

Auditing as a tool of government accountability? Exploring divergent causal mechanisms through three Honduran cases

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Abstract

Audits of government entities offer a potential tool to hold public officials to account and to improve the functioning of public administration; however, empirical studies of audit impacts show mixed results. This is largely due to the diversity of audit regimes with different goals and accountability mechanisms, which yield different causal chains. In this study, I compare three distinct audit regimes with distinct causal mechanisms in Honduras. I find that backward-looking audits, which aim to hold officials accountable for past behavior or performance, require effective horizontal accountability mechanisms to investigate and prosecute cases. Forward-looking audits, which aim to hold officials accountable for future behavior or performance, require independent accountability mechanisms, a systematic follow-up methodology, public dissemination, and pressure from the media and civil society. Complementary initiatives that build on audit recommended reforms are found to strengthen these weaknesses in the causal mechanism linking audits to outcomes.

KEYWORDS

assessment, audit, civil society, Honduras, performance, procurement

1 | INTRODUCTION

Audits of government entities offer a potential tool to hold public officials to account and to improve the functioning of public administration. In the title of their article, Avis, Ferraz, and Finan (2018) ask if government audits reduce corruption, and they find evidence from Brazil that suggests the answer is “yes.” Other studies have also found that audits reduce corruption or have other positive outcomes (Björkman & Svensson, 2009; Di Tella & Schargrodsky, 2003; Duflo, Hanna, & Ryan, 2012; Ferraz & Finan, 2008; Olken, 2007; Zamboni & Litschig, 2013). However, several studies find only mixed results (Van Looke & Put, 2011; Wibbels, Huntington, Gall, & Denny, 2018) or changes that evaporate with time (Banerjee, Duflo, & Glennerster, 2008; Bobonis, Cámara Fuertes, & Schwabe, 2016). Still other research finds no influence (R. Andrews et al., 2007; Raudla, Taro, Agu, & Douglas, 2015) and even potential negative impacts (Behn, 2001; Dubnick, 2005; Gerardino et al., 2017; Lichand & Fernandes, 2019; Power, 1994, 2003). Much of the divergence among these studies can

be explained by the diversity of auditing or monitoring under examination. These include divergences in the goals, causal chains, and country contexts. In this article, I argue that the question is not so much if audits work, but what types of audits and under what conditions do they work. Much like other tools of democratic accountability, auditing offers tools that can produce accountability; however, these are frequently insufficient on their own.

In this study, I examine the experiences and outcomes of three audit-style initiatives in Honduras. Honduras presents a challenging country context for accountability and accountability-oriented interventions, as it scores poorly on governance, accountability, and corruption-related indices (Martini, 2013; Pérez & Zechmeister, 2015; Transparency International, 2019). All three initiatives were supported by the Millennium Challenge Corporation's Threshold Program in Honduras, and data for the study were collected by Social Impact as an independent evaluator contracted by MCC. Foreign donor support allowed for adequate financial and human resources to test the proof of concept.

This article makes four contributions to the literature. First, contrary to existing norms of categorizing audits by type or by who carries out the audit, I argue that audit regimes should be categorized by their objective (i.e., orientation toward forward or backward-looking accountability) and the intended accountability mechanisms (i.e., horizontal or vertical accountability), which yield different causal chains linking audits to desired outcomes (e.g., improved processes, better public services, and lower corruption).

Second, I find that different causal mechanisms can yield impacts; however, this depends on additional variables exogenous to the audit itself. Backward-looking accountability regimes (e.g., those that primarily seek to hold officials to account for past shortcomings), require a political and criminal justice system capable of providing such accountability, which I find is lacking in Honduras. Forward-looking accountability regimes (e.g., those that primarily seek to hold officials to account to improve future performance) can be achieved through either horizontal accountability to other government institutions, vertical accountability to citizens, or diagonal accountability, a mix of the two. I find that this requires independence, a systematic follow-up methodology, public dissemination, and use by other actors to pressure for accountability (e.g., media, civil society).

Third, even with well-designed and implemented audit regimes, audit impact still remains dependent on auditee leadership discretion and their susceptibility to external pressure. Fourth, given the limited causal mechanisms linking audits to desired outcomes, complementary reform initiatives that build on audit recommendations offer a means to address audit limitations.

2 | VARIATION IN AUDIT IMPACT

The term “auditing” is frequently applied to several assessment style initiatives. As audit methodologies have expanded beyond financial auditing and grown dramatically in the public sector, the meaning of auditing has been conceptually stretched. At its broadest, auditing is simply a systematic assessment, but there is disagreement on the primacy of various factors in defining auditing in the public sector, including the legal status of the auditor (e.g., a Supreme Audit Institution [SAI]), the independence of the auditor, the goal of the audit, and the methodology employed. At their core, however, audits aim to reduce the information asymmetries between principals and their agents and offer a means for principals to hold their agents accountable. These principals can be leaders in a government ministry, the parliament, or the public.

As noted in the introduction, there are several studies that find that government audits reduce corruption and improve government services. In Brazil, scholars examining the impact of randomized audits of the country's many municipalities have found that audits or the increased likelihood of audits reduce corruption (Avis et al., 2018; Lichand, Lopes, & Medeiros, 2017; Zamboni & Litschig, 2013) and even influence municipal electoral preferences (Ferraz & Finan, 2008). Olken's (2007) experimental study in Indonesia finds that an increase in government audit probability from 4% to 100% in

treatment areas led to a drop in missing expenditures in road construction (a proxy for corruption).

Related to auditing, several studies have found that monitoring-based interventions also yield positive results. In Argentina, Di Tella and Schargrodsky (2003) find that an incoming Buenos Aires municipal government's initiative to intensively monitoring prices for procurements at public hospitals led to a decrease in prices for key items. Duflo et al. (2012) find in an experimental study that monitoring teacher attendance in India substantially reduced absenteeism in Indian nongovernmental treatment schools. Björkman and Svensson (2009) find that community-based monitoring of community health centers in Uganda not only led to improvements in the health centers but increased utilization and improved health outcomes. While these studies entail diverse forms of audit-style interventions, different principals, and different country contexts, they all suggest the potential of audits to hold public officials accountable, reduce corruption, and improve services.

However, the findings of other studies are more mixed. Van Looche and Put's (2011) comparison of 14 performance audit studies finds limited influence and concludes modestly that performance auditing has some value. In a field experiment testing both citizen score cards and government audits of district governments' public works projects in Ghana, Wibbels et al. (2018) find that both interventions had some influence; however, they did not find an effect on the core outcomes of project completion or on many other outcome indicators identified.

In some cases, initially positive results might later regress to the status quo. Banerjee et al. (2008) studied an initiative to reduce absenteeism among nurses in public clinics and found that while the program was initially effective, with time absenteeism went back up in the treatment clinics as work-arounds were developed. Bobonis et al. (2016) study the effect of municipal audits in Puerto Rico over an 18-year period and conclude that while audits before an election result in a short-term reduction in corruption, they do not lead to a sustained reduction over time.

Still other studies find no impact at all. Rhys Andrews et al. (2007) compare performance audited and unaudited Welsh government units and find no difference in changes in performance indicators. Raudla et al.'s (2015) survey of public officials in Estonia finds that only a small minority of respondents view performance audits as having led to the adoption of changes or used to hold the organization accountable. Several of the studies in Looche and Put's review also did not appear to have any impact.

In fact, several authors question if audit-style interventions are even desirable (Behn, 2001; Dubnick, 2005; Power, 1994, 2003). Behn (2001), for example, identifies an accountability dilemma, a tension between accountability for following processes on the one hand and accountability for performance on the other. Because it is easier to audit, monitor, and enforce the former, Behn (2001) argues that there is an accountability bias that actually undermines performance. Van Looche and Put (2011) identify several potential negative side effects of auditing, including gaming, window dressing reforms, tunnel vision, and an emphasis on formal

procedures that results in excess rigidity. Audits can also create fear that undermines innovation and fosters excessive caution (Behn, 2001).¹

There is some experimental evidence to support these concerns. Gerardino, Litschig, and Pomeranz (2017) find that procurement audits in Chile incentivized officials to use less competitive but more straightforward direct purchases over more complex auctions. Lichand and Fernandes (2019) find that the audited municipalities are more risk-averse and end up buying less. Furthermore, they contend that rent-seeking vendors simply displace to other municipalities.

To date, there are no systematic meta-analysis that test whether audits are on balance effective, ineffective, or negatively effective; however, given the diversity of audit-style interventions, principals, theories of change, and country contexts, it is likely that there are a number of factors that explain variation in outcomes. Given this diversity, I argue that the question is not *if* but *when* audits are effective.²

3 | SOURCES OF VARIATION IN AUDIT IMPACT

A few studies have sought to identify factors that explain variation in audit outcomes (Fox, 2015; Gustavson & Sundstrom, 2018; Reichborn-Kjennerud, 2018; Van Looke & Put, 2011); however, in general, the field is under-theorized. I argue that because different audit regimes entail different causal mechanisms, the study of audit impact needs to differentiate among audit regimes, not based on who is conducting the audit (e.g., a SAI, a regulator, or a civil society organization) or the focus of the audit (e.g., finances, procurements, performance) as is commonly done, but based on more theoretical considerations. In the discussion that follows, I identify key audit regime features that determine differences in the causal mechanism and then key variables that help explain outcomes within these mechanisms.

3.1 | Variation in the causal mechanism

Following Fox (2015), audit regimes differ in the extent to which they are primarily backward-looking, forward-looking, or a mix of the two. While they might have deterrent effects, backward-looking audits primarily aim to hold officials accountable for past shortcomings or violations of law or procedure. Forward-looking or preventative audits are more concerned with addressing problems moving forward. Backward-looking audits require a mechanism to hold officials accountable, either through an administrative or criminal procedure. Forward-looking audits, by contrast, require translating findings into recommendations, incentivizing action plans in response to those

recommendations, and monitoring and incentivizing plan implementation.

Audits also differ in the source of the accountability. Following O'Donnell (1998), Fox (2015) notes that accountability can be horizontal to other state institutions as part of a system of checks and balances; it can be vertical to citizens; or it can be diagonal, involving a hybrid of vertical and horizontal accountability (Fox, 2015). Horizontal accountability mechanisms might include the auditor itself. In some cases, SAIs have their own direct sanctioning authority (e.g., France's Cour des Comptes) either for audit findings (backward-looking) or a failure to respond to audit findings (forward-looking). Another mechanism suggested by Avis et al. (2018) is through collaboration with police, prosecutors, or regulators to initiate complementary investigations or undertake enforcement actions. For many authors, including Lonsdale (2011), particularly in the case of audits conducted by a SAI, accountability occurs via the legislature. The legislature can use the audits to inform its agenda, public hearings, budget allocations, and legislation for both backward- and forward-looking accountability. Achieving horizontal accountability requires capacity, interinstitutional collaboration, and properly aligned incentives.

In the case of vertical accountability to citizens, the causal mechanism linking audits to outcomes is even more indirect. It typically occurs through (1) the public dissemination of audit findings, (2) their subsequent use by the media, who may praise or criticize an audited institution, and (3) a reaction by the public, who might use audit findings to inform electoral choices or decisions about voice and participation (e.g., petitioning a representative, protesting, or expressing views in a public meeting or survey).

While a sense of professional and institutional incentives can lead SAIs, regulators, police, prosecutors, legislators to carry out their horizontal accountability functions, at the end of the day, just like auditees, these actors are also incentivized by lines of accountability, be they patrons, political parties, or citizens. To the extent that there is vertical accountability between citizens and these accountability institutions, there is more likely to be diagonal accountability between citizens and auditees.

In many audit regimes, horizontal or vertical accountability might be unlikely given weaknesses in accountability mechanisms. In such cases, outcomes depend heavily on the discretion of the auditee (i.e., the leadership of the audited institution). These audits are better viewed as a potential tool for learning rather than for accountability (Furubo, 2011; Lonsdale & Bemelmans-Videc, 2007). This entails a different causal chain highly dependent on the political will of the auditee and a very different set of variables. For example, Van Looke and Put's (2011) review of performance audits in mostly advanced industrial highlights the importance of a good relationships between auditor and auditee, the extent to which the audited agency is open to advice, and the presence of a self-reflective organizational culture. Similarly, Boyne (2003) is primarily concerned with the skills and the abilities of the auditors to be able to add value to the knowledge that an organization already has. These factors matter because the auditee needs

¹There is some concern that this might be the case in Brazil. Bologna Pavlik and Harger's (2019) yet to be published manuscript finds that government spending and economic activity declines in audited municipalities.

²See Fox (2015) for a similar argument regarding social accountability mechanisms.

to be convinced of the value of the audit findings in order to act on them; impact is at the auditee's discretion.

In summary, I argue that the different primary audit goals (backward- vs. forward-looking accountability) and different sources of accountability (horizontal, vertical, diagonal, or auditee discretion) produce different causal mechanisms linking audits to outcomes. Some mechanisms can be direct (e.g., a SAI issues an administrative fine), depend on interinstitutional collaboration (e.g., between auditors and police and prosecutors), be indirect (e.g., via an informed and active citizen response), or depend on the discretion of the auditee. By distinguishing audit regimes based on accountability objectives and the means to achieve those objective, I offer a more theoretically driven approach to distinguish among audits rather than less theoretically grounded differences, such as assessment type (e.g., performance audit, financial audit, evaluation) or by who is conducting the audit (e.g., a SAI, an internal auditor, civil society group). In the following paragraphs, I explore several additional variables that are hypothesized to play a mediating role in these causal mechanisms and are expected to influence outcomes.

3.2 | Country variation in horizontal accountability

The development and functioning of horizontal accountability mechanisms differs considerably across countries. The importance of country context is illustrated by a comparison between Zamboni and Litschig's (2013) findings in Brazil and Olken's (2007) findings in Indonesia. In Brazil, an increase in audit risk from 5% to 25% led to an estimated drop in corruption and mismanagement risk of 17% points. By contrast, an increase in audit risk from 4% to 100% in Indonesia only produced a drop in missing expenditures of 9% points. While these numbers measure different things and are not perfectly comparable, the distinction is clear, and the difference appears to be primarily explained by the strength of existing horizontal accountability mechanisms. In contrast to Brazil, Olken (2007) reports that the Indonesia audits led to few if any prosecutions despite the rigorous audit methodology applied. If in a given country context, SAIs are hesitant to use their enforcement authority, collaboration with police and prosecutors is not forthcoming, and legislators do not have a history of using audit reports, then horizontal accountability is unlikely.

3.3 | Mechanism for dissemination and collective action problems to vertical and horizontal accountability

Audit regimes focused on indirect consequences from citizens confront a basic collective action problem. Dunning et al. (2019) and Fox (2015) confirms that access to audit information is insufficient to lead to collective action and in turn to improved outcomes. Citizens have numerous and overlapping priorities and are faced with a barrage of information under which complicated, audit findings are easily

buried. As such, there is a collective action problem inherent in analyzing, distilling, and responding to public information, be it through voting, petitioning representatives, or protesting.

In the audit literature, several authors note the important role of the media in packaging relevant news to foster indirect accountability (Besley & Burgess, 2002; Gentzkow, Glaeser, & Goldin, 2006). In the Brazilian case, Ferraz and Finan (2008) find that audits have a greater impact on electoral outcomes when a local radio station is present, and Avis et al. (2018) find that audits have spillover effects on other municipalities when there is a local radio or TV station. Van Looke and Put (2011) find that media plays an important role in five of the fourteen performance audit studies they examine.

If negative audit findings are presented in the media, this alone could be considered an external negative sanction. Fear of negative media attention could disincentivize corruption and poor performance, but typically a negative news story is insufficient absent a public or political reaction. As such, even if audit findings are widely disseminated and covered by the media, there is no guarantee or even expectation that collective action will occur in response. To the extent that horizontal accountability mechanisms (e.g., SAIs, police, prosecutors, regulators, legislators) require media coverage and negative public opinion to take action, then this collective action problem may undermine horizontal accountability mechanisms as well.

3.4 | Strategic behavior of the auditee

Even provided robust horizontal and vertical accountability mechanisms, auditees and interest groups that benefit from the status quo are not passive actors and may engage in strategic behavior. Auditees might pursue gaming strategies, including failing to provide information or implementing window dressing or simulated reform in response to recommendations, what M. Andrews, Pritchett, and Woolcock (2013) term isomorphic mimicry. Banerjee et al. (2008), find that an initially successful monitoring initiative designed to decrease nurse absenteeism had become completely ineffective in 16 months. The authors find that the local health administrators, under pressure from organized nurses, undermined the program's incentive system by granting frequent exemptions.

3.5 | Beyond the manageable interests of the auditee

In forward-looking audit regimes, even responsive auditees might be unable to resolve audit concerns if they depend on other actors or lack needed resources. Wibbels et al. (2018) conclude that one of the primary reasons why audits and citizen score cards on capital projects did not yield an increased completion rate *vis a vis* the control group in their Ghana study, was that local governments depended on central government transfers that were not forthcoming in a timely manner.

3.6 | Complementary initiatives and a more robust causal mechanism

Provided shortcomings to horizontal and vertical accountability mechanisms and the limits of auditee discretion, a more robust theory of change is often needed to tie audits and assessments to changes in corruption, performance, and other intended outcomes. Fox (2015), for example, proposes what he calls a “sandwich strategy” or a pro-accountability coalition involving both civil society from below and reformists within the government from above.

Moreover, audits need not serve as standalone initiatives, but they can be part of a more comprehensive accountability strategy. In Björkman and Svensson's (2009) field experiment in Uganda, citizen score cards were the first step in a larger intervention. Community meetings were held to disseminate the score card results and develop an action plan. In parallel, health facility staff were also convened to discuss the results. Community members and staff were then brought together to develop a community contract. A monitoring regime was established and progress was discussed at monitoring meetings. In short, the score card was a crucial first step, but it was part of a larger initiative.

In summary, the impact of audits depends on the strength of existing horizontal and vertical accountability mechanisms in a given country context, vertical accountability requires a mechanism to overcome collective action problems, and both require independence and a means to counter potential strategic behavior on the part of auditees. Audit regimes without a viable means of vertical or horizontal accountability depend on the discretion of the auditee. Given the limits to the causal chain linking audits to desirable outcomes, all these regimes might require complementary interventions to strengthen the causal mechanism.

4 | METHODOLOGY

In this study, I examine the experiences and outcomes of three audit-style initiatives in Honduras, a country with weak systems of horizontal accountability. Several studies document severe limitations in the criminal justice system and audit authorities, the termination of Honduras's brief experiment with an internationally supported anti-corruption commission, and Congressional actions to weaken accountability mechanisms (Call, 2020; Sabet, 2020). The country scores low on governance and corruption indices and was ranked 146 out of 180 countries in the 2019 Corruption Perceptions Index.³

The three audit-style initiatives were conducted as part of MCC's Threshold Program in Honduras and include (1) performance audits conducted by Honduras' SAI, the Honduran Supreme Audit Tribunal (TSC), (2) procurement assessments carried out by the Honduran procurement regulator, the Regulatory Office of Contracting and Acquisitions of Honduras (Oficina Nacional de

Contratación y Adquisiciones del Estado [ONCAE]), and (3) civil society social audits of procurement, human resources, and performance measurement processes done by the Association for a More Just Society (Asociación para una Sociedad más Justa [ASJ]).⁴ These cases are not sampled from a population per se; instead they illustrate three distinct types of audit regimes supported through the Threshold Program. At that time, MCC's Threshold Programs were designed to support critical institutional and policy reforms in countries that did not meet its funding criteria for more significant investments: criteria that included above average corruption perception indicators. One advantage of focusing on these three cases is that MCC technical and financial support ensured that the interventions were adequately resourced and conducted by individuals with adequate capacity. While this perhaps reduces the external validity of the study, I can be reasonably confident that any observed limitations to impact are not simply the product of a low-quality audit.

To measure process changes as a result of the audits, the analysis relied on audit reports, follow-up reports, threshold consultant reporting, and methodological documentation. This was complemented by interviews with leadership of the three auditing organizations (i.e., TSC, ONCAE, ASJ), auditors/researchers from the three organizations, and auditees from select targeted institutions. Interviews took place at the start of the initiatives in 2015 and were repeated again during and after the initiatives in 2017, 2018, and 2019, allowing adequate time to observe process-level effects.

Unfortunately, there is no comparable metric of process-level outcomes across all three initiatives; however, I am able to triangulate among different data sources to compare the three interventions. ASJ conducted audits of targeted institutions two or three times, producing an audit-based measure of change over time. In addition, the TSC and ASJ tracked recommendation and action plan implementation, providing another indicator of auditee response. While recommendation implementation offers one measure of potential influence, it is important to recognize this measure's limitations. Recommendation implementation percentages equate all recommendations equally, depend on a robust verification process, and do not necessarily capture the higher-level outcomes that recommendation implementation is intended to achieve (e.g., improved public services, reduced corruption). In addition, as noted above, because of potential strategic behavior, auditees might undertake changes that amount to mere isomorphic mimicry or address audit identified issues at the expense of other priorities. By complementing audit and follow-up documentation with qualitative interview data, I am able to somewhat mitigate these concerns.

ONCAE conducted no repeat studies or recommendation tracking, and in this case, I rely entirely on document-based and qualitative interview data to explore process changes as

³<https://www.transparency.org/en/countries/honduras>

⁴In Honduras, only the TSC has the legal authority to conduct formal audits. As such, only the TSC initiative was formally labeled as “auditing.” Because the ONCAE and ASJ interventions are systematic assessments, I use the terms “audits” and “assessments” interchangeably.

a result of the ONCAE audits. More detailed summaries of the findings, recommendations, and responses/outcomes of the three audit regimes on which this analysis is based can be found in Sabet et al. (2020). This study does not test for the effect of the audits on higher-level outcomes such as improved service quality or lower corruption.

5 | AUDIT-STYLE INTERVENTIONS IN HONDURAS

5.1 | Performance audits by the TSC

With financial and technical support from MCC's Threshold Program, Honduras's TSC conducted four pilot performance audits in 2015 and 2016. The audits were made publicly available on the TSC website, and the TSC also conducted follow-up with the targeted agencies, although the follow-up process is somewhat limited and the results are not made public.⁵ Formally, the TSC is an independent, audit agency and its auditors are part of the civil service, well trained, and professional. Nonetheless, the agency is run by a three-magistrate panel that is highly politicized, and several sources hold that the magistrates each informally represent and protect a political party (MACCIH, 2016; Ramírez Irías, 2017). The TSC does have the formal authority to administratively charge and fine government officials for irregularities; however, the performance audits were primarily forward-looking with an expressed intent not to charge officials based on past irregularities. Nonetheless, the TSC also has the authority to fine officials for failing to cooperate with the TSC or to respond to its recommendations, a potential tool for forward-looking accountability. These design features are summarized in

T1 Table 1, which draws on the discussion above in deriving the row categories.

5.2 | Social accountability audits/assessments by ASJ

In October 2014, the administration of President Juan Orlando Hernández signed a Collaboration Agreement with Transparency International (TI) and ASJ, the local chapter of TI, for ASJ to undertake social audits of key institutions in priority areas. As such, ASJ's initiative is a civil society conducted assessment, or social audit, done with the support and backing of the president. ASJ developed a methodology to systematically sample and assess procurement processes, human resource processes, and how results are measured in select institutions. With funding primarily from the MCC Threshold Program, by 2019, ASJ had conducted an initial assessment in eight institutions and repeat assessments in six. Following the initial assessment, most institutions developed an improvement action plan that was presented along with the report at

a public event with media participation.⁶ ASJ then conducted regular follow-up to monitor progress in implementing the action plans. While the primary goal of the initiative was forward-looking accountability, ASJ did name individuals responsible for irregularities in its reports, suggesting some elements of backward-looking accountability. Reports and documentation were publicly available on the organization's website and the media reported on ASJ's findings.

5.3 | Procurement audit/assessments by ONCAE

With financial and technical support from the Threshold Program, ONCAE established an evaluation unit and hired experienced procurement professionals to sample and systematically assess procurement processes for compliance in select government institutions. Between 2016 and 2018, the unit assessed samples of procurements in 20 institutions. While there was an intention to reassess institutions to measure progress, as of the end of 2019 this had not occurred, and ONCAE had no formal mechanism to follow-up with institutions. In addition, ONCAE's reports were not made publicly available. There was no credible threat of consequences for any irregularities detected. ONCAE does not have any sanctioning authority, and results were not shared with the TSC or other sanctioning authorities. Instead, the assessments were used as a learning tool to help inform complementary efforts, including a 180-h training course for procurement officials, modifications to procurement rules, and creation of Certified Public Purchasers (CPCs). ONCAE is embedded within an executive branch government ministry and is not independent.

6 | OUTCOMES AND CONTRIBUTIONS OF THE HONDURAN CASE

6.1 | Supreme audit institution performance audits

At first glance, the TSC's performance audits have the highest probability of impact. The TSC has some direct sanctioning authority to enforce recommendation implementation, a follow-up process, and publicly available reports. Yet based on recommendation tracking and qualitative follow-up, it was perhaps the least impactful of the three. As seen in Table 2, only 24% of recommendations were T2 implemented across the four institutions audited, the customs authority, a road maintenance fund, agricultural institute, and the electrical utility.

As suggested by the table and interviews, the electrical utility was only minimally responsive and the TSC was unable to verify claims that it had addressed recommendations. The road maintenance fund was eventually dissolved by the Hernandez administration in 2018; however, documents and interviews suggest

⁵TSC performance audits are publicly available at https://www.tsc.gob.hn/web/Auditorias/index_auditorias.html (Accessed Feb. 27, 2020).

⁶ASJ reports are publicly available at <http://asjhonduras.com/webhn/investigaciones/informes-asj-ti-2/> (Accessed Feb. 27, 2020).

TABLE 1 Design features of three Honduran audit experiences

Design feature	TSC performance audits	ASJ social audit	ONCAE procurement audits
Forward-looking accountability goal	High	High	High
Backward-looking accountability goal	None	Low	None
Means for horizontal accountability	Moderate	None	Low
Potential for vertical accountability	Low	High	None
Variables			
Robust methodology, professional staff	High	High	High
Independence	Moderate	High	Low
Public nature	Moderate	High	Low
Media attention	Low	Moderate	None
Complementary initiatives	Low	Moderate	High

Source: Author assessment based on qualitative sources.

Abbreviations: ASJ, Asociación para una Sociedad más Justa; ONCAE, Oficina Nacional de Contratación y Adquisiciones del Estado; TSC, Supreme Audit Tribunal.

TABLE 2 TSC tracking of performance audit recommendation implementation across four audited institutions

Status	Customs	Road Fund	Ag. Institute	Electricity utility	Total
Executed	0	12	18	0	35
	0%	23%	58%	0%	24%
Partially executed	5	11	10	42	53
	19%	21%	32%	89%	36%
Not executed	19	29	3	5	56
	73%	56%	10%	11%	38%
Not applicable	2	0	0	0	2
	8%	0%	0%	0%	1%
Total	26	52	31	47	146
	100%	100%	100%	100%	100%

Source: TSC follow-up documentation, 2018.

Abbreviation: TSC, Supreme Audit Tribunal.

that prior to dissolution the fund was only somewhat more responsive than the utility and took no action to address the more serious concerns raised in the audit. Arguably, the customs performance audit did not allow for an adequate test of proof of concept, as institutional challenges in its parent agency undermined an institutional response. Of the four pilot audits, only the audit of the agriculture institute appeared to have a meaningful impact on the institution. The TSC rated 18 of 31 (58%) recommendations as executed, far more than the other institutions. In response to its recommendations, the TSC found and interviews confirm improved compliance with operational planning and monitoring, efforts to enforcement payments of fees, application of an internal audit on fee nonpayment, and performance evaluations of staff. Interviews suggest that the threat of sanctions empowered reformers within the institute to push forward recommendation implementation.

There are several limits to the TSC performance auditing. The TSC's follow-up process was less intensive than ASJ's and it lacked the

complementary and strategic interventions of ONCAE. While the TSC has the authority to sanction public officials for failing to implement recommendations, it had not done so in the case of any of the four pilots. Despite low cooperation, officials in the electrical utility appeared to have avoided sanctions by laying out an extremely long timeline for recommendation implementation and by noting a lack of budget or dependence on other actors. In his review of 23,203, TSC recommendations over a 7-year period using TSC data, and Ramírez Irías (2017) finds that authorities did not act on 46% of recommendations despite ostensible consequences for failing to do so.

The public nature of TSC audits was also not influential. Interviewees suggest that the media and civil society groups do not view the TSC's highly technical and difficult to find audit reports as a resource in reporting and advocacy. A review of two major online media sources El Heraldo and La Prensa for a 1-year period following the completion of the audits, produced only one reference to any of the four performance audits (La Prensa, 2017).

TABLE 3 Outcomes of ASJ's audit as measured by the organization

Institution	1st score (2013–2015) (%)	2nd score (2016) (%)	3rd score (2017) (%)	Difference (pp)	Percentage of recs. implemented (%)
Property institute	19	69	80	61	76
Education secretariat	17	48	52	35	52
Security secretariat	37	67	69	32	72
Procurement regulator	36	60	-	24	76
Internal control regulator	26	38	-	12	29
Health secretariat	57	59	50	-7	56
Public works secretariat	29	-	-	-	48
Average	32	57	63	26	61

Source: ASJ (2019).

Abbreviation: ASJ, Asociación para una Sociedad más Justa.

6.2 | Social accountability audit

ASJ's repeat evaluations and action plan tracking offer the best internally derived measures of outcomes of the three experiences. As seen in Table 3, of the six institutions with repeat measures, five improved their scoring and on average the improvement was 26 percentage points over a 3-year period. ASJ's methodology has limitations: all factors are weighed equally, procurement audits had very small samples, and there were minor changes in the methodology over time. On average, ASJ considered that 61% of action plans were implemented. Recommendation tracking scores strongly correlate ($r = 0.52$) with changes in scoring.

These results and interviews suggest a somewhat more impactful undertaking than the TSC's performance audits. Interviews suggest the importance of the following factors: (1) a well-respected, independent, civil society organization using a systematic methodology and a robust follow-up process, (2) the political support of the president, and (3) fear on the part of institutions that negative findings would be made public and covered in the media. In other words, ASJ's reputation and access to the media helped partially address the collective action problem in social auditing. Despite these factors, the head of the targeted agencies still had discretion on how to respond to the ASJ reports, which helps explain much of the variation in outcomes across agencies. As such, the intervention was perhaps most impactful in the property institute and the security secretariat where the leadership was the most supportive. By contrast, the intervention did not move forward after baseline in the public works secretariat due to opposition within this agency.

In the areas where ASJ was most effective, there were also complimentary initiatives, such as with the security secretariat. Outside of the social accountability audits, ASJ played a key role on a powerful commission to purge and promote reforms in the security secretariat (Dye, 2019). ASJ's human resources specialist also provided technical assistance to the secretariat in implementing reforms

in human resource management and addressing problems identified in the assessment.

While the intervention appears to have had a positive impact, there is a risk of overstating the results. The initiative did not lead to a transformation of public administration but rather gradual improvements in processes. This is perhaps best illustrated by the issue of merit-based hiring. For several years leading up to ASJ's audit, education and health ministries had not held required public hiring processes for teachers and doctors and were instead hiring nonpermanent contract workers, often based on political connections (Sabet et al., 2020). Under ASJ pressure, both ministries initiated public processes, an important milestone; however, both processes were eventually undermined by political leadership. The teacher merit-based process was ultimately canceled, and several doctors were appointed despite low merit-based rankings.

6.3 | Internal procurement audit

ONCAE's procurement assessments by themselves were unlikely to lead to change in the targeted institutions or serve as a tool for accountability. There was no intended backward-looking accountability for procurement irregularities, and, as of late 2019, ONCAE had conducted no follow-up with the institutions to incentivize forward-looking accountability. The reports were not made public or shared with the legislator, the TSC, or police authorities. As such, agency leaders and procurement officials had complete discretion over how to respond to the assessments. ONCAE had asked targeted agencies to produce an action plan in response to the report, providing a measure of intention to undertake agency-initiated reform. Of 20 reports completed in 2016–2018, only eight agencies (40%) produced an action plan.

Nonetheless, ONCAE used the evaluation findings to promote government wide changes. In fact, most of the problems identified in

the audits were not specific to individual agencies but common throughout the government, suggesting the need for broader solutions. Examples include:

- First, the audits made clear that many procurement officials had received no formal training in how to perform their work. In response, ONCAE developed a 180-h course for procurement specialists, which was completed by 195 participants across 57 institutions
- Second, several organizations had a disproportionate percentage of procurements that fell just below the monetary threshold for *public* procurements. Because of their relatively low cost, Honduran legislation only required three quotes to award contracts for these *private* procurements. This clustering was indicative of illegal division of procurements and likely abuses (i.e., directing contracts to preferred suppliers). In response, ONCAE issued a circular requiring that all public entities post these lower threshold procurements to the public procurement platform and allow interested parties to solicit a request to provide a quote. At least in the short-term, this had a positive effect on competition (Sabet et al., 2020)
- Third, recognizing the lack of accountability for procurement errors, ONCAE created and certified 139 CPCs who could sign off on procurement and contracting actions and would in theory be liable for irregularities. (A formal regulation was emitted to this effect, but as of late 2019, it was not be applied because of liability concerns among CPCs)
- Several other actions were taken as well. For example, standardized forms, templates, and guidance were revised and disseminated. In addition, finding that procurement files rarely included evidence of inclusion in annual procurement planning, ONCAE developed a new module for the annual procurement plan on its website⁷

As such, the procurement audits led to several process and policy changes at a national level. As with ASJ, ONCAE's actions are best viewed as part of a process of incremental change. Training procurement officials is extremely important; however, it is not a long-term solution in a context where procurement officials have a high turnover and are frequently patronage, nonpermanent, contract-based appointments. While there is some evidence that the circular has had a positive impact on competition, there are also limits to the circular. In at least one government agency, some interviewed businesses reported not attempting to submit uninvited bids for procurements for fear of being excluded in the future. Finally, while the CPCs have been formalized, in the absence of further legal reforms, they are not liable for procurement process irregularities.

⁷The audits also documented the weakness in ONCAE's procurement platform *HonduCompras*. As a result, the MCC Threshold Program funded an update to this platform; however, this was still in the early stages of implementation as of this writing.

7 | CONCLUSION

Backward-looking accountability was not a primary goal in any of the three cases. ONCAE and the TSC assessors even made sure to clarify this with auditees to encourage support for the audit work. ASJ named officials associated with detected irregularities in their reports and referred some cases to authorities, but their focus was primarily forward-looking. This is not likely coincidental. Backward-looking accountability appears far less likely in a country context like Honduras than say Brazil, where prosecuting authorities and the courts are more independent and effective (Lorenzon, 2017). By contrast, Honduras's brief experiment with an effective accountability mechanism, the Organization of American States sponsored Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH in Spanish), was ended in 2020 after the MACCIH brought cases against prominent politicians.

ASJ and the TSC both had a forward-looking accountability approach with some mechanisms to promote changes. The TSC experience is significant because even provided the right tools for forward-looking horizontal accountability—a professional audit agency, formal authority to emit sanctions, public reports, and a follow-up process—these factors only culminated in meaningful changes in one of the four institutions. The threat of direct consequences appears to have been inadequate in three of four cases and the nonuse of the findings by the media and civil society organizations supports Fox (2015) and Dunning et al. (2019) on the limits of transparency by itself. Absent meaningful horizontal or vertical accountability mechanisms, change is largely at the discretion of auditees.

ASJ's forward-looking accountability appears to have been more effective due to a more robust repeated audit approach, more intensive follow-up, the support of the president, ASJ's prominence, and the threat of negative publicity. Even with external pressure from the president above and ASJ from below, a la Fox's (2015) sandwich strategy, progress was greatest when (1) agency leadership was also supportive and (2) when there were complementary initiatives.

The ONCAE experience is better viewed as an internal learning initiative rather than an attempt to create accountability. While the ONCAE assessment regime was poorly designed to directly incentivize change, it used the audit findings to undergird a more comprehensive reform agenda, involving training, rule changes, and efforts to create accountable certified public purchasers. The ONCAE experience highlights the potential for incorporating audits into a more comprehensive intervention, echoing Björkman and Svensson's (2009) findings in Uganda.

This discussion suggests that audits can be a useful tool for government accountability and learning, but different audit regimes entail different causal mechanisms and their influence depends on several additional variables exogenous to the audit itself. Backward-looking accountability requires effective horizontal accountability mechanisms to investigate and prosecute cases. Forward-looking accountability requires functioning horizontal and vertical accountability

mechanisms supported by a systematic follow-up methodology, public dissemination, and use by the media and civil society to pressure for accountability. Even so, the audit regimes examined here remain heavily dependent on auditee leadership discretion and susceptibility to such pressure. As such, this analysis suggests that complementary initiatives that build on audit recommended reforms appear necessary to strengthen the causal mechanism linking audits to outcomes.

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