

Public Sector Auditing Practices of ‘Public Policy Evaluation’, Case Study of The Evaluation of The Coastal Communities Fund (CCF) programme in UK

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Summary:

This study aims to explore public sector auditing (PSA) practices related to evaluating public policy (PP), with the objectives of understanding the evaluation methods and elucidating the reasons behind the variations in these practices. A case study approach was employed to facilitate a thorough understanding of these issues, focusing on the evaluation of the Coastal Communities Fund (CCF) program in England by the IFF Research Department for Levelling Up, Housing, and Communities (RDLUHC).

The study identified five key factors that determine the methods used in policy evaluation: object, goal, circumstances, data availability, and time. These factors were collectively termed the 5 Key Determinant Factors (5KDF) of policy evaluation methods. The study recommended a detailed examination of the auditing process and the practice of auditing smaller subjects to enhance audit quality and address the evolving challenges faced by businesses that impact auditing practices.

Keywords: Public Sector Auditing, Evaluating Public Policy, Auditing Practices, INTOSAI's Good Practices.

Jel Classification Codes : M420, M480.

I- Introduction :

Public sector auditing is conducted in accordance with the INTOSAI frameworks, which define the scope, areas, and limitations of auditing within the public sector (PSA). Public policy (PP) evaluation was selected as a specific subset of public sector auditing (PSA). Given the broad nature of public policy, which encompasses numerous elements, the evaluation methods for these elements can vary significantly among participants. Despite adhering to best practice frameworks, variations in evaluation practices arise, particularly in the methods employed by evaluators for specific objectives.

I.1.Problem:

Here the study came to answer the following question:

What are the determinants of variation in practicing ‘Public Policy Evaluation’ area of Public Sector Auditing?

I. 2. Questions:

The main question was divided into three questions to answer the problem of the study:

- What is Public Sector Evaluation, and its objects?
- How the public policies are evaluated?
- What causes the variation in practicing the public policy evaluation?

I. 3. Objectives:

The primary objectives of this study are as follows:

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- To examine the public sector auditing process involved in evaluating public policy and to understand the methods employed in this evaluation.
- To investigate the factors that cause variations in public policy evaluation among different participants.

I. 3. Significant:

Addressing the variation reasons of participating public policy evaluation as an area of public sector auditing, enhance comprehension about the auditors' behaviour towards the auditing performance and the circumstances that effect public sector auditing practices.

I. 4. Limitation:

The study has encountered the reality of data insufficient about Algeria to provide a solid point of view about the practices in Algeria, so as to affect the Public Sector Auditing practices in this country but the framework of evaluating public policy in Algeria was provided as a forward.

I. 5. Value:

This study has concluded that the variation in evaluating public sector practices, as a broad area within public sector auditing, is attributed to five Key Determinant Factors (KDFs). These factors include: the type of object under evaluation, the goal of evaluating the specific object, the circumstances surrounding the evaluation period, the availability of data concerning the object, and the period of evaluation.

II– Theoretical Framework: 'Evaluating Public Policy'

II.1. Public Policy Modeling and Evaluation:

Public policy (PP) evaluation involves assessing the effectiveness of that last by examining its goals, implementation process, results, outcomes, and overall impact on the public (INTOSAI, 2019, p. 8). Public policy is considered a response by a specific authority to address social dilemmas, which can be resolved through the implementation of complex programs designed to achieve public goals. These programs' materials, goals, and terms are specifically defined and clarified through indivisible processes. Establishing a clear vision for evaluating the effectiveness of public policy, based on its results, impacts, and needs, and in accordance with appropriate standards, is referred to as 'Evaluating Public Policy' (Audit Court of Algeria, n.d., p. 7). Some researchers term this 'Policy Modeling,' defining it as academic research supported by theoretical frameworks, quantitative and qualitative methods, as well as techniques to analyze and evaluate the causes and impact of policy on society at any time or place (Ruiz Estrada & Park, 2018).

According to Ruiz Estrada (2011), public policy encompasses several categories. These include domestic and international trade policies; energy, infrastructure, communication, and transportation policies; environmental, agriculture, and natural resources management policies; fiscal policies, government expenditure, and public debt; institutional regulations and negotiation policies; labor, employment, and population policies; monetary policies, stock market, exchange rates, finance, banking, insurance, and investments; production, savings, income, and consumption policies; technological and research and development policies; welfare and social policies; economic growth and development policies; education and human capital development policies; military and national security policies; gender, cultural discrimination, and racism policies; natural disaster and food security policies; unemployment, inflation, and poverty policies; and various other policies.

As previously mentioned, public policy evaluation is a process to assess the effectiveness of public policy. This process is conducted by Supreme Audit Institutions (SAIs) in accordance with the INTOSAI guide 'GOV 9400,' accredited in December 2016. By 2019, an update to this guide was introduced as INTOSAI's Guide 9040 'Evaluating Public Policy.' SAIs conduct public policy evaluations to gain a clear understanding of the policy, assess its feasibility, and provide credible opinions to relevant stakeholders. This enables informed decisions on whether to continue, modify, or discontinue the policy based on solid evidence. The objectives can be summarized as follows (INTOSAI, 2019, pp. 8-9):

- Planning/Efficiency: Ensure the policy's justification and the efficient use of resources.
- Accountability: Demonstrate how the policy was achieved, how well resources were used, and its impact.
- Implementation: Enhance policy performance and managerial effectiveness.
- Knowledge Production: Understand what works and in what context.

- Institutional Strengthening: Improve and develop capacity among policy participants and their networks.

Given these objectives, various types of public policy evaluations include:

- Front-end Analysis: Estimates the feasibility of a proposed program and provides a rational basis for planning.
- Evaluation Assessments: Investigates the validity of the original assumptions justifying the program.
- Programme and Problem Monitoring: Offers ongoing information about program changes and ensures continued compliance with applicable criteria.
- Process or Implementation Evaluation: Ensures the program's activities are executed as intended.
- Effectiveness, Outcome, or Impact Evaluation: Determines the extent to which the program has achieved its goals.
- Meta-Evaluation or Evaluation Synthesis: Re-analyzes findings from various evaluations to learn and benefit from them. (Yusuf Garba Manj, 2021, pp.54-55).

II.2. Public Policy Evaluation Good Practices:

INTOSAI's standards and guides embody the internationally agreed-upon practices, or "Good Practices," for public sector auditing in general, with specific guides for evaluating public sector policies representing 'Public Policy Evaluation Good Practices.'

Evaluating the public sector requires meticulous attention to detail, beginning with the selection of the object of public policy evaluation. The object of public policy (PP) evaluation can encompass one or more programs related to legal and financial provisions, organizational actions, and the allocation of human or financial resources for specific goals. There are three criteria for selecting the object of public policy evaluation (INTOSAI, 2019, pp. 14-18).

- Significance of the Policy: The importance of a policy is determined by several factors, including its budget size, the number and complexity of stakeholder connections, its potential societal impact, and its symbolic significance in public opinion. Public policy evaluations should avoid policies that are overly broad, such as those related to the environment, employment, and education, due to their extensive scope. Similarly, policies that are too narrow in scope should also be avoided for evaluation.
- Measurability of Policy Effects: Public policy can be evaluated using qualitative and quantitative approaches. Evaluations must differentiate between 'outcomes' and 'impacts,' 'intended' and 'unexpected' effects, and 'short-term' and 'long-term' effects.
- Timing of Policy Evaluation: Public policy evaluation can occur at three stages: ex-ante, concurrent, and ex-post evaluation. However, SAIs typically employ ex-post or concurrent evaluations, often waiting more than three years after policy implementation to assess long-term and indirect effects and to gather sufficient data on the policy's provisions (INTOSAI, 2019, pp. 14-18).

Additionally, the public policy evaluation process necessitates thorough planning, which includes several components (INTOSAI, 2019, pp. 22-28):

- Evaluability Assessment: This involves identifying the object and scope of evaluation, defining stakeholders, formulating evaluation questions, specifying required data, establishing timeframes, financial parameters, and human resources, and selecting an appropriate methodology.
- Organization: The evaluation process may be conducted by a team of evaluators, a supervisory body, or an advisory body, or through collaboration among all three.
- Methods: Various methods are available for evaluating public policy. Evaluators may employ a range of tools, including quantitative and qualitative instruments, and may support the evaluation process with literature reviews, international comparisons, or expert consultations.

Furthermore, the evaluation process can utilize several tools (INTOSAI, 2019, pp. 22-28):

- Feasibility Analysis: Also known as program appraisal, this analysis provides reliable parameters and indicators that highlight deviations from intended paths, prompting the need for corrective measures.

- **Systems Analysis:** Decision-making in evaluation requires a comprehensive understanding of the relationships among system components (inputs and outputs). Alternative solutions must be as quantitative and predictive as possible.
 - **Cost Effectiveness Analysis:** This analysis estimates the minimum cost required to achieve intended goals.
 - **Cost-Benefit Analysis:** This analysis evaluates the merit of a policy by weighing its costs against its benefits, assessing these factors prospectively.
- In summary, the evaluation process encompasses the following stages (INTOSAI, 2019, pp. 22-23):
- Define the purpose and scope of evaluation.
 - Specify the evaluation methodology.
 - Design the evaluation and establish a data collection plan.
 - Gather relevant data.
 - Analyze the collected data.
 - Utilize the evaluation report to enhance the policy.

Figure (1): Public Policy Evaluation Phases



The source: by author based on INTOSAI, 2019, pp.22-23.

II.3. Public Policy Evaluation in Algeria:

As previously stated, public policy serves as a governmental response aimed at addressing societal challenges. In Algeria, the evaluation of public policy is guided by the earlier edition of INTOSAI's guide GOV 9400. This evaluation process not only ensures the achievement of public objectives but also assesses the societal impact of these policies.

The evaluation of public policy in Algeria aims to establish a framework for specific policies and assess their effectiveness according to established criteria. These criteria include harmony, effectiveness, efficiency, suitability, impact, and sustainability of impact (Audit Court of Algeria, n.d.). The evaluation process emphasizes aspects such as economy (reduced expenditures), effectiveness (degree of goal attainment), and efficiency (optimization of resource allocation relative to outcomes) in public practices (Audit Court of Algeria, n.d., p. 7).

Figure (2): Goals of Public Policy Evaluation Triangle



The source: by author based on (Audit Court of Algeria, n.d, p.7)

Nevertheless, the Audit Court of Algeria, as the supreme audit institution responsible for evaluating public policy, does not participate in the formulation of public policies. This means that

the Court cannot evaluate a public policy prior to its implementation (Audit Court of Algeria, n.d., p. 10).

The determination of the object of public policy evaluation by the Audit Court of Algeria is based on the importance of the policy within a multi-year program. During this program, the object of evaluation is selected following a comprehensive feasibility study. At the outset of each evaluation process, a proposal is submitted to ascertain the suitability of the evaluation object for assessment (Audit Court of Algeria, n.d., p. 15).

As previously mentioned, the feasibility of evaluating public policy hinges on a thorough feasibility study derived from a multi-year program. Although the specific scope of public policy evaluation is not explicitly defined by the Court of Auditors of Algeria, the responsibility for conducting such evaluations is distributed among various entities including the Court of Auditors of Algeria, research laboratories, and the General Inspectorate of Finance.

The evaluation plan is designed to encompass the scope of implementation and can be adjusted as needed, with any modifications documented in the Evaluation Report Support File. The method of public policy evaluation employed by the Audit Court of Algeria is rooted in empirical evidence (Audit Court of Algeria, n.d., pp. 22-61).

- Feasibility Study Card: This initial and critical procedure in public policy evaluation aims to assess the impact, measurement, and classification of the policy, serving as a pivotal process to determine its feasibility for evaluation.
- Evaluation Plan Card: This document outlines the program for evaluating public policy, detailing objectives, evaluation questions, scope, methodology, evaluation object, and personnel involved in the evaluation process.
- Objectives Tree Card: This card clearly illustrates the objectives of public policy evaluation in accordance with relevant criteria.
- Logic Flowchart and Logical Planning Card (Logigram): This tool aims to understand the causal relationships within the public policy framework, examining internal and external coherence between policy performance and its impact.
- Social Flowchart Card (Sociogram): This chart visually represents the active stakeholders involved in the public policy evaluation process.

III. Literature Reviews:

III.1. The study of Dorteia Renyaan titled ‘Exploring a whole understanding of public policy evaluation’, 2023:

This study aimed to examine the contrasts and overlaps between public interest, evaluation studies, and policy changes to deepen the understanding of policy evaluators at both conceptual and practical levels. The study utilized library research and theoretical approaches to achieve its research objectives, leading to the following conclusions:

- Experts emphasize the dynamics of variations in policy issues.
- Key challenges in evaluation studies include uncertainties regarding policy objectives, causal relationships, the diffusion of policy impacts, data availability, and bureaucratic resistance.
- Policy implementation necessitates change due to its impacts (Renyaan, 2023).

III.2. The study of Mochendi Martinus Selepe titled ‘The evaluation of public policy implementation failures and possible solutions’, 2023:

The study sought to analyze the reasons behind public policy implementation failures, identify barriers to successful government policy implementation, and propose solutions for enhancing implementation success. It employed a conceptual theoretical approach utilizing secondary data. The study concluded that effective leadership is pivotal for policy success, which in turn contributes to national development (Selepe, 2023).

III.3. The study of Mario Arturo Ruiz Estrada titled ‘Policy Modeling: Definition, classification and evaluation’, 2011:

This study defined policy modeling as a thorough process, including its classifications and methodologies. It utilized an analytical tool, the PMC-index (Policy Modeling Consistency), to assess consistency, strengths, and weaknesses within policy modeling. The findings contributed a theoretical framework for policy modeling and evaluation, demonstrating that the PMC-index improves the quality of future research in this field. Additionally, the study recommended

integrating the Multi-dimensional Coordinate Space and Omnia Mobilis Assumptions into policy modeling practices (Ruiz Estrada, 2011).

III.4. Discussion of Literature Review:

Evaluating public policy is a crucial process that has specific concepts, methods, challenges, obstacles, and issues which makes a variance in its implementation, that variance can be part of its dilemmas that cause a baffle for public policy evaluator.

IV– Methods and Materials:

IV.1. Method Selection:

Public sector auditing practices adhere to INTOSAI's guides and standards; however, the application of these standards varies among auditors, resulting in differences in audit processes. This study focuses on 'evaluating public policies' as a component of public sector auditing, which can be conducted in accordance with INTOSAI's Guide 9040 by Supreme Audit Institutions (SAIs), researchers, and public sector departments. The study aims to evaluate the various methods employed in public sector auditing, particularly in 'Public Policy Evaluation.'

To achieve this, a case study methodology was selected to gather empirical data relevant to the research problem. This approach enhances understanding and facilitates the diagnosis of problem aspects, thereby enabling effective problem-solving and the formulation of recommendations. The study specifically examines the practices related to *'The Evaluation of The CCF programme in the UK'* as a case study in P.P evaluation.

IV.2. Data Collection:

The study gathered data on the Coastal Communities Fund CCF program from the Department for Levelling Up, Housing, and Communities DLUHC report evaluating the CCF program, spanning five rounds from 2012 to 2022. This evaluation was initiated in response to the House of Lords Select Committee (HLSC) report on the economic conditions of coastal areas.

IV.3. Data Processing:

The collected data from the case study is processed in a single manner: it is descriptively presented and subsequently subjected to critical analysis. This study has presented the evaluation of the CCF program as a case study, examining the attributes of policy evaluation and identifying factors that influence evaluation methods, as illustrated by the aforementioned case.

V- Findings :

V.1. The Objectives of evaluating public policy: the Coastal Communities Fund (CCF) programme:

As part of its objectives for Domestic Tourism Development, several coastal areas in England were developed, resulting in significant improvements over time. However, a report in 2007 highlighted the absence of a national strategy for regenerating these areas. In response to this awareness, CCF program was initiated by governmental authorities, initially allocating £22 million in grants during its first year (2012/13). Subsequently, the program evolved with increased funding from the authorities and changes in delivery partners. Consequently, in 2022, the Department for Levelling Up, Housing, and Communities undertook a policy evaluation project for the CCF program. The evaluation aimed to address the following inquiries:

- What were the outcomes of the CCF program?
- Who benefitted from the CCF program and how?
- What would be the repercussions of discontinuing the CCF program?

These questions sought to understand the program's objectives and rationale, which aimed to address the economic decline in coastal areas (IFF Research Department for Levelling Up, Housing and Communities, 2022).

V.2. The methodology of evaluating public policy: the Coastal Communities Fund (CCF) programme:

The program evaluation employed several methodologies:

- Six in-depth interviews conducted with stakeholders involved in the implementation of the CCF program between August and October 2020.
- A retrospective analysis of data collected during four funding rounds of the CCF program.

- Twenty-one detailed case studies examining projects funded by the CCF (comprising 27 individual cases), particularly focusing on their performance during and after the COVID-19 pandemic.

Typically, such evaluations would incorporate quantitative analyses to assess the economic impact of policy expenditures, including Cost-Benefit Ratios. However, these quantitative measures were not included in the evaluation due to several factors:

- **Temporal Counterfactual Factor:** The evaluation requires comparing economic metrics before and after policy implementation. In the case of the CCF, this was impractical because the funded projects were relatively small in scale compared to broader economic factors. Additionally, these projects were often part of larger initiatives, making it challenging to isolate their impacts. Moreover, the evaluation was conducted after the fifth funding round, making it difficult to measure immediate economic impacts.
- **Geographical Counterfactual Factor:** Disparities were observed in funding allocations among different geographic areas, reflecting a focus on regions with less favorable economic conditions. This geographical variance in funding allocation was compounded by difficulties in data availability due to centralized data collection within local authorities.

Consequently, the evaluation process focused exclusively on qualitative methods, such as interviews, due to the challenges encountered in applying quantitative methodologies (IFF Research Department for Levelling Up, Housing and Communities, 2022).

V.3. The findings and the recommendation of evaluating public policy: the Coastal Communities Fund (CCF) programme:

The findings of the evaluation process can be divided into three parts:

- What did the CCF programme delivered?**

Table (1): What did the CCF programme delivered?

Types	What CCF programme delivered
Financial collaboration	£187m of grants.
Employment collaboration	5,480 training places and 7,165 jobs, 1,835 jobs safeguarded.
Economic Impact	<ul style="list-style-type: none"> - The awareness of the economic impact by the organisers and stakeholders; - knock-on effects that were not clearly displayed, but was slightly appears in: triggering tourists, and boosting community cohesion because of community awareness of development of the coastal areas; - Acquiring additional financial support for the CCF programme.

The source: by author based on (IFF Research Department for Levelling Up, Housing and Communities, 2022)

- Who and how was benefited from CCF programme?**

The beneficiaries from CCF programme were coastal small and mid-size areas by estimating the economic conditions and allocate funds based on it, however, there is a requirement for strategic funds allocation based on the prospective outcomes.

- What are the consequences of not interfering in the CCF programme anymore?**

According to the evaluation process was recognised that vast majority of project cannot prosper without CCF funding. The recommendation that evaluation process have delivered were: to benefit from evaluating the CCF programme in earlier stage that can help in strategic funding (LUHCD, 2022).

VI. Discussion:

CCF programme evaluation has provide the study with many rationales:

- Evaluating public policy target different object;
- Evaluation process should be simultaneously performed with the project, the policy;
- The type object (programme, or policy) that are under evaluation which determine the method of evaluation, and
- Circumstance of implementing the programme significantly impact the evaluation method, which impact the evaluation outcomes either.

The study can benefit from the findings by determining the Key Determinant Factors of 'Public Policy Evaluation' method which are:

- **KDF01:** The type: the first determinant of EEP method is the targeted object (evaluating CCF programme require quantitative method of evaluation);
- **KDF02:** The goal: the second determinant of EEP method is the goals of the evaluation, what are the aims behind evaluating the specific programme, as for CCF programme the evaluation aims to address the three aforementioned questions (See 5.3. The findings and the recommendation of evaluating public policy: the Coastal Communities Fund (CCF) programme);
- **KDF03:** Circumstance: the circumstance of implementing the programme is considered a circumstance of evaluating public policy that the evaluator lives those circumstances during performing the evaluation process or being affected by those circumstances in some point of the evaluation, as aforementioned, the programme took the course of 2012 to 2022, and has encountered the pandemic circumstances, as well as the reality of that the data about project are stored in the local authority only;
- **KDF04:** Data Availability: in some circumstances in which the data about the programme can be unavailable because of specific reasons as aforementioned significantly impact the method of evaluation, that the evaluator should conclude the most important reliable results by a few insufficient data.
- **KDF05:** Time: policy or programme evaluation must be performed simultaneously with the policy or the programme implementation, so as to have a sufficient vision about the circumstances that the programme encounter, which solve the problem of data unavailability or insufficien

Fig n° (03): KDF (Key Determinant Factors) of Evaluating Public Policy's method



The source : by author.

VII- Conclusion:

Evaluating public policy is wide process that targets many objects, requires a strategic planning, uses different quantitative and qualitative methods, and encounter various circumstances due to the variety of the targeted objects which influence the practices of the aforementioned Public Sector Auditing object.

The study found that the Key Determinant Factors of Public Policy PP Evaluation method are five: the object of evaluation (KDF 01: Type), the goals of evaluation (KDF 02: Goal), the circumstances of the object auditing (KDF 03: Circumstances), the data availability about the programme (KDF 04: Data Availability), the time of performing policy evaluation (KDF 05: Time). Accordingly, the variation in practicing public sector auditing PSA 'Evaluating Public Policy' is due to the five KDF that previously mentioned.

The study highly recommended to provide a specific care about public sector auditing circumstances as a fundamental factor that impact the performance of the auditor, and the outputs of the audit process. It is better to in-depth-investigate in the practices of the sub details of performing small process of auditing in order to evaluate the auditor practices properly, and develop advanced methods that comply the evolution in business from one hand and the complexity of some auditee.

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