begin the negotiations for EU membership, which will involve the civil society in a strategic and institutionalised manner (the concrete proposals and models are still under development).



“Communication with the [citizens] is very important as they represent SAI’s natural allies in repealing the irregularities... Citizens are an important source of information and the dialogue is important for raising awareness about the SAI’s work and strengthening the trust in public administration.”

Radoslav Sretenović, President of SAI Serbia

Recommendations to the State Audit Institution of Serbia Based on Analysed Comparative Practices

The Study offers a whole range of recommendations for SAI Serbia based on analysed comparative experiences and an analysis of their suitability for application in Serbia. It also gives a timeframe for their realisation. Here we give the summary of the most important recommendations (for additional details, please see Chapter VI of the Study):

In the upcoming period, with the technical support of the EU and bilateral donors and in cooperation with the relevant CSOs, SAI should develop concrete activities and programmes related to: setting up and maintaining the culture of financial accountability, mechanisms of control over public finance management, specificities of external audit, etc. Such programmes can be particularly effective if they are conceived and implemented as joint activities of several functionally related institutions, e.g. SAI, Anti-Corruption Agency, the Ombudsman, Commissioner for Protection of Information of Public Importance and Personal Data Protection. These activities could include: innovative ways of visualising information, such as infographics; educational campaigns throughout Serbia; TV and online campaigns directed at citizens; trainings and seminars for pupils and students; as well as trainings for teachers/professors, etc. In the medium term, SAI should upgrade the communicability of its reports, which derives from both the INTOSAI standards and comparative practice.

In order to improve the participation of the citizens in audit planning, SAI should establish an online portal for collection of the citizens’ inputs (Norwegian model described in the Study can be applied). SAI should develop internal procedures for addressing the received citizens’ inputs relevant for audit. By developing a Guide for online submission of inputs SAI would ensure that as many inputs as possible satisfy the minimal criteria for assessment and contribution to the audit programme, whilst using SAI’s internal resources rationally. In the long term, the development of a common portal for online submission of citizens’ inputs towards several independent oversight institutions should be considered.

For enabling the CSOs to participate in the monitoring of implementation of SAI’s recommendations and measures, regular meetings with relevant CSOs should be established (at least twice a year). In the medium term, SAI should start with the practice of publishing the auditees’ response reports on its website. It should also develop (in cooperation with CSOs) a participatory methodology for monitoring the implementation of its measures and recommendations.

For the performance of the tasks related to these recommendations SAI should engage one full-time person (within the Office of SAI President), while in the long term a unit should be created.

CSOs can be SAI’s partners in the implementation of most of these recommendations, given their experience in engaging with the citizens, educational and research activities, as well as access to bilateral and EU funds. By cooperating on projects similar to that which created the Study “Civil Society and Citizens in the External Audit Process” and this policy brief, visible results in improving financial accountability of the Government can be created, through synergic and coordinated action of the civil society and SAI (and certainly other independent bodies).

ABOUT THE EUROPEAN POLICY CENTRE

European Policy Centre (CEP) is a non-governmental, non-profit, independent think-tank, founded by a group of professionals in the area of EU law, EU affairs, economics and public administration reform, with a shared vision of changing the policy making environment in Serbia for the better.

CEP develops research and analysis as a basis for policy making and produces high quality options for the decision makers with the aim to substantially improve the accession process of Serbia to the EU and to position Serbia as an equal partner with the EU member states in terms of:

- openness and accountability of the democratic institutions of the government;
- market regulation and performance;
- capacity to not only fulfil the obligations arising from EU membership but also make the most of the resulting rights and opportunities once EU membership is achieved.

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