

TAI Audit Question Bank

SOCIO-ECONOMIC PACKAGES DURING COVID-19 PANDEMIC

This list of illustrative questions is linked to TAI audit objectives outlined in IDI's practical guide: "Audit of Transparency, Accountability and Inclusiveness of the Use of Emergency Funding for COVID-19 (TAI Audits)".

The questions identified relate to two key objectives of TAI audits in the area of socio-economic packages

1. To ascertain the extent to which compliance frameworks (socio economic packages) for COVID-19 spending provide for transparency, accountability and inclusiveness.
2. To ascertain the extent to which governments have complied with applicable laws, rules, regulations and policy decisions in terms of transparency, accountability and inclusiveness in the implementation of socio-economic packages

The list of questions is illustrative. We have attempted to write the questions at a global, principles level so that each SAI team can adapt them to the scope of their audit and in their local context. We encourage users of this list to contribute to the questions.

This illustrative list does not contain audit questions linked to performance audit objectives such as the economy, efficiency and effectiveness. The questions are limited to propriety and regularity compliance audit objectives.

What is transparency, accountability, and inclusiveness?

Before going to the audit questions, it is important to reflect on the definition of accountability, transparency and inclusiveness, which are the key dimensions of a TAI audit.

Transparency can be defined as the basic and commonly agreed-upon principle of disclosure to make policies, legal and institutional frameworks and information related to decisions available to the public in a comprehensible, accessible and timely manner.¹

Accountability is about the relationship between the State and its citizens, and the extent to which the State is answerable for its actions. The concept of accountability refers to the legal and reporting framework, organisational structure, strategy, procedures, and actions to help ensure that every organisation that uses public money and make decisions that affect people's lives can be held responsible for its actions. The principles and concepts necessary to public sector accountability include transparency, fairness, integrity, and trust.²

Inclusiveness refers to the process of improving the terms for individuals and groups, in particular for those marginalised / in danger of being left behind, to take part in society and to be able to benefit adequately from public spending for COVID-19. The aim is to leave no one behind and include measures in public spending for COVID-19 that help improve the ability, opportunity, and dignity of marginalised or potentially marginalised. Marginalisation may differ depending on the country context.

¹ Methodology for Assessing Procurement Systems (MAPS). <https://www.mapsinitiative.org/methodology/1-what-is-MAPS-presentation.pdf>

² <https://oag.parliament.nz/2016/accountability/part2.htm>

Auditing Socio Economic Packages during COVID-19 Pandemic

During the Ebola outbreak in West Africa in 2014, more people died from the interruption of social services and economic breakdown than from the virus itself. This should not have happened, and the world cannot let it happen again. As the world enters the deepest global recession since the Great Depression, we need to connect health needs to social, economic and environmental well-being, linking the present to the future.

People everywhere must have access to social services and social protection; jobs, businesses and livelihoods must be protected; and a safe and equitable recovery of societies and economies must be set in motion as soon as possible, with the long-term goal of directing economies along a sustainable, gender-equal path.

Given the scale and scope of the socio-economic impact of COVID-19, additional resources nevertheless will be required³

Governments all over the world have designed and implemented programmes and measures to mitigate COVID 19 impacts on people's socio, economic well-being.

A socio-economic package (SEP) can be referred to as the spectrum of government measures to provide relief from the burden and pain caused by an occurrence such as the COVID-19 pandemic. During COVID-19 governments across the world have allocated and spent considerable funds on a variety of SEPs. These include:

- incentives to individuals and households, such as direct cash transfers, food relief, support to pay utility bills, unemployment benefits, tax benefits etc.
- support to businesses, such as financial contribution to retaining employees, tax and financial benefits

The pandemic has also heightened risks related to socio-economic packages:

- The speed of delivery, the volume of transactions, limited due diligence,
- Inadequate planning and supervision may increase the chances of error and fraud significantly
- Risks related to cash transfers which involve direct transfer of cash to individuals and households
- Ineligible individuals who may receive cash, cash misappropriation of officials
- Individuals may receive cash more than they are due, abuse of scheme by politicians for political influence
- While electronic payment methods (such as bank transfers and mobile money) may reduce some of these risks, there may be risks in IT controls

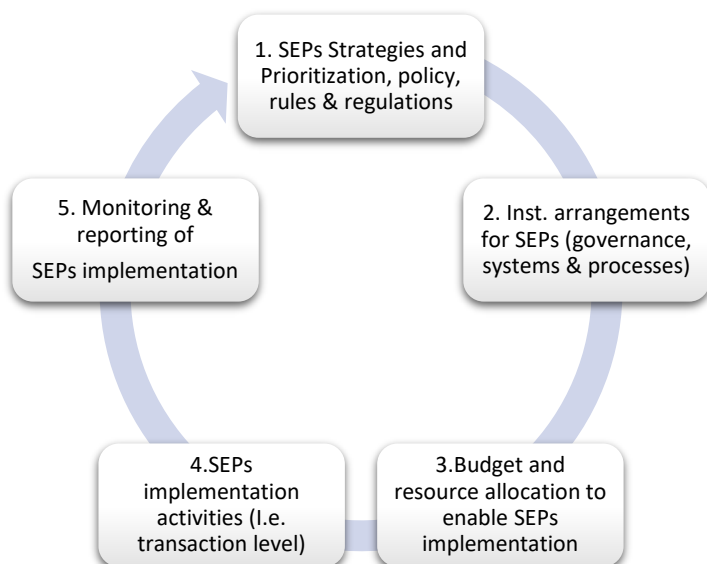
While countries provide many socio-economic support measures on a regular basis, the TAI audits are expected to focus on special measures or socio-economic packages provided by the governments to help those affected by COVID-19 pandemic.

TAI auditor needs to obtain a clear understanding of how national programmes or measures related to SEPs are designed, implemented and monitored. Auditor needs to pay particular attention to what

³ <https://unsdg.un.org/sites/default/files/2020-04/UN-framework-for-the-immediate-socio-economic-response-to-COVID-19.pdf>

rules and guidelines were in place at specific times for specific SEPs, that governing principles were respected, and to further examine whether the overall policy framework and its implementation was clear, consistent, and communicated effectively.

Value framework of Socio-economic Packages



TAI Auditors can examine the two key audit objectives from the perspective of a holistic ‘value framework’. Following the framework will help the auditor in determining if the SEPs reached the intended beneficiaries. The framework has five dimensions. The TAI auditor can ask audit questions related these dimensions on socio economic packages.

The questions under each dimension cover transparency, accountability and inclusiveness.

The nature of the questions will depend on the scope of the audit, the audit topic and the local context. We have attempted to include audit questions on each dimension in the question bank.

The audit questions are linked to two key audit objectives related to COVID-19 SEPs:

1. *To what extent did the compliance framework for socio economic packages during COVID-19 provide for transparency, accountability and inclusiveness?*
2. *Have those charged with governance complied with applicable laws, rules, regulations and policy decisions in terms of transparency, accountability and inclusiveness in the implementation of socio-economic packages?*

This audit question bank is divided into transparency, accountability and inclusiveness questions related to the entire value framework for SEPs.

TRANSPARENCY

1. Did the specific compliance framework applicable to the socio-economic package (e.g. cash transfer, food relief, tax benefits, medical aid) provide for transparency?
2. Were the laws, regulations, and policies governing the SEP published and easily accessible to the public at no cost?
3. Is criteria for selection available to all stakeholders in a comprehensible, accessible and timely manner? Is information related to the selection of beneficiaries available to all stakeholders in a comprehensible, accessible and timely manner?
4. Was information related to the decisions made on SEP available to the public in a comprehensible, accessible and timely manner?
5. Are suitable mechanisms in place to produce reliable and timely information that is available for all stakeholders throughout the stages/processes of the implementation of the SEP?
6. Is financial information regarding the SEP (budget, source of funds, application of funds, transfer of funds between different entities, reporting on the use of those funds) published in a easily accessible and timely fashion?

Accountability

1. Did the specific compliance framework applicable to the socio-economic package (e.g. cash transfer, food relief, tax benefits, medical aid) provide for accountability?
7. Has appropriate segregation of duties (related to SEPs management) been prescribed throughout the expenditure process, and have the responsibilities been laid down, as mentioned in applicable compliance frameworks?
8. Are the criteria for granting benefits under the SEP clearly defined in the applicable compliance framework?
9. Do internal controls, internal audits and external audits follow clear and reliable reporting lines to relevant oversight bodies? This includes the reporting of credible suspicions of breaches of laws and regulations to the competent authorities, without fear of reprisals.
10. Are there adequate, well defined provisions for internal controls, internal audits and external audits of the SEP?
11. Have applicable internal control and internal audit checks been carried out for the SEP being examined by the SAI?
12. Were comprehensive expenditure commitment controls in place and actually limited to commitments approved in budget allocations?
13. Were all payments (for SEPs) compliant with regular payment procedures? Have all exceptions been properly authorized in advance and justified, as per applicable laws and regulations?
14. Has the financial data integrity relating to SEPs been verified?
15. Is expenditures information (related to SEPs) accurate at both commitment and payment stages?
16. Were responsibilities for the management of these packages well defined and approved?
17. Were the risks related to socio-economic package management regularly monitored, communicated and managed?
18. Did the individuals, households and businesses benefitting from SEPs meet the eligibility criteria indicated in the applicable laws and regulations?

Inclusiveness

19. Is the SEP framework inclusive? Does it provide equal opportunity and access, including to the vulnerable and marginalised groups?
21. Does the SEP framework identify groups that could be vulnerable or excluded in the context of the specific SEP and make provisions for including them?
22. Does the SEP framework provide safeguards against any unfair treatment or explicit exclusions of vulnerable sections during any of the stages of implementation of the SEP? (selection of beneficiaries, access to benefits, budgeting for needs)?
23. Did the government ensure adequate participation of all sections in defining the SEP framework?
24. To what extent is sufficient, reliable, and disaggregated data available for government to take evidence-based decisions on the needs of marginalised and vulnerable sections?
25. Have people from the marginalized and vulnerable communities been left behind in receiving benefits from the SEP, despite being eligible?
26. To what extent have the planned SEP benefits reach those that they were intended for, including the marginalized sections?