



How SAIs may co-operate
on the audit of international
environmental accords

INTOSAI Working Group
on Environmental Auditing

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Preface

During the XVth INCOSAI in Cairo in 1995, the protection and improvement of the environment were acknowledged as relevant issues when Supreme Audit Institutions (SAIs) are discharging their audit roles and responsibilities as auditors. In Cairo, it was also stated that INTOSAI should encourage SAIs to co-operate where possible auditing compliance by their respective countries with international agreements, and should encourage joint or concurrent audits between SAIs.

International agreements are growing in importance. Environmental problems are often transboundary in nature and to solve them, governments all over the world have concluded international environmental agreements.

SAIs can play an important role in the success of these agreements, by auditing compliance by their governments. Particularly the INTOSAI regions can play a significant role in the promotion of co-operation on the auditing of international environmental agreements. Co-operation in this field offers the opportunity to exchange information, experience, the situation in other countries and jointly develop skills and technique together in a real audit situation.

In recent years, some SAIs have already gained experience of this type of audit. The results of the survey, held by the Working Group in 1997 showed that many more SAIs are interested in co-operating with other SAIs in the future. Since one of the main objectives of the INTOSAI Working Group on Environmental Auditing is to facilitate the exchange of information, it seemed a good idea to take stock of our experiences and make them available to other SAIs.

That's why I'm very honoured to present this guide on co-operation between SAIs on the auditing of international accords. I would like to thank Mr. Johan Henry Norvalls and Mr. John Magne Birkeland from the



Riksrevisionen, Norway and Mr. Wayne Cluskey from the *Office of the Auditor General*, Canada for the dedicated and professional way they prepared this booklet. I also would like to thank all the Working Group Members and other Supreme Audit Institutions who contributed to this guide by sharing their experiences and commenting on the draft version.

I hope this booklet will be an inspiring and helpful tool for co-operation between SAIs as well as for the auditing of international environmental agreements.

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I Background

Over the last twenty years, there has been an increasing number of international accords (conventions/treaties/agreements), both global and regional, dealing with environmental issues. The Montreal Protocol on ozone depletion, the Basel Convention on hazardous waste and the Oslo and Paris Conventions on marine pollution are examples. In addition, international accords that do not have an environmental focus may contain references to environmental and sustainable development issues.

As a result of the United Nations conference on the environment and development held in Rio de Janeiro in 1992, the fourteenth International Congress of Supreme Audit Institutions (XIV INCOSAI) in Washington DC the same year recognized the growing significance of these issues and the need for a further study that could provide guidance and assistance to member countries. As a consequence, it was decided to appoint a SAI Working Group to study the roles and needs of SAIs in environmental auditing.

Subsequently, in 1995 at the XV INCOSAI, it was decided that INTOSAI should encourage the SAIs to co-operate where possible in auditing their respective countries' compliance with international environmental accords. At the same time, it was also decided that INTOSAI should encourage the SAIs to carry out joint or concurrent audits. (See page 7 of the Cairo Statement, recommendation 3).

Such environmental audits are important for two reasons.

First, most environmental issues have a transboundary character. Environmental problems like global warming, acid rain and ocean pollution are global problems. Regional environmental issues also often transcend national borders, for example, water quality in major rivers, fish stocks and fishing, and investigation of environmental crimes.



Many countries have signed international agreements to solve transboundary environmental problems or to work together in other ways on environmental issues. The transboundary nature of both environmental issues and government environmental policy implies that co-operation among SAIs is desirable.

One of the results from the second questionnaire on environmental auditing conducted among the SAIs in 1997 indicates that 51 of the 88 responding SAIs have expressed interest in some form of audit of international environmental accords.

Second, environmental audits may help to develop competence. Concurrent, co-ordinated or joint audits can be seen as a way of sharing methodology and audit approaches, and transferring environmental auditing skills among member countries.

During its May 1996 meeting in The Hague in The Netherlands, the INTOSAI Working Group on environmental auditing agreed that the offices of the Auditor General of Norway and of Canada should collaborate on the preparation of a booklet on how to co-operate in auditing international environmental accords.

The booklet was discussed by the Working Group at its September 1997 meeting in Tallinn, Estonia, where it was agreed that the booklet should be presented to the Governing Board of INTOSAI for approval to become an official INTOSAI document.

At its 43rd meeting in Montevideo, Uruguay, in November 1997, the Governing Board agreed to make the booklet an official INTOSAI document, and subsequently that it should be brought forward to the XVI INCOSAI in Uruguay in the fall of 1998.

According to the official INTOSAI procedure, the booklet thereafter was sent to all the INTOSAI members for comments, whereof 32 of the SAIs responded. In addition, 8 SAIs have on a previous occasion already given



their comments, which means that a total of 40 SAIs gave comments on the booklet all together. The comments of certain SAIs are reflected in the final version of this document.

It needs to be stressed that the booklet is meant as a guide to help SAIs create their own agreement with other SAIs, which suits their specific needs and circumstances.

Even if the booklet focuses primarily on the audits of international accords that are related to the environment, it will apply equally to non-environmental accords as well as to special studies that SAIs may wish to carry out together. Thus, the booklet may be used as a guide to other kinds of audits where two or more SAIs want to co-operate. Many of the examples used in this guide are, in fact, not environmental in character. This is due to the lack of experience among SAIs in performing environmental audits as a co-operative venture.

Each SAI can, in principle, audit whichever international accord it finds appropriate. However, the SAIs should concentrate their efforts on auditing international agreements that their respective countries have *ratified*, in other words, international accords with which the countries are obliged to comply.



2 Objectives of the booklet

The primary objectives of this booklet are to:

- define the approaches by which these audits might be carried out i.e. concurrent, joint or co-ordinated;
- outline the advantages and disadvantages of each type of audit;
- outline the general nature and methodology of each type of audit;
- describe a protocol or agreement for SAIs to use when carrying out and reporting such audits;
- outline incentives for SAIs to carry out audits of international accords and to work closely in some manner with other SAIs; and
- provide some actual examples of such audits and the associated advantages and/or disadvantages.



3 Types of audit

Environmental audits of international accords can be carried out either as compliance audits or as performance audits, which also include compliance. Either approach can be justified, depending on the scope and mandate of each SAI. Many SAIs will prefer to use the performance audit approach, as this methodology is widely used and well known. SAIs may also wish to consider the extent to which they will include certain financial aspects, such as the identification of potential and/or actual environmental liabilities.

Since this booklet is meant to be a guide for SAIs when auditing international environmental accords in co-operation with other SAIs, it does not recommend one specific audit type; both compliance audit and the broader performance audit may be used. The nature of these audits is described more thoroughly in Chapter 4.

The basic principles of good auditing and the main generally accepted standards (general standards, field standards and reporting standards) are valid for both audit types as well. Thus, the booklet is concerned only with how SAIs might co-operate, and the advantages and disadvantages of each kind of co-operation.

3.1 Concurrent audits

3.1.1 Definition

Concurrent audit is defined as an audit conducted more or less simultaneously by two or more SAIs, but with a separate audit team from each SAI reporting only to its own legislature or its own government and on only the observations and/or conclusions pertaining to its own country.



3.1.2 Advantages

- Legal problems, if any, are minimal, as each country deals only with its own jurisdiction.
- Problems with the exchange of information are few, if any.
- Political sensitivity is lower than with a joint audit.
- “Tabling” problems in the legislative assembly (parliament) or the government due to timing are eliminated, since the report deals only with the SAI’s own country.
- Each SAI has more freedom to determine the resources it will make available for its particular audit.
- Potential strain on relationships among SAIs is diminished, i.e. disputes over scope, content, observations, resources, deadlines, publication, etc. should be minimised, if not eliminated.
- Impact and newsworthiness in each country are increased, if tabling is within a reasonable number of months (perhaps 6). SAIs can also note in their reports that other SAIs are doing similar work. If any of the other SAIs have tabled, reference could be made to their findings, although this could be a sensitive issue.
- Logistics are easier, with much less need than a joint audit for direct co-ordination.
- The right experts can perhaps be more readily involved at the right time.

3.1.3 Disadvantages

- The definition of concurrent audit implies that each SAI will report only to its own legislature or government on only those observations and/or conclusions pertaining to that particular country or government.
- There may be less overall impact and attention by legislators, governments, media, environmental groups, etc., since individual SAIs’ reports are likely to be tabled on different dates (especially true if tabling dates are widely varied). Impact could also depend on the audit scope.
- Concurrent audits are less co-ordinated than joint audits, therefore their scopes could vary considerably.



- Individual reports are likely to focus less on shared problems among countries.
- Exchange of information is probably not as good as it would be with a joint audit.
- It is more difficult to conduct interviews with organisations. Interviewees are likely to be more disturbed if different SAIs ask them the same questions, etc., at several interviews.

3.1.4 Miscellaneous

If, as a result of an audit, a SAI has discovered non-compliance with any international accords by countries besides those participating in the particular audit, each participating SAI would have to determine whether and how to bring this non-compliance to the attention of its own legislature or government as well as to the SAIs from those countries that are affected by but not participating in the actual audit. Furthermore, in cases where a SAI identifies non-compliance by its own country with any international accords, it will also have to decide how publicly to report that non-compliance.

A concurrent audit approach will normally be preferable where there exists many differences between the participating SAIs, for instance legal difficulties with regard to different dates of presentation to the respective legislators or governments, or where the co-operative venture concerns sensitive environmental and political questions (see also Chapter 6).

3.1.5 Examples of concurrent audits

In 1995, the SAIs of Denmark and Norway decided to collaborate on the audit of both countries' acquisition of Leopard tanks. The audit was organised as a concurrent audit operation with two separate working groups and two separate steering groups.

This co-operation was important for three reasons. First, it would be possible to co-operate on deciding how to audit each country's defence contracts for the upgrade and/or procurement of Leopard tanks to be used

by both the Danish and the Norwegian forces. Second, it was an opportunity to develop common audits arrangements that later could be used in co-operative audits of defence acquisitions and contract auditing in general. And third, it was seen as a useful way to provide data and lessons learned for use in conducting these and other types of audits in the future.

The lessons learned so far are that a concurrent audit is time-consuming. It is difficult to plan ahead, especially given the need to decide on the audit work priorities and to integrate them with other priorities of both SAIs. At the same time, the concurrent audit approach to this particular audit has so far led to more findings than would probably have been the case if each party had conducted its own audit independently.

3.2 Joint audits

3.2.1 Definition

Joint audit is an audit conducted by one audit team composed of auditors from two or more SAIs, who prepare a single, joint audit report for publishing in all participating countries.

3.2.2 Advantages

- Scope can be a more co-ordinated and directed than in concurrent audits.
- Exchange of information, methodology, etc. is improved.
- Joint interviews are usually easier to set up than separate ones. The logistics of scheduling one meeting rather than two or more are easier both for interviewers and for interviewees.
- Joint interviews will be more acceptable to interviewees since they don't have to answer the same questions in successive interviews with different SAIs.
- The credibility and perhaps the impact of the report will probably be increased with SAIs speaking as one body rather than separately. (See



- The credibility and perhaps the impact of the report will probably be increased with SAIs speaking as one body rather than separately. (See also disadvantages.)
- Other points of view can be brought to the audit, which may result in more findings.
- Reporting can be more focused. (See also disadvantages.)
- A joint report can have more impact on and attention by legislators, governments, media, environmental groups, industry, etc., because it focus on all the parties being audited and the problems they share, such as risks to human and environmental health and safety. This might also depend on the audit scope.

3.2.3 Disadvantages

- Political sensitivities in participating countries may differ and will have to be considered.
- The possible need to balance the audit independence of each individual SAI participating in a joint audit against the handling of material or findings that may give rise to difficulties for one of the participants in its own jurisdiction.
- Difficulties in ensuring that the scope of the joint reports remains within each SAIs power.
- Legal difficulties may exist where there are different dates of presentation to the respective legislators or governments.
- Compromises to achieve consensus in the working groups (audit teams), may weaken or have a negative effect on logistics, scope, methodology, resources, timing, findings, reporting and reviewing of each other's files, etc. It is therefore necessary to establish a mechanism for resolving disputes over such matters.
- The risk of strain on relations among participating SAIs is greater.
- Differences of opinion among SAIs such as contradictory conclusions in the final report, whether major or minor, may diminish the credibility of the report and the SAIs.
- Reporting of a joint audit could be more general, as the auditors participating in the working groups (audit teams) may try to issue a



unanimous report and therefore avoid certain specific observations, or soften the findings and/or conclusions that might not have unanimous agreement.

- If observations and/or conclusions are too general in nature, the credibility of the report and the SAIs may be reduced.

3.2.4 Miscellaneous

Disadvantages can be minimised by conducting joint audits within geographical regions, for instance co-operation among the SAIs in the Nordic countries, between the SAIs in the USA and Canada, among the SAIs in Western European countries or among SAIs in countries in South America, etc. INTOSAI's geographical regions AFROSAI, ARABOSAI, ASOSAI, CAROSAI, EUROSAI, OLACEPS, SPASAI may also be a way of grouping. (This will of course also be relevant if SAIs is conducting concurrent audits).

Conducting joint audits within geographical regions can reduce the costs and may also simplify logistics and make it easier to choose the most relevant international accords for environmental audit (common problems or issues). For further details see Chapter 4.

3.2.5 Examples of joint audits

During 1996 and 1997, the SAIs of Denmark, Norway and Sweden performed a joint audit of a few specific projects under UNICEF's direction that had received and/or are receiving development aid from those countries. It was not an audit of UNICEF itself, but of the economy, efficiency and effectiveness of each country's management of the bilateral aid given.

The project was organised as a joint audit with one common audit plan and one common audit report. The latter was based on each country's separate report and the consensus reached among them. The lessons learned were that the success of a joint audit depends on good preparatory work by each of the participating SAIs.



3.3 Co-ordinated audits

3.3.1 Definition

A third option would be a co-ordinated audit, which is either a joint audit with separate reports (as outlined for concurrent audits) or a concurrent audit with a single, joint report in addition to separate national reports.

3.3.2 Advantages and disadvantages

The use of this type of audit may eliminate or minimise some of the disadvantages mentioned under both concurrent and joint audits. This line of action can particularly be useful where jurisdictional problems arising from different SAI mandates might have an impact on how and when specific observations/conclusions ought to be reported. See also Chapter 6 for further comments.

Furthermore, since a co-ordinated audit is a combination of a concurrent audit and a joint audit (or vice versa), it also ought to be more flexible with regard to co-operation itself. The use of this type of audit can therefore be favourable/preferable when and if SAIs want to gain more experience on international co-operation in general.

3.3.3 Examples of co-ordinated audits

A) The SAIs of Belgium, Denmark, The Netherlands, Norway and the United States of America have for several years been responsible for the audits (evaluations) of price proposals and contracts/subcontracts related to the F-16 multinational fighter program. The audits performed in the countries of the prime contractors and the subcontractors have been based on a technical agreement (audit agreement).

The audit of this program has been organised as a joint audit operation, but in the most recent years the audits have been performed as co-ordinated audits. All the SAIs has participated in planning the audits and in evaluating the findings. U.S. internal audit institutions and the U.S.

General Accounting Office (GAO) have carried out the field audits on behalf of the other SAIs.

B) During 1995 and 1996, the SAIs of Poland and Belarus conducted an audit of both countries' environmental protection of the Bialowieza National Park. The objective of the audit was to assess the environmental impact of economic activities to the Bialowieza Forest with regard to:

- each country's compliance to existent statues and regulations concerning the protection of the forest;
- forest management in general, including resource management;
- investments in the area; and
- land and railway transport, particularly transport of poisonous and dangerous chemical substances (hazardous wastes).

The audit was organised as a concurrent audit (parallel audit) with a single joint report, based on the consensus reached among the two SAIs. Both SAIs have participated in planning the audits and evaluating the findings.

In order to monitor the protection and management of the forest as a whole, the results of the audit (the lessons learned) showed the need for establishing close co-operation between both countries' forest administration.

C) During 1997, the SAI of Poland conducted similar audits together with the SAIs of Belarus, the Czech Republic and Lithuania with regard to each country's compliance to international obligations and commitments concerning the quality of boundary waters.

Experts from the participating SAIs met in Warsaw in November 1996 to discuss scope, nature and type of audit and its feasibility. The experts proposed that the SAIs should adapt an outline of the themes based on the different needs and specifications of each individual country.



So far the evaluation of the audit between the SAIs of Poland and the Czech Republic have been completed. The findings from this audit showed, amongst others, that the existing bilateral agreements between the two countries do not take into account changes, which have occurred with regard to the *current social, political and economic situation*. The SAIs have therefore recommended that the two countries sign on a new agreement concerning the quality of boundary waters.

Furthermore, the results of the audit show that the existing bilateral agreements (or a possible new agreement) need to be brought in conformity with currently binding standards, complying with respective EU-directives. In this respect, it is also considered necessary to develop and implement adequate action plans along with timetables and financial arrangements.

3.4 Other significant factors/items

It is important that the SAIs are able to exchange information and transfer knowledge to each other on environmental issues. This can be done without participating directly in a *joint, co-ordinated or concurrent audit*. But the actual experience of carrying out audits on environmental issues together with colleagues from other countries will likely result in a more effective exchange of knowledge.

Joint audits may be difficult to conduct, for the above mentioned reasons. But concurrent audits will also be difficult to conduct if the SAIs involved are not willing to truly work together. As always in any co-operative venture, the personalities of those involved will be a decisive factor in obtaining acceptable results in concurrent, co-ordinated or joint audits.

The SAIs must also give due attention to political factors when dealing with environmental audits, especially industrial and/or financial factors that may oppose environmental issues. The SAIs must be conscious of



cultural differences such as history, religion, political systems and languages. Such differences may have an impact on the way audits (joint, co-ordinated or concurrent) are carried out and reported and on how time-consuming they are.

In any case, there are a number of advantages and disadvantages to each type of audit, as mentioned in the previous sections. Whatever type of audit is chosen, the parties involved **must** have a sincere desire to cooperate with one another for a common purpose.



4 How to perform these types of audit

4.1 Planning and carrying out the audits

In many cases, the need for an audit of an international environmental accord may occur within certain geographic perimeters, as the countries most affected by a particular transboundary environmental situation or problems are those in close proximity.

As already pointed out, co-operation among SAIs, for instance within one of INTOSAI's geographical regions, not only can reduce the cost of conducting environmental audits but it also may make it easier for the SAIs to choose which accords are the most appropriate to audit co-operatively. In this respect, SAIs may use a *step by step* model when planning or conducting audits of international environmental accords.

4.1.1 Step one - Planning the audits

To be able to join forces in such a co-operative venture, each SAI needs to carry out a number of preliminary inquiries or reviews. These can include determining:

- which accords to audit;
- how and where to obtain information about the accords;
- whether compliance can be measured or assessed;
- whether there is an audit risk to the SAI (extent and nature);
- whether such an audit might involve other SAIs; and
- degree of SAI interest based on informal discussion with relevant SAIs.

Besides determining which accords to audit and if such an audit should involve other SAIs, each SAI must also decide on the scope, nature and type of audit and its feasibility.



As mentioned earlier, each SAI can audit whichever international accord it finds appropriate. However, the SAIs should concentrate on auditing those international accords with which each country is obliged to comply (those it has ratified).

The accords chosen, should also be accords that offer the potential for an audit — whether concurrent, co-ordinated or joint — to achieve some results, both making a difference from an environmental point of view and providing for an exchange of information and experience. For gathering of information about the accords, see Chapter 4.2 and 4.3.

The audit should, as a minimum, be a compliance audit but can be extended to include performance audit as well. Compliance auditing should determine if a country is in compliance or non-compliance with the obligations and /or commitments that follows from the audited accord(s) based on the following elements:

- the existence of relevant statutes and regulations that may be related to the accord; and
- an evaluation of the country's compliance with applicable statutes and regulations and with the accord itself.

Performance auditing is defined as described in INTOSAI's own auditing standards and is concerned with the audit of economy, efficiency and effectiveness and embraces:

- audit of the economy of administrative activities in accordance with sound administrative principles and practices, and management policies;
- audit of the efficiency of utilisation of human, financial and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures followed by audited entities for remedying identified deficiencies; and
- audit of the effectiveness of performance in relation to the achievement of the objectives of the audited entity, and audit of the actual impact of activities compared with the intended impact.



With respect to environmental issues these are, on the other hand, defined and described in accordance with recommendation 1 of subtheme I A of the Cairo-statement (the framework approach) and encompasses:

- financial, compliance and performance aspects in the definition of environmental auditing; and
- the concept of sustainable development as part of the definition only as far as it is part of the government policy and/or program to be audited.

The main issue will be to perform in-depth analysis of non-compliance with the most significant international environmental accords, for instance those related to fresh water, marine pollution or climate change.

The SAIs themselves have to decide if they want to collaborate with other SAIs based on the preliminary inquiries or reviews only, or if they would like to evaluate their country's compliance with an accord before they enter into a co-operation with other SAIs.

4.1.2 Step two - Conducting the audits

To optimise and facilitate the audit effort, either a SAI decides to enter into a co-operative venture before it has done a comparative study of its own country compliance with international environmental accords or if non-compliance already has been unveiled, the need for some kind of formal agreement between SAIs participating in a concurrent, co-ordinated or joint audit is evident.

This agreement or protocol ought to cover such matters as the nature of the audit, reporting standards, timing, allocation of staff and other resources including financial arrangements. Furthermore, it should contain guidelines for resolving differences concerning scope, observations, recommendations, conclusions, etc.

Naturally, the decision to use such an agreement as well as its wording is up to the participating SAIs. The use of such an agreement is important to ensure that all parties fully understand their responsibilities. An agreement



of this kind will also provide a mechanism that may create a good working relationship between the participating SAIs and thus achieve better audit results.

The following points should be considered for inclusion in any agreement between SAIs conducting concurrent, co-ordinated or joint audits:

1. Names of participating SAIs.
2. Type of audit - concurrent, co-ordinated or joint.
3. Definition of type of audit to be conducted on the accord, if different from the definitions used in this booklet.
4. Name of accord and/or particular section(s) to be audited.
5. Information on the composition of the audit team(s) as follows:
 - number of representatives from each participating SAI;
 - levels of representatives from each SAI;
 - qualifications of each representative including background and experience; and
 - security clearance (if appropriate).
6. Name of project leader(s).
7. The allocation by SAIs of resources such as hours, money, word processing services, consultants, specialists, etc.
8. How such resources will be approved by the participating SAIs.
9. The nature of the audit (compliance and/or performance).
10. Audit objectives, scope, criteria and methodology.
11. Method of approval of audit objectives, scope, etc.
12. The line of action to be used for the collection of audit evidence.
13. Method and nature of clearance with audited agencies (entities).
14. Method and nature of the quality assurance review.
15. Audit commencement and completion dates and any significant interim milestones.
16. Language(s) and layout of the report draft(s) and final document(s).
17. Which SAI will be responsible for writing the report(s) or sections thereof.
18. Who will be responsible for translation of the various sections of the report(s) into the languages of other participating SAIs.



19. *Establishment of an audit steering committee and its composition.*

Its terms of reference may include the following items:

- audit objectives
 - scope
 - criteria
 - methodology
 - nature of the auditing standards to be applied
 - nature of the audit program to be used
 - staffing
 - allocation of other resources
 - contents of report(s) including recommendations, if any
 - clearance of findings
 - deadlines
 - overall cost of audit
 - resolving disagreements on any of the above
 - any other special matters regarding that specific audit mission
20. Cultural sensitivities.
21. Access to and release of data during the course of the audit - to whom, where, restrictions, security constraints, etc.
22. Publishing date of report(s) and terms of release to legislatures or governments - when, where and how.
23. Press releases, etc.
24. Nature of security clearances, if appropriate.
25. Future follow-up, if any, and when, where and how.
26. Physical locations, provision of office space, services, etc.
27. Any other relevant points that will facilitate the conduct of the audit and the reporting of results.

As mentioned earlier, the use of this kind of agreement as well as its wording is for the SAIs themselves to decide. Nevertheless, if the SAIs involved do not have adequate experience with international co-operation, they ought to desist from including too many items/aspects into an agreement. In other words, an agreement ought to be designed in conjunction with the different SAIs' experience with international co-



operation, both generally and environmentally. See also comments in Chapter 3.3.2 concerning co-ordinated audits.

It should be underlined that in reporting on possible irregularities or instances of non-compliance with international environmental accords, SAIs must treat the findings with an appropriate degree of sensitivity, both internally and externally.

Because of differences in the audit approach and legal structure among SAIs, all auditing standards may not apply to all aspects of the work by all the participating SAIs. The SAIs should therefore be aware of the different roles and responsibilities that exist among them when staffing an audit team to perform a concurrent, co-ordinated or joint audit. For further details, see also Chapter 6.

4.1.3 Step three - Evaluating the audits

After the completion of an audit, a systematic evaluation ought to be carried out on the performance of the audit itself. Amongst other, such an evaluation should include experiences with the use of each type of audit, especially the advantages and disadvantages. It should also be made in order to summarise important information regarding the planning and execution of the audit work done.

This may also be seen as a useful way to provide data and lessons learned on how SAIs may co-operate on the audit of international environmental accords in the years to come, including how to assess and choose what types of audit to conduct. Furthermore, evaluations of this kind will be important with regard to future follow-ups.



4.2 Broker's function

The idea of a broker's function originates from recommendation 3 of subtheme I B of the Cairo Statement, which states that INTOSAI should encourage SAIs to co-operate where possible on the audit of international environmental accords. (See also Chapter 1 of this document).

The function of a broker could be seen as to further the performance of concurrent, co-ordinated or joint audits of international accords. This can be fulfilled by supplying information that makes it easier for SAIs to select an auditable accord as well as finding audit partners.

- Relevant tasks of a broker may be to supply information on:
- international environmental accords;
- the authority of SAIs to audit these accords;
- the SAIs' interest in participating in a co-operative audit;
- the accord preferred for audit; and
- the intensity of co-operation desired.

The homepage of the Working Group on Environmental Auditing (<http://www.rekenkamer.nl/ea>), can play a crucial role in a broker's function. Indeed, it does so already in some respects. A first step in this direction was the supply of information on international environmental accords via the homepage of the Working Group. This information can also be found on website <http://sedac.ciesin.org/pidb/>.

The homepage can be expanded to include other issues and, if necessary, the structure can be adjusted to new subjects or functions. Homepages of individual SAIs can also play an important role by providing information on specific audits of international environmental accords. A list of reports on the audit of international environmental accords can be produced from the data received as a result of recent questionnaires sent to the SAIs. References may be added to the homepage and the above - mentioned list.



Attention is also drawn to the *Green Globe Yearbook*, an independent publication of international co-operation on the environment and development from the Fridtjof Nansen Institute of Norway. That book may be helpful when SAIs are choosing which accords to audit. The book contains a new section on country profiles from 1996 and onward (see also website <http://www.rjener.uninett.no/~fni/ggy.htm>).

4.3 Exchange of information

One of the objectives of the Working Group on Environmental Auditing is to facilitate the exchange of information and experience among SAIs. The importance of this was emphasised several times during the XV INCOSAI in Cairo in 1995, where it was recommended that the Working Group continue to gather information on environmental auditing and provide this information to interested INTOSAI members (c.f. the Cairo Statement, page 5).

Furthermore, it was also recommended that the Working Group consider different options for developing means to support training and the exchange of information and experience on environmental auditing among SAIs. (Refer to the Cairo Statement, page 8.)

There are many ways of exchanging such kinds of information, ranging from direct contact among SAIs — either by conventional means of communication or by way of Internet/www — to the use of information bulletins like the *Green Lines* produced by the SAI of The Netherlands on behalf of the INTOSAI Working Group on Environmental Auditing. (Refer to section 4.2 of this document.)

These various methods of collecting and/or disseminating information ought to be valuable tools for SAIs who wish to draw on the work and experience of their colleagues.



5 Methodology

One of INTOSAI's general audit standards recommends that the SAIs adopt policies and procedures to prepare manuals and other written guidance and instructions for the conduct of audits.

INTOSAI's audit standards also point out that an expanding audit role will require that auditors improve and develop new techniques and methodologies to assess whether audited entities use reasonable and valid performance measures. Auditors are therefore encouraged to avail themselves of such techniques and methodologies.

These audit standards, along with INTOSAI's other general standards, may be applicable to environmental auditing. And, as mentioned earlier, the generally accepted audit standards and techniques for both compliance audit and performance audit will apply when carrying out audits of international accords.

However, there may be a need to use experts for some parts of the field audit. SAIs may wish to take advantage of various international efforts in establishing standards such as ISO 14000 or the EMAS (the European Union's Eco-Management Audit Scheme).

As to the actual methodology to be used, we refer to the *Guidance on Conducting Audits of Activities with an Environmental Perspective*, prepared by the SAIs from New Zealand (co-ordinator), South Africa, Estonia, USA, UK and the European Court of Auditors.



6 Roles and responsibilities

This section is intended to throw light on some of the roles and responsibilities of SAIs, especially where different mandates and jurisdictions have implications for the mandate and the nature of the audit, the standards to be used and method of reporting to the legislatures or the governments.

For example, the Auditor General of Canada has only federal audit responsibility, which means that this SAI cannot audit organisations of provincial or municipal governments or the private sector. By comparison, if municipal or local governments in Norway receive grants from the national legislature, the Office of the Auditor General of Norway has free access to all information regarding the grants given and thereby also the authority to audit the funds in question. This right of inspection also includes the private sector.

Moreover, the structure and organisation of a SAI may have an impact on its co-operation with other SAIs. For instance, certain audit standards may not be applicable to some of the work done by SAIs under a court system of legislative auditors. The collegial and judicial nature of a court system makes the audit procedures quite different from those of an SAI that reports to the parliament and is headed by an auditor general or a comptroller general.

Furthermore, INTOSAI's general audit standards and their use may vary among SAIs with the scope, nature and type of audit. For instance, SAIs using a performance audit approach when auditing international environmental accords will normally report on the economy, effectiveness and efficiency of the auditees. A SAI applying the court system does not usually have a mandate to use the performance audit approach and some courts of audit have absolutely no powers to conduct environmental audit at all.



Thus, the nature of the audit and how SAls is organised may have an effect on how the audit of international environmental accords can be conducted. Under certain circumstances, it therefore may not be advisable for a SAI governed by a court system to participate in a joint audit operation with, for instance, a SAI that reports only to a ministry (usually the Ministry of Finance), to the government or to the legislature.

To avoid any jurisdictional problems arising from different mandates and different roles and responsibilities, SAls operating on different legal bases should use either a concurrent or a co-ordinated audit approach to auditing international environmental accords with other SAls.

