



Three-year activity plan 2017-2019 for INTOSAI Working Group on Audit of Extractive Industries

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 45 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 3rd Annual Meeting in Mombasa Kenya, to continue operations to steer members to the next level.

Proposed Activity for the next three years:

In 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. WGEI Administration**
- ii. Promoting information sharing in Extractive Industries**
- iii. Organise and Facilitate trainings and workshops based on SAI needs**
- iv. Identify EI related audit materials and undertake research in extractive industries**
- v. Knowledge and experience Sharing**
- vi. Mapping and networking with Key external stakeholders**

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 will be the focal point or lead SAI.

