



Audit of Extractive Industries - Community of Practice

Concept Note

Background

Audit of Extractive Industries (EI) has received increased attention in the past years, both within the INTOSAI community and in other international fora. Strong and effective Supreme Audit Institutions can contribute to better and more transparent oversight of Extractive Industries (EI) and help to ensure that governments manage natural resources in the best interest of the public. A number of initiatives are underway to strengthen SAI's ability to fulfill this function.¹ At the same time, several stakeholders have made a strong call for more systematic compilation of the many experiences, tools and lessons held by different SAIs and partners, and a more formal platform for advancing this field of work in a coordinated way. This request was mirrored in the survey conducted in 2013 by the INTOSAI-Donor Secretariat of SAI experiences and capacity needs in EI audit.

In this context, a Working Group on Extractive Industries (WGEI) was established under INTOSAI Goal 3, Knowledge Sharing. The WGEI is chaired by SAI Uganda and currently composes of some 30 members from all five INTOSAI regions. The WGEI held its first meeting in Kampala, Uganda 25-27 August 2014. Running up to the meeting, the WGEI Chair and Secretariat had conducted a survey amongst WGEI members confirming that knowledge and experience sharing, networking and also outreach to stakeholders outside the INTOSAI community are seen as priority objectives. The WGEI Activity Plan mirrors these needs with a wide range of capacity building and networking activities within and beyond the INTOSAI community. The WGEI meeting in Kampala acknowledged that some of these activities expand the current mandate and resource capacity of the WGEI and Secretariat.

The meeting therefore underscored the need to establish a Community of Practice as an operational tool to achieve specific WGEI objectives and as a platform for interaction both within and beyond INTOSAI. The CoP will be headed by a CoP Coordinator who manages activities.

Coordination with WGEI Secretariat

The CoP Coordinator reports to the WGEI Steering Committee through the WGEI Chair. The CoP Coordinator ensures close liaison with the WGEI Secretariat, through the Head of the WGEI Secretariat. CoP activity planning and reporting must be harmonized with that of WGEI Secretariat, so as to enable the Chair to optimally fulfill his obligation to the Steering committee and subsequently to INTOSAI.

¹ AFRSOAI-E and the INTOSAI-Donor Secretariat have agreed to commonly explore the issue and recently conducted a survey of SAI capacity and needs in relation to EI audit. AFRSOAI-E has produced a guideline on EI audit and has made the topic a focus area for its coming strategic plan. The Working Group on Environmental Audit has produced a guideline on auditing the mining sector, with a focus on environmental issues. OLACEFS runs a regional joint audit programme on petroleum. OAG Norway has established a petroleum programme to support partner SAIs in enhancing their petroleum audit. Donors and agencies such as NORAD, the World Bank, GIZ, ATAF and EITI are also increasingly engaged with SAI's role in fostering sector transparency and accountability.

Community of Practice - Objectives

The objective of the CoP would be to strengthen SAIs' role in fostering accountability and transparency in Extractive Industries, in line with the overall objective of the WGEI.

Whilst the WGEI represents the overall umbrella forum to convene SAIs and promote Extractive Industries as a focus area within the INTOSAI framework, the CoP should function as the operational and technical arm of the WGEI linking it with extractive industry community outside INTOSAI. For a brief overview of the respective roles and responsibilities of various entities within the WGEI, see the organogram and role description attached.

Scope

The CoP will be international and open to all interested SAIs in all INTOSAI regions. It will also invite participation by other institutions and individuals working in and with the Extractive Industries and affiliated with the objectives outlined above.

Functions

The functions of the Community of Practice described here are informed by the needs of SAIs as expressed through current projects and the recent INTOSAI-Donor Secretariat and WGEI survey reports on audit of Extractive Industries. Specific activities within the different functions mirror the activities outlined WGEI Activity Plan. Note that whilst the functions and activities are overseen by the CoP Coordinator, individual tasks and activities may be initiated, driven, financed and performed by CoP members. CoP functions include:

- 1. Exchange and networking:** Managing a simple email list and website, acting as a one-stop contact point for individuals and organizations working on EI audit and wishing to connect with other colleagues. Listing individuals in a "pool of expert" and creating sub-groups for concrete tasks or issues. Hosting regional workshops, debate forums and online working groups on selected topics. Mobilize and coordinate members' contribution to prioritized tasks, and support fundraising. In line with the WGEI Activity Plan, initiation of joint/collaborative audits and dissemination of EI audit reports.
- 2. Consolidation of best practice:** Compiling, categorizing and translating key data, information, tools and materials pertaining to EI audit and making this widely available through open web posting under the WGEI website and in the database created as per the WGEI Activity Plan.
- 3. Training, research and development:** Surveying training needs, developing and promoting new and existing training materials and guidelines; proposing and facilitating inter-agency development of key products; and commissioning research and evaluations, subject to WGEI approval where INTOSAI endorsement is required. As per the WGEI Activity Plan, this also includes the conduct of various training workshops and programmes.
- 4. Outreach:** Strategic liaison and partnering with actors central to achieving the WGEI and Community of Practice objectives, be they government, revenue authorities, private sector, development partners or civil society actors. As specified in the WGEI Activity Plan, this would include efforts to increase awareness of the Extractive Industries Transparency Initiative (EITI) and encouragement for country subscription to EITI.

Structure and governing arrangements

The set-up, governance structure, hosting and funding arrangement of the Community of Practice is subject to approval by the WGEI Steering Committee and may change with time.

Governance structure: The WGEI and its Steering Committee, headed by the WGEI Chair, will act as the link between the WGEI and the CoP, and will oversee the work of the CoP. The Steering Committee develops an initial, costed CoP work plan in line with WGEI Activity Plan and the four core functions of the CoP outlined above. The Steering Committee will further develop a job description and appoint the CoP Coordinator and monitors his/her work. They also ensure that the work of the CoP is closely linked with the WGEI and support liaison with relevant INTOSAI initiatives, such as the Knowledge Sharing Committee, IDI, INTOSAI Regional Groups and the INTOSAI Working Groups on Environmental Audit

CoP Coordinator: The WGEI Activity Plan highlights the need for identifying a CoP Coordinator to initiate and coordinate activities in line with WGEI Activity Plan and the more detailed CoP Work Plan. The Coordinator answers to the Steering Committee and to the day-to-day supervisor in the hosting organization (if different).

Hosting and funding arrangements: The Steering Committee will work to identify and recruit at least one full-time CoP coordinator for an initial period of two years. The Coordinator could be financed either through direct funding or a secondment arrangement, or a combination of the two. Other CoP members or donors can support the Coordinator's function with part-time resources dedicated to specific tasks in the CoP work plan. The WGEI Chair will host the Coordinator for an initial period of two years, but the hosting function will be rotational. The host SAI should help to maintain close contact between the CoP Coordinator, the WGEI secretariat and with INTOSAI regional structures. All Steering Committee members commit to contribute to fundraising for the CoP work plan; whilst the Chair and the Coordinator have particular responsibility for fund-raising. Funds for the CoP are normally channeled through the host SAI.