Auditing the Implementation of Multilateral Environmental Agreements (MEAs)

(4)

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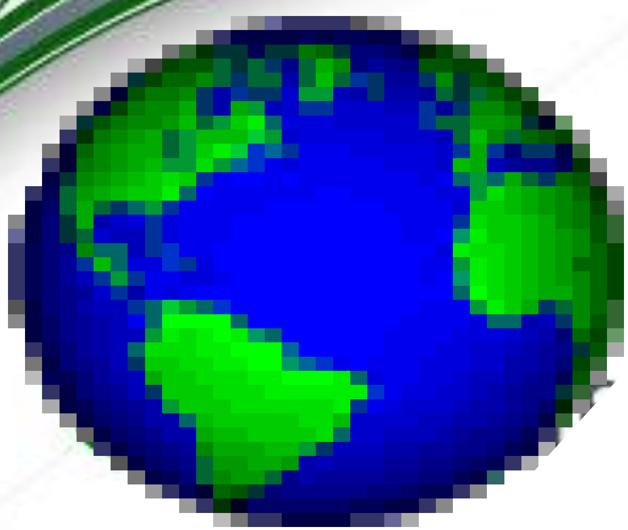
Planning and carrying out cooperative MEAs audits



Planning cooperative MEAs audits

The preparation phase is generally considered the most crucial phase. If the audit is well prepared, the rest of the audit should be business as usual.

Preliminarily, each SAI needs to determine which MEA to audit, how and where to obtain information about the MEA, whether compliance can be measured or assed, audit risk, involvement of other SAIs, degree of SAIs' interest based on informal discussion and finally scope, nature and type of audit.

From the very beginning, it is important to get (and keep) commitment at the highest level within the SAI (auditor general or president and board of auditors).

The next step is communication. Communication is considered the most important factor for a successful cooperative audit. SAIs need to discuss how to deal with differences—for example, in mandate, legislation and rules, procedures, and work habits and If they believe it is not going to work, stop it.

It is recommended to close the preparation phase of the cooperative audit by signing a formal agreement on the main aspects of agreed cooperation.

Cooperation formal agreement

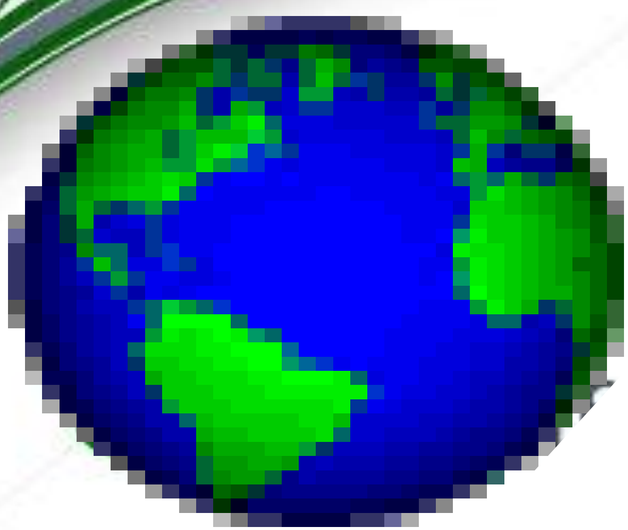
- This agreement is often called a common position on cooperation and is signed by representatives authorized by each SAI’s auditor general or president.
- The aim is to prevent any delays in conducting audit work by means of discussing frankly all essential issues among all participants before starting the audit clear rules to which the participating supreme audit institutions have committed themselves in the audit agreement will especially be of merit for operative decision-making on organizational issues.

- The use of such an agreement is important to insure that all parties fully **understand their responsibilities** and also provide a mechanism that may create a good working relationship between the participating SAIs.

Cooperation formal agreement

- This agreement or protocol ought to cover such matters as the nature of the audit, reporting standards, detailed timetable, allocation of staff and other resources including financial arrangements, taking into account reserving more resources (time, money, personnel) than SAIs would for national audits.
- Furthermore, it should contain **guidelines for resolving differences** concerning scope, observations, recommendations, conclusions, etc.

Implementation Cooperative MEAs Audits



Implementation cooperative MEAs audits

- Implementation of audit follows the **usual process** and sequence of audit steps.
- In practice, a cooperative audit is generally organized with each country’s Supreme Audit Institution (SAI) **conducting its own national part** of the audit.

Implementation cooperative MEAs audits

- Joint audit teams are rare.

- A joint team may encounter difficulties, but during the audit it tends to act like a regular audit team.

Tips for carrying out cooperative MEAs audits

Tips for cooperation between separate national teams in coordinated and parallel audits:

- Conduct the audits simultaneously to the extent possible.
- Exchange audit experiences and findings during the audit.

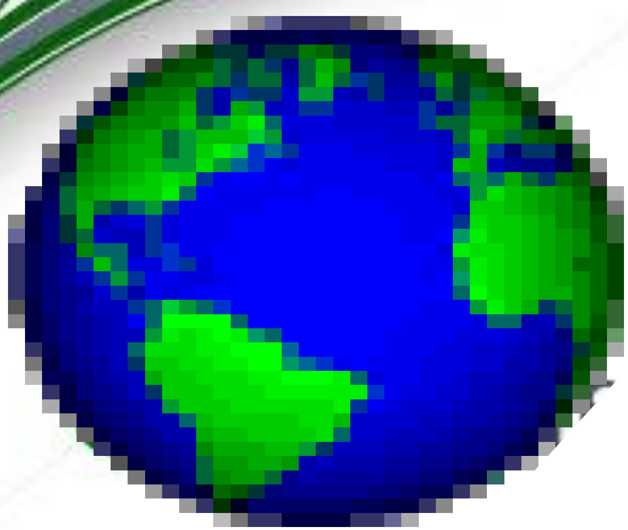
Exchange audit experiences and findings during the audit!

- It is useful to discuss findings and conclusions with the other SAIs during the audit process. Exchanges will allow cross-references between reports to be more informative and may facilitate mutually supportive observations. Exchanges should be kept to a general level, where differences between countries need not impinge. Meetings and other exchanges can also be used to solve problems, maintain a common approach, and keep the audit process on track.

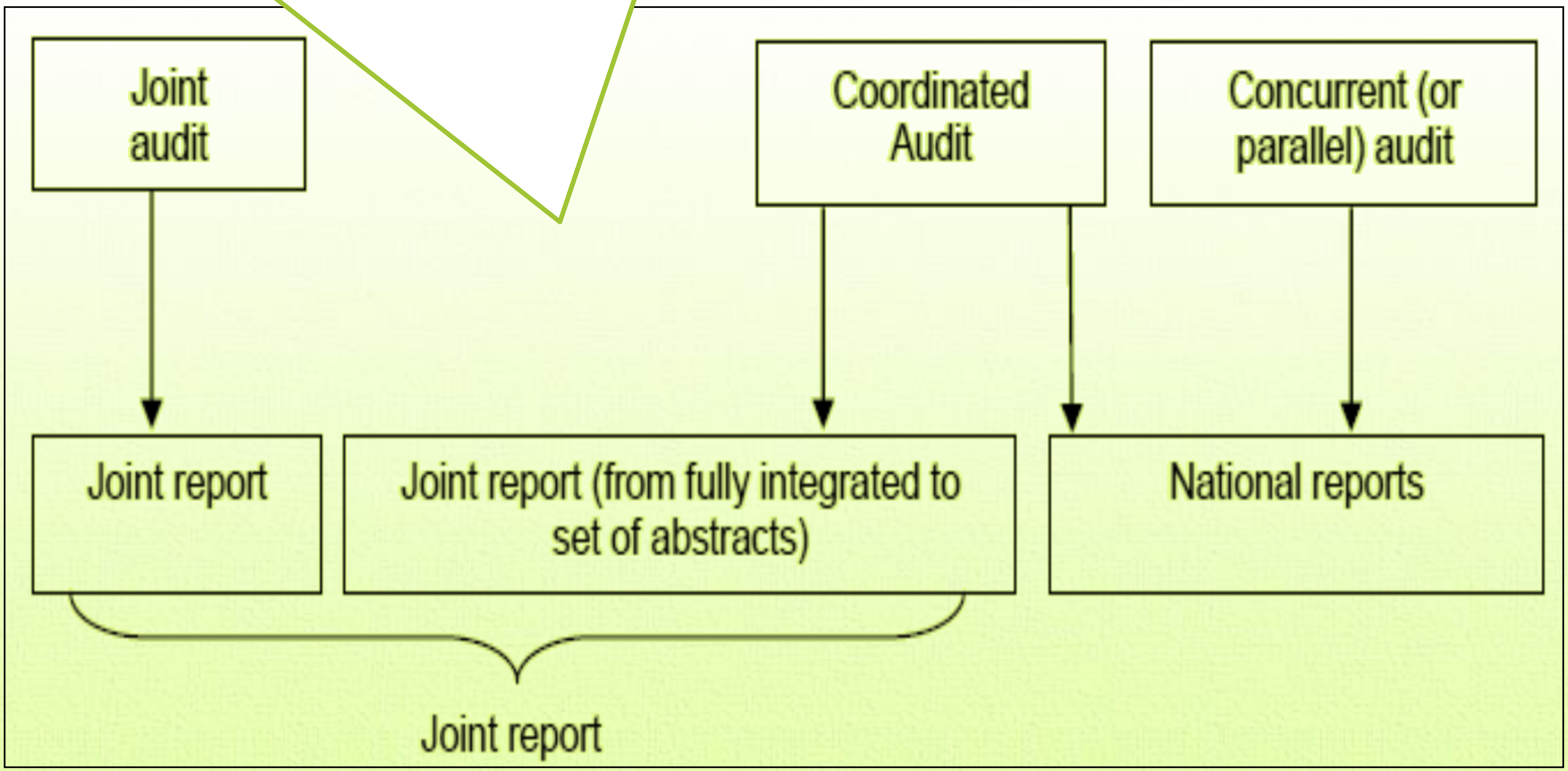
Exchange audit experiences and findings during the audit!

- Especially during a parallel audit, the sharing of information can ensure that the national audits generate comparable results. Where one participating institution identifies any need for change or difficulty, the other parties involved may react in an early stage. Apart from the continued sharing of information about the audit(s), the exchange of interim audit results is the essential core element of a cooperative audit.

Reporting on Cooperative Audits



Cooperative audits generally result in two types of products: <u>national</u> reports and <u>joint</u> reports. Cooperative audits most commonly produce national reports. Many have produced no other type of report. Sometimes Supreme Audit Institutions (SAIs) incorporate the findings of other participating SAIs in their national reports; this allows them to enhance their conclusions while avoiding time-consuming clearance procedures.



Joint report

- In a joint report, the degree of integration may vary. The minimum is to present a **set of abstracts of the national reports**; the maximum is to issue **a fully integrated joint report with joint conclusions and recommendations**.
  - A more integrated report requires more coordination, time, and effort. It may also need to be formally approved by the heads of all the SAIs involved.
  - An advantage of a more integrated report is that it may provide a better overview of the audit results of all participating SAIs and may interest a wider audience.

Apart from a set of abstracts, a joint report may contain four elements. There are advantages and disadvantages to including each. The choice should depend on the goal of the audit, the findings, and the position of the participating SAIs.

Possible elements for inclusion	Advantages/opportunities	Disadvantages/risks
Joint conclusions and recommendations	Can present common problems and possible solutions Can spur international cooperation to solve problems of transboundary nature	Preparation and agreement will require considerable effort Not always possible to formulate
Comparison/ benchmarks	Can trigger government action Can encourage international organizations to press particular countries for appropriate action Can draw public attention	Can be politically sensitive
Best practices	Focus on potential solutions facilitates learning from each other	Might not directly trigger government action
Lessons learned	Helps to improve audit methodology and facilitates cooperation by SAIs during future audits	Mainly interesting only to SAIs

Publication and distribution

- Choosing the right time for publication of the joint report is a key factor in the impact of a report.

- If publication of a joint or national report is overly delayed, the findings of each participant may be less comparable to those of another or to the actual situation and may loose its impact and newsworthiness.

Evaluation and further audit cooperation

- The participating supreme audit institutions should not terminate the audit exercise upon conclusion of the audit process and submission of a report.
- Supreme audit institutions themselves should assess whether the audit has been successful.
- Such an ex-post review is part of a system of quality management.

Evaluation and further audit cooperation

- Two reasons why the evaluation of audit cooperation is important:
  - the results of ex-post evaluation are an important basis for deciding about <u>further action after the audit</u>
  - the evaluation may teach lessons that can be applied to <u>future audits</u>
- At the end of ex-post evaluation, supreme audit institutions should consider whether continuing cooperation in the audited field will add value. If supreme audit institutions have made recommendations for improvement, it may be a good idea to conduct a follow-up audit after a certain period of time.

Exercise 3

- Based on your decisions in exercise 2 try to write an imaginary cooperation agreement.

! Do not forget to cover important matters in your agreement, such as type of audit group, timetable, allocation of staff, type of report and its distribution.

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Thank You