



Pacific Association of Supreme Audit  
Institutions

ACAG/PASAI  
regional working  
group on  
environmental  
auditing

Update for  
WGEA meeting,  
Doha, January  
2009

# Proposed cooperative environmental audit in the PASAI region

## Introduction

- 1.1 This is to update the Working Group on Environmental Auditing on the activities of the ACAG/PASAI regional working group on environmental auditing (RWGEA).
- 1.2 The focus of the update is work undertaken on a proposed cooperative environmental performance audit in the PASAI (Pacific Association of Supreme Audit Institutions) region.
- 1.3 This paper has been prepared by the SAI of New Zealand. The SAI of New Zealand is the regional coordinator for the ACAG<sup>1</sup>/PASAI<sup>2</sup> regional WGEA.

## Background

- 1.4 PASAI, in conjunction with the Asian Development Bank (ADB), AusAID (Australian Agency for International Development) and the Pacific Islands Forum Secretariat, has been involved in a project over the last two years called the Pacific Regional Audit Initiative (PRAI).
- 1.5 The PRAI has reviewed the capability of Pacific Island audit offices in the areas of financial and performance (including environmental) auditing. The review phase has been completed and the PRAI is now being implemented with funding being provided for the first PRAI work period from the ADB and other agencies.

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<sup>1</sup> Australasian Council of Auditors-General.

<sup>2</sup> The INTOSAI Pacific region was formerly known as SPASAI – referring to the South Pacific Association of Supreme Audit Institutions. In April 2008, at the 11th SPASAI congress in the Cook Islands, the name was changed from SPASAI to PASAI. The new name better reflects that group members come from both the North and South Pacific.

1.6 Key features of the PRAI include:

- a strengthened Secretariat for PASAI, to be based in Suva, Fiji (the New Zealand OAG is the current PASAI secretariat);
- a sub-regional approach to improve financial audit capability in small Island states (Kiribati, Tuvalu and Nauru); and
- greater cooperation between SAIs in the region, including cooperative financial and performance audits.

1.7 The PRAI is to deliver the following four outputs during the initial program period (2008-12):

- strengthen regional cooperation and coordination;
- build and sustain public auditing capacity;
- conduct cooperative financial and performance audits; and
- strengthen communication and advocate transparency and accountability.

1.8 Under the “**conduct cooperative financial and performance audits**” output the PRAI will deliver the following cooperative audit-related sub-outputs:

- cooperative financial audits;
- cooperative performance audits; and
- undertake subregional audit support (SAS) program.

1.9 PASAI members agreed that the first cooperative performance audit under the PRAI programme should be an environmental performance audit.

1.10 This fits well with the goal in the WGEA work-plan for 2008-10 for each RWGEA to design and conduct a coordinated audit at the regional level.

## Governance

- 1.11 PASAI has formed a Transitional Working Group (TWG) to implement the PRAI. The members of the TWG are six Auditors-General and a representative from the main funding agency for the PRAI, the Asian Development Bank. Other stakeholder agencies also attend TWG meetings, including a representative from the IDI.

### Type of audit

- 1.12 PASAI has considered the WGEA guidance on conducting cooperative audits and the definitions of the three types of cooperative audit (joint, concurrent, coordinated).
- 1.13 The cooperative audit planned in the PASAI region best fits within the **coordinated audit** definition. We envisage national reports and some form of joint reporting.

### Progress to date

- 1.14 The New Zealand SAI prepared a paper on conducting cooperative performance audits for a meeting of the TWG in Auckland, New Zealand in September 2008. The paper drew on the WGEA guidance on conducting cooperative audits *Cooperation Between Supreme Audit Institutions, Tips and Examples for Cooperative Audits (2007)*.
- 1.15 The paper suggested an approach to selecting a topic for the audit and some possible topics. The TWG discussed five possible topics and decided to consult with all PASAI Auditors-General on their preferred topics, and about whether they wish to take part in the audit.

### Survey of PASAI members

- 1.16 The New Zealand SAI has prepared a survey for all PASAI members about the proposed audit. The survey is to be sent to PASAI members in early 2009. The purpose of the survey is to:

- gauge PASAI members' interest in undertaking a cooperative environmental performance audit;
- indicate to members that in agreeing to participate they are committing to the cooperative audit, but also to utilising the skills and knowledge gained to further enhance both the work in their own Office and also to participate in the program in the future;
- ask members to ensure that they have the mandate and resources to undertake and report the results of the cooperative performance audit; and
- outline suggested environmental audit topics and ask members to rank which topics would be of interest to them.

### **Possible topics**

1.17 The survey asks PASAI members to choose their preferred topic from the following list.

- supply of water;
- solid waste;
- sanitation;
- fish stocks; and
- liquid fuel quality in the Pacific.

1.18 The survey identifies possible sub-topics and whether WGEA guidance is available or being developed.

### **Approach when topic selected**

1.19 Individual SAIs will consider the audit topic and decide whether to participate in the cooperative audit. A cooperative audit team will then be established.

- 1.20 The cooperative audit team will draw on specialist expertise while undertaking the audit as required.
- 1.21 Cooperative audit team members will work mainly in their own jurisdiction, but the team will come together at key points – at the planning stage, part-way through the completion of the audit fieldwork, and when the joint audit report is prepared.
- 1.22 We have drawn on the WGEA guidance, *Cooperation Between Supreme Audit Institutions, Tips and Examples for Cooperative Audits (2007)* to determine what the focus of these meetings would be. We have found that guidance very useful in our planning for the audit, including the guidance on topic selection.

### Next steps

- 1.23 The results of the survey will be presented to the next TWG meeting in March 2009 in Auckland, New Zealand.
- 1.24 The proposal will be developed further at the 2009 PASAI congress in Palau in June/July 2009, including:
- the optimal number of participants;
  - the desired product (we envisage individual national reports and a joint audit report).
- 1.25 Our aim is for PASAI members to have enough information at the 12<sup>th</sup> PASAI Congress to decide whether to opt-in to the cooperative performance audit.
- 1.26 The aim is to conduct the audit in 2009-2010 and report in 2010.
- 1.27 The ABD is seeking to engage a Cooperative Performance Audit Expert to assist in the planning phase of the audit. The expert will undertake preparatory work for the audit, including a detailed performance audit plan.
- 1.28 A draft timetable for the audit is attached as an appendix.

## Conclusion

- 1.29 The PRAI-supported cooperative environmental audit is a very good fit with the WGEA expectations of our region and the WGEA timeframe. The SAI of New Zealand will be involved in supporting the proposed cooperative audit, both as regional coordinator for the RWGEA and as the PASAI secretariat.

## Appendix

### Draft Timetable for PASAI Cooperative Performance Audit

- Preparation and planning **now – June 2009**
  - prepare proposal for agreement at 12<sup>th</sup> PASAI Congress
  - develop methodology
  - prepare material for July 2009 planning meeting
  
- 12<sup>th</sup> PASAI Congress, Palau **June – July 2009**
  - agreement to cooperative performance audit topic
  
- Planning meeting **July 2009**
- Fieldwork **July – November 2009**
- Progress meeting **November 2009**
- Fieldwork **Nov 2009 – March 2010**
- Reporting meeting **March 2010**
- Publishing of individual national reports  
and joint audit report **March – June 2010**
  
- 13<sup>th</sup> PASAI Congress **June – July 2010**
  - review of process
  - agreement to next cooperative performance audit topic