

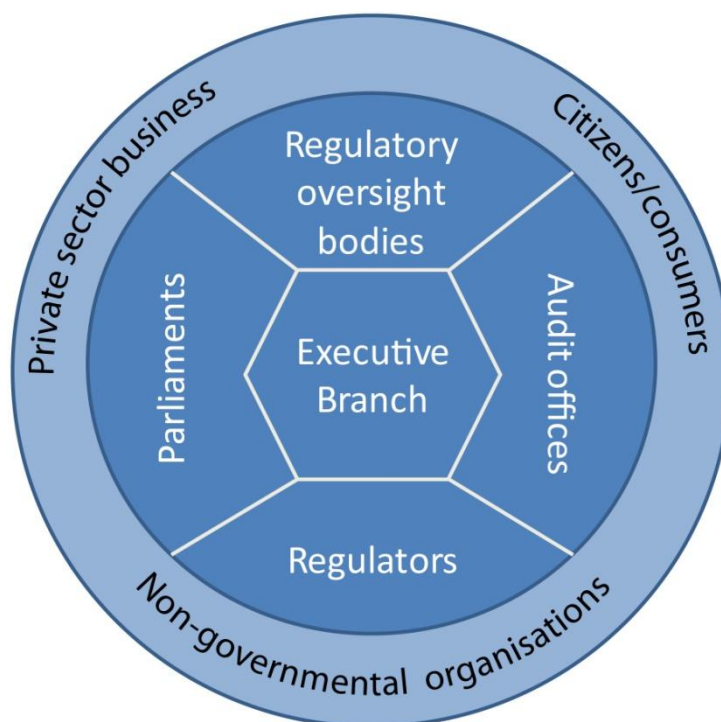
2013 International Regulatory Reform Conference

Information Note for the Workshop “The Role of Audit Offices in Regulatory Policy”

The 2012 OECD Recommendation of the Council on Regulatory Policy and Governance (Recommendation) emphasises that ensuring the quality of the regulatory structure is a dynamic and permanent role of governments and Parliaments. It presents Regulatory Policy and Governance as a whole-of-government activity integrated in the policy cycle of regulatory design, enforcement, review and evaluation supported by appropriate institutions.

This workshop will explore the role of audit offices in implementing the OECD Recommendation. It is part of a workstream on the role of three key actors in the regulatory policy cycle: Parliaments, regulatory agencies and audit offices. Parliamentarians decide on new laws and the revision of existing laws; regulatory agencies design and implement regulations; audit offices can play an important role in evaluating the functioning of regulatory agencies and of regulatory policy tools and programmes. In a recent OECD survey, 15 countries reported that audit offices have undertaken a review of regulatory management tools and/or programmes and 10 countries reported that audit offices had reviewed the performance of regulators or inspection authorities.

Key actors of regulatory governance



The 2012 OECD Recommendation of the Council on Regulatory Policy and Governance

The impact of the financial and fiscal crisis, and of social change and environmental challenges highlight the importance of sound regulatory frameworks as a basic condition for well-functioning markets and societies, protecting the environment and the promotion of economic growth. The Recommendation sets out the measures that Governments can and should take to support the implementation and advancement of systemic regulatory reform to deliver regulations that meet public policy objectives and will have a positive impact on the economy and society. These measures are integrated in a comprehensive policy cycle in which regulations are designed, assessed and evaluated *ex ante* and *ex post*, revised and enforced at all levels of government, supported by appropriate institutions.

The 12 high-level principles in the Recommendation recommend that member states:

1. Commit at the highest political level to an explicit whole-of-government policy for regulatory quality. The policy should have clear objectives and frameworks for implementation to ensure that, if regulation is used, the economic, social and environmental benefits justify the costs, the distributional effects are considered and the net benefits are maximised.
2. Adhere to principles of open government, including transparency and participation in the regulatory process to ensure that regulation serves the public interest and is informed by the legitimate needs of those interested in and affected by regulation. This includes providing meaningful opportunities (including online) for the public to contribute to the process of preparing draft regulatory proposals and to the quality of the supporting analysis. Governments should ensure that regulations are comprehensible and clear and that parties can easily understand their rights and obligations.
3. Establish mechanisms and institutions to actively provide oversight of regulatory policy procedures and goals, support and implement regulatory policy, and thereby foster regulatory quality.
4. Integrate Regulatory Impact Assessment (RIA) into the early stages of the policy process for the formulation of new regulatory proposals. Clearly identify policy goals, and evaluate if regulation is necessary and how it can be most effective and efficient in achieving those goals. Consider means other than regulation and identify the tradeoffs of the different approaches analysed to identify the best approach.
5. Conduct systematic programme reviews of the stock of significant regulation against clearly defined policy goals, including consideration of costs and benefits, to ensure that regulations remain up to date, cost justified, cost effective and consistent, and deliver the intended policy objectives.
6. Regularly publish reports on the performance of regulatory policy and reform programmes and the public authorities applying the regulations. Such reports should also include information on how regulatory tools such as Regulatory Impact Assessment (RIA), public consultation practices and reviews of existing regulations are functioning in practice.
7. Develop a consistent policy covering the role and functions of regulatory agencies in order to provide greater confidence that regulatory decisions are made on an objective, impartial and consistent basis, without conflict of interest, bias or improper influence.
8. Ensure the effectiveness of systems for the review of the legality and procedural fairness of regulations and of decisions made by bodies empowered to issue regulatory sanctions. Ensure that citizens and businesses have access to these systems of review at reasonable cost and receive decisions in a timely manner.
9. As appropriate apply risk assessment, risk management, and risk communication strategies to the design and implementation of regulations to ensure that regulation is targeted and effective. Regulators should assess how regulations will be given effect and should design responsive implementation and enforcement strategies.
10. Where appropriate promote regulatory coherence through co-ordination mechanisms between the supranational, the national and sub-national levels of government. Identify cross-cutting regulatory issues at all levels of government, to promote coherence between regulatory approaches and avoid duplication or conflict of regulations.
11. Foster the development of regulatory management capacity and performance at sub-national levels of government.
12. In developing regulatory measures, give consideration to all relevant international standards and frameworks for co-operation in the same field and, where appropriate, their likely effects on parties outside the jurisdiction.

Each of the principles expressed in the Recommendation are further developed in the full text of the Recommendation:

www.oecd.org/gov/regulatorypolicy/recommendationofthecouncilonregulatorypolicyandgovernance.htm

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| 31 January 2013 15:50 - 16:50 | Workshop: The Role of Audit Offices in Regulatory Policy |
| | The purpose of this workshop is to understand the role of audit offices in OECD countries in evaluating regulators and regulatory policy programmes and tools and to identify good practices. |
| Moderator | Nick Malyshev, Head, Regulatory Policy Division, OECD |
| Speakers | <ul style="list-style-type: none"> • Marc Hostert, Head of the Private Office of Mr. Henri Grethen, Member of the European Court of Auditors • Aroldo Cedraz, Vice-President of the Brazilian Court of Audit (TCU), Brazil and Davi Barreto, Secretary for Oversight of Privatization and Regulation of Transport, Brazilian Court of Audit (TCU), Brazil • Alex Scharaschkin, Regulation Director, National Audit Office, United Kingdom |
| Discussion | <p>Questions for discussion:</p> <ul style="list-style-type: none"> • How do audit offices evaluate the performance of regulators? • How do audit offices evaluate the performance of regulatory management tools and programmes? • In what form are evaluation results presented? |
| Background documents | <ul style="list-style-type: none"> • 2012 OECD Recommendation of the Council on Regulatory Policy and Governance • OECD (2011), Regulatory Policy and Governance: Supporting Economic Growth and Serving the Public Interest, OECD Publishing. • OECD (2013), Brazil's Supreme Audit Institution: The Audit of the Consolidated Year-end Government Report, OECD Public Governance Reviews, OECD Publishing. |