



## **INTOSAI Working Group on Audit of Extractive Industries: Three-year Activity Plan: 2017-2019**

### **Background and scope**

The INTOSAI Working Group on Audit Extractive Industries (WGEI) was established in 2013 under the Knowledge Sharing and Knowledge Services Committee (Goal 3). The WGEI currently comprises 46 members from all five INTOSAI regions and three observers. The Office of the Auditor General of Uganda is the present Chair of the WGEI and reports to the WGEI Steering Committee. The scope of the working group includes oil, gas and solid minerals.

The working group was established by the XXI INCOSAI in Beijing 2013 to harness knowledge for SAIs in the audit of Extractive Industries (EI) in order to address governance concerns in countries endowed with extractive resources and fill the knowledge gap of SAIs in the audit of extractive Industries. This is in order to promote good governance and sustainable development.

The specific objectives of the WGEI were:

- 1. Establishing an EI Working Group.**
- 2. Promoting transparency, accountability and value creation in the EI.**
- 3. Research and develop guidance, including audit methodology, in the audit of extractive industries.**
- 4. Enhancing the SAIs' ability to undertake and publish audits in the sector.**
- 5. Increasing awareness on the role of SAIs in the EI.**
- 6. Engaging stakeholders in audit related issues and developments in EI.**

The WGEI is organized around a "Community of Practice" (CoP) where WGEI members share and develop resources, interact and network both within and beyond the SAI community. The Community of Practice is thus an operational tool to achieve specific WGEI objectives, and a platform for interaction both within and beyond INTOSAI. The CoP Coordinator is part of the WGEI secretariat and reports to the WGEI Steering Committee through the Chair, the Auditor General of Uganda.

WGEI in its first three years of existence made substantial progress and achieved significantly in the above six objectives. It is now stable and has won members confidence which made them to unanimously resolve in its 3<sup>rd</sup> Annual Meeting in Mombasa Kenya, to continue operations to steer members to the next level.

### **Proposed Activity for the next three years:**

In an effort to continue to achieve the key objectives of WGEI which is basically; *"to continue filling the Knowledge gap in the Extractive Industries among SAIs"*, the following will be the key activities:

- i. Develop audit guidelines, manuals and undertake research in extractive industries**
- ii. Facilitation of trainings and workshops based on SAI needs**
- iii. Promotion of knowledge and experience sharing in extractive Industries**
- iv. Promotion of information sharing in Extractive Industries**
- v. Mapping and networking with key external stakeholders in extractive industries**

### **Key themes**

Several of the activities in this plan, such as elaboration of guidelines, manuals, trainings etc. require identification of specific audit themes. To allow for efficient use of resources and to harness possible synergies between the activities, this activity plan shall focus on a few selected audit themes. The themes could include areas that are potential EI audit topics, where there is need for increased knowledge base. The following audit themes have been identified as priority areas during a limited number of meetings and workshops as well as through informal communication with WGEI members:

- Production Sharing Agreements (PSAs);
- Audit of Local content;
- Transfer pricing;
- Revenue management and allocation;
- Risk Assessment along the value chain;
- Extractive Industry Audit Strategy

These themes will serve as starting points for assessment of needs related to workshops, trainings and webinars. The final themes will be determined with the WGEI members during the period of this strategy.

### **Follow-up**

This activity plan is a working document to coordinate the priority deliverables of the WGEI.

The WGEI secretariat shall, based on this activity plan, propose a detailed budget to ensure financing of planned activities.

There will be quarterly reporting on the deliverables of this activity plan by the WGEI to the WGEI Steering committee through the WGEI Chair. Each country SAI has an individual responsibility to report on results where it is the focal point or lead SAI.

### **Proposed Activity Plan for 2017-19**

The activity plan in the table below is based on the categories described above and should be undertaken during the period 2017 to 2019. All WGEI members have a common responsibility to ensure the completion of the activities in this plan and to propose changes if needed. The CoP team and the WGEI secretariat are responsible for the coordination of general activities and to register and report on consolidated progress.

### **INTOSAI Working Group on Audit of Extractive Industries (WGEI): Proposed Three-Year Activity Plan: 2017-2019**

ACTIVITY	Output	Responsible SAI(Focal Point)	2017				2018				2019			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1.0 WGEI Administration</b>														
i. Preparation and organising WGEI annual meetings.	Meeting conducted	Uganda												
ii. Organising regular steering committee meetings.	Meetings Held	Uganda, GAO												
iii. Mobilizing resources for running secretariat activities	Resources Secured	Secretariat												
iv. Management of WGEI website	Functioning WGEI web page	Uganda												
v. Establish Activity Leaders among the SAI members.	Functioning Regional Coordinators	Steering Committee												
vi. Establishing and maintain close working relationship with other INTOSAI working groups e.g. WGEA, CBC etc.	Close working relationship(participating in each other's activities)	Secretariat and CoP												
vii. Reporting	Reports submitted/Presented	Uganda												

<b>2.0 Promoting information sharing in Extractive Industries</b>															
i. Providing SAIs' relevant audit reports to secretariat	Requested Audit reports provided	Uganda													
ii. Translating audit reports	20 Translated reports per year	Iraq and US													
iii. Issue (six) newsletters every year and loaded as blogs	6 newsletters issued per year	CoP													
iv. Compilation and uploading of relevant tools and resources	Relevant tools and resources uploaded	CoP													
<b>3.0 Organise and Facilitate trainings and workshops based on SAI needs</b>	<b>Out Put</b>														
i. Organize trainings, workshops and other short-term courses and facilitated by experts from various SAIs and other non-SAI experts	Dialogue with regional Members regarding Training needs and themes	Regional coordinators													
ii. Designing and Piloting e-learning course on a selected topics	E-learning module developed.	CoP, Norway													
<b>4.0 Develop audit guidelines, manuals and undertake research in extractive industries</b>	<b>Output</b>														
i. Guidelines on audit of EI	Approved EI audit Guideline	GAO													
ii. Guidelines on EI performance audits	Approved EI Performance audit Guideline.	CAAF													
iii. PSA audit Guideline	PSA/Cost Recovery guideline developed and approved.	Uganda and Norway													
iv. Undertake research on EI specific subject matter	EI Research Undertaken (identify information	Uganda/South Africa													

	gaps and lead SAI for data collection)																		
v. General guideline in auditing in EI	Approved Guideline	SAI Iraq																	
vi. Development of future specific guidelines	Approved Guideline	SAI that signed up																	
<b>5.0 Knowledge and experience Sharing</b>																			
i. Benchmarking visits between Members	Members Benchmark fellow members with the required competencies	All Members																	
ii. Undertaking collaborative/joint audits	2 collaborative audits conducted per year	Regional Groupings																	
iii. Holding Webinars on key matters	6 webinars per year	Secretariat																	
<b>6.0 Mapping and networking with Key external stakeholders</b>																			
i. Key Stakeholder networking and outreach.	Involve them in WGEI activities. WGEI participate in external events	Secretariat and CoP																	
ii. Elaborating a briefing note on the Role of SAIs in Ensuring good governance of EI	Brochure produced and circulated	Norway																	
iii. Participate in INTOSAI activities and events.	Attend the INCOSAI, Governing board and KSC-goal3 activities	Secretariat and CoP																	