EUROSAI WGEA SEMINAR: AUDITING FOREST AND FISHERIES MANAGEMENT
OSLO, 15 MAY 2011

INTOSAI WGEA project on:

Guidance material on how to integrate Fraud and Corruption issues into the Auditing of Environmental and Natural Resource Management

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Fraud and Corruption and Environmental and Natural Resource Management

1. Why?

2. How unique are these sectors really?

3. But what about my mandate?

4. F&C in fisheries and the guide as a tool to address it
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
Challenge: Find a proper balance between the generic and the specific
The audit-criminal investigation continuum

Possible fraud and corruption

Proper management

Addressing weak internal controls

Criminal investigation
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.”
Fraud, corruption & fisheries
Fraud and corruption risk assessments through the value chain
## Fraud and corruption risk assessment scheme

<table>
<thead>
<tr>
<th>Prioritization (Column VI)</th>
<th>Probability (Column VII)</th>
<th>Possible consequences (Column VIII)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Incentive/pressure, opportunity, rationalization or attitude</td>
<td>Impact on environment/natural resources, livelihood and/or human health</td>
</tr>
<tr>
<td>HIGH</td>
<td>HIGH</td>
<td>HIGH</td>
</tr>
<tr>
<td>LOW</td>
<td>MODERATE</td>
<td>MODERATE</td>
</tr>
<tr>
<td>LOW</td>
<td>LOW</td>
<td>LOW</td>
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</tbody>
</table>
### Fraud and corruption risk assessment scheme

<table>
<thead>
<tr>
<th>I. Fraud and corruption risk in the various stages of the value chain: WHAT</th>
<th>II. Fraud and corruption method: WHO/WHEN</th>
<th>IV. End-stage</th>
<th>V. Several ways management can address the risks of fraud and corruption</th>
<th>VI. Prioritization</th>
<th>VII. Probability</th>
<th>VIII. Possible consequences</th>
<th>IX. Audit procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>This column is for a brief description of the stage in the value chain which is being assessed for fraud and corruption risk.</td>
<td>This column is for a more thorough description of the method used. The auditor should give an adequate description of the method used.</td>
<td>This column is for a description of the stages involved.</td>
<td>If 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.</td>
<td>This column is for a brief description of the prioritization scheme.</td>
<td>This part is based on the assessment of the risk of fraud and corruption. The level of risk is considered a function of the fraud triangle.</td>
<td>This part is based on the evaluation of the extent of the fraud and the extent of the impact of the fraud.</td>
<td>This column is for brief descriptions of possible audit procedures to follow up the risks identified.</td>
</tr>
</tbody>
</table>
Thank you for your attention!