

TERMS OF REFERENCE
FOR THE INTERNATIONAL ORGANISATION OF SUPREME AUDIT
INSTITUTIONS WORKING GROUP ON THE AUDIT OF EXTRACTIVE
INDUSTRIES

1.0 Background

In October 2012, the Steering Committee (SC) of the International Organization of Supreme Audit Institutions (INTOSAI) Donor Cooperation mandated the INTOSAI-Donor Secretariat to conduct a survey on Supreme Audit Institutions (SAI) involvement in Extractive Industries (EI) governance. The survey indicated many challenges in auditing extractive industries which include; technical complexity of the EI, lack of knowledge of business processes, the governance set up and associated risks, the need for capacity building and retention of specialised staff and mandate limitations. SAIs came forward to express a need for more knowledge of the EI and a need to exchange experiences in EI audit. The survey report was endorsed by the Congress in October 2013. In line with INTOSAI Strategies to support Goal 3 to establish new and maintain existing Work Groups, the INTOSAI Congress established a new Working Group to study the EI and develop guidance and best practice.

The scope of the Working Group on Audit of Extractive Industry covers oil, gas and solid minerals.

2.0 Goal of the WGEI

The Working group will strive to promote the audit of extractive industries within the INTOSAI community in order to promote good governance and Sustainable development for UN post-2015 agenda.

3.0 Terms of Reference

3.1 Objective

The major objective of the Working Group is to ensure that governments manage Extractive Industries in the best interest of the public by:

- To establish EI Working Group.
- Promote transparency, accountability and value creation in the EI.

- Research and develop guidance, including audit methodology, in the audit of extractive industries.
- To enhance the SAIs' ability to undertake audits in the sector and improve the lives of the citizens.
- To increase awareness on the role of SAIs in the EI.
- To engage stakeholders in audit related issues and developments in EI.

3.2 Outcomes

By being members of the working group, SAIs are expected to achieve the following:

- Functioning EI working group.
- Operational Community of Practice.
- Better understanding of the extractive industries. i.e. Increased technical, political and legal knowledge by the SAI .
- Published research papers on audit of EI. Guidelines on EI audits. Established audit methodologies on EI.
- Foundations for a capacity building programme on extractive industries.
- Forum for peer interchange, review and knowledge sharing – access to knowledge and best practice in the field.
- Improved audit coverage in EI quality, scope, including Social and environmental impact audits, amount /number of audits and number of SAIs.
- Increased awareness.
- Forum for sharing/promoting knowledge, experience and products within and outside the Working Group (WG), including with the Regional Working Groups and Civil Society.

As a tool to achieve these objectives and outcomes, the Working Group will establish and promote a community of practice of SAIs and other stakeholders on extractive industries related issues.

4.0 Organisation

4.1 Chair's Responsibilities

- To Coordinate and supervise the progress of the Working Group's activities in accordance with the adopted activity plan.

- To facilitate the exchange of information, both internally and externally, by means of modern communication technology. This involves developing and hosting the Website in accordance with the INTOSAI Website and the INTOSAI Communications Policy and in close cooperation with the INTOSAI General Secretariat. The Chair is also responsible for receiving WGEI meeting minutes and communications, and displaying documents and relevant information on the WGEI Website.
- To coordinate work with other INTOSAI bodies to avoid overlaps of activities on matters of common interest.
- To participate in INTOSAI Knowledge Sharing Committee meetings. The Chair will prepare an annual report to the INTOSAI Knowledge Sharing Committee on the WGEI activities, current initiatives and planned projects for the coming year. The Chair will also prepare a three year report to INCOSAI on the Working Group activities.

4.2 Membership

The Working Group on Audit of Extractive Industries is based on open and voluntary membership by SAIs with expertise, experience and (or) interest in extractive industries. The Working Group may invite observing membership from related industries, bodies and organisations.

There will be a community of practice which shall be open to all members of INTOSAI. The Working Group may invite participation by other organisations, institutions, individuals and other stakeholders working in the extractive industries or related industries. Annex 1 shows the strategic alliances of the Working Group.

4.3 Meetings.

Meetings will be conducted in accordance with the INTOSAI Handbook for Committees. All matters will be approved by consensus.

When a task can be broken down into subprojects, each subproject will be undertaken voluntarily by two or more members, who might choose to meet at Working Group's meetings or at other times.

The meeting minutes shall be the responsibility of the Working Group Chair in coordination with the host SAI, unless other members offer to prepare them.

The Chair will encourage and promote the use of electronic forums, videoconferences, virtual working spaces and other modern communication technology among its members, as alternative to physical meetings.

Hosting of Working Group meetings will be made in consultation with the Chair.

4.4 Activity Plan

The Chair will draft and present a three year Activity Plan to the members for approval. The approved Work Plan will be reviewed annually, setting out the Working Group's activities for the period. The operational responsibilities for the Working Group's activities rest with the Secretariat, unless responsibility for activities is assumed by one or more members. When an activity or task can be broken down into subprojects, each subproject can be undertaken voluntarily by one or more members.

4.5 Funding

The budget of the Working Group will be met by the participating SAIs. Where activities are to be funded externally, funding arrangements shall be in accordance with the INTOSAI Framework as described in the Handbook for Committees.

4.6 Communication

The Working Group will have a website. The Working Group's Website shall be used for distribution of documents and other relevant information, including information regarding membership, meetings and events.

The Working Group will encourage and promote the use of electronic means of communication among the members. E-mail, web forums, electronic meetings, videoconferences and virtual working spaces and any other widely used means of

communication will be used for maximizing efficient communication among the Working Group members.

4.7 Language

The language for the working group meetings will be English. Translation of Working Group three year reports will be made in all official INTOSAI languages in accordance with the INTOSAI handbook. It is proposed that the cost of this service may be borne by the host of the meeting; otherwise the Chair may call for support in this regard.

4.8 Reporting

In line with INTOSAI Handbook for Committees and the INTOSAI Strategic Plan, the WGEI Chair will report to the INTOSAI Knowledge Sharing Committee on the overall activities, initiatives and planned projects.

4.9 Working Group Steering Committee

There will be a Working Group steering Committee comprised of five members who will be nominated by the chair and approved by the Working Group. The Steering Committee will be headed by the Chair and will be supported by the secretariat in supervising and coordinating activities of the Working Group.

The Steering Committee term will coincide with the term of the Chair of the Working Group. Members of the committee shall exit on voluntary basis after informing the Chair. The hosting of the Steering Committee meetings will be undertaken in consultation with the Chair.

4.10 Working Group Secretariat

The chair will set up a secretariat with adequate staff and experience to run the activities of the Working Group. The role of the secretariat will be to support the chair in implementation of the Working Group activities.

Annex 1: Strategic Alliances Matrix

	STAKEHOLDER	RELATIONSHIP
1	INCOSAI	Report
2	INTOSAI Governing Board	Report
3	INTOSAI General Secretariat	Consult and Inform
4	INTOSAI Regional Working Groups	Consult, Inform and Involve
5	Finance and Administration Committee	Consult and Inform
6	Knowledge Sharing Committee	Report, Consult and Inform
7	Professional Standards Committee	Consult, Inform and Involve
8	INTOSAI Development Initiative	Consult, Inform and Involve
9	Capacity Building Committee	Consult, Inform and Involve
10	UN-INTOSAI Platform	Consult, Inform and Involve
11	International Journal of Government Auditing	Inform
12	INTOSAI Donor Corporation Steering Committee	Consult, Inform and Involve
13	Development Partners	Consult, Inform and Involve
14	Community of Experts	Consult and Involve