The C&AG-SAI INDIA

Chair of INTOSAI Committee,

Knowledge sharing and Goal Knowledge Services (Goal 3).

**REPORT OF THE WORKING GROUP ON AUDIT OF EXTRACTIVE INDUSTRIES (WGEI)**

**Introduction:**

1. The Working Group on Audit of Extractive Industries (WGEI) was established at the XXI Conference of Supreme Audit Institutions (INCOSAI) held in Beijing China, October 2013 assigning SAI Uganda as its Chair.
2. The main objective for establishing the new Working group is to; “promote audit of extractive industries within the INTOSAI community in order to support good governance and sustainable development for the UN post 2015 agenda”.
3. This Working Group was formed arising from the need expressed by the INTOSAI - Donor Steering Committee based on survey results which indicated a number of challenges in auditing extractive industries including; technical complexity of the sector, the need for capacity building and retention of specialized staff and limitations in mandate of SAIs to audit extractive Industries.

**WGEI Scope**

1. The scope of the Working Group on Audit of Extractive Industry, as agreed by members, covers Oil, Gas and Solid minerals.

**Progress of WGEI to date:**

1. The Chair WGEI extended **invitation to all SAIs** within INTOSAI Community to join the working Group in November 2013. Since then, Thirty (30) SAIs joined membership with two (2) observers (AFROSAI-E and IDI). Membership remains open and is encouraged including that for Observer status.
2. The chair also undertook a **mapping survey** of member SAIs to ascertain the prevailing situation of SAIs in regards to audit of extractive industries. The information obtained was used by the Chair in the drafting of the group’s Terms of Reference and Activity plan. The information also provides baseline information on the status of SAIs on which future progress of SAIs in extractive industries will be measured. The survey registered a response rate of 57%. The survey results reaffirmed the knowledge and skill gap in audit of extractive industries as identified in the earlier survey by the INTOSAI Donor steering committee.

**The 1st meeting of WGEI**:

1. The **1st WGEI members meeting** was hosted by SAI Uganda in Kampala during the period 25-27 August 2014 under the theme: “Enhancing Supreme Audit Institutions (SAI) contribution in the Governance of Extractive Industries”.
2. . The key deliverables registered in the 1st Meeting were:
3. Approval of the created secretariat within SAI Uganda to support the WGEI chair.
4. Approved group’s Terms of Reference (TOR).
5. Approved group’s Activity plan for a three year period spanning 2014-2016.
6. Approved WGEI steering committee comprising five SAIs (Brazil, Norway, Iraq, South Africa and Uganda).
7. Approved working group website: www.wgei.org.
8. Approved WGEI Logo
9. Agreed to hold the next meeting of WGEI in August/September 2015 at a venue yet to be volunteered by a willing SAI.
10. Twelve (12) SAIs from the following SAI regional groupings had opportunity to share their experiences and initiatives: EUROSAI, AFROSAI, OLACEFS, ASOSAI, and ARABOSAI.

**Group TOR and Work plan**

1. Informed by the mapping survey findings commissioned by the chair, the following objectives and desired outcomes for the working group were developed and subsequently captured in the Terms of Reference(TOR) and Work plan:
2. **Objective 1**: To establish an operational Working Group: The outcomes expected under this objective are:
3. Functioning Extractive Industries’ working group
4. A functioning secretariat for the Working Group
5. A functioning steering committee for the Working Group
6. Adequate funding for working group operations as approved by INTOSAI community
7. Approved Terms of Reference and work plan for the working group
8. A functioning Website for the working group
9. Annual meetings of the working group
10. Active operational community of practice established for Extractive Industries
11. **Objective 2:** To Promote transparency, accountability and value creation in the Extractive Industries. The outcomes expected under this objective 2 are:
12. Increased transparency, access to information and accountability in Extractive Industries
13. Better understanding of the extractive industries i.e. increased technical, political and legal knowledge by the SAIs.
14. **Objective 3**: To research and develop guidance including methodology in audit of Extractive Industries. The outcomes expected under this objective are:
15. Best practices and guidance developed, published and shared
16. Approved guidelines for Extractive Industries providing direction in the audit of Extractive Industries.
17. Approved audit methodologies on Extractive Industries. This will help harmonize the audit methodologies needed to address the needs of users in Extractive Industries
18. Published research papers on audit of Extractive industries to increase knowledge in the industry.
19. **Objective 4:** To enhance the SAIs’ ability to undertake audits in the industry and thereby making a difference in the lives of the citizens. The outcomes expected under this objective are:

i. SAIs capacity gaps in Extractive Industries assessed based on established benchmarks and provides foundations for capacity building program on extractive industries

ii. Higher numbers and quality audits undertaken in complex fields of Extractive Industries’ and its value chain. This will improve impact of the audits including coverage in Extractive Industries encompassing Social and environmental impacts.

1. **Objective 5:** To increase awareness on the role of SAIs in the Industry. The expected outcome under this objective is active website, active blog and active social media. This will provide a forum for sharing/promoting knowledge, experience and extractive industry products within and outside the Working Group (WG), including with the regional Working Groups and Civil Society organizations.
2. **Objective 6:** To engage stakeholders in audit related issues and developments in Extractive Industries. The expected outcome under objective six are:
3. Participation in local, regional and global working group initiatives (e.g. collaborative audits)
4. Creating a functioning platform for sharing information with SAIs and other stakeholders in the industry.
5. Forum for peer interchange, review and knowledge sharing i.e. access to knowledge and best practice in the field of extractive industries.

**Way forward:**

1. The chair, will in the near future, convene a Steering Committee meeting to decide on the Terms of Reference for the Steering Committee and thereafter provide guidance on the establishment of the Community of Practice secretariat and the appointment or designation of a Coordinator for the Community of Practice. In addition as noted in paragraph 5 the Chair will make an appeal for more SAIs and entities to join.

**Conclusion**

1. We call upon for your unreserved support to WGEI which is expected to provide a useful platform for SAIs and non SAIs to share experiences and benefit from information in each other’s domain through membership or observer status in WGEI or Community of Practice.

John F.S. Muwanga

**Auditor General SAI Uganda/ Chair WGEI**

30th September 2014