Riksrevisjonen

Office of the Auditor General of Norway

6th Meeting of WGFACML

3 October 2012, Sopot

INTOSAI WGEA-project on F&C-Guidance material for environmental auditors

-process, status and way forward

Senior Audit Adviser Kjell Kristian Dørum

Fraud and Corruption and Environmental and Natural Resource Management

1. Why?
2. Other central questions
3. Short summary of the process so far
4. Brief presentation of the content of the guide
5. Way forward

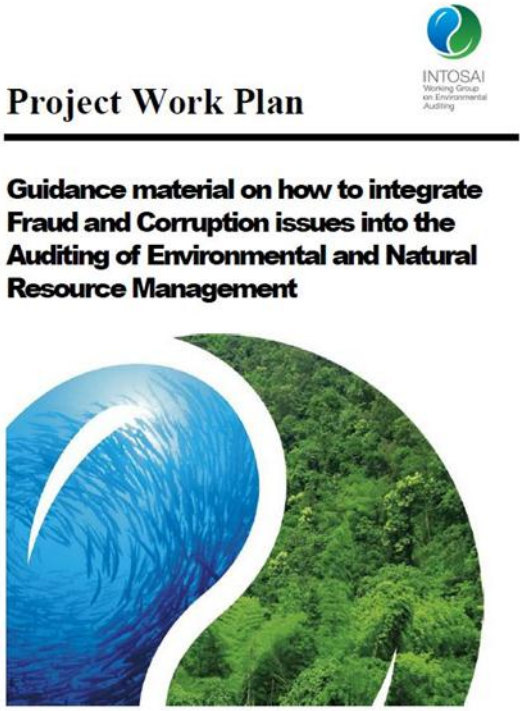
F&C-guidance - mandate:

WG13, China, June 2010:

Project proposal adopted and included in the WGEA Work Plan 2011-2013

WG15, June, 2013:

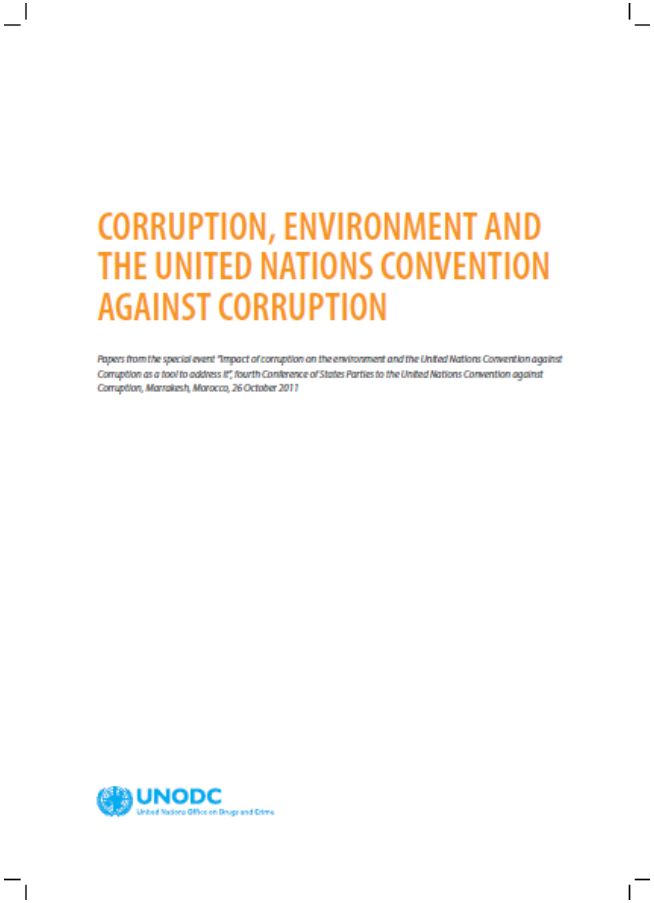
Adoption of final guidance material



F&C-guidance – WHY?:

F&C, the environment and UNCAC:

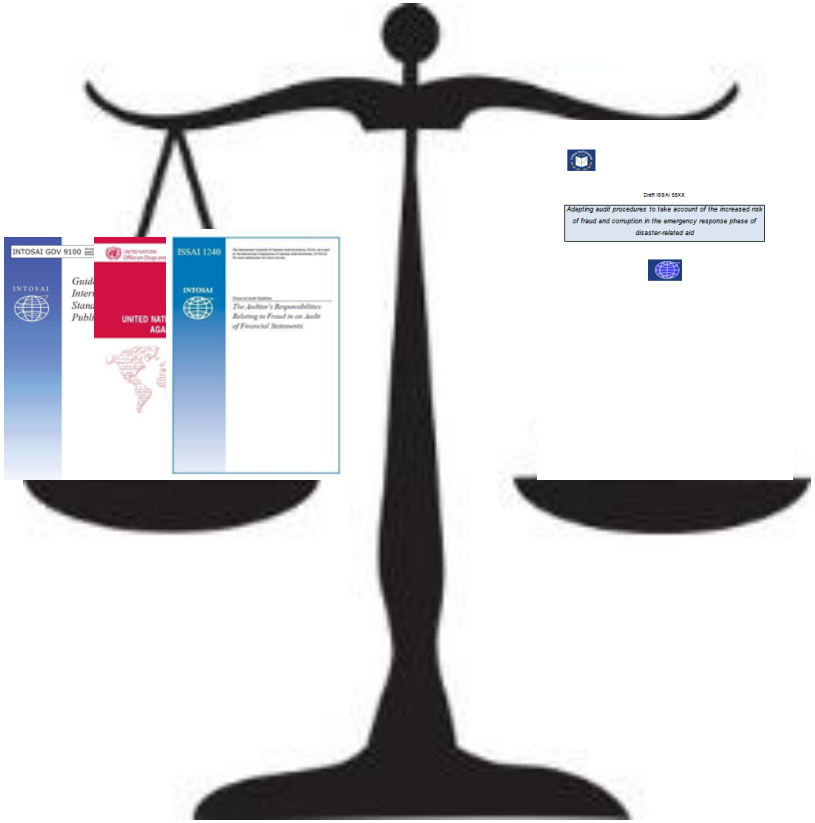
Fraud, corruption and the environment a theme at COP UNCAC for the first time at its 4th session in Morocco in October 2011


CORRUPTION, ENVIRONMENT AND THE UNITED NATIONS CONVENTION AGAINST CORRUPTION

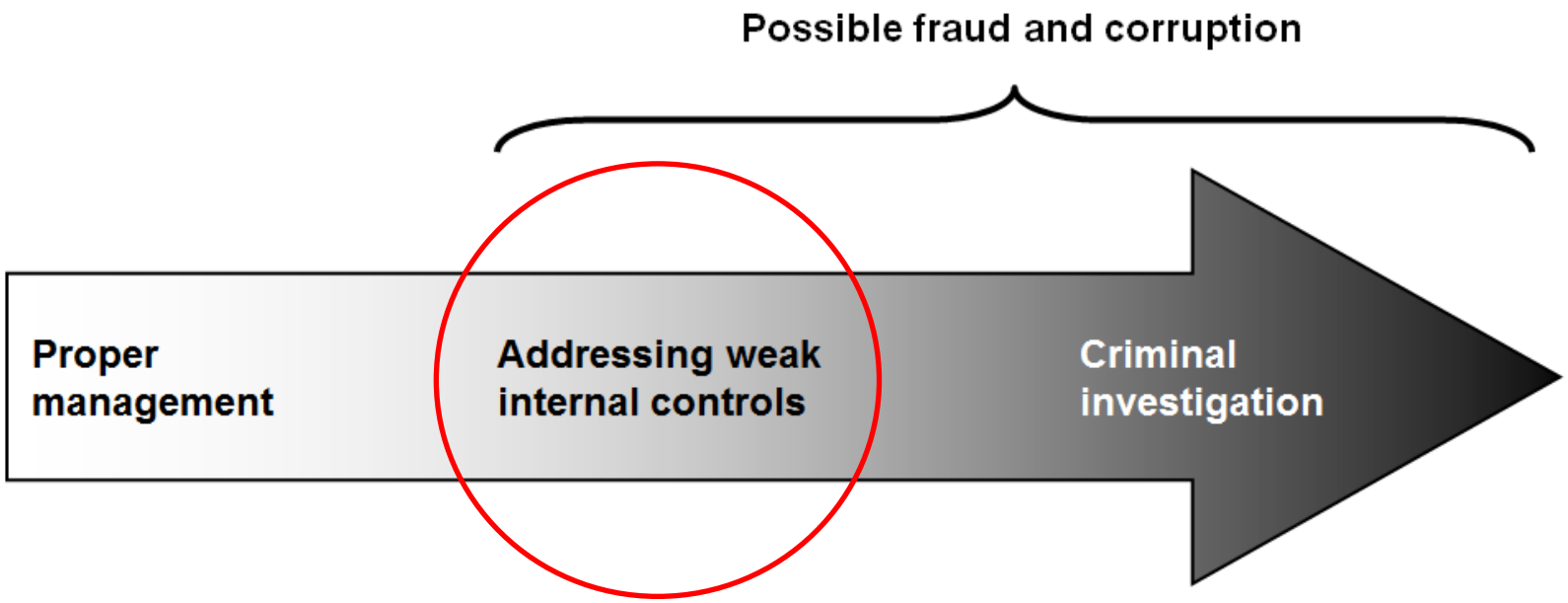
Papers from the special event "Impact of corruption on the environment and the United Nations Convention against Corruption as a tool to address it", fourth Conference of States Parties to the United Nations Convention against Corruption, Marrakesh, Morocco, 26 October 2011

UNODC
United Nations Office on Drugs and Crime

Challenge: Find a proper balance between the generic and the specific



The audit-criminal investigation continuum:



Due professional care (ISSAI 300, paragraph 4.7):

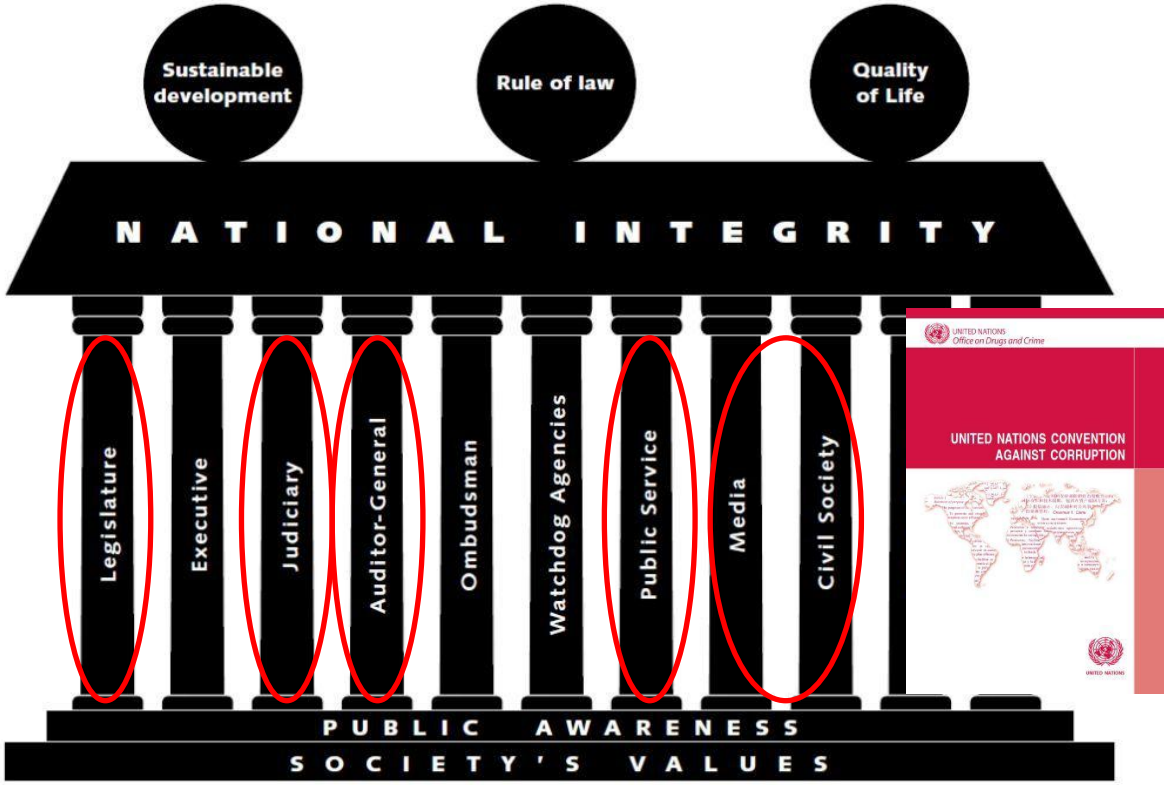
“Without affecting the SAI's independence, the auditors should exercise due professional care and caution in extending audit steps and procedures relative to illegal acts so as not to interfere with potential future investigations or legal proceedings. Due care would include consulting appropriate legal counsel and the applicable law enforcement organisations to determine the audit steps and procedures to be followed.”

Relationship to the ISSAIs:

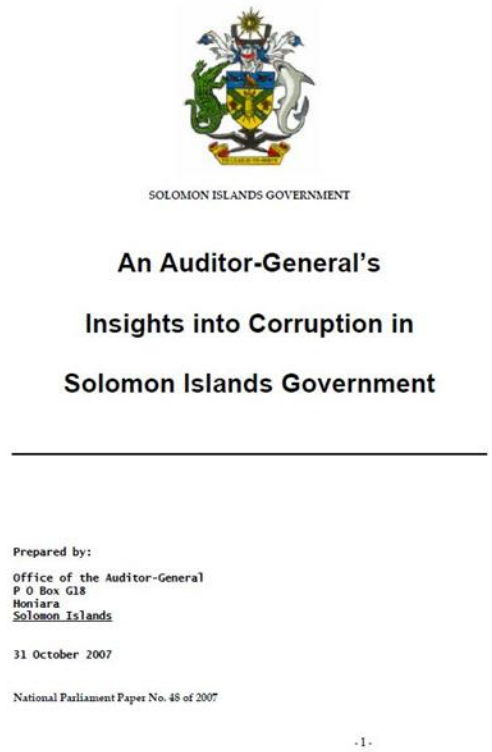
Process since 5th WGFACML-meeting:

- 14th assembly meeting of INTOSAI WGEA, Bunos Aires, Argentina, November 2011
- Drafting
- Second major circulation for comments, summer 2012

Previous approach: F & C risk factors at the governance level – the National Integrity System (NIS)



Fraud and corruption risk factors associated with weak governance



SOLOMON ISLANDS GOVERNMENT

An Auditor-General's

Insights into Corruption in

Solomon Islands Government

Prepared by:

Office of the Auditor-General
P O Box G18
Honiara
Solomon Islands

31 October 2007

National Parliament Paper No. 48 of 2007

- 1 -

http://www.oag.gov.sb/publications.html

Sources & references:

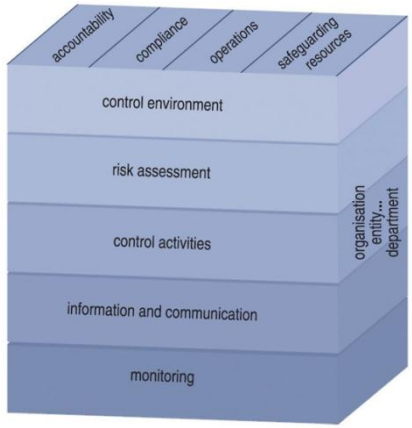
Ch.3 - Internal controls

2. ‘Tone at the top’?

1. Code of conduct?

3. Organizational structure?

14. Supervision of internal controls?



4. Human resource management?

13. Regular compliance reviews?

5. Records management?

12. Regular reviews of operative performance?

6. ‘Whistleblower’ arrangements?

11. Verification and reconciliation procedures?

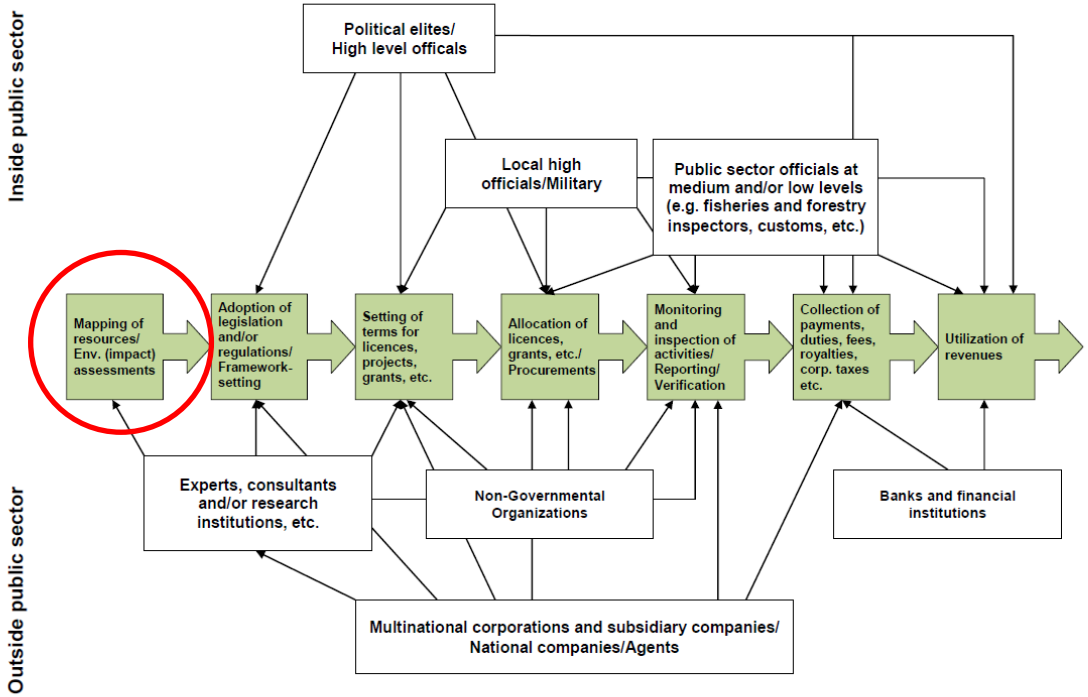
7. F&C Risk assessment?

8. Authorization and approval procedures?

10. Access to resources and records?

9. Segregation of duties/ rotation of personnel?

Ch. 4 - Fraud and corruption risk assessments through the value chain



Ch. 4 - Fraud and corruption risk assessment scheme

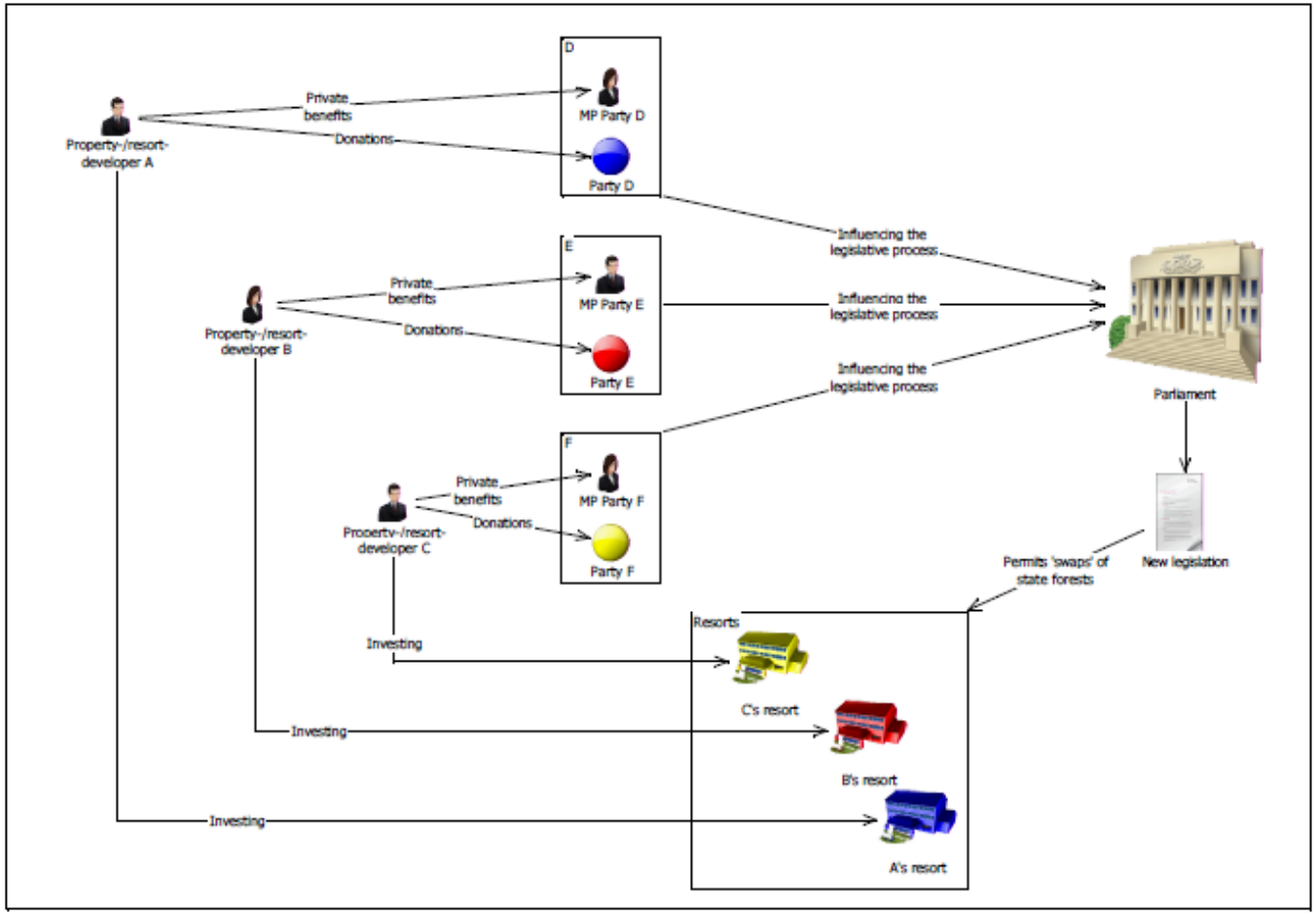
Prioritization (Column VI)	Probability (Column VII)	Possible consequences (Column VIII)		
	Incentive/pressure, opportunity, rationalization or attitude	Impact on environment/ natural resources, livelihood and/or human health	Economy	Reputation
HIGH	HIGH	HIGH	MODERATE	HIGH
LOW	MODERATE	MODERATE	HIGH	LOW
LOW	LOW	LOW	MODERATE	LOW

Ch. 4 - Fraud and corruption risk assessment scheme

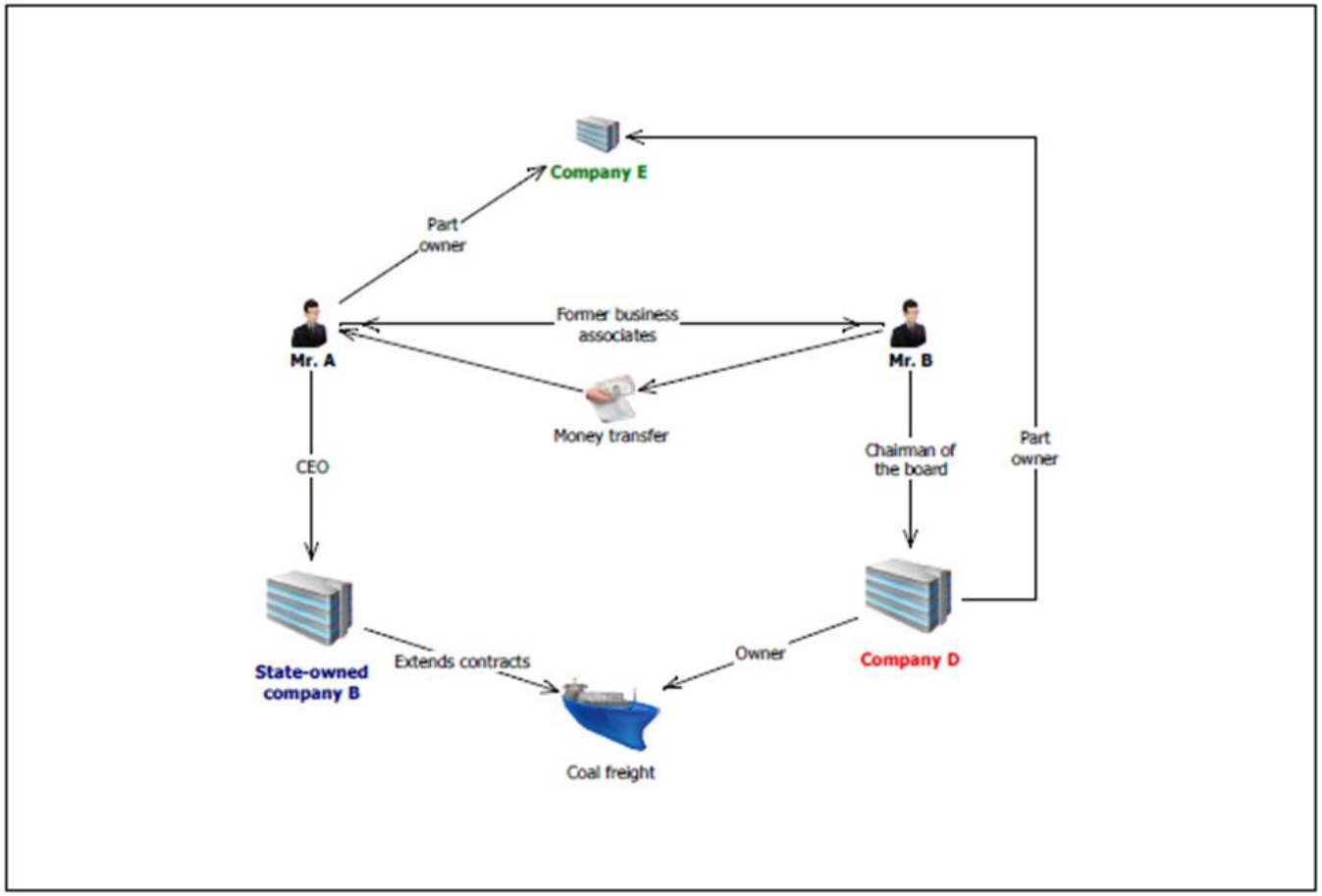
FRAUD AND CORRUPTION RISK ASSESSMENT MAIN SCHEME

I. Fraud and corruption risk in the various stages of the value chain - WHERE	II. Type of fraud and corruption risk - WHAT	III. Fraud and corruption method - WHO/HOW	IV. Red flags	V. Internal controls implemented by management to address the risks of fraud and corruption	VI. Prioritization	VII. Probability	VIII. Possible consequences	IX. Audit procedures
This column is for a brief description of the stage in the value chain which is being assessed for fraud and corruption risks	This column is for a brief description of the type of fraud and corruption risk. One should try to give an adequate description of an act which involves the abuse of public office and/or funds to obtain an unjust or illegal advantage for the actor himself, his family, his business partners or others. Every stage in the value chain may be associated with a number of different fraud and corruption risks.	This column is for a more thorough description of the act/method. The auditor should give an accurate description of who is/are involved, and how the act is carried out.	This column is for a description of the features, or 'symptoms' that characterize the fraudulent and corrupt acts in question.	If the appropriate internal controls have been implemented by the government entity in question to address the risks of fraud and corruption, these controls should be described here.	The prioritization between 'high' and 'low' is done in this column on the basis of the calculation and ranking done in the subscheme.	This part is based on the assessment of probability done in the subscheme. The level of probability is considered a function of the fraud triangle, that is: 1. Incentive/pressure; 2. Opportunity; 3. Rationalization or attitude. An explanation of why the probability is believed to be 'high' or 'low' should be given.	This part is based on the evaluation of consequences done in the subscheme, where the impact on: 1. The environment and/or natural resources and, possibly, livelihood and/or human health; 2. The economy of the state; 3. The reputation of the Governement in general and of the state agency in particular - is assessed. Consequences considered most important are commented on here.	This column is for brief descriptions of possible audit procedures to follow up the risks identified.

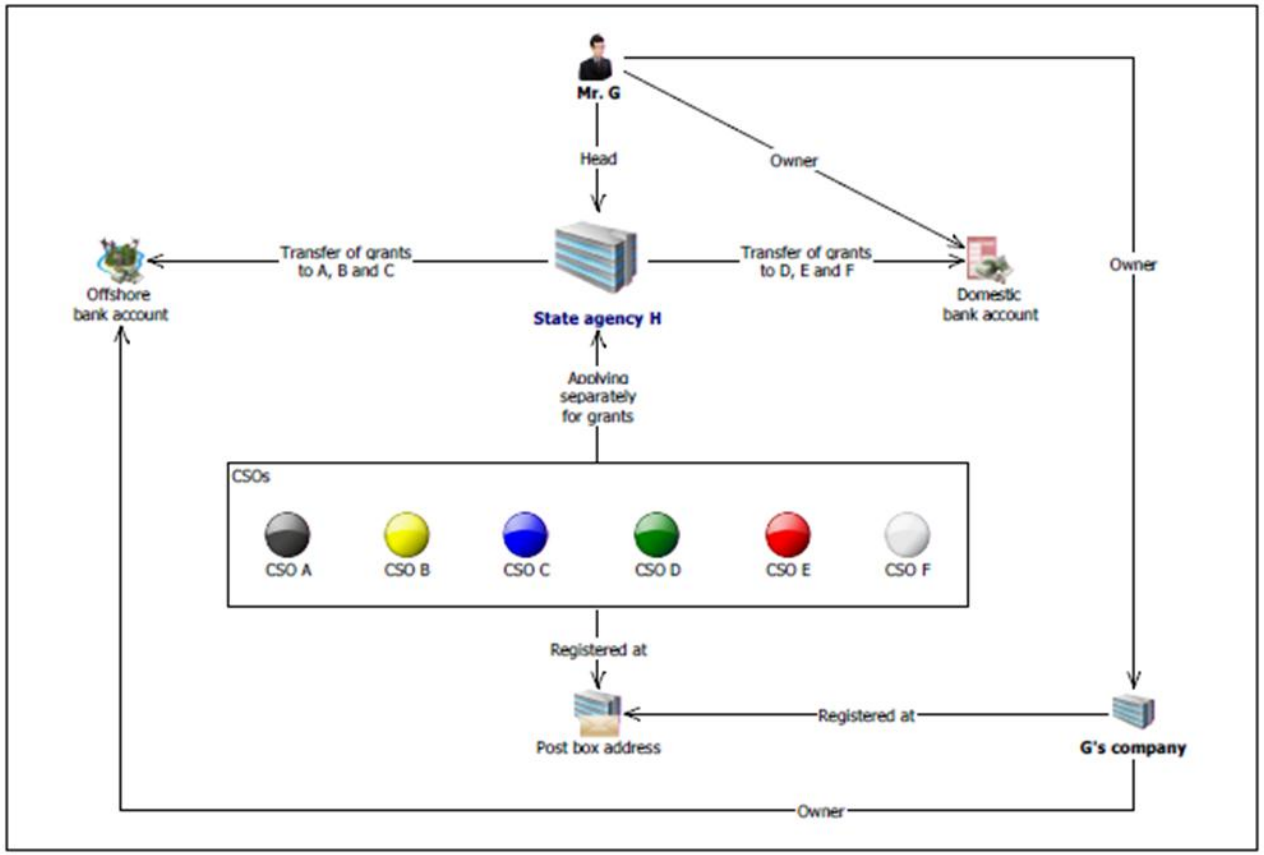
Ch. 5 - scenario 1: The legislative process pertaining to land swaps



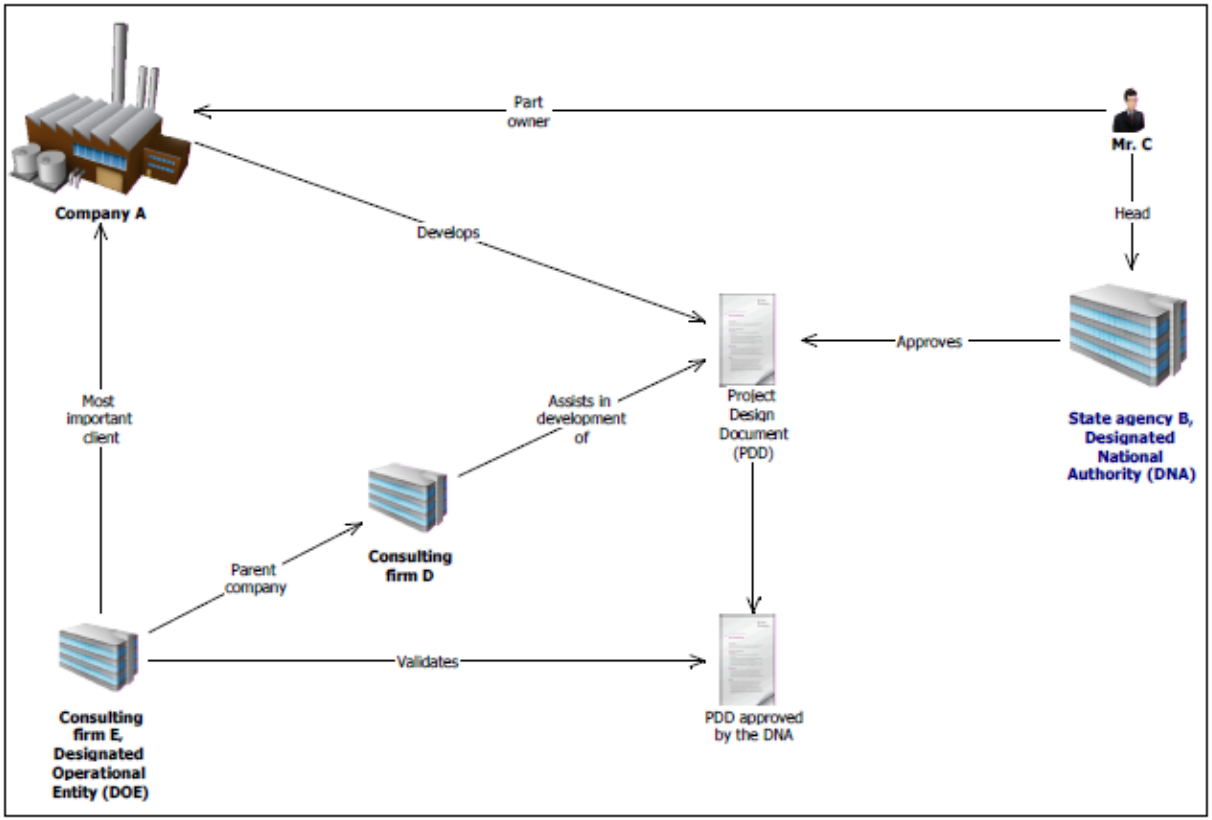
Ch. 5 - scenario 2: Procurement in coal extraction



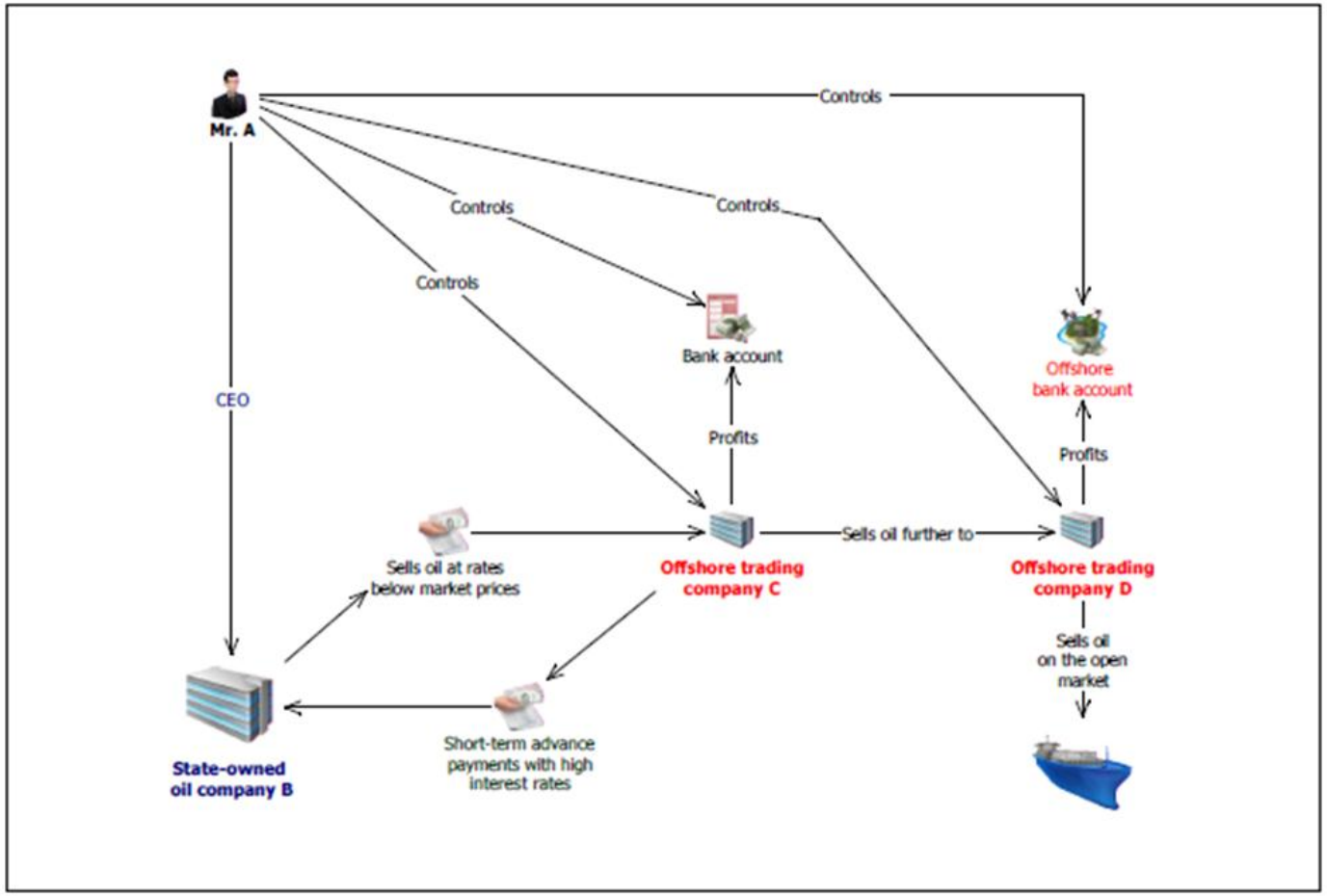
Ch. 5 - scenario 3: Allocation of public grants



Ch. 5 - scenario 4: Initiation, approval and validation of CDM-project



Ch. 5 - scenario 5: Management of oil



Way forward:

INTOSAI Working Group on Environmental Auditing

Français | Español | Deutsch | عربي

The official language of this web site is English. However, some content, such as approved guidelines, exists in other official languages of INTOSAI. Click above for more information in your language.

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NEWS & EVENTS

- Environmental Audit Collection 2011
- SC10 minutes
- New guides issued by the Secretariat
- INTOSAI WGEA released the "Coordinated International Audit on Climate Change" report at XX INCOSAI
- New useful updates on our website: opportunity to subscribe to e-mail updates and RSS!

Last updated: July 04, 2011

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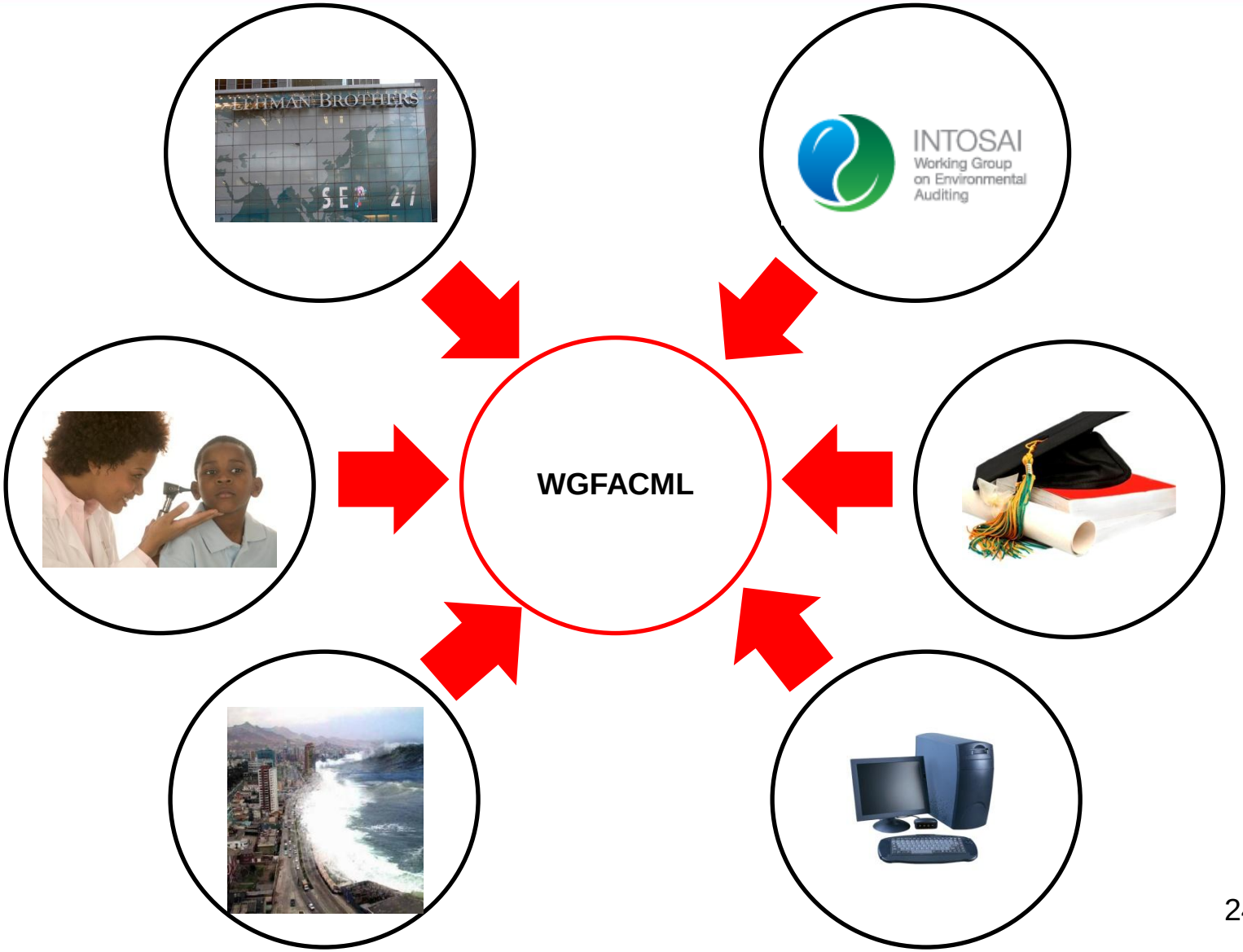
STUDIES & GUIDELINES

To access these publications in portable document format (PDF) you will need to use Adobe Acrobat Reader. Click here to visit the Adobe Web site and download a free version of Acrobat Reader.

The WGEA has produced various studies and guidelines related to environmental auditing. Below you will find studies and guidelines that have been translated into INTOSAI languages.

Title	Year	English	French	Spanish	German	Arabic
Auditing Forests: Guidance for Supreme Audit Institutions	2010	pdf (1.3 MB)				
Auditing Mining: Guidance for Supreme Audit Institutions	2010	pdf (753 kB)				
Auditing Sustainable Energy: Guidance for Supreme Audit Institutions	2010	pdf (1.1 MB)				
Auditing Sustainable Fisheries Management: Guidance for Supreme Audit Institutions	2010	pdf (690 kB)				
Auditing the Implementation of Multilateral Environmental Agreements (MEAs): A Primer for Auditors	2010	pdf (3.6 MB)				
Environmental Accounting: Current Status and Options for SAIs	2010	pdf (373 kB)				
Auditing the Government Response to Climate Change: Guidance for Supreme Audit Institutions	2010	pdf (1.9 MB)		pdf (3.1 MB)		
Auditing Biodiversity: Guidance for Supreme Audit Institutions	2007	pdf (3 MB)		pdf (1.7 MB)		pdf (838 kB)
Cooperation Between SAIs: Tips and Examples for Cooperative Audits	2007	pdf (396 kB)		pdf (350 kB)		
The World Summit on Sustainable Development: An Audit Guide for Supreme Audit Institutions	2007	pdf (596 kB)	pdf (433 kB)	pdf (367 kB)		pdf (8 MB)
Evolution and Trends in Environmental Auditing	2007	pdf (6.2 MB)		pdf (1.1 MB)		doc (3.2 MB)
Towards Auditing Waste Management (Paper without pictures)	2004	pdf (1.1 MB)	pdf (1.2 MB)		pdf (1.3 MB)	pdf (2.4 MB)
Auditing Water Issues: Experiences of Supreme Audit	2004	pdf (870	pdf (858		pdf (777	pdf (2.7


LEHMAN BROTHERS
SEP 27
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WGFACML – further co-operation with other organizations and entities:

- http://www.environmental-auditing.org/
- http://www.psc-intosai.org/
- http://www.unodc.org/unodc/en/corruption/index.html?ref=menuside
- http://www.coe.int/t/dghl/monitoring/greco/default_en.asp
- http://www.transparency.org/
- http://www.u4.no/

Thank you for your attention!