Auditing the Implementation of Multilateral Environmental Agreements (MEAs)

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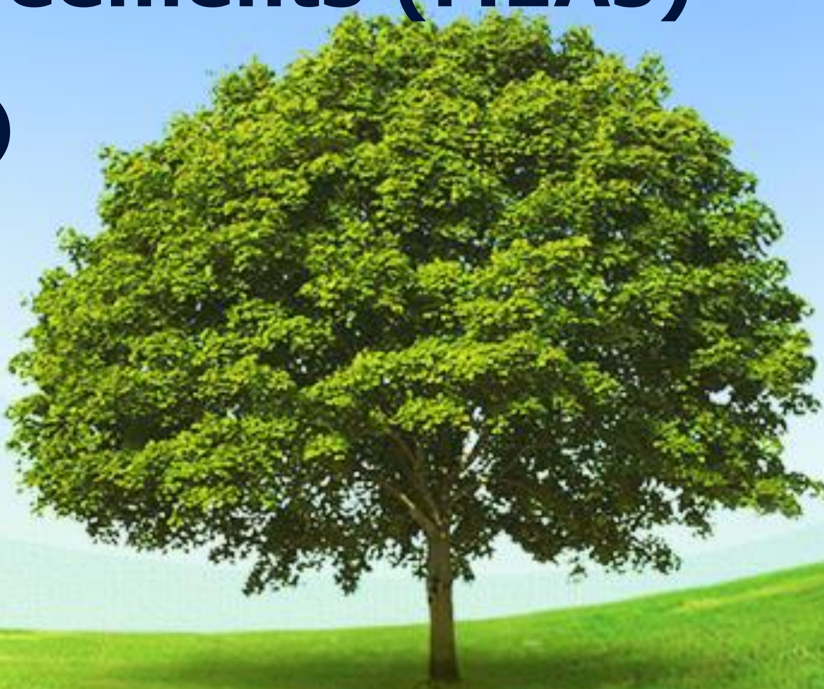

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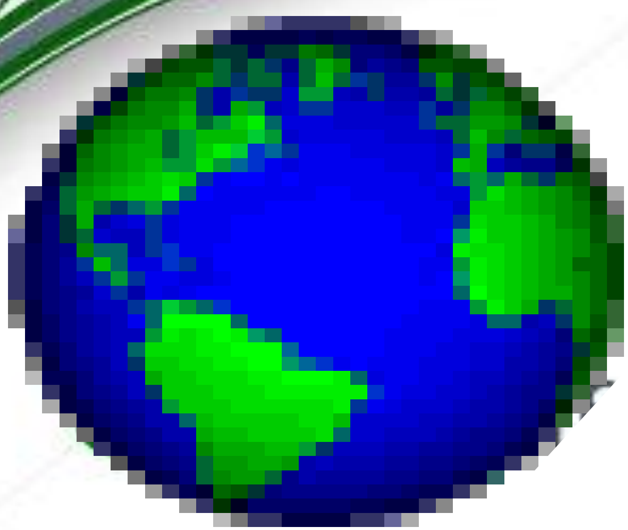
Cooperative (international) MEAs audit



Cooperative (international) MEAs audit

- One notable trend in environmental auditing that is gaining momentum is where several SAIs auditing an issue cooperatively.
- Cooperation between SAIs in this field could meet the cross-border character of environmental problems.

Cooperative (international) MEAs audit

- Benefits of cooperative audits for environmental auditors and policymakers:
  - benchmarks for comparing country results,
  - common reports that can be easily distributed internally and internationally,
  - joint recommendations that may make it easier to resolve common issues, and
  - the mutual exchange of methods.

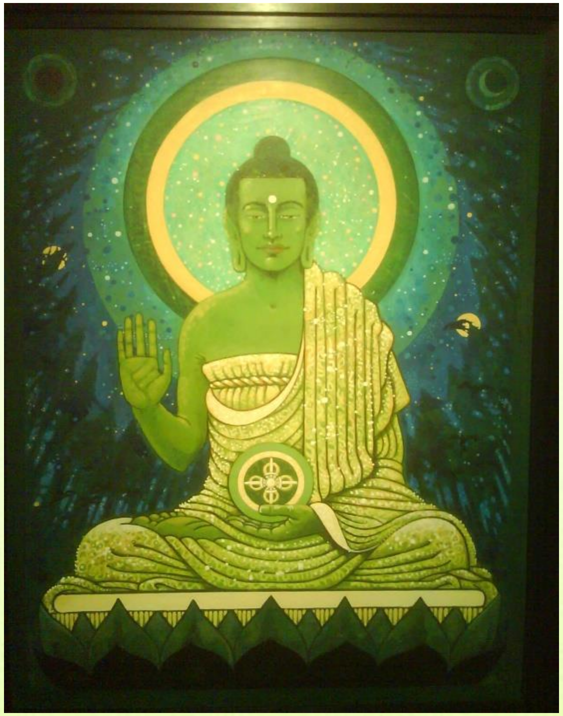
Cooperative (international) MEAs audit

The basic principles of good auditing and the main generally accepted standards (general standards, field standards and reporting standards) are valid for MEAs cooperative audits

The main concern about this kind of audit is the process of cooperation in auditing MEAs.

Important factors in dealing with cooperative environmental audits

- willing to truly work together
- political factors
- industrial and/or financial factors that may oppose environmental issues
- cultural differences such as history, religion, political systems and languages



- Such difference may have an impact on the way cooperative audits are carried out and reported and on how time-consuming they are.

Important factors in dealing with cooperative environmental audits

- Problems can be minimized by conducting cooperative audits within geographical regions, for example cooperation among the SAIs of ECOSAI.
- Conducting cooperative audits within geographical regions can reduce the costs and may simplify logistics and make it easier to choose the most relevant MEA audit.

Important factors in dealing with cooperative environmental audits

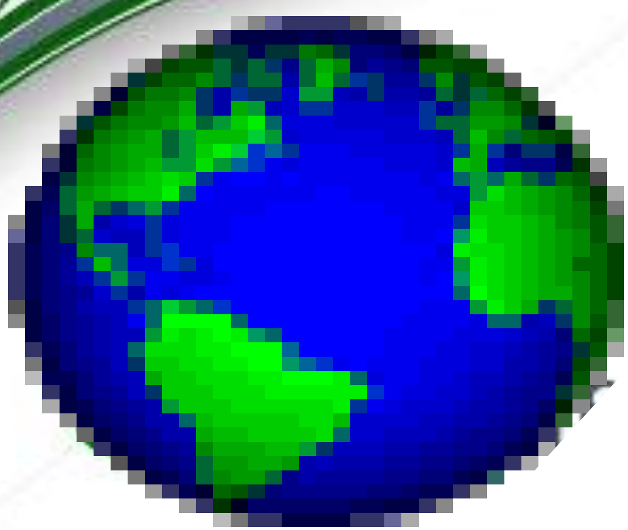
- Furthermore, <u>how SAIs are organized</u> and <u>the nature of audit</u> may have an effect on how the MEAs audit can be conducted.
  - To avoid any jurisdictional problems arising from different mandates and different responsibilities, under certain circumstances, it therefore may not be advisable 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 Ministry of Finance), or to the government.

Important factors in dealing with cooperative environmental audits

- INTOSAI's general audit standards and their use may vary among SAIs with the scope, nature and type of audit.

- A SAI applying the court system may have a mandate to use performance audit approach or have no powers to conduct environmental audit.

Type of cooperative audits



Type of cooperative audits

- Cooperative audits can be divided into three types:

1. Joint audit: An audit conducted by one audit team composed of auditors from two or more SAIs, who prepare a single, joint audit report for publication in all participating countries. In practice, joint audits are rare.

Type of cooperative audits

2. Concurrent (parallel/simultaneous) audit: 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 government, and only on the observations and/or conclusions pertaining to its own country.

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Type of cooperative audits

- The participating SAIs in concurrent audit may each adopt a different audit approach (scope, questions, methods) suited to national needs and preferences. Information exchange is the most important aspect of this form of cooperation.
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Type of cooperative audits

- A Concurrent audit will normally be preferable **where there exist 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 cooperative venture concerns sensitive environmental and political questions.

Type of cooperative audits

3. Coordinated audit: Any form of cooperation between joint and concurrent audits. In a coordinated audit, participating SAIs at least coordinate or harmonize their audit approaches in some way, but differences between countries are possible.

It can be a joint audit with separate reports; more commonly it is a concurrent audit with a joint audit report in addition to separate national reports.

Types of cooperative audits

	Type of audit		
	Joint audit	**Coordinated audit**	**Concurrent (or parallel) audit**
Team	Joint audit team	National audit team per SAI with some coordination structure	National audit team per SAI
Audit approach (scope, questions, methods)	Identical for all participating SAIs	Coordinated/ harmonized to some degree, but differences between SAIs are possible	Chosen independently by each SAI
Report	Joint audit report only	National reports and/or joint audit report	National reports only

Peer review

Peer review

- Peer review is another way of cooperation among SAIs which has been increasing in the last few years within the INTOSAI community.
- Peer review refers to a review of an SAI by one or several partner SAIs. They volunteer to conduct or undergo such a review exercise.

Objectives of peer review

- To help SAIs ensure that they comply with applicable professional standards and national or international regulations and rules governing audit work;
- To help an SAI to identify the areas and functions in which they need to enhance their capacities;

Objectives of peer review

- To help an SAI make informed decisions about how to improve their own operation and mission performance and to align with or consider other international best practices;
- To provide SAIs with an independent opinion on the design and operation of the SAI’s quality management framework;
- To provide assurance as to the appropriateness of SAI practices, reports and staff compliance.

Exercise 2

- Suppose you are one of your SAI's authorities, responsible for managing a cooperative MEA audit between the SAIs of your group:
  I. Select a proper MEA to audit
  II. Select the type of cooperative audit
  III. Report the process and challenges of your discussion and interactive decision making.

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This is the end of third session

Thank You