



## Message from the Chair of WGEA

Dear Colleagues,

The end of the current year closes another work plan period for the INTOSAI Working Group on Environmental Auditing. I believe we can rest assured that this has been a time of productive work and useful synergies. I thank you all for your contributions.

It is with honour that I observe the WGEA documents that were developed on climate change, sustainable energy, forestry, mining, fisheries and environmental accounting. These materials, reflecting the best knowledge and practices among many SAIs, were prepared with the goal of assisting auditors as they analyze their governments' activities in these fields.

This last work period also saw growth in collaborative environmental auditing in almost all regions, a trend that the WGEA has strongly encouraged. Almost all INTOSAI regions have conducted or are planning to conduct joint environmental audit initiatives. The global climate change audit, to be introduced at XX INCOSAI, took this cooperation one step further, proving that successful cooperation among SAIs is also possible across regional boundaries—and reflecting the increasingly global nature of the environmental problems we face.

These accomplishments hearten us as we set our sights on the 2011-2013 work period. The 13<sup>th</sup> meeting of the WGEA in Guilin, China in June was key in this respect, as we devised a new work plan that once again includes ambitious activities. New projects will create a solid foundation for developing additional audit guidelines on complex environmental topics. Through these and other activities such as training, meetings, surveys, and audit collections, the WGEA will continue to support cooperation and knowledge sharing among SAIs worldwide on environmental auditing.

This expanded edition of *Greenlines* highlights the experience of China's SAI in chairing the "Environmental Auditing and Sustainable Development" Theme for the upcoming INCOSAI in South Africa. It also includes a special story on the 6 just-released WGEA studies; important WGEA news; and a record number of News Briefs submitted by SAIs from around the world. I hope you enjoy this latest edition of *Greenlines*!

**Mihkel Oviir**  
Auditor General of Estonia

## Feature Story

[The National Audit Office of China Acknowledges, Appreciates Full Support From INTOSAI's Working Group on Environmental Auditing in Preparing for Theme II of XX INCOSAI](#)

At the 58<sup>th</sup> Governing Board Meeting of INTOSAI on 13 November 2008, Mr. Liu Jiayi, Auditor General of China, proposed "Environmental Auditing and Sustainable Development" as one of the main themes of XX INCOSAI. (Read more on the following page...)

## Feature Extra

[INTOSAI WGEA Guidance Papers 2008-2010: Sharing Knowledge and Best Practices on How to Audit 6 Key Environmental Issues](#)

In addition to the global climate change audit, the WGEA completed 6 major studies on environmental issues of global significance. This article briefly touches on each of these studies.

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## Feature Story



### The National Audit Office of China Acknowledges, Appreciates Full Support From INTOSAI's Working Group on Environmental Auditing in Preparing for Theme II of XX INCOSAI

At the 58<sup>th</sup> Governing Board Meeting of the INTOSAI on 13 November 2008, Mr. Liu Jiayi, Auditor General of China, proposed "Environmental Auditing and Sustainable Development" as one of the main themes of XX INCOSAI. The proposal aroused the interest of, and was supported by, the Board's members. Consequently, the topic was confirmed as Theme II of XX INCOSAI, and Mr. Liu was appointed as Theme Chair.



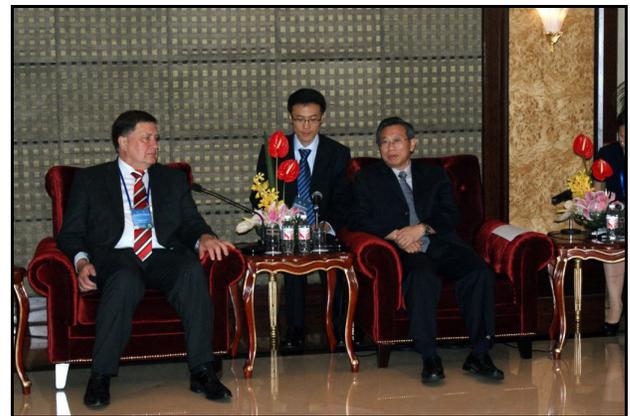
*Mr. Liu Jiayi, Auditor General of China, welcoming WGEA members to the Assembly*

This is the first time that the National Audit Office of China (CNAO) has assumed the responsibility of theme chair. Attaching great importance to this task, CNAO set up a special research team and allocated a separate budget for the project. Pursuant to the procedures established for XX INCOSAI, the research team prepared and has carried out a research plan. To date, the team has prepared the principal paper; collected and reviewed country papers; produced the discussion paper; and has drafted the final report.

During the past two years, the CNAO has received active support from the INTOSAI Working Group on Environmental Auditing (WGEA) in preparing for the Theme. Mr. Mihkel Oviir, WGEA Chair, and Mr. Tönis Saar, WGEA Secretary General, have kept a close watch on the process of theme research, and provided a perfect working platform and numerous valuable suggestions to the CNAO.

In an effort to help ensure a successful outcome for the Theme, the WGEA Secretariat also arranged to have it on the agenda at the WGEA's most recent meetings. In particular, during the 8<sup>th</sup> and 9<sup>th</sup> WGEA steering committee meetings in 2009 and 2010, and during the 13<sup>th</sup> full committee meeting held in Guilin, China in June

2010, the Secretariat ensured that there would be time for Theme II discussions during already-crowded agendas. These discussions provided valuable opportunities for the CNAO team to enrich its understanding of the "state-of-the-art" of environmental auditing, and to learn other SAIs' perspective on the theme, "Environmental Auditing and Sustainable Development."



*Mr. Liu consulting with Mihkel Oviir, NAO Auditor General and WGEA Chair*

CNAO believes that the WGEA, with its expertise on environmental auditing, has provided great professional support for our efforts. Specifically, the WGEA provided to the CNAO theme team its latest survey results and research documents on sustainable development, and put forward many valuable suggestions, greatly assisting CNAO's theme research efforts.

The WGEA has also done a tremendous job in helping to coordinate work for the theme. For example, the Secretariat helped the CNAO team disseminate the principal paper and discussion paper to all WGEA members for review. Also, at the 13<sup>th</sup> WGEA meeting, the Secretariat assisted the CNAO team in reporting to the assembly on its preparations during 2009 and 2010 for Theme II. In addition, it organized two meetings with delegates from a number of SAIs to assist in sorting through and finalizing the details of the Theme II Discussion Paper.

The Theme research team also acknowledges the assistance of other SAIs that contributed in many different ways. For example, the SAIs of Canada, Germany, Mexico, Morocco and Paraguay helped CNAO check its translation of the principal and discussion papers into Arabic, French, German and Spanish. Their

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work helped greatly to ensure the quality and accuracy of these translations. In accordance with INCOSAI procedures, the SAIs of Poland, Canada, Denmark, Philippines, Mexico, Algeria, Switzerland and South Africa will assume the roles of Vice-Chair, Moderators, Rapporteurs, Substitutes, and Technical Liaison. CNAO has been collaborating closely with these SAIs on Theme II preparation. Finally, CNAO acknowledges the more than 40 SAIs that have submitted country papers for this theme, laying a solid foundation for the CNAO Theme team's research.

With a common concern for, and much devotion to, environmental protection and the discipline of environmental auditing, the INTOSAI WGEA and its member SAIs have embraced the theme of "environmental auditing and sustainable development." As Mr. Liu Jiayi mentioned at the opening ceremony of the 13<sup>th</sup> WGEA meeting, environmental issues pose a common challenge to all nations and will require the concerted efforts of all nations. Therefore, we believe, continued work by INTOSAI WGEA and its member SAIs under this theme will contribute to the further development of environmental auditing worldwide, thereby contributing to a better global environment.



CNAO leading a discussion among WGEA delegates concerning Theme II of upcoming XX INCOSAI



Some of the 11 members of CNAO's Theme II team. Seated left to right are Ms. Li Lei, Ms. Chen Jixiang, and Ms. Chai Nan. Standing are Mr. Qu Wei, Mr. Xue Yong, Mr. Liu Shihua, Mr. Luo Quan, and Mr. Zhou Xun

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## Feature Extra

### INTOSAI WGEA Guidance Papers 2008-2010: Sharing Knowledge and Best Practices on How to Audit 6 Key Environmental Issues

 <p style="text-align: center;">Auditing the Government Response to Climate Change Guidance for Supreme Audit Institutions</p> <p style="text-align: right;">2010</p> <p><b>Project leader:</b> Norway <b>Sub-committee:</b> Australia, Austria, Brazil, Canada, China, Indonesia, Poland, Russia, Slovenia, South Africa, the Netherlands, United Kingdom, United States, Zambia, Zimbabwe</p>	<p><b>Auditing the Government Response to Climate Change</b></p> <p>Climate Change is one of the greatest environmental challenges of this century. Scientists have high confidence that warming of the climate system is unequivocal and that greenhouse gas emissions from human activities are major contributors.</p> <p>This guidance document suggests how SAIs might audit their governments' responses to climate change. The guide's objective is to support and inspire SAIs to conduct more audits of governments' climate change response. As a companion piece to the INTOSAI WGEA's just-released, multi-SAI cooperative climate change audit, this document includes:</p> <ul style="list-style-type: none"> <li>• A general introduction to climate change; what causes it, and its impacts;</li> <li>• A description of the international response to climate change, and principles of good climate change governance;</li> <li>• A four-step process for planning climate change audits on mitigation- and adaptation-related issues; and</li> <li>• Examples of climate change adaptation and mitigation audits.</li> </ul>
 <p style="text-align: center;">Environmental Accounting: Current Status and Options for SAIs</p> <p style="text-align: right;">2010</p> <p><b>Project leader:</b> United States <b>Sub-committee:</b> Uganda</p>	<p><b>Environmental Accounting: Current Status and Options for SAIs</b></p> <p>Environmental accounting provides a framework for organizing environmental data so that it can be linked to economic data. Among other uses, it can help policy makers better manage resources; assess different types of environmental pressures; and identify the implications of different regulations, taxes, and consumption patterns on environmental sustainability. Significantly, it has been recognized as a key tool for monitoring, measuring, and analyzing climate change. This report updates the 1998 WGEA report on the issue and examines:</p> <ul style="list-style-type: none"> <li>• The efforts of international organizations to develop environmental accounting standards;</li> <li>• The efforts of individual countries from around the world to develop and expand their use of environmental accounts; and</li> <li>• Options for SAIs to address environmental accounts in their audit work.</li> </ul>
 <p style="text-align: center;">Auditing Sustainable Energy Guidance for Supreme Audit Institutions</p> <p style="text-align: right;">2010</p> <p><b>Project leader:</b> Czech Republic <b>Sub-committee:</b> Australia, Canada, Estonia, Morocco, Norway, Poland, United Kingdom</p>	<p><b>Auditing Sustainable Energy</b></p> <p>"Sustainable energy" is a complex and interdisciplinary issue that defies a unified definition. Nonetheless, SAIs are well positioned to investigate many issues associated with this critical field, particularly as it relates to the use of public funds and the effectiveness of relevant policies. The aim of the guidance document is to help SAIs to understand sustainable energy issues and to identify a suitable audit approach. The guide is intended to help the user to:</p> <ul style="list-style-type: none"> <li>• Understand what the sustainable energy issue refers to and what its environmental, economic, and social impacts are;</li> <li>• Understand governmental responses to this issue (such as policy instruments);</li> <li>• Choose a suitable audit topic; and</li> <li>• Design an audit that is tailored to the circumstances of an individual country, and to formulate appropriate audit questions.</li> </ul>

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 <p>Auditing Mining: Guidance for Supreme Audit Institutions</p> <p>2010</p> <p><b>Project leader:</b> Tanzania <b>Sub-committee:</b> China, Ethiopia, Mongolia, Uganda</p>	<h3>Auditing Mining</h3> <p>This Guidance provides an introduction to environmental issues associated with mining activities, discussing how SAI audits might best address the extent to which developers in the public and private sector are meeting their obligations to extract resources in an environmentally responsible manner. The Guidance also touches on associated social impacts and other issues. It's aim is to:</p> <ul style="list-style-type: none"> <li>• Increase the knowledge and awareness of SAIs about auditing mining issues by presenting different approaches, and inspire more audits in this field, regardless of an SAIs' experience with the issue;</li> <li>• Identify a large selection of problem areas that can be examined, and help auditors to consider different approaches to their mining audits;</li> <li>• Provide a basic four-step approach to choose and design audits on mining issues; and</li> <li>• Present case studies from around the world on a variety of mining topics.</li> </ul>
 <p>Auditing Forests: Guidance for Supreme Audit Institutions</p> <p>2010</p> <p><b>Project leader:</b> Indonesia <b>Sub-committee:</b> Bahamas, Bhutan, Brazil, Cameroon, Estonia, Ethiopia, Kenya, Lesotho, Malaysia, Mexico, South Africa, Uganda, Zimbabwe</p>	<h3>Auditing Forests</h3> <p>Forests are among the most diverse and widespread ecosystems on earth. To maintain forests' sustainability, key stakeholders are expected to perform their roles responsibly. Governments exercise critical responsibilities for developing and implementing policies, regulations, and appropriate institutional frameworks. In their oversight capacity, SAIs can assist their governments in fulfilling these responsibilities. This document provides guidance on conducting forestry-related audits, covering a range of management and public policy tools used by governments. Specifically, it describes:</p> <ul style="list-style-type: none"> <li>• What forests are, why they are important, what the threats to forests are, and what action governments are taking;</li> <li>• A suggested process for choosing and designing forest audits; and</li> <li>• Practical guidance, information, and case studies related to audits on forests.</li> </ul>
 <p>Auditing Sustainable Fisheries Management: Guidance for Supreme Audit Institutions</p> <p>2010</p> <p><b>Project leader:</b> South-Africa <b>Sub-committee:</b> Botswana, Canada, Netherlands, New Zealand, Norway</p>	<h3>Auditing Sustainable Fisheries management</h3> <p>By reporting on issues such as the unsustainable use of fisheries resources and the lack of conservation and maintenance of fish stocks, SAIs may influence governments in making management decisions to better protect and sustain them. The aim of this guide is to develop a common approach among SAIs to determine whether governments are managing fishery resources sustainably, taking into account environmental, economic, social and cultural factors. The guidance contains:</p> <ul style="list-style-type: none"> <li>• Background on the subject, including <i>A Conceptual Framework of Fisheries Governance and Management</i> developed by the SAI of Canada;</li> <li>• A four-step process for choosing and designing audits of fisheries issues;</li> <li>• Information about audits of fisheries from around the world; and</li> <li>• Appendices with methodological tools for data gathering and analysis as well as an audit design matrix.</li> </ul>

## WGEA News

### 13th meeting of INTOSAI WGEA in Guilin, Guangxi, China

Among the most newsworthy events since the last *Greenlines* was the successful INTOSAI WGEA Assembly on June 7-11, 2010, in Guilin, China. The event, hosted by China's National Audit Office, included 131 participants from 62 Supreme Audit Institutions (SAIs) and other international organizations. Delegates were honored with greetings from Mr. Liu Jiayi, Auditor General of CNAO. The keynote speaker was Mr. Yue Ruisheng from the Foreign Environmental Protection Cooperation Centre, Ministry of Environmental Protection of China, who spoke on the state of environmental protection in China. Other speakers included Mr. Zhou Shengxian, Minister of Environmental Protection of China; Mr. Ma Biao, Governor of Guangxi Zhuang Autonomous Region; and Mr. Mihkel Oviir, Auditor General of Estonia and the Chair of INTOSAI WGEA.



Some of the 131 delegates from 62 SAIs, listening to opening remarks provided by their Chinese hosts

A full day was dedicated to climate change. Featured speakers included Mr. Peter Leonard (World Bank Beijing Office), who spoke about environmental and social assessment, its link to climate change, and new developments and challenges ahead; Professor Guo Yuan (Chinese Energy Research Institute), who provided insight into China's efforts to address climate change and improve energy efficiency; Ms. Kimberley Leach, (Canada), who presented the progress and outcomes of the WGEA's Global Coordinated Audit of Climate Change; Ms. Katarzyna Papińska (Poland), who gave an overview of European Coordinated Audit of Climate Change; and Ms. Kristine Lien Skog (Norway), who gave an overview of the climate change issue in general and presented the Climate Change Guide and its accompanying E-learning tool.

The Secretariat provided a progress report that touched on a variety of issues, including the recently-completed 2008-2010 work plan, the results of the 6<sup>th</sup> Survey on Environmental Auditing, the approval of the 6 major research documents developed by member SAIs during the 2008-2010 work period, and approval of the new work plan for 2011-2013. Progress reports were also provided on Regional WGEA activities, and on the new INTOSAI Development Initiative Transregional Capacity Building Program on Environmental Auditing. There was also considerable discussion concerning the upcoming INCOSAI with its second Theme's focus on Environmental Auditing and Sustainable Development, along with a presentation by China's SAI on this subject (*See related Feature Story*).

"Parallel Sessions" also delved into the 6 major studies, prompting considerable discussion about the issues they covered and about how SAIs might best address them. Materials and minutes associated with these sessions, as well as other meeting sessions, are available at [www.environmental-auditing.org](http://www.environmental-auditing.org).

### Other recent events

- EUROSAI WGEA held a seminar on auditing climate change from 23 to 24 March 2010 in Copenhagen, Denmark. 58 participants from 26 SAIs attended, and total of 30 presentations were held.
- The 6th meeting of the ACAG/PASAI WGEA was held from 20 to 22 April 2010 in Brisbane, Australia, with 27 participants from 15 SAIs attending. Main topics revolved around auditing water issues and performing cooperative audits in the region. An INTOSAI WGEA progress report was provided, including its new 2011-2013 work plan.
- The Secretary General of the INTOSAI WGEA Secretariat, Mr. Tõnis Saar, attended the second Steering Committee Meeting of the INTOSAI Knowledge Sharing Committee, held in Mexico City from August 11 to 13, 2010. Mr. Saar made a presentation on the progress of INTOSAI WGEA activities.
- A COMTEMA (OLACEFS' WGEA) meeting was held from 29 to 30 July 2010 in Bogota, Colombia, during which the New Terms of Reference and new work plan were approved. Participating countries presented the results of their latest environmental audits.
- The annual meeting of EUROSAI WGEA was held from 5 to 7 October on the island of Texel, Netherlands. Before the meeting, on 4 October, a training seminar on sustainable energy organised by the SAI of Czech Republic was also held.

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Sustainable energy and the impact of environmental audits were the main topics of the event. Among others, experts from the United Nations Environment Programme (UNEP) and International Energy Agency (IEA) had been invited as guest speakers.

- In early September, the Secretariat sent out the annual Environmental Audits Collection forms to all INTOSAI members in order to update the Environmental Audits Worldwide database, located on the INTOSAI WGEA website. Along with it, the SAs were also requested to notify the Secretariat of any changes in their contact information.

### News from the team

INTOSAI WGEA Secretariat is happy to note two changes regarding the team. Senior advisor Ms. Kairi Raudsepp is now known as Mrs. Kairi Treufeldt ([kairi.treufeldt@riigikontroll.ee](mailto:kairi.treufeldt@riigikontroll.ee)), and all our warmest congratulations go to her on her new marital status. The team has also gained a new member, Ms. Kaire Kesküla ([kaire.keskula@riigikontroll.ee](mailto:kaire.keskula@riigikontroll.ee)), who joined the team in August as an advisor to the Secretariat. Ms. Kesküla had previously worked in the administrative services area of the National Audit Office of Estonia for three years. The secretariat welcomes her and wishes her good luck on her new position.

### Upcoming events

- As noted elsewhere in *Greenlines*, XX INCOSAI will take place from 22 to 27 November in Johannesburg, South Africa. Along with it, the 60th as well as the 61st meeting of the INTOSAI Governing Board will also be held. XX INCOSAI will focus on two key topics: *Value and Benefits of Supreme Audit Institutions* (Theme I) and *Environmental Auditing and Sustainable Development* (Theme II). INTOSAI WGEA will organise a side event that includes the release of the recently published guidance materials, as well as the report of the global coordinated audit on climate change. A WGEA exhibition space will be open throughout the INCOSAI event.
- INTOSAI WGEA will attend as an observer at the United Nations Climate Change Conference (COP16) from 29 November to 10 December 2010 in Cancun, Mexico. WGEA has applied for the opportunity to organise a side event and set up an INTOSAI WGEA exhibition space.
- The 10th meeting of the INTOSAI WGEA Steering Committee will be held from 8 to 11 March 2011, hosted by the Supreme Audit Institution of Morocco.
- The 14th meeting of INTOSAI WGEA is planned for November 2011, and the Supreme Audit Institution of Argentina has generously offered to host the event in Buenos Aires.

## News Briefs from Around the SAI World



### **ARGENTINA: Progress reported at OLACEF's regional WGEA meeting**

The eighth meeting of OLACEFS' regional Working Group on Environmental Auditing, under the chairmanship of the SAI of Argentina, was held on 29 to 30 July in Bogotá, Colombia. Representing the Secretariat of INTOSAI WGEA, Mr. Tönis Saar delivered a progress report, which included INTOSAI WGEA's organisation and membership status; actions taken to fulfill its 2008-2010 Work Plan, and progress under its newly adopted 2011-2013 Work Plan. During the meeting, the Terms of Reference of COMTEMA (OLACEFS' Regional WGEA) were approved, major activities of each member SAI were introduced, and the progress report of the 2009-2011 Regional Work Plan was analyzed.

*For further information, contact María Andrea Gainza at [gainza@agn.gov.ar](mailto:gainza@agn.gov.ar)*



### **AUSTRIA: Reorganisation at Court of Audit expands scope of environmental auditing; sustainability audits completed**

As of September 1<sup>st</sup>, a new functional organizational structure has been put in place at the Austrian Court of Audit (Rechnungshof). Its purpose was to improve the efficiency of audits by providing more personnel for the core tasks of auditing and consulting. Faster decision-making processes, improvements in internal communication, and transfer of knowledge will help to enhance internal governance. One consequence of the reorganisation is that the unit responsible for environmental auditing will now be expanded to include audit topics in the fields of water management, agriculture, forestry, and management of disasters.

The Rechnungshof also notes that it finished a series of audits dealing with Sustainable Development. After an initial audit concerning the national strategy for Sustainable Development in Austria (2006), three audits were completed during 2008 and 2009, each covering three Laender. The main topics discussed included strategic background, the implementation of Sustainable Development in decision making processes, an assessment of major programs and projects, and the coordination of infrastructure and available resources. Special chapters dealt with the implementation of Local Agenda 21 and the Global Marshal Plan Initiative. The series was completed by an audit covering all nine Laender and the federal ministries (2009). Key recommendations concerned the strategic coordination of federal, regional and local levels, indicator systems,

sustainability assessment, controlling systems, and networks. To date, the reports have been approved by the legislative bodies of six Laender. Discussions involving the remaining three Laender and about the nationwide audit are still to come.

*For further information, contact Heinrich Lang at [lang@rechnungshof.gv.at](mailto:lang@rechnungshof.gv.at)*



### **CANADA: INTOSAI WGEA report on its coordinated audit on climate change to be released at INCOSAI XX**

In June 2007, 14 supreme audit institutions from 6 continents embarked on a project to cooperate in the design and undertaking of national audits of their respective governments' climate change programs and performance. The project involved a diverse group of offices – from Australia, Austria, Brazil, Canada, Estonia, Finland, Greece, Indonesia, Norway, Poland, Slovenia, South Africa, the United Kingdom, and the United States – that have varying degrees of experience in auditing governments' management of climate change. Mr. John Reed of Canada's Office of the Auditor General served as Project Leader.

To support the national audits, the participating SAIs developed a framework audit approach, including potential audit objectives and criteria, and questions that could guide any audit work undertaken. Each SAI designed, carried out, and domestically reported national audits to respond to their country's climate change priorities and in accordance with their internal practices and standards.

The work has been completed and the resulting 33 audits have covered a variety of topics, including compliance with international commitments related to emission reduction targets, the assessment of risks and vulnerabilities to support adaptation efforts, the coordination and management arrangement across government agencies, the availability of reliable information to support decision making, and the performance of the policy instruments used.

The resulting report will be officially released during XX INCOSAI (November 22-27, 2010) in Johannesburg, South Africa, and summarizes the key findings from the audit work conducted by the 14 SAIs in the areas of greenhouse gas emission mitigation and climate change adaptation. Also included are a series of lessons that should assist all SAIs – not just the 14 represented in the report – in undertaking future work to scrutinize their governments' achievement of climate change commitments, and delivery of related policies and programs. As well, abstracts of all 33 audits conducted by the SAIs are included. Upon its release at XX INCOSAI,

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the report will be posted on the INTOSAI WGEA Web site at [www.environmental-auditing.org](http://www.environmental-auditing.org)

For further information, contact George Stuetz at [george.stuetz@oag-bvg.gc.ca](mailto:george.stuetz@oag-bvg.gc.ca)



## **CHILE: SAI audit identifies problems in plan to control Santiago air pollution**

In 2009, the Comptroller General's Office of the Republic of Chile conducted an audit on the fulfillment of the Prevention and Atmospheric Decontamination Plan (PPDA) for the Metropolitan Region of Santiago. The fulfillment of the Plan's decontamination measures required the participation of the Chilean government's auditing institutions as well as those institutions in charge of monitoring the environment at the regional level.

The audit sought to test the success of the plan, which is principally the responsibility of the Ministry of Health of the Santiago Metropolitan Region. The Ministry monitors standard emissions from fixed sources, measures air quality through its monitoring stations, and monitors air quality through a governmental coordinating institution that is in charge of the stations, and which governs emission reduction requirements for the industrial sector, strategic programs and vigilance, and monitoring programs. During the audit, and with the participation of officials from the Region's Ministry of Health, 14 air quality monitoring stations were visited and an inventory of the main stations' equipment was taken. Similarly, a review of financial accounts was conducted which verified the implementation of the quality control checks for costs as well as the controls for the purchase and receipt of goods.

The audit revealed several shortcomings, but some major ones stood out. For example, for the year 2008, the timeframes for revising and re-evaluating the Plan were not met, and some emitting stationary sources did not comply with the maximum-allowable emission concentrations for Carbon Monoxide (CO), Sulfur Monoxide (SO<sub>2</sub>), Nitrogen Oxide (NO<sub>x</sub>), and particulate material (MP10). This resulted in health authorities conducting sanitary inspections and health surveys. In addition, approval was lacking for some SO<sub>2</sub> emission reduction programs, and complete installation was not achieved for all the required air quality monitoring stations.

The audit points to the need for health authorities to investigate why the installation of the air quality monitoring stations was delayed, as well as to the need to investigate the coordinating institution in charge of the stations. The Comptroller General's Office has initiated an investigation to identify the responsible entities, and is also currently conducting a follow-up audit to monitor efforts to correct the shortcomings observed in the audit.

For further information, contact Peter Balazs Zilcz at [pbalazs@contraloria.cl](mailto:pbalazs@contraloria.cl)



## **CHINA: Seminar on environmental auditing held between SAIs of China and Russia**

The National Audit Office of China (CNAO) and the Accounts Chamber of the Russian Federation (ACRF) held a seminar on environmental auditing from 21 to 22 September, 2010, in Khabarovsk, Russia. It was the fifth seminar since a regular working mechanism was established between the two SAIs in 2006. Environmental auditing has been selected as the theme of the seminar, reflecting the importance that has been attached to ecological and environmental protection by both China and Russia.

During the seminar, the Chinese delegation highlighted China's efforts in environmental protection and environmental auditing, as well as its explorations in joint audits, whereas the Russian delegation elaborated on its auditing activities concerning aquatic bio-resources and forestry, and joint audits with Norway on fishery resources.

The two SAIs also touched upon other topics including the joint supervision of water quality of the China-Russia boundary river, the administrative measures on water resources, especially fishery resources in the boundary river, and communication and cooperation between fishery research institutions of the two countries. It was mutually acknowledged and highly valued that both countries have put in place adequate funds and policies to protect the boundary river, and that their bilateral cooperation in environmental protection has been effective.

Discussions at the seminar covered a wide range of topics including, for example, the measures of and effects of environmental protection efforts, audits (environmental audits in particular), and the possibilities for joint audits between CNAO and ACRF. A consensus was also achieved on their future cooperation in joint environmental audits.

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## **CZECH REPUBLIC: SAI audits financial assistance provided for improving nature and landscape**

In 2010, the Supreme Audit Office of the Czech Republic launched an audit on the funds allotted for improving the country's nature and landscape, including the system for evaluating expected and achieved outcomes of the relevant subsidy programmes. The audit's results will be published in the 2nd quarter of 2011.

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The most important audited subsidy programmes are the Programme for Revitalization of River Systems, the Programme for Management of Landscape, and the priority Axis 6 of Operating Programme Environment. Audited bodies include the Czech Republic's Ministry of the Environment, the State Environmental Fund, the Agency for Nature Conservation and Landscape Protection, and selected beneficiaries of financial assistance.

The audit will focus on the providers of activities and services associated with the financial support, who are connected with the subsidy programmes for the improvement of nature and landscape. Also to be assessed are whether the programme goals to be attained are realistic, unambiguous, and whether their attainment is possible to evaluate.

The audit will also address whether recipients of the financial assistance are in compliance with the obligations and conditions determined by the appropriate public authorities and by the contracts for the financial support. Also to be assessed are whether the ecological contribution of projects and other programme goals are likely to be achieved.

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## **ESTONIA: Public survey of peoples' habits regarding the separation of packaging waste**

The Estonian National Audit Office recently evaluated the enforcement of the producer responsibility principle in the packaging waste sector. The producer responsibility principle maintains that enterprises take responsibility for their products. Therefore manufacturers, importers, and sellers are required to take back their products from end users at the end of the products' useful life. Enterprises are free to form producer responsibility organizations, which collect and organize reuse of end-life-products. Besides analysing the collection network and the activities of producer responsibility organisations, the NAO also wanted to study effectiveness—that is, whether activities designed to encourage more responsible public handling of packaging wastes were having their intended effect.

In order to ensure that the results were representative, an independent research institute was invited to conduct a survey of public opinion. The results show that public willingness to sort packaging out of household waste was lower than expected. For example, 54 percent of citizens did not know that separately collected packaging waste can be delivered free of charge. The effectiveness of collection differs by types of packaging. Paper cartons were collected by 20 percent and plastic by 35 percent of citizens. At the same time, refundable bottles were returned by 70 percent of citizens. The work of the

research institute served as a valuable input for formulation of audit conclusions.

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## **INDIA: SAI focuses on innovation in environmental audit approach**

The idea behind SAI India's adoption of innovative environmental auditing strategies is to reorient its conventional fault finding role toward a more proactive one that better contributes to environmental protection. Among the innovative strategies being used by SAI India are:

*Earlier and more frequent involvement of stakeholders.* It has normally been SAI India's experience that the public administration takes a defensive posture to its audit findings—even when their validity is recognized. Through a more consultative process, in which stakeholders are consulted earlier and at each stage of audit process, the SAI seeks to ensure that the final report will find ownership and acceptability among all stakeholders. This approach was successfully applied in the SAI's recent performance audit on waste management, where early consultation with stakeholders helped it to define more focused and meaningful objectives.

A similar approach has been taken in a subsequent water pollution audit, where SAI India consulted early with civil society organizations, as well as numerous government agencies and regulatory bodies. The SAI even reached out to the public through advertisements in national and local papers about the pollution problems they face, and received over 500 responses. All these inputs facilitated the framing of audit objectives that were more realistic, relevant, and practical.

*Communication to a wider audience.* Readers of SAI India's reports have traditionally been confined to concerned agencies and ministries, as well as the Public Accounts Committees. Contributing to this limited readership has been the reports' style, length, and presentation. Recognizing that the issues in its environmental audit reports warranted the attention of the common citizen, SAI India has begun producing small, vibrant booklets containing the major audit findings and conclusions. Audit findings are presented succinctly and in lay terms, and in a visually appealing manner.

*Creation of a nation-wide database.* As is the case in many countries, the actual implementation of environmental programmes in India is often decentralized among numerous state governments, local bodies, and private entities. As such, a countrywide assessment of the implementation and monitoring of environmental programmes has often been complicated by the absence of complete and accurate information. Consequently, SAI India has modified its methodology by collecting information on compliance with enacted environmental

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laws, and compiling that information into a database. SAI India sees this database as not only aiding its auditors in their own work, but also in helping the central government oversee the performance of different states across various environmental parameters.

*Recommendations draw on best practices.* Finally, to identify the best ways to resolve the problems it identifies in its environmental audits, SAI India has also made an effort to draw on the best practices of multiple organizations, both domestic and international. In this way, it hopes to better assist the public administration in targeting solutions that will best address local needs.

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## **KUWAIT: State Audit Bureau completes work on “Red Tide” and oil refinery gas emissions**

The State Audit Bureau (SAB) announces the recent completion of two environmental audits. The first addresses the environmental effects of “Red Tide.” Red Tide is a common name for algal bloom, an event in which estuarine, marine, or fresh water algae accumulate rapidly in the water column, causing dense, visible patches near the water’s surface. Red Tide has resulted in the death of fish, birds, and mammals. The SAB’s January 2010 report evaluated the responsible department’s efficiency in addressing the phenomenon, including its role in monitoring its causes and taking steps to eradicate it. The SAB recommended that the Environment Public Authority develop a plan to effectively control the risks and effects of the Red Tide phenomenon.

The second environmental audit focused on the Environmental Public Authority’s role in monitoring and eliminating the causes of pollution associated with oil refinery gas emissions. This included evaluating the health and environmental effects associated with these emissions, and evaluating the efficiency with which regulations and procedures designed to control them have been implemented. Recommendations called for enhancing cooperation among the Environment Public Authority, Kuwait Scientific Institution, and international environmental institutions in studying whether contaminant emissions are in compliance with applicable laws, and to determine how best to prevent damage from the emissions to areas near oil installations.

Finally, the SAB is currently preparing its Environmental Audit Plan for 2011, which will focus on several emerging issues including how best to adapt to changing weather; the country’s progress in developing a green economy, and prospects for implementing joint projects with counterparts from other Gulf Cooperation Council countries.

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## **LITHUANIA: National Audit Office evaluates use of the country’s subsoil assets**

In July 2009, the National Audit Office of Lithuania (NAOL) completed an audit on the use of subsoil assets. NAOL has stated that subsoil assets in Lithuania should be better protected and used more economically. Specifically, according to the former Auditor General Rasa Budbergytė (currently the Member of the European Court of Auditors, Chamber I “Preservation and Management of Natural Resources”), the system in place for managing these assets was ineffective, and often hampered by bureaucratic obstacles. NAOL recommended the development of a strategy for the use of subsoil assets, as well as amendments to legislation in order to achieve optimal planning, management, and control of extraction processes for the aforementioned assets.

The auditors pointed out that currently, only the extraction of quartz sand is restricted in Lithuania, noting that at the behest of business interests, restrictions on the extraction of other assets had been previously abolished. They noted, however, that this state of affairs could negatively influence Lithuania’s economy in the future. They stated, for example, that if these nonrenewable assets are not managed wisely, the country may no longer be able to export these assets but rather may be required to import them. Meanwhile, peat or gravel may be mined only in remote and poorly accessible localities.

NAOL expressed the opinion that procedures for issuing licenses for extraction of mining products needed to be changed. Currently, such permits are issued based on the date an application is submitted, and only licenses for extraction of oil are issued by means of a tendering scheme. This fact not only violates the principles of free competition, but also keeps the State from gaining maximum benefits from its assets.

Finally, referring to the calculations of the Geological Survey of the Republic of Lithuania, as of 31 December 2007, the relative value of natural extractives in Lithuania totaled LTL 58,3 billion, or 25 percent of all the assets of the State. However, NAOL suggested that such calculations were highly unreliable, since not all the assets had been taken into account.

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## **MALAYSIA: Audit Department examines the environmental impacts of sand mining**

The National Audit Department of Malaysia conducted an audit on sand mining in 8 states. Sand mining is actively carried out in states where it is used extensively in the development of infrastructure. It generates economic benefit to the state governments through royalty payments by the operators. It is important to ensure sand mining is properly managed, controlled and supervised.

The audit, conducted between August and December 2009, involved the activities of the Land and Mines Department in the participating states. Applications for sand mining permits must be obtained from this Department. Also, land suitability reports are required from the Drainage and Irrigation Department, the Environmental Department, and local authorities as part of the determination as to whether sand mining can be carried out in the areas under consideration.

If properly carried out, sand mining not only generates income for the state government, but can also reduce the risk of flooding by deepening the river bed and reducing river bed sedimentation. However, as the audit report noted, excessive and inappropriate sand mining can pose serious environmental threats. Identified impacts include bed degradation, channel instability, reduction in water quality, and deterioration of riparian habitat, flora, and fauna. Among other impacts discussed, the audit report also noted that oil/fuel spills from mining and dredging activities themselves can affect water quality and indirectly poison aquatic species.

In addition to these ecological impacts, sand mining without a permit results in financial losses to the state government due to uncollected royalties. Furthermore, action cannot be taken to prevent environmental destruction when there is no party to ensure accountability. In this connection, scheduled supervision of sand mining by the appropriate department has been carried out in only several states, while in others it has not been scheduled due to the lack of manpower. Monitoring schedules are in place for operators, but they are often not followed. Instead, inspections are carried out on the basis of ad-hoc complaints or public complaints regarding this activity.

The audit concluded with several recommendations to the auditee. Immediate action needs to be taken to ensure that all environmental destruction has been rectified by the operators. Testing is also needed to ensure that water quality has not been adversely affected. Finally, more vigorous enforcement, conducted by the auditee in collaboration with local authorities, will also help to overcome the negative impacts associated with excessive and inappropriate sand mining.

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## **MOROCCO: Cour des Comptes acts to incorporate environmental issues in its full range of audit work**

Since the Rio de Janeiro summit in Brazil in 1992, Morocco has launched a significant process to establish regulatory, institutional and financial mechanisms enabling it to address its environmental problems, a process that has involved both of its government and private sectors, as well as NGOs. Key actions included:

- The creation in 1995 of a Ministry of Environment charged with coordinating the relevant Acts of the Government and defining a national environmental protection strategy;
- The reform and adoption of new laws governing the various domains related to the environment; and
- The adoption of an integrated environmental policy geared toward achieving sustainable development. In this context, in 2009, Morocco launched an ambitious process to establish a National Charter for Environment and Sustainable Development.

This progress has created a pressing need for monitoring, control and evaluation. Thus, the Cour des Comptes, charged with overseeing all matters of interest to the country, has responded to this need in accordance with its legal mandate. Specifically, since strengthened with an expanded mandate in 2003, the Cour des Comptes has:

- Conducted performance and compliance audits of organisations related to the environment;
- Audited projects and programs financed through cooperation with international organizations, especially with UNDP and UNEP;
- Implemented a workgroup dedicated to environmental auditing;
- Developed its knowledge of, and capacity to perform, environmental audits;
- Actively participated in the various activities of the INTOSAI WGEA. In this connection, Morocco has been a WGEA member since 2007 and joined its Steering committee in 2010.

In 2006, a working group on environmental auditing was created within the Cour des Comptes. Its main objective is to establish a methodological framework in this area and to incorporate environmental issues in the full range of its audit work. It also serves as the main contact for national and international partners, in particular the INTOSAI, the AFROSAI and the ARABOSAI working groups on environmental auditing.

Thus, the environment has become practically among the main axes of the missions of performance auditing within the Cour des Comptes. Audits in connection with water, forestry, renewable energy, fisheries, solid waste and medical waste, impact studies, etc. are performed each year. In this sense, the Cour des Comptes participates

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actively, each year, in the enrichment of the WGEA website through its experiences on the subject.

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## NEW ZEALAND: Environmental auditing is now a reality in the Pacific region

Environmental auditing has become a reality in the Pacific region, thanks to the combined efforts of PASAI members and the support of the INTOSAI Development Initiative (IDI), the Asian Development Bank (ADB), the RWGEA coordinator, and a strengthened PASAI secretariat. SAIs have also benefited from using the cooperative audit model and WGEA guidance in establishing their environmental auditing capacity.

The first co-operative environmental audit in the PASAI region, which was an audit of solid waste management, was successfully completed in mid-2010. Ten SAIs took part, and an overview report was prepared for the annual PASAI Congress held in Kiribati in July 2010. The audit considered whether there were adequate legal and policy frameworks for solid waste management, and whether they had been properly implemented and were leading to improved solid waste management. Generally, the audits found that, while there were some good practices, the frameworks had not been fully implemented and some waste management practices were problematic. The regional overview report will be finalised for wider distribution later in 2010, after each participating SAI has published its report.

Ten SAIs are now taking part in the second cooperative performance audit being carried out in the region on access to safe drinking water. As with the previous one, the new audit will focus on whether legal and policy frameworks exist and have been implemented, co-ordination and monitoring, and whether improvements can be demonstrated.

Both the first and second cooperative audits are being conducted as part of the Pacific Regional Audit Initiative (PRAI), which aims to increase the financial and performance audit capability of Pacific Island SAIs. The PRAI is supported by PASAI, the IDI, the RWGEA, the ADB, and the Australian Government's external aid agency, AusAID.

The IDI, ADB, and AusAID are supporting joint planning and reporting meetings for the audit teams. From 30 August to 4 September, 2010, teams from the 10 SAIs held a planning meeting in Fiji for the co-operative audit. Some had taken part in the earlier co-operative audit and were able to assist less experienced teams. The teams developed audit work plans during the meeting, using a peer review approach and with help from the experts. An intergovernmental organisation based in Fiji, the Pacific

Islands Applied Geoscience Commission, is providing valuable technical support.

After audit teams have completed their fieldwork (about April 2011), they will meet again to present their draft reports. The intention is to complete the individual audits in time for an overview report to be presented to the 2011 PASAI Congress, which will be held in Tonga in mid-2011. (See related News Brief from Tonga)

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## NORWAY: OAG investigates government efforts to limit flood and landslide hazards; updates key EUROSAI-WGEA events

In 2010, the Office of the Auditor General of Norway presented to the Parliament an investigation of governmental efforts to prevent flood and landslide hazards. Floods and landslides are recurrent events in Norway, and the hazards will increase with climate change and more extreme weather. The aim of the investigation was to illustrate how local municipalities take into consideration governmental countermeasures that have been established, in particular the mapping of areas in risk of flood or landslide. By using GIS (Geographic Information Systems), the investigation identified the number of buildings constructed in areas prone to flood, quick clay, avalanche and rockslide.

The investigation showed variation in the national mapping of floods, quick clay, and landslide hazards. There are nearly 66,000 buildings in the mapped areas, occupied by about 160,000 people. This national mapping is not sufficiently known by the municipalities or the county governors, with many lacking the required expertise to utilize it. Further, a number of municipalities do not have an adequate understanding of the legal basis of their responsibilities, and have not received the help they need from government agencies. Finally, county governors and municipalities do not know how to take climate change into consideration.

Also, in its capacity as Secretariat of EUROSAI WGEA, Norway's OAG takes the opportunity to provide an update on 2 key events during the past year associated with that body. First, it highlights the group's 23-24 March 2010 seminar at the facilities of the European Environmental Agency in Copenhagen, where the main topic was auditing climate change issues. The focus was on practical audit issues such as scope, audit questions, methodology and criteria. The report from this seminar is available at the website of the EUROSAI WGEA. Second, it cites the EUROSAI WGEA's 8th annual meeting held in Texel, Netherlands on 5-7 October, 2010, where the main topics focused on sustainable energy and impact of environmental audits. Experts from the United

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Nations Environmental Programme (UNEP) and the International Energy Agency (IEA) were among the invited speakers. A training seminar based on the INTOSAI guide on how to audit sustainable energy took place the day before the annual meeting started.

Finally, the OAG announces launching of a new EUROSAI WGEA website, whose address is <http://www.eurosaiwgea.org>.

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## **PERU: SAI cites recent cooperative environmental audits and new, proactive efforts to protect cultural and historic sites**

The SAI of Peru reports on the status of two ambitious cooperative audits involving other SAIs in its region. One relates to climate change (also involving the SAIs of Argentina, Brazil, Colombia, Costa Rica, El Salvador, Honduras, Paraguay, and Panama). The other relates to the Amazon Basin, and involves the SAIs of Brazil, Colombia, and Ecuador. As for Peru, 11 reports were issued, and were addressed to different national entities that deal with the management of the aforementioned issues.

In August, the SAI of Peru hosted a workshop to review the International Joint Report of the Amazon Basin. The report presented, for the first time, viewpoints of the 4 participating SAIs on the weaknesses in managing, and complying with, the commitments of the Amazon Cooperation Treaty. Its conclusions show that the countries and the institutional arrangements established by the Treaty have not reached the operational level required to allow the projects, programs and actions to be effective, and sustainable and efficient at a regional level, due to the lack of harmonious and comprehensive actions. However, there have been efforts—albeit isolated and uneven—that have largely depended on the political will of the governments.

On the domestic side, the SAI also reports its initiation of three "watchdogs" to further the cultural management of the Historic Centers of the cities of Cuzco, Arequipa and Lima. These efforts were launched in order to mitigate disruption and loss of the architectural value of these centers, which have been named National Heritage and UNESCO World Heritage sites. The objective of these preventive control measures is to enable the SAI to detect and forewarn of any possible risks of defaults, to offer any recommendations that would improve the management of the Historic Centers, and to assess and document the possible need for further control actions.

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## **POLAND: Multilateral audit on climate change under the auspices of EUROSAI completed**

In December 2009, the EUROSAI Audit on Climate Change was completed. The achievement culminated the work of 10 SAI members of the EUROSAI Working Group on Environmental Auditing from Azerbaijan, Cyprus, Denmark, Estonia, Israel, the former Yugoslav Republic of Macedonia, Poland (Audit Coordinator), Russia, Switzerland and Ukraine.

The aim of the audit was to assess the actions taken in the cooperating SAIs' states to implement the provisions of the United Nations Framework Convention on Climate Change [UNFCCC], the Kyoto Protocol to the UNFCCC, Directive 2003/87/EC, establishing a scheme for greenhouse gas emission allowance trading within the Community, and national legislation. The scope of audit covered (1) observations on climate change and its effects, (2) actions taken to mitigate climate change, (3) forecasts and assessments of anthropogenic greenhouse gas emission and absorption levels, and (4) reporting actions planned and taken to mitigate climate change, including the results achieved.

Among other things, the audit found that the scope and frequency of climate change research among participating States were different. Different, too, were the preparation and implementation status of sectoral strategies, and programs or action plans to limit greenhouse gas emissions. In the EU Member States, the requirements of the Directive on Emissions Trading Scheme were being implemented, while in only one of the States of the non-EU Member Cooperating SAIs were emission allowances traded pursuant to the Kyoto Protocol. The States covered by the audit were involved in the Clean Development Mechanism and Joint Implementation projects. Finally, as a result of measures taken to reduce greenhouse gas emissions, emissions in 7 States of the Cooperating SAIs dropped by 3 to 53 percent from base year levels. In one State, emissions grew by 85 percent.

In December 2009, all the Cooperating SAIs accepted the Joint Final Report on audit findings. The report consists of three parts: Part I presents general information on the audit, audited area, and Cooperating SAIs' States; Part II depicts main audit findings; and Part III contains summaries of national reports from particular SAIs cooperating under the EUROSAI audit, and results of the Coordinated Audit of Air and Ozone Layer Protection and Implementation of Related International Agreements earlier performed by the SAIs from Slovakia, Slovenia, the Czech Republic and Austria.

The Report was submitted to, among others, the Heads of Cooperating SAIs, the Conference of the Parties to the UNFCCC (Copenhagen), the Secretariat of the UNFCCC, the European Court of Auditors, the European Commission, the European Environment Agency, and the

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INTOSAI and EUROSAI WGEA Secretariats. In addition, a representative of the Polish Supreme Audit Office presented the Audit's findings at the 15<sup>th</sup> Conference of the Parties to the UNFCCC in Copenhagen, Denmark on 15 December, 2009.

The Report is available at the EUROSAI WGEA webpage: <http://www.eurosaiwgea.org>.

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## **ROMANIA: Court of Accounts participates in an international coordinated environmental audit on Black Sea pollution**

The Romanian Court of Accounts in 2010 began participating in a parallel audit coordinated by the Accounting Chamber of Ukraine entitled, "The coordinated parallel audit of protection of the Black Sea against pollution." The audit stems from the Court's commitment with neighbouring countries in the Black Sea area (Russia, Ukraine, Turkey and Georgia) to participate in a EUROSAI WGEA project dealing with the implementation of the Bucharest Convention on the protection of the Black Sea against Pollution for the period 2007-2009.

The audit is aimed to assess the progress achieved by the participating countries in complying with the commitments made in international cooperation agreements and projects on preventing disasters, catastrophes and pollution of the environment of the Black Sea. The audit also aimed to monitor and examine efficiency in the use of public funds for this purpose. The audit is being carried out in accordance with the national audit programmes of the participating parties, the national legislation of the parties, the latest developments worldwide in environmental auditing. It is governed overall by an agreed Common Cooperation Position.

On 23 June, 2010, members of the Court's audit team attended the I Expert Team Meeting for the Coordinated Parallel Audit in Kiev. At that meeting, a draft list of comparative audit data and a draft structure of the joint report were established. The meeting was followed by the II Meeting of the EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes.

Currently, the audit team's work is in progress. Its members will attend the II Expert Team Meeting on 20 October, 2010 in Istanbul, presenting an opportunity for all participating countries to share their experiences in carrying out their environmental audit responsibilities.

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## **RUSSIAN FEDERATION: Accounts Chamber reports progress on both international and domestic environmental audits**

Among its international collaborative activities, the Accounts Chamber of the Russian Federation (ACRF) reports completion of a parallel audit of the use of public funds and other financial sources for the regulation, protection, research, and reproduction of marine biological resources, and the maintenance of ecological safety, in the Azov-Black Sea fishery pool. The audit was performed together with the Accounts Chamber of Ukraine from September 2009 until July 2010.

This parallel audit was carried out pursuant to a Bilateral Agreement on cooperation between the Russian and Ukrainian SAIs, signed in September, 1998, and in conformance with the Special Decision on performing such audits concluded in December, 2009. The methodological approach used was consistent with INTOSAI and EUROSAI norms and principles.

The audit showed that populations of the main migratory and half migratory fish of the Azov Sea are depressed, with certain species decreasing to near-catastrophic levels. The sharp decrease in the bio-efficiency of the Azov Sea has been caused by intensive economic activities, technogenic influences in the water, pollution draining from rivers flowing into the sea, and the negative influence of shipping navigation.

Regarding domestic audits, the ACRF completed its audit, "The condition and perspectives of oil refining development in the Russian Federation and its influence on incomes of budgetary systems." ACRF inspectors examined the Russian Power Strategy through 2030, focusing in large part on the petroleum-refining industry, and observing plans for the efficient use of investments for nature protection and environmental preservation.

The audit concluded that the funds reserved to protect against the negative effects on environment are extremely insignificant in comparison to the general monetary streams associated with oil refining enterprises. Moreover, sanctions for violating nature protection laws are insufficient, and do little to encourage enterprises to adopt eco-friendly practices and technologies.

Also noteworthy, the ACRF has begun to examine the environmental and related impacts associated with preparations for the forthcoming Winter Olympic Games to be held in Sochi in 2014. In particular, the SAI performed two audits, whereby it examined the use of public funds allocated for nature protection, and the maintenance of the system for monitoring ecological safety during the preparation for Sochi's XXII Olympic winter games and XI Paralympics Winter games.

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## **RWANDA: OAG has a new eye for environmental performance auditing**

The Office of the Auditor General of Rwanda (OAG) notes that it has been 12 years since its establishment. OAG started with a focus on regularity audits, but later introduced performance auditing in 2005. As a growing institution, OAG is now moving toward integrating environmental auditing into its performance auditing.

In Rwanda, the alarming rate of environmental destruction—as a result of population pressure, serious erosion, pressure on natural resources, massive deforestation, and pollution in its various forms—necessitated that the Government form the Rwanda Environment Management Authority (REMA) to coordinate, supervise, and regulate environmental management for sustainable development in the nation. The OAG's contribution in this respect is an audit of REMA, where the SAI considers the Authority's economy, efficiency and effectiveness in fulfilling its responsibilities.

Specifically, in 2010, the OAG was requested by Parliament to carry out a performance audit on disaster aid management. In 2007 and 2008, the Western Province experienced floods and erosion caused by heavy rain and earthquakes, which caused death and displacement of people, and the destruction of considerable infrastructure as well as farms and houses. The objective of the audit is to evaluate the effectiveness of the rehabilitation of damaged infrastructure, the integration of displaced people, and whether preventive measures have been taken to mitigate future disasters and to protect the environment (especially for high-risk areas).

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## **SLOVAK REPUBLIC: Audit of management and finances concerning national parks and protected areas within the framework of the NATURA 2000 system**

The main goal of this audit was to examine the management and use of state funds and property used for the protection of biodiversity and ecosystems within the framework of the NATURA 2000 system. The subject of the audit was the implementation of relevant directives of the Council of the European Union, fulfillment of the obligations of the Slovak Republic regarding these Directives, and the use of financial resources for activities related to NATURA 2000.

The audit focused on the activities of the Ministry of Environment of the Slovak Republic and at the administrations of the Nízke Tatry, Malá Fatra, and Poloniny national parks, and the administration of the protected natural area, Biele Karpaty.

The relevant directives of the Council of the European Union took effect in 2004, although the legislative process has not yet been implemented. The National List of Protected Avian Areas represents an area of 25.2 percent of the Slovak republic and the National List of Proposed Areas of European Importance covers an area of 11.7 percent.

The preparation process of the NATURA 2000 system showed problems during its early stages. The process had no clearly-defined coordinator, and there was an insufficient knowledge base. While defining NATURA 2000 areas required monitoring the state of species, plants and biotopes, the audit showed that only partial monitoring has taken place. As a result, by 2013, there may be problems in reporting species and biotopes of European importance for the period, 2007 to 2012.

A key problem affecting the performance of the NATURA 2000 system has been the lack of state funds. Since 2004, a total of 54 projects were carried out within the NATURA 2000 system, out of which 30 have been closed and 24 are at various stages. Projects have been largely funded through the European Fund for Regional Development.

Ultimately, this comprehensive audit led to recommendations to improve oversight of, and increase accountability for, the funds used for projects and other measures taken to protect the valuable ecological assets areas within the framework of the NATURA 2000 system.

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## **SLOVENIA: Inefficiencies cited in management of industrial and construction waste, and end-of-life vehicles**

In June 2010, the Court of Audit of the Republic of Slovenia (CARS) issued two audit reports on management of industrial and construction waste and on management of end-of-life vehicles. Both reports revealed numerous inefficiencies. The most important findings were that none of the existing disposals for industrial waste were managed properly; there were insufficient controls over disposing construction waste; and that only 10 percent of all vehicles in Slovenia were recycled properly at the end of their useful lives.

CARS demanded that the Ministry adopt corrective measures in order to improve management of all three waste management schemes. The Ministry should report to the CARS on how it has reorganized the management of industrial and construction waste to achieve better

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control over existing dumps; ensure proper management of industrial waste; conduct programs to restore the polluted dump grounds; and strengthen environmental inspection over the dumping of construction waste. The Ministry should also report how it improved control over managing end-of-life vehicles by strengthening control over contracting recyclers and establishing monitoring over the costs of recycling. The SAI will later assess the extent to which the recommended corrective measures have been implemented.

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## **TONGA: Audit Office participates in ambitious cooperative performance audit on access to safe drinking water**

Two representatives of the Tonga Audit Office participated in a 2<sup>nd</sup> meeting concerning the ADB/ IDI/ PASAI Cooperative Performance Audit on Access to Safe Drinking Water, held in Nadi, Fiji on 30 August – 4 September, 2010.

The Audit Office notes that it has been a challenge to participate in this audit. It does so not only to enhance and pursue its staff's knowledge and skills in performance auditing, but also in recognition of the vital importance to the Tongan people of having access to safe drinking water. In addition, the Office notes, it has been a good collaborative experience to share with other SAIs their audit work plans, which had been polished and peer-reviewed before each SAI head approved it for audit commencement. The first phase of the audit has now been completed. Phase two—the actual field work—is about to begin.

The Tonga Audit Office expresses its appreciation to the ADB, IDI and PASAI, and all others who have provided invaluable assistance in enabling the first phase of the audit to succeed. The Office wishes all participating SAIs much success and “a great period of hard work” as the audit moves forward. (*See related News Brief from New Zealand*)

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## **UNITED KINGDOM: Work completed on energy, water, farming, environmental protection, carbon budgets and sustainable development; public sector sustainability reporting to be tested across central government**

The National Audit Office has, in recent months, completed work on a wide range of environmental and sustainability topics. Among them is government funding for developing renewable energy technologies. The review found that Government funding had delivered technology innovation and increased the supply of renewable energy. However, without a coherent strategy, or comprehensive reporting and evaluation, the value for money of the government's support could not be demonstrated.

Other NAO work has addressed (1) the electricity generating landscape in Great Britain including the key policy and regulatory framework for electricity generation as well as identifying the short, medium and long term risks to the transition to a low carbon economy; (2) diffuse water pollution in England; (3) the effectiveness of the Organic Entry Level Scheme (OELS) operated by the Department for Environment, Food and Rural Affairs, an agri-environment scheme targeted at securing environmental benefits within the organic farming sector; (4) environmental protection and the government's performance to date; (5) departmental carbon budgets, the previous Government's approach to managing cross-departmental delivery of the UK's statutory carbon budgets; and (6) sustainable development in England and the government's performance to date. Work is currently underway on carbon capture and storage and the planned installation of smart meters in UK households.

Meanwhile, there has been a change in government in the UK, and the NAO is monitoring developments in the environmental and sustainability area to confirm its future work programme. The new government has set a target to reduce central government carbon emissions by 10 percent by May 2011 and made a commitment to ensure that the government is the ‘greenest ever.’ The government has also confirmed that there will be a dry run of sustainability reporting by central government organisations in 2010-11, with the intention to include these reports in annual reports and accounts with effect from 2011-12, if the dry run is successful.

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# GREENLINES



## UNITED STATES: SAI studies variation in national greenhouse gas emissions inventories

In response to a request by a Committee of the Congress, the U.S. Government Accountability Office released a report in July 2010 that assesses the quality, comparability, and review of emissions inventories among both developed and developing nations. Under the United Nations Framework Convention on Climate Change, parties to the convention agreed to provide inventories of their man-made emissions and removals of greenhouse gases, with economically developed nations having more comprehensive reporting requirements than developing nations. The inventories are important because they (1) help track compliance with existing international agreements, such as the Kyoto Protocol, (2) assist governments in understanding the major sources of greenhouse gas emissions, and (3) inform ongoing international climate change policy discussions.

GAO analyzed the most recent emissions inventories from the 7 highest-emitting developed nations (Australia, Canada, Germany, Japan, Russia, the United Kingdom, and the United States), as well as those from 7 of the highest emitting developing nations (Brazil, China, India, Indonesia, Malaysia, Mexico, and South Korea). As agreed upon in the Framework Convention, the inventories from the developed nations undergo a review by experts at the United Nations, while this process does not apply to developing nations.

GAO found that the inventories from the developed nations were generally comparable and of high quality and that opportunities existed for improving the comparability and quality of inventories from developing nations. The differences across the two groups (developed and developing nations) were partly the result of less stringent reporting requirements for developing nations, but were also attributable to scientific uncertainties. In addition, GAO found that the inventories from developed nations were sufficient to monitor progress with existing climate agreements and that improvements to inventories from developing nations could potentially enhance efforts to monitor future agreements. GAO also identified strengths and limitations of the review process for inventories from developed nations, and recommended that the U.S. State Department work with other parties to the Framework Convention to (1) enhance the quality assurance framework for the inventory review process and (2) help developing nations enhance their national inventories.

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## YEMEN: SAI outlines basic postulates as it embraces the need to engage in environmental auditing

The SAI maintains that with global increases in population, urbanization, and industrialization, it has become necessary to introduce to Yemen and other countries the practice of environmental auditing to safeguard human life against the adverse impacts of environmental pollution and degradation. In doing so, it cites a number of international studies quantifying the staggering economic costs of environmental degradation, as well as associated health costs, particularly in the world's largest cities.

As it approaches the discipline of environmental auditing, the SAI cites a number of "basic postulates" that need to be considered. For example, it believes that SAIs need to consider compliance with INTOSAI's auditing standards. Among other things, these standards emphasize the materiality of the issue; and while "materiality" is often considered in terms of quantifiable value, the "inherent nature" of the issue may also render the issue to be material. Among others, other key postulates include the following:

- The fact that environmental problems cross national borders further complicates the task of measuring the effectiveness of implemented environmental control measures.
- Environmental goals often come into conflict with other legitimate goals, such as facilitating transportation and encouraging manufacturing and other development.
- SAIs need to ensure that, in the context of environmental auditing, auditees have adequate internal control systems in place to help ensure compliance with applicable laws and regulations.
- In addition to being well versed in all general aspects of financial, compliance, and performance auditing, environmental auditors must also attain sufficient subject matter expertise in such areas as air and water pollution, hazardous waste management and disposal, or other areas that may become the subjects of their audit work.

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