



New Zealand's Office of the  
Auditor-General

ACAG/PASAI  
RWGEA

Update for WGEA  
meeting, Argentina  
November 2011

## 1 Introduction

1.1 This is to update the Working Group on Environmental Auditing (WGEA) on the activities of the ACAG<sup>1</sup>/PASAI<sup>2</sup> regional working group on environmental auditing (RWGEA).

1.2 The update covers:

- building audit capability in the PASAI region;
- cooperative performance audits in the PASAI region, on solid waste management, drinking water and sustainable fisheries; and
- planning for the next RWGEA meeting, to be held in Sydney, Australia, 17-19 April 2011.

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/PASAI regional WGEA.

## 2 Building capability in PASAI

2.1 PASAI, in conjunction with donor agencies - the Asian Development Bank (ADB), AusAID (Australian Agency for International Development), the Pacific Islands Forum Secretariat and the INTOSAI Development Initiative (IDI), has been involved in a project over the last few years called the Pacific Regional Audit Initiative (PRAI). The PRAI has reviewed the capability of Pacific Island audit offices in the areas of financial and performance (including environmental) auditing.

2.2 Key features of the PRAI include:

- a new charter and governance arrangements for PASAI;
- a strengthened 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.

2.3 The revised PASAI charter establishes a governing body of several Pacific Auditors-General and the PASAI Secretary-General (currently the Auditor-General of New Zealand) to oversee and guide activities in the region.

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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.

- 2.4 The PRAI provides for a strengthened PASAI secretariat, with several staff to work on capacity building initiatives in the Pacific. The secretariat has been established in Auckland, New Zealand, under the leadership of an Executive Director (the former Auditor-General of Fiji).
- 2.5 The sub-regional audit approach involves financial audit experts from Australia and New Zealand providing 'on the ground' support to audit staff in the Pacific Islands of Kiribati, Nauru and Tuvalu, to build financial audit capability in those offices. This is part of the move to greater cooperation by SAIs within the region in the area of financial auditing.
- 2.6 The second aspect of greater cooperation in the region is to conduct cooperative performance audits. There is to be a rolling programme of cooperative performance audits in the PASAI region over the next few years, subject to funding being available.
- 2.7 The first three cooperative audits have considered environmental topics, which is a very good fit with the WGEA goal of regional cooperative audits.

### 3 Cooperative performance audits in the PASAI region

#### Cooperative audit on solid waste management

- 3.1 The first cooperative audit was undertaken in 2009/10. Ten countries/territories took part (Guam; Federated States of Micronesia; Marshall Islands; Palau; Tuvalu; Papua New Guinea; Fiji; Samoa; Cook Islands, Tonga).
- 3.2 The overall objective for the cooperative audit was to assess the effectiveness of solid waste management in selected areas within ten Pacific Island countries and territories (PICTs).
- 3.3 The most common form of waste management in the PICTs, and the most visible, is disposal of waste at landfills and dumps, and this poses particular challenges for small islands and atolls where suitable land is scarce.
- 3.4 The audit considered whether there was a legal/policy framework in place for managing solid waste, whether the framework had been properly implemented, and whether the effectiveness of the solid waste management was being monitored and evaluated.
- 3.5 The audit found that a majority of the ten audited PICTs had a legal framework for managing solid waste in place, but implementation of the framework was variable and effectiveness monitoring was generally weak. The reasons for this included:
- strategies and plans to give effect to legislation were still in draft form;
  - legal frameworks had not always been supported by national policies or strategic plans;
  - poor co-ordination arrangements between agencies responsible for implementation;
  - lack of clarity as to roles and responsibilities;

- insufficient focus on minimising waste generated through awareness raising and encouraging reuse and recycling – the focus was often solely on treatment and disposal of waste at landfills and dumps;
  - lack of reliable data for monitoring performance or for future planning; and
  - funding constraints.
- 3.6 A small number of the country audits found significant public health risks arising from poor waste management practices in the areas of lack of control over scavenging at landfills and the treatment and disposal of medical/hospital waste.
- 3.7 The ten participating SAIs wrote individual reports. Seven of these have been published and two of the reports got reasonable publicity in their countries. A regional overview report is available on the PASAI website <http://www.pasai.org> and the WGEA website at [http://www.environmental-auditing.org/Portals/0/AuditFiles/NewZealand\\_f\\_eng\\_PASAI\\_Solid-Waste-Management.pdf](http://www.environmental-auditing.org/Portals/0/AuditFiles/NewZealand_f_eng_PASAI_Solid-Waste-Management.pdf)

### **Cooperative audit on access to safe drinking water**

- 3.8 The second cooperative performance audit in PASAI was undertaken in 2010/11, again with the support of the IDI, the PASAI secretariat, the ADB and the RWGEA coordinator.
- 3.9 The audit was also supported by an international organisation based in Fiji, the South Pacific Applied Geoscience Commission (SOPAC), which has considerable expertise in the area of water.
- 3.10 The audit aimed to assess the effectiveness of actions taken by key agencies to improve access to safe drinking water by examining:
- whether there is a legal and policy framework to ensure access to safe drinking water;
  - implementation of the framework, and monitoring; and
  - whether improvements can be demonstrated.
- 3.11 Ten SAIs took part. Seven SAIs had taken part in the solid waste audit and three new SAIs (Kiribati, and the states of Kosrae and Yap – part of the Federated States of Micronesia) took part.
- 3.12 The participating SAIs have completed their country reports and some have presented them to their Parliament. The topic proved to be more challenging for the audit teams than the topic of solid waste management and with the benefit of hindsight it may have been better to take a narrower focus, for example, on water infrastructure.
- 3.13 A regional overview report will be prepared later in 2011.

## Cooperative audit on sustainable fisheries

3.14 The third PASAI cooperative audit on an environmental topic is now underway. Audit teams from 10 Pacific Island countries met in Nadi, Fiji in August 2011 to develop their audit plans for a cooperative performance audit of sustainable tuna fisheries in the Pacific region.

4 Participating SAIs are Cook Islands, Federated States of Micronesia (FSM), FSM – Yap State Audit Office, Fiji, Kiribati, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, and Tonga.

4.1 This is the first cooperative audit for the Solomon Islands and Nauru.

### Audit scope

4.2 The audit will consider whether the governments of participating countries are:

- planning and managing their off-shore fisheries (with a particular focus on tuna) in a sustainable way;
- getting the economic benefits from licences and access agreements; and
- using good information about fish stocks to inform their planning, management and licensing decisions.

4.3 The cooperative audit process fits well with a migratory fish species such as tuna as a regional management approach is required. There are several regional agreements and players involved in tuna fisheries in the Pacific, and audit teams will need to understand how these arrangements affect national planning and management of fisheries.

4.4 The RWGEA coordinator attended the first two days of the meeting to give a presentation on the WGEA guidance on auditing fisheries and to assist audit teams with their initial planning. The audit teams found the 'audit design matrix' that suggests audit questions and lines of enquiry for fisheries audits very helpful.

4.5 A fisheries expert from the South Pacific Commission also attended the start of the planning meeting to provide the teams with expert advice about tuna fishing in the Pacific, the many regional and sub-regional arrangements, and sources of data about fish stocks.

### Capacity building

4.6 This is the third cooperative audit in the PASAI region. We have developed a cooperative audit model that involves joint planning and reporting meetings at which participants use a peer review process to support and learn from each other, and with expert support. We have found the use of an expert adviser very valuable in the scoping and planning phase of the audits.

4.7 Participants have gained performance audit skills including:

- developing a detailed audit work plan/methodology from the broad audit objective;
- peer review support for other teams;
- presentation skills for audit plans and reports;
- fieldwork, evidence gathering and testing the adequacy of evidence;
- analysis of audit evidence and translating this into audit findings and potential recommendations; and
- report writing, focusing on key messages.

4.8 There are many challenges for Pacific SAIs in undertaking their first performance audits on environmental topics. The cooperative audit process, although reliant on donor and expert support, is undoubtedly an effective way of conducting these audits. It is likely to be the model for doing performance audits in PASAI in the medium term, for both environmental and other topics. The WGEA guidance on auditing solid waste was very useful for the first audit, and the WGEA fisheries guidance is proving useful for the current fisheries audit.

## 5 Survey

5.1 The topics for the first three cooperative audits were the three preferred topics from a survey of PASAI auditors-general in 2008.

5.2 The RWGEA coordinator will undertake another survey of PASAI auditors-general later in 2011 to see if there is interest in doing further cooperative audits on environmental topics. The results of the survey will be considered at the next meeting of the PASAI governing board in February 2012 and the next RWGEA meeting in April 2012.

## 6 Next RWGEA meeting

6.1 The next RWGEA meeting is to be held in Sydney, Australia in April 2012.

6.2 As for previous meetings, the meeting will be a mixture of practical workshops, expert speakers and presentations on recent and planned environmental audits from delegates.

6.3 We will develop the theme and content of the meeting over the next few months. There will be some focus on the topics that are being developed by the WGEA as part of the current work period (infrastructure, sustainable development reporting, water, land use, environmental data). Another area of focus could be cooperation, including an update on the PASAI cooperative audit programme and the results of the survey noted above. We will also discuss whether there are further opportunities for cooperation between experienced and less experienced SAIs in our region.