

11. Philippines

**Country Paper
on
Sub-theme 3**

Audit of Social Service

**Prepared by:
Commission on Audit,
Philippines**

COUNTRY PAPER

OF THE

REPUBLIC OF THE PHILIPPINES

IN THE

AUDIT OF SOCIAL SERVICES

(SUB - THEME 3)

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| I. Introduction | 1 |
| II. State Audit and Social Services Program | 1 - 2 |
| III. Coverage and Organization of this Paper: Audit of Specific Social Services | 2 - 10 |
| A. Health Services | 2 - 5 |
| A.1 Introduction | 2 - 3 |
| A.2 Scope of Audit | 4 |
| A.3 Audit Approach/Methodology | 4 - 6 |
| B. Housing | 6 - 8 |
| B.1 Introduction | 6 |
| B.2 Scope of Audit | 6 - 7 |
| B.3 Methodology in the Performance Audit of Resettlement Project | 7 - 8 |
| C. Social Welfare Services | 8 - 10 |
| C.1 Introduction | 8 |
| C.2 Scope of Audit | 8 - 9 |
| C.3 Audit Approach/Methodology | 9 - 10 |
| IV. Audit Report Preparation | 10 - 11 |
| V. Issues and Problems | 11 - 12 |
| Annex A - Synopsis of Findings and Recommendation on VFM Audit on Selected Programs of the Department of Health | 13 - 16 |
| Annex B - Performance Audit - Dasmarinas Bagong Bayan | 17 - 25 |
| Annex C - Self - Employment Assistance (Sea) Kaunlaran Integrated, Level I | 26 - 30 |

Audit of Social Services - Philippines

I. Introduction:

Our government, like others all over the world, continues to undertake socio-economic programs to improve the quality of life of the Filipino people.

In his inaugural address on June 30, 1992, president-elect Fidel V. Ramos, exhorted the Filipino nation to work for the reform and renewal of our society. This includes the priority task of nursing the economy back to health and propelling it to sustained growth.

The 1993-1998 Medium-Term Philippine Development Plan (MTPDP) of his administration aims to enable the Philippines to progress from the initial process of stabilization and restructuring to economic recovery.

Among the programmes embodied in the MTPDP is on Human Development consisting of the following:

1. Health
2. Nutrition
3. Family Planning
4. Education
5. Housing, and
6. Social Welfare

II State Audit and Social Services Program

While planning, implementing and monitoring of these social services programs are responsibilities of the Executive Branch of the Government, there is a need for an independent assessment of performance, evaluating the extent of accomplishment of objectives, achievement of the planned targets, and how efficiently and economically the programmes have produced the desired results. This is a role performed by the Commission on Audit, the country's Supreme Audit Institution.

The traditional approach adopted by the Commission on Audit did not provide the assessment because it was mostly confined to financial and compliance audit with particular attention on audit of expenditures. The objective was to determine whether expenditures incurred were within legislative appropriations and in compliance with applicable laws, rules and regulations. The audit was focused on check of individual transactions, not on systems and procedures, even when COA adopted both the pre-audit and post-audit systems, emphasis was more on the pre-audit.

By the year 1982, however, the Commission on Audit adopted the comprehensive audit which consists of:

1. Financial and Compliance audit
2. Performance or Value for Money Audit

- 2.1 Efficiency,
- 2.2 Economy, and
- 2.3 Effectiveness Audit

With the adoption of Value for Money Audit the COA has the needed audit approach to evaluate social services in a way that will determine whether the government is getting value for its money. With this new approach however, COA nevertheless continues to determine compliance of transactions with fiscal laws and regulations.

III Coverage and Organization of this Paper: Audit of Specific Social Services

The Philippine government provides diverse social services. For purposes of this paper however, we shall focus only on the following major services:

1. Health
2. Housing
3. Social Welfare

The audit of the above social services is on the specific programs carried out by the implementing agency. For health services rendered by the Department of Health, Value for Money Audit was conducted on two programs, the "Five for Life in '95" and "Think Health, Health Link".

On the housing social services rendered by the National Housing Authority audit was conducted on the Bagong Bayan Resettlement Project at Damarinas, Cavite. In the social welfare services of the Department of Social Welfare and Development, focus was on the Self-Employment Assistance (SEA) - KAUNLARAN Integrated Program Level I, a poverty-reduction oriented program.

A. Health Services

A.1 Introduction

The Department of Health (DOH) is the agency responsible for formulating, planning, implementing and coordinating the government's policies and programs pertaining to health.

The strategic programs of the DOH for 1995 are the "Five for Life in '95" and "Think Health, Health Link".

The following programs for "Five for Life" and their plans and targets are the following:

| <u>Program/ Indicator</u> | <u>Plans/ Targets</u> |
|--|----------------------------|
| 1. National Immunization Day (Huling Hirit) | |
| 0-59 mos. children for poliomyelitis | 9,912,789 |
| for measles | 3,787,917 |
| 15-44 years child-bearing women | 7,479,838 |
| 2. National Micronutrient Day (Araw ng Sangkap Pinoy) | |
| children below 5 years | |
| women of productive age given iodized capsules | 1,855,293 |
| established iodization plants | |
| 3. Cholera Prevention - Tubig, Kubeta, Oresol (TKO) | |
| chlorine granules distributed to households | |
| toilet bowls distributed | |
| No. of sachets of ORESOL distributed | |
| 4. Tuberculosis Prevention | 4 campaign launching sites |
| 5. Family Planning (Kung Sila'y Mahal N'yo, Magplano) | |
| family planning service outlets | |
| No. of pieces of contraceptives provided | |

On "Think Health, Health Link Program", all the following launchings of different programs towards sanitary and healthy places to make people more socially and economically productive were targeted:

1. Healthy Ports
2. Healthy Resorts
3. Healthy Barrios

4. Healthy Hospitals
5. Healthy Streets
6. Healthy Vehicles
7. Healthy Workplace
8. Healthy School
9. Healthy Eating Place
10. Healthy Hotel
11. Healthy Market
12. Healthy Cities
13. Healthy Prison
14. Healthy Homes, and
15. Healthy Moviehouses.

A.2 Scope of Audit

For purposes of this paper, the audit discussed is the audit conducted for calendar year 1995.

Selection of Audit Focus

The Department of Health (DOH), aside from its regular and continuing programs, have special programs for each year. Because of the sheer number of programs and given the manpower constraints of the office, audit focusing had to be adopted. At this point, we reviewed the various programs of the DOH and their related budget and selected just two programs to be subjected to a value for money audit based on ; the Expanded Program on Immunization (EPI) and Control of Diarrheal Disease.

A.3 Audit Approach/Methodology

One of the audit approaches used was to determine whether operations were carried out and accomplished as targeted, whether government resources were utilized efficiently and economically and whether desired results have been effectively achieved, in compliance with existing laws, rules and regulations. VFM was one of the audit approaches used.

In the conduct of value for money audit on the selected programs, the systems based audit approach was adopted. Broadly, the systems based audit approach involved the following phases/stages:

I. Preliminary Survey

At this stage, background information about the Expanded Program on Immunization (EPI) and Control of Diarrheal Disease (CDD) were gathered. Towards this end, we reviewed program manuals detailing program statistics like the prevalence

rate, the frequency of treatment, the type and quality of medicine, drug, vaccine or medical supply required/needed, the target population which the Program office aims to service for the period and the program's objectives.

II. Audit Planning

After the preliminary survey, we prepared a detailed audit plan. At this stage, among other information, an audit program was prepared. The audit program defined the audit objectives and set forth the detailed step-by-step procedures to be undertaken to achieve the set objectives.

III. Execution

This stage involved the actual performance of the detailed procedures enumerated in the audit program. Analytical review and evaluation was conducted for data gathered in the course of the interviews done and from the statistical reports and documents secured from the Program offices concerned such as, but not limited to:

1. population statistics - National Statistics Coordinating Board (NSCB)
2. reported cases administered/attended - Health Intelligence Service (HIS)
3. purchase orders/agreements/contracts - Procurement and Logistic Service (PLS)
4. inventory report - Biological Production Service (BPS)/Warehouse
5. accomplishment report - Program office
6. disbursement vouchers - Accounting
7. supplies adjustments sheets - Accounting
8. stock cards/inventory movement- Warehouse
9. work and financial plan - Program office

At this point, an evaluation of the reported accomplishments vis-a-vis the program targets and the actual program inputs/budget was conducted. The actual result of the audit on the two selected programs are attached as Annex A.

IV Reporting

A. This was the final phase of the audit. Tentative audit findings and recommendations were prepared and submitted to audited agency management for its views and comments, and were also discussed, in an exit conference as scheduled, pursuant to the requirements of law, before the report was finalized. The final Audit Report was

submitted to the audited agency through the Office of the Chairman, Commission on Audit. A synopsis of the findings and recommendations is shown in Annex A.

B. Housing

B.1 Introduction:

The National Housing Authority (NHA) is a Government Corporation created under Presidential Decree No. 757 on July 31, 1975 with the following purposes and objectives:

1. To provide and maintain adequate housing for the greatest possible number of people.
2. To undertake housing development, resettlement and other activities as would enhance the provision of housing to every Filipino.
3. To harness and promote private participation in housing ventures in terms of capital expenditures, land, expertise, financing and other facilities for the sustained growth of the housing industry.

In pursuance of its mandate, the NHA developed resettlement projects intended primarily for the relocation of squatters in the urban areas. To accommodate squatter families displaced and to be relocated from Metro Manila danger zones, such as, river banks, esteros, public highways and bridges, NHA developed and continuously supports and maintains several resettlement projects, namely:

- 1) Sapang Palay Resettlement Project comprising 725 hectares
- 2) GMA (Carmona) Resettlement Project comprising 411 hectares
- 3) Dasmariñas Resettlement Project with 252 hectares
- 4) Bagong Silang Resettlement Project with 598 hectares; and
- 5) Bagong Nayon Resettlement Project with 198 hectares

B.2 Scope of Audit

For this paper, the scope of audit is limited to the Bagong Bayan Resettlement Project on the Dasmariñas Resettlement Project.

History of Audit Approach

The land and sites development of these resettlement projects was implemented starting in the latter part of the 1960s. The infrastructure consisted of roads, bridges and drainage construction, building of water system and recreational areas.

In the main, the auditors then in compliance with the specific mandate concentrated mostly on determining and verifying whether claims for payments to the contractors as well as other related fiscal transactions conformed with the laws and regulations existing at the time of pre-audit. Financial audit was regularly done but performance audit was rarely conducted.

As discussed in the scope, performance audit was conducted in 1991 only for one resettlement area - the Dasmarinas Bagong Bayan, at Dasmarinas, Cavite. For the detailed report on performance audit, please refer to Annex B.

B.3 Methodology in the Performance Audit of Resettlement Project

An audit team composed of a team leader and two members was constituted through an office order. The Office Order identifies the NHA resettlement project to be evaluated and provides the time frame within which the tentative audit report should be submitted.

1) Planning Phase - The audit team proceeded to the resettlement area and interviewed the project manager on the (1) Program Activities (2) Budget and (3) Organizational Structure. Lines of audit inquiry were identified.

The Audit program was prepared and submitted to the Team Supervisor (Asst. Auditor) for discussion and to the Unit Head for approval.

2) Execution Phase - The audit team proceeded to the resettlement area, conducted tests and obtained evidence through interviews of squatter beneficiaries and local officials.

3) Evaluation of Findings and Development of Recommendations - Audit findings and recommendations were discussed with the Team Supervisor and the Unit Auditor.

4) Exit Conference with the Project Manager and his Regional Director.

REPORTING

The Audit Team prepared the final report on the performance audit for inclusion in the Annual Audit Report. Copies were transmitted to the Chairman and the members of the Board of Directors of the National Housing Authority. All audit recommendations of this Auditing Unit were acted upon favorably by the Board and implemented by the management of the Auditee.

C. Social Welfare Services

C.1 Introduction

Among agencies mandated to implement the government plans and programs on social services is the Department of Social Welfare and Development (DSWD) whose responsibility is to provide a comprehensive program of social welfare service designed to ameliorate the living conditions of distressed Filipinos, particularly, the handicapped by reason of poverty, disability, illness, old age, youth, poor and being victims of calamities including assistance to members of the cultural communities.

The DSWD programs consist of the following:

1. Enforcement of social welfare standards and regulations
2. Field monitoring and technical assistance.
3. Implementation of specialized social service which include the following:
 - o Center/Institution based service
 - o Detailed-community based program services
 - o Locally funded and foreign assisted projects

C.2 Scope of Audit

For purposes of this paper, the scope of audit is limited to the audit of the Self-Employment Assistance (SEA) - Kaunlaran Integrated Program for the Calendar Year 1995.

Selection of Audit Focus

Our audit focus was selected based on the following factors:

- Public interest- the press or media coverage play an important role in the selection process of audit areas.

- Result of financial and compliance audit - In the course of regular and routine audit of transactions, identified weaknesses in internal control, financial management and program implementation may have a serious effect in the delivery of projected/targeted social welfare outputs. This may be given a higher degree of importance if not priority in considering audit focus.
- Specific request - A directive from the higher authority or special request from any government body to conduct performance appraisal of specific project.

C.3 Audit Approach/Methodology

Originally, the audit approach was limited to determining the propriety of the transactions and extent of compliance to existing applicable laws, rules, and regulations in accounting, auditing and other administrative issuances aimed at preventing irregular, unnecessary, excessive and extravagant expenditures. This was later on followed by value for money (VFM) Audit aimed to assess and appraise the extent to which the programs/projects on social welfare, particularly sought to be achieved was attained and at what cost.

Like any other performance audit, audit of Social Welfare services/programs covers the same stages/phases, as follows:

1. Preliminary survey
2. Audit Planning
3. Execution
4. Reporting

C.3.1. Preliminary Survey Phase

This survey phase simply includes gathering of background information/data initially on the legal basis, particularly on the existence of the program, what it is, its concept/scheme, the objectives, program components, funding source, program strategy, performance indicators, targets, performance standards, etc.

Due to time and manpower constraints, the Auditor deemed it proper to focus Audit Methodology on SEA-Kaunlaran Integrated Program, among the social welfare programs and projects of the Department of Social

Welfare and Development because of its social impact and fund allocations in significant amount. For reference see Annex C.

C.3.2 Audit Planning

After selection of the audit focus, in this case the SEA-Kaunlaran, the detailed audit plan is developed. This plan spells out clearly the audit objectives, procedures, data to be collected at the Central and Field Offices, as well as the beneficiaries in the program, manpower requirements and the time frame fixed for the audit activities. Questionnaires for data collection are found in this stage.

C.3.3 Execution

Upon completion of the audit plan there is the performance appraisal proper or evaluation of accomplishments to ascertain whether the social welfare services program, particularly, the SEA-Kaunlaran, was carried out economically, efficiently and effectively and the targeted outputs are attained.

C.3.4 Reporting

This phase is the final stage of performance appraisal. The audit findings are drafted carefully after discreet evaluation of disclosures, copy furnished or discussed with the Auditee for their comments after which another review, evaluation and revision follow then finalization of the formal report.

IV. Audit Report Preparation -

The third phase of the audit process involves reporting the results of the audit through audit reports to the audited agency and other authorized bodies, such as regulatory or supervisory agencies, the legislature, and special interest groups. The initial draft of the audit report is the responsibility of the auditor (the head of unit or audit team leader, as the case may be) who prepared the draft on the basis of the updated permanent file, audit working papers, accomplished forms for analysis of findings and recommendations, and the like. The draft is discussed with his staff/team members to ensure the accuracy of the report as well as the reasonableness of its findings and recommendations.

Except where the possibility of fraud or other compelling reasons require otherwise, the auditor then arranges for the holding of an exit conference with the agency head and his staff. The purpose of the conference is

to inform management of the auditor's findings and recommendations and for the management to have "its day in court." Areas of disagreement are resolved in the conference or, at the least, management responses are noted down for consideration and possible inclusion in the final audit report. The exit conference is conducted on a strictly professional level and with utmost objectivity. The auditor makes clear that the primary objective of the audit report is to devise means for improving the agency's operations, not to find fault with the way the agency is run.

Conducting an exit conference is a requirement of the Commission. Only in exceptional cases is this requirement waived.

The final draft incorporating the matters discussed or agreed upon in the exit conference, as well as relevant facts arising thereafter, is prepared by the auditor and discussed with his staff/team members to evaluate the proposed report's conformity with the prescribed reporting standards and requirements. The auditor is responsible for the preparation of the audit report in its final form.

The audit report is disseminated in accordance with the regulations of the Commission. Dissemination to parties other than those designated shall be made only upon written permission by the COA Chairman.

Adjuncts of the final report, such as working papers and previous drafts are kept confidential and shown/disseminated only upon proper authorization.

The auditor's responsibility extends beyond the submission and transmittal of the report. He is required to see to it that his recommendations are implemented by the agency. Non-implementation of recommendations is monitored and reported to higher COA authorities, together with the agency's reasons for the non-implementation.

V. Issues and Problems

Auditor's recommendations that are ignored and unacted by the Agency management remain the biggest problem of the COA. Another problem is the difficulty in enforcing auditor's suspensions and disallowances in audit.

But some recommendations proposed by auditors are vague, too generalized, while others are difficult to apply, if not altogether inapplicable. These factors contribute to Agency Management's inaction on auditors' recommendations.

To counter this situation, COA has been on its continuing training program with focus on value for money audit, report preparation including development of audit findings and recommendations.

Still, the audit conducted by our Commission on Audit has a long way to go. As of now, it has not ventured on a full-scale program audit. Our MTPDP has set forth several programs, such as the National Shelter Program under HOUSING. This program, however, is to be carried out by several government agencies, including some government-owned and controlled corporations, like the Home Development Mutual Fund, the National Home Mortgage Corporation, the Government Service Insurance System, the Social Security System, etc. But the audit conducted is by agencies. As a result, there is really no independent appraisal of whether or not the program was successful or its objectives attained.

ANNEX "A"

Synopsis of Findings and Recommendation on Value for Money (VFM)
Audit on Selected Programs of the Department of Health

Finding 1. The Maternal and Child Health Service initiated the purchase of sterilizing paraphernalia costing P20,836,616.00 purportedly for the sterilization of re-usable syringes and needles which the Department is not using for its Expanded Program on Immunization.

Recommendation:

Considering the amount involved which could have been used for more functional or relevant requirements of the Department's programs, the officials responsible for the purchase of the steam sterilizers and electric stoves in question should be required to immediately submit their basis or justification for said purchase. A thorough review should be made to determine the extent of their responsibility and institute administrative charges against them for the deliberate wastage of government funds.

Finding 2. For a targeted service population of 2,459,342 for 1995, the MCHS purchased 7,533,333 pcs. of tetanus toxoid cards costing P790,999.96 on top of an earlier purchase of 250,000 pcs. costing P16,250.00 in November 1994. In effect, the number of tetanus toxoid cards purchased was 5,323,991 pcs. or 216.48% more than the service target.

Recommendation:

The MCHS together with the PLS and the Regional Health Offices should be required to submit a full accounting of the cards purchased in terms of the final and actual distribution and use of said cards down to the smallest field health unit. And if after review of the reports/documents the imposition of administrative sanctions is warranted, then the officials primarily responsible for the purchase of the cards should be accordingly charged for the wastage of government funds.

Finding 3. The computed number of doses used inclusive of the allowable wastage given the reported number of children fully immunized with Hepa-B, was only 1,695,034 doses or 30.97% of the 5,473,300 doses distributed for 1994. The eventual disposition of the unused balance of 3,778,266 doses costing P77,454,453.00 remains unaccounted for.

Recommendation:

Considering the volume and the cost of the 1994 unaccounted Hepa-B vaccines, the Program Officer concerned in coordination with the regional field health offices should be required to submit a full accounting of the unused Hepa-B vaccines which were computed as follows:

| <u>RFO No.</u> | <u>Quantity Allocated</u> | <u>Quantity Used Inclusive of Wastage</u> | <u>Variance</u> |
|----------------|-------------------------------|---|---------------------------|
| 1 | 314,288 | 95,918 | 218,370 |
| 2 | 216,268 | 82,656 | 133,612 |
| 3 | 562,378 | 101,102 | 461,276 |
| 4 | 767,624 | 325,429 | 442,195 |
| 5 | 335,644 | 74,617 | 261,027 |
| 6 | 474,512 | 143,112 | 331,400 |
| 7 | 409,088 | 120,326 | 228,762 |
| 8 | 258,200 | 31,082 | 227,118 |
| 9 | 220,356 | 189,547 | 30,809 |
| 10 | 317,778 | no data | 317,778 |
| 11 | 410,335 | 32,868 | 377,466 |
| 12 | 199,022 | 18,299 | 180,723 |
| ARRM | 178,598 | 43,081 | 135,517 |
| CAR | 103,000 | 55,480 | 47,520 |
| NCR | 706,210 | 381,517 | 324,693 |
| | <u>5,473,300</u> ===== | <u>1,695,034</u> ===== | <u>3,778,266</u> ===== |

Finding 4. The actual number of syringes distributed by the MCHS for its 1995 EPI was 14,807,558 pieces of 42.88% more than the projected program requirements.

Recommendation:

The program officer, in coordination with the regional offices should be required to render a full accounting of the syringes purchased, distributed and utilized to determine whether the stocks were actually and effectively used for the EPI program and if not, to determine the loss or wastage for which the responsible officials should be made to account for.

Likewise, the program officer should be instructed to limit the quantity requisitioned to projected program requirements. Towards this end, the RIV should be supported by computation and proposed distribution.

Finding 5. For CY 1995, except for DPT the vaccines distributed for BCG, MV, opv and IT exceeded the programmed requirements by as much as 175.37%

Recommendation:

The program office concerned should be instructed to stop the practice of allocating excessive quantities of vaccines to the regional field offices. The computation factors established based on studies on the various diseases which the Department is seeking to contain or eliminate thru its immunization program must surely have considered all the relevant factors regarding the prevalence of these diseases and that adherence to it ensure sufficient supply for the period. To check the practice of allocating excessive supply of vaccines, the program officer should be required to account the vaccines in terms of actual accomplishment and be made financially accountable for any unjustified usage or wastage.

Finding 6. Purchases were made not on the basis of pre-determined program requirements but rather on the basis of available funds such that while the computed program requirements for 1994 and 1995 were only 5,572,190 sachets and 5,705,684 sachets, respectively, the total quantities purchased were 10,247,878 sachets and 10,229,292 sachets for these periods.

Recommendation:

The program officer concerned, in initiating the procurement of ORS for the Control of Diarrheal

Disease Program of the Department should limit the quantity purchased to the actual needs of the program. Likewise, the balance of stocks on hand at the beginning of the period as well as the undelivered purchases of the immediately preceding period should be taken into consideration so as to avoid the oversupply and consequently the wastage of funds. To attain the foregoing, the warehouse personnel should be required to prepare monthly reports showing the stock position and the status of deliveries at the end of the month to be furnished the program officer who would then use these as inputs in the computation of the quantity to be purchased.

Finding 7. As a direct result of the excessive purchase of ORS, the quantity distributed to the various field health offices in 1994 exceeded the programmed requirements by 7,583,816 sachets or 136.10%

Recommendation:

To avoid the oversupply and the possible wastage of funds, limit the allocation of Oresol to the program requirements computed based on the program's established formula.

Finding 8. The distribution of ORS were based on allocation as determined by the CDD program officer of the Maternal and Child Health Service, DOH Central Office and not on requisitions from the field health offices who are actually administering the program.

Recommendation:

In order to prevent the oversupply of ORS to the various field health offices and in the process avoid the resultant wastage thru expiration, misappropriation, misuse or simply non-use of the supply in stock, require, as a matter of policy, the distribution of ORS only on the basis of requisitions from the field health offices. Towards this end, devise a system wherein the actual needs of the field health offices are submitted to and consolidated by the regional health offices who will submit the same to the CDD program office at the DOH Central Office for allocation of and final delivery of the requisitioned quantity within a prescribed time frame.

Finding 9. When viewed in relation to the reported actual number of diarrheal cases treated with ORS, the present inventory management system being used by the CDD

program office denotes massive wastage of funds which remains undetected and unchecked due to lack of monitoring of the actual utilization of supply of ORS.

Recommendation:

Considering the magnitude of the possible wastage of government funds due to the unrestrained purchase and distribution of overly excessive supply of ORS, the various recipients of ORS should be required to render a full accounting of the ORS received and dispensed to determine the actual wastage for which certain officials are definitely responsible for and must be made accountable therefor.

PERFORMANCE AUDIT

DASMARIÑAS BAGONG BAYAN

INTRODUCTION

The development of Dasmariñas Bagong Bayan (DBB), the fourth resettlement project of the government started in 1973 when it was then known as the Dasmariñas Resettlement Project (DRP). It was renamed to emphasize the thrust toward building a self-contained community that provides for a healthy environment and opportunities for the total development of its residents. The development of DBB was initially undertaken by the Presidential Assistant on Housing and Resettlement Agency (PHRA) in 1973 and continued by the NHA in 1975.

The resettlement project located in Dasmariñas, Cavite, was originally established on a 234-hectare land and acquired in 1961 by the defunct People's Homesite and Housing Corporation (PHHC) from several landowners at a total cost of P24 million. By expropriating adjacent land parcels, the NHA enlarged the project area to 462.77 hectares.

DBB was conceived to preclude inadequacies experienced in past resettlement projects. It aims to develop a community complete with all the basic needs of a viable and integrated human settlement. The project is intended for families displaced from danger zones, slum improvement projects and government infrastructure programs.

The lots are awarded in different modes depending on the type of lot. Social lots are disposed through direct awarding, economic lots are disposed through raffle and commercial lots are disposed through public bidding. In prior years, economic lots were distributed through direct awarding and commercial lots through negotiated sale and lease.

As of December 31, 1991, the Dasmariñas Bagong Bayan generated a total of 17,029 lots; 14,502 were already allocated and 1,767 are still unawarded. The breakdown of the 17,029 lots is shown below:

| | ALLOCATED | VACANT/ UNAWARDED | TOTAL |
|----------------------|-----------|----------------------|--------|
| Industrial lots | 9 | 8 | 17 |
| Commercial lots | 54 | 63 | 117 |
| Social/Economic lots | 14,439 | 1,696 | 16,135 |
| Institutional Area | | | 17 |
| Community Facilities | | | 358 |
| Other lots | | | 385 |
| | | | ----- |
| | | | 17,029 |
| | | | ===== |

FINDINGS AND RECOMMENDATIONS:

Some activities in Dasmariñas Bagong Bayan (DBB) were not closely monitored by the resident Project Manager, resulting to violation of contract stipulations, overdue account balances, and improper policy implementation.

The following are the violations of contract stipulations:

1. Ten (10) awardees of commercial lots have leased/sub-let their properties in violation of the conditions set forth in their contracts with NHA.

Three (3) awardees in Areas B1 and G2 sub-let their lots, thus, violating condition no. 10 in the Contract of Lease which states that the lessee cannot sub-let the premises or any of its improvement in whole or in part. On the other hand, seven (7) awardees in Areas B1 and B2 without obtaining the required written consent of the NHA leased/sub-let their properties, a ground for the cancellation of their contracts. It appears that the NHA project office was not aware of these violations, although the irregular sub-lease agreements with monthly rental fees ranging from ₱ 1,000.00 to ₱ 2,000.00 have been going on for three to seven years.

Recommendation:

Conduct an ocular inspection of all business establishments in all commercial areas of the project to ascertain the ownership of these businesses. Institute appropriate legal action against all commercial lot awardees found violating the terms and conditions of their contracts with NHA.

2. A number of residents built structures in excess lots which were not really intended to be inhabited. These excess lots are areas that are not included in the subdivision plan, such as those located near esteros and dangerous areas. Despite the project staff's notices to residents, they still continued to stay in the said lots apparently with the consent of some barangay officials.

Recommendation:

Conduct an information drive that will create awareness among residents of excess lots about NHA's policies regarding their occupancy. Schedule a meeting with the barangay officials to request their cooperation in the prevention of encroachment and squatting on said excess lots.

3. Three (3) residents of Area E and J built structures on lots which were not yet awarded to them. These lots were checked against EMD's lot inventory as of June 30, 1991 and it appears that these lots are still unawarded.

Recommendation:

Facilitate the processing of their awards. If these occupants qualify in the new legalization scheme offered by NHA under Memorandum Circular No. 870 dated November 22, 1991, their application should be properly endorsed by the responsible project staff for the legalization of occupancy.

4. The Dasmariñas Public Market owned and operated by the Municipality of Dasmariñas has an overdue lot rental fee of P1,304,396.29 as of December 31, 1991. The last payment made on this account was in April 1985. Although negotiations for the collection of the rental by the DBB Staff with the Local Government officials have been held, a definite plan of action is yet to be reached.

Recommendation:

Coordinate with the municipality of Dasmariñas regarding the payment scheme that will be adopted regarding the settlement of their rental arrearages. Subject to Board approval, the market site may be donated and turned over to the local government.

5. The business loans granted to 35 beneficiaries in the total amount of P 555,570.00 have not been fully recovered by the NHA. As of December 31, 1991, an aggregate amount of P 451,177.51 (excluding interest) remains outstanding. Out of the 49 beneficiaries for the period 1978 to 1988 with a loan value of P 869,570.00, fourteen (14) or 29% paid their loans, 5 or 10% were recommended for relief and about 21 cases have been endorsed to the Legal Department for legal action. A tabulation of these is shown below:

| NUMBER OF BORROWERS | AMOUNT OF LOANS | BALANCE AS OF DECEMBER 31, 1991 (excluding interest) | REMARKS |
|------------------------|--------------------|--|-----------------------------|
| 14 | 314,000.00 | ----- | Fully Paid |
| 5 | 29,500.00 | 25,046.11 | For write-off |
| 21 | 297,920.00 | 330,158.52 | Endorsed to Legal Dept. |
| 9 | 228,150.00 | 95,972.88 | Monitored by the Project |

The rationale in granting these loans is to respond to the needs of the beneficiaries with regard to their proposed projects or business which will eventually create income opportunities for the residents of the community. The qualified beneficiaries are those with small businesses, old or new, which are situated in the project area.

During the audit, it was found out that most of these beneficiaries are no longer operating their business in the area. Two of them have transferred their business to Pasig and Pasay City, while others have changed their business to other ventures. Some have left the area to unknown destinations prompting NHA to write off their accounts.

Among the cases endorsed to the Legal Department, there were those who did not comply with their compromise agreements. A certain Mr. Emilio Arong, who failed to pay a P25,000.00 loan obtained in 1982 which resulted to a P41,624.06 outstanding balance as of December 31, 1991, entered into a compromise agreement with NHA. He promised to pay P1,000.00 as initial payment and P300.00 monthly thereafter. But records showed that he only paid P2,500.00. On October 4, 1989, the Project Manager sent a letter to Mr. Arong regarding his obligation with the Authority, advising him to visit the office within five (5) days upon receipt of the letter and if he fails to do so, the Project Manager will be forced to pursue a pending case (Civil Case No. Q 48680 dated July 21, 1987) through the Legal Department. Upon receipt of the notice, he paid the amount of P1,000.00.

Since then, no payment was again received from him. Other borrowers with court civil cases are Camilo Bacolod and Orencio Torella, whose balances as of December 31, 1991 amounted to P107,382.36 and P75,042.39, respectively. Both failed to perform their obligations under the compromise agreements despite repeated demand letters sent by the Project Manager.

Recommendation:

Exhaust all means to collect these accounts. Coordinate with the Legal Department on the steps to be taken for those who did not comply with the compromise agreement. Ensure that accounts to be written off have legal basis.

6. One awardee of commercial lot who entered into a lease contract with NHA has an outstanding balance of P114,501.18 as of October 1991. Several communications were sent by the awardee to the Project Office regarding the payment schemes he wanted to take after a civil suit was filed against him. After which, a compromise agreement was made prompting him to pay P3,000.00 on August 12, 1986. Since then, no succeeding payments were made despite the fact that three doors of his commercial lot are being sub-let.

Recommendation:

Compel the awardee to pay his dues as stated in his last approved payment scheme proposal. If he does not comply with the proposal, the Project Office should work on the termination of his contract not only for being delinquent but also for violating the contract restrictions on sub-letting leased premises.

7. As of September 1991, accounting records revealed a delay in payment of some economic lot beneficiaries. Out of 295 beneficiaries listed, 32 paid their dues only once. Others have made their last payment on their accounts as follows:

| NUMBER OF BENEFICIARIES | LAST PAYMENT MADE |
|-------------------------|-------------------|
| 3 | 1982 |
| 11 | 1983 |
| 31 | 1984 |
| 19 | 1985 |
| 9 | 1986 |
| 9 | 1987 |
| 9 | 1988 |

Recommendation:

Inform the delinquent economic lot awardees about their arrearages and strictly implement the existing policies on delinquent awardees.

8. During our interview with 111 project residents, it was revealed that 105 of them acquired their lots through purchase of rights at prices ranging from P500.00 to P120,000.00. Some of the lots have been sold three to four times already. While the purpose of NHA in providing lots to the homeless as expressed in Condition No. 5 of the Conditional Contract to Sell is for beneficiaries to acquire lots for their own use and not to provide them with a means for investment, speculation or profits derived from future assignment of their rights, it has been the practice of many original awardees to sell their rights on lots acquired from NHA at affordable price. Besides, the contract prohibits the vendee/awardee from selling, transferring or leasing the awarded lot. To legalize the transfer of rights, the transferee must pay the balance of the awardee's/transferor's account in full, prepare a written request addressed to the Project Manager for the transfer of rights under his name and comply with the other requirements. If the transfer is due to hereditary succession or between relations within the first degree of consanguinity or affinity, the transferee must pay a transfer fee which is equivalent to 5% of the reappraised value or the consideration of the transfer or the fair market value, whichever is the highest but not less than P200.00. For other transfer, a 15% transfer fee based on the values mentioned above are collected by NHA. During the last four years, the Authority received the following transfer fees:

| | | | |
|------|---|-------------|------------------------|
| 1991 | - | P 42,248.69 | (January to September) |
| 1990 | - | 162,481.52 | |
| 1989 | - | 27,525.16 | |
| 1988 | - | 11,923.75 | |

Recommendation:

Although the Authority receives a certain amount for every transfer that is legalized, the primary objective of providing land to squatters should always have the first priority. The squatters had been resettled to DBB to upgrade their living condition and ultimately encourage them to have their permanent residence there and not to sell their lots as means for investment. A strong and regular information campaign that will emphasize on the various benefits these

residents can derive from the project should be conducted. NHA should strictly enforce the penalty clause (Paragraph 4) of the Conditional Contract to Sell, which that 'any violation or failure to comply with any of the terms and conditions stipulated herein shall cause the automatic cancellation of this contract.'

9. Many illegal occupants who applied for legalization were delayed in paying their legalization fees by one to five years. NHA Memorandum Circular No. 443 dated June 13, 1986 provides that resident families who have been occupying the social lots prior to January 23, 1986 without the approval or authorization of NHA were given the opportunity to qualify/apply for the lots at a reduces/adjusted monthly amortizations for 25 years without interest, provided that they are found qualified and provided further that they shall pay the legalization fee of P200.00. The application for legalization were accepted until July 1986. The legalization fees received by NHA from the DBB beneficiaries after 1986 were:

| | | | |
|------|---|------------|-----------------------------|
| 1987 | - | P57,340.00 | |
| 1988 | - | 21,200.00 | |
| 1989 | - | 27,740.00 | |
| 1990 | - | 46,000.00 | |
| 1991 | - | 12,920.00 | (from January to September) |

Other applicants have not paid the legalization fees todate. Once the application for legalization has been filed, there is the necessity to pay the corresponding legalization fees. One reason disclosed for non-payment was that these applicants do not have the money to pay the fees. Would there be a difference in the application filed in 1986 and those who like to apply now when strict collection of the legalization fees in not enforced?

Recommendation:

The applicants for the legalization in 1986 who have not paid their legalization fees should be given a deadline on the payment of their accounts. Further, strict collection procedures of legalization fees should be adopted for the new set of applicants who will apply for the legalization of their occupancy under NHA Memorandum Circular No. 870 dated November 22, 1991 to avoid similar occurrence.

OTHER FINDINGS:

1. Majority of the project beneficiaries expressed satisfaction with the services officiated by NHA except for the following problems:

1. lack of job opportunities
2. drug addiction
3. some roads and pathwalks are destroyed
4. lack of communication facilities
5. lack of streetlights

Despite the problems in the area, the Project Office has collected a total of P14,208M which is 68.04% of their collection target for the year 1991. However, this amount also includes payments other than the monthly amortizations which are not part of the targetted collection. The total amount due for the year is P36.406M.

Recommendation:

Coordinate with the different government agencies involved in social services to help improve the living conditions of the project beneficiaries. Roads and other public areas/facilities should be turned over to the local government unit.

2. The balance of DBB Water Service Coop. Inc. (DABBWASCO) account in the amount of P427,885.35 remained unsettled as of December 31, 1991. DABBWASCO availed of this loan in 1987 and 1988 for the rehabilitation of water pumps and payment of MERALCO electric bills. The loan of P500,000.00 which was released by NHA in 1987 and 1988 is shown below:

| DATE OF RELEASE | TERMS OF PAYMENT | AMOUNT | BALANCE AS OF MAY 6, 1988 |
|--------------------|---------------------|-------------|------------------------------|
| June 5, 1987 | 3 years | P200,000.00 | P146,486.63 |
| February 5, 1988 | 3 years | 150,000.00 | 137,527.87 |
| March 5, 1988 | 3 years | 150,000.00 | 143,870.84 |
| | | P500,000.00 | P427,885.34 |
| | | ===== | ===== |

No payment was made since the turn over of the management of DABBWASCO to Dasmariñas Water District.

Recommendation:

Coordinate with DABBWASCO and DWD on the terms of payment and facilitate the early settlement of the account. Refer the matter to the Legal Department for appropriate action in case DABBWASCO defaults or fails to settle its account.

OTHER OBSERVATION:

Issuance of the Final Deed of Sale

The Final Deed of Sale is issued by the Project Office to awardees who have paid their accounts in full. As of November 18, 1991, 915 awardees of economic and social lots have finished paying their amortization. DBB has issued 482 Deed of Sale and 427 Cancellation of Mortgage. The total number of titles acquired by the awardees cannot be determined because some awardees who, on their own, facilitated the processing of their lot titles has not informed the project office that they already received their TCTs from the Register of Deeds.

SAADO
IKVP/cql
dasma

ANNEX "C"

SELF-EMPLOYMENT ASSISTANCE (SEA)-KAUNLARAN INTEGRATED PROGRAM, LEVEL 1

Background Information

The SEA-Kaunlaran Integrated Program Level I is a poverty reduction oriented program designed to organized community-based credit organizations uniformly called SEA-Kaunlaran Association (SKA) that shall self-manage the credit operation for its members and other members of its communities.

The capital assistance shall form the seed fund for the micro-lending operation of the SKA for its members with a mandatory savings mobilization and strong fund build-up component.

Program Objectives

General Objective:

To improve the ability of the economically active poor to transform their labor resources into income through the creation of micro-enterprises thereby resulting in their socio-economic uplift above the marginal status.

Specific Objectives:

1. To form/organize and develop community-based associations that can manage sustainable credit assistance.
2. To strengthen the social bonding among association members and inculcate in them necessary values to successfully carry out their respective micro-enterprise and exercise social responsibility.
3. To continually enhance participants through the generation of sustained supplemental or alternative sources of income via self-managed micro-enterprises.
4. To continually enhance participants' capacity to manage and expand their micro-enterprises through provision of appropriate technical assistance.
5. To put in place mechanisms that shall ensure sustainability of participants' micro-enterprises.

Program Components

- A. Social Preparation. A two-pronged component to (a) socially prepare the communities for the operation and management of a credit organization; and (b) ensure each participant's readiness to actively take part in organized efforts. This is meant to transform participants from passive recipients of assistance into active managers of their own development as well as enable them to become active managers and users of information, knowledge, technology and similar resources for their own development.
- B. Technical Assistance for Business Management and Productivity Skills
- C. Capital Assistance Provision of financial resources (in the form of loan capital or seedfund) to SEA-Kaunlaran groups or associations.
- D. Savings Mobilization for Equity Capital Build-up Enabling participants to pursue a sustained savings mobilization and fund build-up program in order to generate resources which they can use for a sustained credit operation.
- E. Support Services access to other social services by LGUs, DSWD, other GOs and NGOs.

Eligibility Requirements and Program Strategy

Standard Eligibility Requirements

In order to ensure program focus, the target beneficiaries should possess the following characteristics: family income below poverty threshold; no access to formal credit resources; physically able to manage the micro-enterprises; psycho-socially ready for the micro-enterprises; and must belong to the same neighborhood.

Program Strategy

Micro-Enterprise Strategy for Associations

Formation of participants into a SEA-Kaunlaran Association (SKA) consisting of five to six groups, with each group comprising a fixed number of five (5) members.

Micro-Enterprise Strategy for Special Participants

Concessional strategy for a given set of participants who shall be allowed to pursue their own micro-enterprise either as (a) "stand alone" individual micro-enterprises or family micro-enterprises, or as (b) "grouped" micro-enterprises.

Target Participants

- (a) Disadvantaged women
- (b) Disadvantaged youth (preferably PYA members)
- (c) Persons with disabilities
- (d) Senior Citizens; and
- (e) Family heads (including solo parents)

Amount of Loan

SKA loan (capital seedfund): a maximum amount of P150,000 (i.e., capital seedfund) for each SEA-Kaunlaran Association for re-lending to members.

Group/individual loan (capital seedfund): computed at P5,000 per member/person.

Terms of Repayments

(a) SKA vis-a-vis DSWD Dimension

Return to SEA-Kaunlaran seedfund within one to two years from date of completed loan release.

(b) Members vis-a-vis SKA Dimension

Repay respective loans to the SKA within one to two years following a pre-approved amortization schedule.

Savings Mobilization for Equity Capital Build-up and Other Fund Build-up Requirements

- (a) Equity Capital Build-up - 50% weekly amortization
- (b) Operating Expenses - 10% weekly amortization
- (c) Mutual Aid Fund Build-up - as agreed upon among all group members

C.3.2 AUDIT PLANNING

After selection of the audit focus, in this case the SEA-Kaunlaran, the detailed audit plan is

developed. This plan spell out clearly the audit objectives procedures, data to be collected at the Central and Field Offices, as well as the beneficiaries in the program, manpower requirements and the time frame fixed for the audit activities. Questionnaires for data collection are found in this stage.

- Audit Objectives

General Objectives: To determine to what extent SEA-Kaunlaran Program improved the ability of economically active poor transform the labor resources into income.

- Specific Objective:

1. To determine whether SEA-Kaunlaran Program organized community-based associations/centers to manage sustainable assistance from DSWD.
2. To determine whether SEA-Kaunlaran reached out the maximum number of participating poor families.
3. To determine whether the rate of re-payments in the seed funds granted to participants is within the ideal level of 90% as targeted at the start of program implementation.

The project procedures for each set of objectives would be in accordance with the generally accepted auditing procedures and techniques that need not be enumerated here due to manpower and time constraints.

C.3.3 EXECUTION

On completion of the audit plan follows the performance appraisal proper or evaluation of accomplishments to ascertain whether the social welfare services program, particularly, the SEA-Kaunlaran, was carried out economically, efficiently and effectively and the targeted outputs are attained, specifically, whether:

- the established performance indicators were appropriate and adequate to measure desired accomplishments or results.
- the program accomplishments were in accordance with the planned targets.
- the program cost was within the estimate and commensurate with the benefits derived from the program.

- the program was the most effective, appropriate and economical way of achieving the goals set for it.
- there was a continuing need for the program.

C.3.4 REPORTING

This phase is the final stage of performance appraisal. The audit findings are drafted carefully after discreet evaluation of disclosures, copy furnished or discussed with the Auditee for their comments after which another review and evaluation and revision follows then finalization of the formal report.

SAADO
AAR/IMVF/MPGRD
DO-hd/ws4/ass

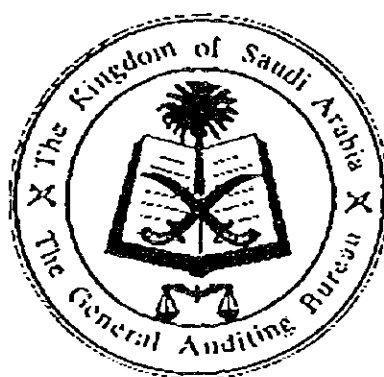
12. Saudi Arabia

**Country Paper
on
Sub-theme 3**

Audit of Social Service

**Prepared by:
General Auditing Bureau,
Saudi Arabia**

Kingdom of Saudi Arabia



A Country Paper
on
PERFORMANCE AUDIT OF SOCIAL SERVICES

For Discussion in the
6th International Seminar of The ASOSAI
1997

Table of Contents

Introduction

- 1 - Goals and Scope of Performance Audit in the Social Service Sector.
- 2 - Rules and Criteria for Selecting the Audit Subject in the field of Social Services.
- 3 - Methods of Measuring the Performance of Social Services.
- 4 - Obtaining All Cost Elements of Social Services, and Availability of Related Statistics.
- 5 - How to Obtain Manpower and Expertise for the Execution of Social Service Performance Audits (Multi-Disciplinary Audit Teams and External Experts).
- 6 - Training of Cadres for Executing Social Service Performance Audits.

Performance Audit of Social Services

Most countries spend huge funds in the field of social services. Those services are in their nature different from other types of services offered by the state, as the latter are generally easy to scrutinize and to follow up their results by way of financial compliance audit. Through that type of audit, it could be ascertained whether or not the rules and regulations governing an auditee are strictly observed. However, auditing the performance of social services is encountered by some difficulties. That's because the result to be achieved or reached in the field of social services is not easy to measure due to the difficulty of affording a clear and precise measuring standard for the service concerned. In order to measure the quality of a certain service, there must be a comparison between the standards available and the status quo of such service. That's why the social service performance auditing is hindered by lots of inconveniences which could be gradually overcome should the audit team be adequately qualified and trained to deal with all types of services, and fully aware of the stated goals for offering such services and how to ascertain their fine execution.

(1) Goals and Scope of Performance Audit in the Social Service Sector:

The operations of auditing the performance of social services are basically subject to what applies to performance audits in general. The main objective of performance audit is to specify the extent to which the stated goals have been realized, and the degree of closeness to or deviation from achieving such goals. But social services are not the same as other services that have an economic nature. They are oriented towards effects required by governments to produce a specific change in society. Such effects are brought about by causes adopted by governments for the sake of creating the effect with the required quality and

quantity. The scope of social service performance audit extends from the causes established for producing the desired effect, namely the change, to the objectives or the change created by the stated causes. Also included under this scope are the search for ascertaining the soundness of the relationship between cause and effect, and that the effect is relevant to the established cause, and that there are no false or associate causes or other effects to the pre-determined cause.

This is applicable to every individual goal and its scope. Meanwhile, there is another scope incorporated in this field, i.e. the scope of the activity itself. An example is a multi-activity corporation where a single activity may be the scope of the audit assignment in case that the activities are considerable and worthy of a separate audit for each activity. If not, the agency or the corporation rendering the social service may itself constitute the scope of the audit. In addition, there may be a specific time limit for executing the audit assignment.

To quote an example, the General Auditing Bureau of the Kingdom of Saudi Arabia (GAB) previously audited the performance of the Agency for Social Affairs, a body affiliated to the Ministry of Labour and Social Affairs. In auditing the Agency's activities, GAB reviewed the operations of the House for Social Care where services are offered to elderly people, and the House for Social Guidance where juveniles exposed to moral perversity are looked after. Another audited activity was the House for Social Reservation offering its services to juveniles and persons held in custody pending investigation or those who are kept in reservation houses by virtue of a court resolution. Each of these entities has its at own objectives, and at the same time represents by itself the scope of performance audit of the service it offers.

(2) Rules and Criteria for Selecting the Audit Subject in the Field of Social Service:

Selecting the audit subject in the field of social services depends mainly on the relative importance of the subject matter and the degree of the possible risk

resulting from the delay in executing the audit assignment. This may be concluded by examining the final accounts of entities rendering social services. The performance audit department is provided with copies of reports on the final accounts of public corporations and companies, on the basis of which the subjects of performance auditing are proposed. These reports are subjected to a thorough review to specify the most significant subject areas that deserve auditing and that could be of a public interest. The occurrence of errors, irregularities or deviations in rendering the services are also determinant factors in selecting the audit subject. Any such infringements are revealed through documentary examination. There is an exchange of information between the departments executing performance audit and other departments carrying out documentary examination, where the latter notify the audit department of any infringement that might have a significant impact on rendering the service concerned. The practice in this manner becomes a criterion for selecting the audit subject in this field. It could be said however that the more errors and deviations occur, the more need for audit arises, whether audit be in a specific activity within an agency or in the agency concerned as a whole. Then comes the size of the activity to be audited. Should other factors be of equal weight, the size of the activity becomes an influential determinant of the audit priority. A larger size of activity gets a higher priority of auditing, and vice versa. This rationale applies to other similar factors such as:

- * Size of expenditure.
- * Number of beneficiaries.
- * The need for the service.
- * The public interest.

(3) Methods of Measuring the Performance of Social Services:

The measurement of the performance of social services is not an easy task because such services have no clear feature in most of their types, contrary to those of economic or commercial character or any other activity of a tangible return. These

latter types of services can be measured much more easily than social services. We can not measure the performance of a university by the amount of money expended, the assets and property possessed, or the number of graduates or students in the various levels. But all these factors may serve together in offering certain indications on the basis of which one will measure the performance of the university concerned.

Nevertheless, these difficulties do not stand as a stumbling block in measuring the performance of social services. The performance audit team should find the optimum method for measuring the performance of the auditee. This may be realized by conducting field studies on the extent to which the stated goals have been achieved, searching for indicators to measure the performance of these services through the utilization of international standards and indicators (e.g. UNESCO, UNICEF, etc...), and by way of comparing it with the performance of similar institutions in the same country or in neighbouring countries.

Meanwhile, there are specific activities and services the execution of which is contracted for, and these are normally measured by the extent of obligations that have been fulfilled.

(4) Obtaining All Cost Elements of Social Services, and Availability of Related Statistics:

Rendering social services is one of the most important objectives that the state seeks to achieve at the minimum level required regardless of the cost and effort consumed to that end. So, rendering social services is not significantly affected by cost elements. But, this may not relieve the supreme audit institutions from their essential duty of ascertaining the achievement of such goals. On this basis, GAB has assumed the responsibility for ensuring that the objectives laid down for agencies offering social services have been fully realized. In executing its audit assignments in this regard, GAB reviews the performance of a certain activity or the performance of a particular department within the organization offering social

services. Such a review is carried out to obtain satisfaction that the stated goal has been fulfilled in the first place, then to ascertain the realization of such goal at the minimum cost and in the least time possible, whereby the targeted end is achieved most efficiently and effectively. Furthermore, statistical data could be helpfully used in carrying out these reviews. Such data include the number of the beneficiaries of social services, the cost of the individual unit of the services offered and the size of demand on such service, the available capacity to offer the service concerned and the percentage in which such service is offered. However, there are certain cost elements that could be called "Fixed Costs", and these include the employees in the agency offering the service, buildings owned and any other property, general expenses as well as any other capital expenses. Statistical data of such costs are also used in conducting performance audits.

(5) How to Obtain Manpower and Expertise for the Execution of Social Service Performance Audits (Multi-disciplinary Audit Teams and External Experts):

In the execution of its social service performance audit assignments, GAB depends mainly on work teams of its own. Those teams usually comprise professionals in performance auditing who have received the necessary training through the various extensive courses, held in GAB's head office and branches, on the scientific and practical principles of performance audit. In addition to this, some specialties which are needed most for the execution of performance reviews are also available, as a number of non - accounting professionals are employed in GAB's performance audit departments. It is not a requisite for a performance auditor to be a doctor, an engineer or a social researcher for example, contrary to other financial audit departments where all persons conducting financial reviews are mainly accountants. This does not mean that performance audit departments have all required specialties. But, the programme laid down for conducting the audit assignment takes into account the available capabilities that could be employed in

carrying out the assignment. The programme planner seeks to draw up review steps that are consistent with the available specialties in the department concerned. If the required specialties are on hand, the planner can focus on the work to be done by the respective specialist. If not, outside expertise in the field of specialty to be reviewed may be invited to participate in the audit assignment, or the performance auditor may concentrate on other aspects that fulfil the overall purpose of the audit.

(6) Training of Cadres for Executing Social Service Performance Audits:

The General Auditing Bureau organizes a wide variety of training courses, in the headquarters and in branches, which cover the various aspects of performance audit including the performance audit of social services. Training is offered through lectures and practical exercises on drawing audit plans for the individual activities, how to communicate with officials to obtain the necessary information for conducting performance audits, the scientific principles of dealing with all circumstances to which a performance auditor may be exposed, and the process of reporting. Having all the necessary training courses completed, the performance auditor becomes qualified to conduct all kinds of performance auditing. Then he joins audit teams to exercise on-the-job training before handling separate assignments.

