

# Work Plan 1996-1998

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## 1 Introduction

On May 6 and 7 the third meeting of the Working Group on Environmental Auditing was held in the Netherlands to discuss future activities up to the XVI INCOSAI in Uruguay in 1998. Together with the Terms of Reference of the Working Group the Cairo Statement, which contained recommendations for further development by the Working Group, provided the basis for the future. The general objectives of the Terms of Reference are:

- to assist SAIs in acquiring a better understanding of specific issues involved in the area of environmental auditing;
- to facilitate exchange of information and experience in this field;
- to publish guidelines and other informative material for use by SAIs (including suggestions on the possible content of, and methods to be applied in, environmental auditing).

The planned activities for the period 1996-1998, on which the Working Group agreed, are grouped on the basis of the general objectives in the Terms of Reference:

specific issues:

- natural resource accounting;
- coordinated or joint audits and auditing of international environmental accords;
- institutional learning;
- information exchange
- guidelines, methods and techniques
- development of standards and guidelines

The subjects are examined in brief in this Working Plan.

Appendix 1 contains an overview of the activities of the Working Group for the period 1996-1998.

The Working Group agreed on "Fresh Water" as a theme for the period 1996-1998. This means that the Working Group will concentrate on fresh water when looking for examples for their documents and activities.

By May 1996 the Working Group consists of the SAIs of the following countries:

Austria	Libya
Cameroon	Malta
Canada	Netherlands
Colombia	New Zealand
Costa Rica	Norway
Czech Republic	Pakistan
Egypt	Peru
El Salvador	South Africa
Estonia	United Kingdom
Georgia	United States of America

The Court of Auditors of the European Union is - though not a member of INTOSAI - also member of the Working Group.

The Netherlands Court of Audit chairs the Working Group.

## 2 Specific subjects

2.1 Natural resource accounting

At the XV INCOSAI the keynote speaker, Dr. Mostafa Tolba, mentioned natural resource accounting as an aspect of environmental auditing on which SAIs might concentrate. The INCOSAI Community stated that "in view of the interest Members have shown in the possible role an SAI may have in developing norms and means for and auditing of natural resources, INTOSAI recommends that the Working Group focuses on this aspect in further detail and disseminates this information to interested Members" (Cairo Statement, Recommendation 3, p. 6). The Statement prompts the Working Group to take a closer look at the subject of natural resource accounting.

The Working Group agreed to discuss the subject of natural resource accounting during the period 1996-1998. Given the fact that this subject has never before been discussed at INTOSAI level, the discussion shall be held on the basis of a preliminary memorandum (action 2.1-1). The memorandum will focus on a definition of natural resource

accounting, the experiences and views of organisations involved with natural resources and government activities in this area. Depending on the preliminary study, the Working Group could examine what role SAIs are willing and able to play in natural resource accounting, by conducting a survey (action 2.1.-2). In a later stage this will be used as a basis for a proposal regarding the tasks of SAIs.

During the third meeting of the Working Group Mr John A. Dixon gave a presentation on natural resource accounting. Mr Dixon is Division Chief of the Indicators and Environmental Valuation Unit, of the Environment Department of the World Bank Group. As a result of this presentation the Netherlands Court of Audit will distribute among the members of the Working Group with some more information from the World Bank on the subject of natural resource accounting (action 2.1-3) and stimulate contact between the Member-SAIs and the World Bank by distributing the names and addresses of institutes, with which the World Bank has contact in the field of natural resource accounting (action 2.1-4).

The objective of the Working Group regarding natural resource accounting for the XVI INCOSAI is to draw up a discussion document on natural resource accounting, leading to proposals for SAIs regarding their roles and responsibilities in this field. Whenever possible, examples used in this document will be related to the theme "fresh water".

## 2.2 Coordinated or joint audits and auditing of international accords

At the XV INCOSAI the SAIs were encouraged to carry out joint or coordinated audits: "INTOSAI should encourage SAIs to cooperate where possible in the audit of compliance by their respective countries with international accords, recognising the factors noted earlier, and should encourage joint or concurrent audits between SAIs" (Cairo Statement, Recommendation 2, p. 7). Such environmental audits are important for two reasons.

Firstly, most environmental issues have a transboundary character. Environmental problems like global warming, acid rain and ocean pollution are global problems. Regional environmental problems also often transcend national borders. These include the water quality in major rivers, fish stocks and fishing, and transboundary cooperation in enforcement and the investigation of environmental crime. Many countries have signed international agreements to solve these transboundary environmental problems, or work together in other ways to tackle environmental problems. The transboundary nature of both environmental issues and government environmental policy mean that cooperation between SAIs would be desirable.

Secondly, these audits offer a means of facilitating skill development. Coordinated or joint audits can be an avenue for sharing methodology and audit approaches, and for transferring environmental audit skills among member countries.

The Working Group Members agreed to concentrate on simple ways of information exchange in the field of coordinated audits and audits of international accords. The subject of coordinated audits and audits of international accords will consist of the following activities:

- make a format for use by individual SAIs on INTERNET/ WWW to provide information about the participation environmental international accords and to supply information about these accords (action 2.2-1);
- produce a booklet concerning coordinated audits of international accords (action 2.2-2);

The booklet will comprise:

- definitions of coordinated and joint audits;
- pro's and contra's of these types of audit;
- a protocol that SAIs can follow when they want to execute a coordinated or joint audit.

For example: how to find audit-partners, what kind of arrangement SAIs could make, and the steps that SAIs can follow when executing a coordinated or joint audit.

If the production of the booklet does require it, a survey could be held to obtain some information on:

- the experience with auditing of international accords;
- the experience with coordinated and joint audits;
- the interest of SAIs to participate in coordinated or joint audits, and the subjects and accords to be audited.

These activities will be performed by the Office of the Auditor General of Norway together with the Office of the Auditor General of Canada.

During the next meeting the Working Group will consider the developments and the results achieved. Based on those results, we will discuss how to continue on this subject.

The objectives of the Working Group in this subject for the XVI INCOSAI in Uruguay are:

- presentation of the format for information exchange via Internet;
- publication of the guide on coordinated and joint audits. Illustration of the guide with examples related to the audit of fresh water will be pursued.

## 2.3 Institutional learning

One of the objectives of the Working Group is to facilitate the exchange of information and experience. The Cairo Statement once more underlines the importance of this: "The Working Group should continue its work concerning the gathering of information on environmental auditing and provide this information to interested INTOSAI Members" (p. 5) and "The INTOSAI Working Group (...) should consider (...) options for the development of a means to support training and the exchange of information and expertise on environmental auditing between SAIs" (p. 8).

During the third meeting the possibilities of Internet for use by SAIs were discussed. It was concluded that there are no technical problems for the SAIs of the Working Group to use INTERNET/WWW. Nevertheless not every SAI has access to the INTERNET yet and the use of Internet at the SAIs which do have access is no dialy practice. The Working Group agreed to experiment with the commu-nication by INTERNET/WWW and planned the following activities:

- the exchange information by way of INTERNET/WWW (action 3.1-1). The conventional means of communication will be maintained;
- the updating of the relevant questions of the question-naire the Working Group has conducted in 1993-1994 (action 3.1-2);
- the creation a format to provide information at the INTERNET/WWW home-page of each individual SAI (action 3.1-3) about publications and plans concerning environmental audits and the roles and responsibilities of SAIs in the field of environmental auditing ;
- evaluation of the experiences with INTERNET/WWW (action 3.1-4).  
The Netherlands Court of Audit will perform the afore-mentioned activities, while the Office of the Auditor General of Canada will provide assistance on the updating of the survey.

#### 2.4 Guidelines, methods and techniques

In Cairo the INTOSAI Members generally agreed that the INTOSAI Auditing Standards were appropriate for all types of audits, including environmental audits. Several members were particularly interested in which way INTOSAI Auditing Standards could specially be applied in the field of environ-mental auditing. The INTOSAI community recommends further development of this item: "The INTOSAI Working Group on Environmental Auditing should develop, using the INTOSAI Auditing Standards as a basis, guidelines and methodologies for the conduct of environmental audits and the development of technical criteria by SAIs." (Cairo Statement, page 8)

In response to the recommendation of the XV INCOSAI, the Working Group will develop an interpretation of the INTOSAI audit standards, and guidance in relation to technical criteria, for the conduct of environmental audits. The aim will be to have a guidance prepared (action 4.1-1), and agreed by the Working Group, for promulgation at the XVI INCOSAI in 1998.

The booklet will comprise the following issues:

- an interpretation of INTOSAI Auditing Standards for environmental audits;
- guidance on environmental audit issues/questions;
- guidance for the development of technical criteria for environmental audits.

Description of concrete cases, whenever possible related to the general theme of the Working Group activities, that is fresh water, and preferably the audit of an international accord, will be included.

The following SAIs will contribute to the booklet: South Africa and Estonia (subject a), the United States of America and the United Kingdom (subject b) and the European Community and New Zealand (subject c). The SAI of New Zealand will coordinate the activities.

### 3 Objectives and activities 1996 - 1998

#### 3.1 Objectives for XVI INCOSAI, Uruguay

Based on the previous chapters the following objectives are formulated for the XVI INCOSAI in Uruguay:

Natural resources: preliminary survey of natural resource accounting, leading to proposals for a possible role for SAIs in this area.

Coordinated or joint audit: presentation of the format to provide information about the participation on environmental international accords and to supply information about these accords using INTERNET/WWW; publication of the guide on coordinated and joint audits.

Institutional learning: report on the questionnaire; presentation of the format for providing information on INTERNET/WWW about publications concerning environmental auditing, plans concerning environmental auditing, roles and responsibilities of SAIs on environmental auditing and a presentation of the evaluation of the communication by INTERNET/WWW.

Guidelines, methods and techniques: publication of the guidance book.

#### 3.2 Planning of Working Group activities 1996-1998

The next meeting of the Working Group will be held in May or September 1997 depending on the progress of the activities. During this meeting the Working Group will judge the state of affairs and decide how to proceed.

##### Subject 2.1: Natural resource accounting

Action number	Action	Actor
2.1-1	A preliminary study Examples used in this study will be related to the general theme of the Working Group activities, namely fresh water	the Netherlands
2.1-2	Survey	the Netherlands

2.1-3	Distribute information from the World Bank about Natural Resource Accounting among sais.	the Netherlands
2.1-4	Stimulate contact between World Bank and SAIs	the Netherlands
<b>Subject 2.3: Coordinated audits of international accords</b>		
Action number	Action	Actor
2.2-1	Make a format for use by sais on internet/www to provide information about the participation on environmental international accords and to supply information about these accords	the Netherlands
2.2-2	Hold a survey to get some information on: the experience with auditing of international accords, the experience with coordinated and joint audits. the interest of SAIs to participate in coordinated or joint audits, and the subjects and accords to be audited	Optional
2.2-3	Produce a booklet concerning e.g. coordinated audits of international accords. The booklet will comprise: definitions of coordinated and joint audits; pro's and contra's of these types of audit; a protocol that sais can follow when they want to execute a coordinated or joint audit. For example: how to find audit-partners, what kind of appointments sais could make, and the steps that sais can follow when executing a coordinated or joint audit. Examples used in this booklet will be related to the general theme of the Working Group, that is fresh water.	Canada Norway
<b>Subject 3: Information exchange</b>		
Action number	Action	Actor
3.1-1	exchange of information via the internet home-page of each individual SAI. The conventional means of communication will be maintained	all
3.1-2	a selection of the questions in the survey will be updated and if necessary adjusted	Canada the Netherlands
3.1-3	create a format for relevant information about environmental auditing at the Internet home-page: publications plans concerning environmental audits roles and responsibilities of sais on environmental auditing	the Netherlands
3.1-4	evaluation of the experiences with internet/www to present at the XVI INCOSAI in Uruguay	the Netherlands
<b>Subject 4: Guidelines, methods and techniques</b>		
Action number	Action	Actor
4.1-1	Produce a booklet comprising: an interpretation of intosai Auditing Standards for environmental audits; guidance on environmental audit issues/ questions; guidance for the development of technical criteria for environmental audits; description of concrete cases, whenever possible related to the general theme of the Working Group activities, that is fresh water, and preferably the audit of an international accord are included.	Coordination: New Zealand. Contributions: a South Africa/ Estonia b usa/uk c European Court New Zealand

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