



INTOSAI
Working Group
on Environmental
Auditing

MINUTES 8th Meeting of the Steering Committee

INTOSAI WGEA

3-6 August 2009

Bali, Indonesia



Day 1

Monday, 3 August 2009

The participants went on an environmental excursion, visiting the Begudul Botanical Garden, Ulun Danu Temple and Beratan Lake.

The SAI of Indonesia hosted the welcoming dinner in the evening.

Day 2

Tuesday, 4 August 2009

1st Morning Session

Welcome and Introductions

Tönis Saar, Secretary General and Head of INTOSAI WGEA Secretariat, Chair of SC Meeting

The Chair welcomed the members of the Steering Committee (SC) to the 8th Meeting in Bali.

Address by Dr Anwar Nasution, Chairman of the Audit Board of the Republic of Indonesia

Dr Nasution welcomed the participants to SC8. He gave a brief overview of the work done in Indonesia in the field of environmental auditing during his term in office. He started by developing an environmental audit strategy plan for guidance to auditors and with the main objective of ascertaining through environmental audits whether the government has been properly managing environmental resources. The audits conducted in accordance with the strategy have resulted already in better forest management and increased state revenue from mining fees. In addition to narrow environmental issues the strategy deals also with broader themes like climate change, disaster related issues and sustainable development. Dr Nasution emphasised the importance of collaboration with other SAIs and gave as an example the parallel audit in forestry management undertaken together with Malaysia. The lessons and valuable experiences will be discussed during this meeting in a joint presentation with Malaysian colleagues.

Dr Nasution commented on the importance of the SC meeting which brings together developing and developed countries to jointly prepare comprehensive and practical audit guidelines. Dr Nasution informed the SC that the current meeting was to be his last WGEA meeting as his term as chairman of the Audit Board would come to an end in October 2009. He expressed his thanks and wished the meeting every success.

Address by Rachmat Witoelar, Minister of the Environment of Indonesia

The Minister started by thanking the organizers of the meeting. He then gave a presentation describing the Indonesian perspective of mitigation and adaptation of climate change. Mr Witoelar began by reminding the audience that climate change was a global phenomenon so that any action taken in one country would have a profound influence to the world at large. He gave some historical background about climate change, explained the reasons causing climate change, the developments leading to establishing its anthropogenic nature and outlined briefly the measures man can adopt to mitigate, prevent or slow down the process. He also described the timeline of developments, provided action is taken/not taken.

The minister finished with his personal message to all participants: "Be aware that your planet needs you."

Presentation of the results of bilateral cooperation

Parallel Audit on Forest Management

Saiful Anwar Nasution, Expert Staff on Environment and Sustainable Development, Audit Board of the Republic of Indonesia

Dato' Anwar Suri, Deputy Auditor General, National Audit Department of Malaysia

The first part of the presentation was given by **Mr Saiful Anwar Nasution** from **Indonesia**. He started by first going over the chronology of the events, from the commitment undertaken by the two countries in July 2007 at the Tanzanian meeting to the presentation of the report at this SC8 meeting.

The parallel audit was conducted in August 2008 in Indonesia and Malaysia. Then two technical meetings for drafting and finalising the audit report followed, which was signed by Auditors General of the two countries in June 2009 in Kuala Lumpur.

The presenter then introduced the audit findings.

In Indonesia the main problem in forest management is the high rate of deforestation, (over 1 mill ha per year). This results mainly from the practice of local governments to grant mining and plantation licences in forested areas with the aim of raising local revenue. Forest degradation is caused by forest fires and illegal logging. The SAI of Indonesia plays a role in containing the problems and aiming at sustainable development of forests. In conclusion, the practices of the local governments in granting such licences are not in compliance with national policies. There is also a lack of coordination between the relevant authorities that impedes land rehabilitation efforts. Forest exploitation does not occur in compliance with regulations. There are also weaknesses in forest protection and problems with the collection of revenue.

Next the representative from **Malaysia Dato' Anwari Suri** presented the report with the focus on audit findings regarding their country:

He first described the legal framework: under the Malaysian Constitution jurisdiction over forestry rests with the respective state governments. The audit findings for Malaysia were in line with the slightly different emphasis of the audit, namely focusing more broadly on environmental aspects, as opposed to the Indonesian focus on deforestation. The presenter described the environmental impact of the exploitation of forests on water, air, flora and fauna, agriculture, as well as its social and legal impacts. He continued by listing the constraints and challenges that had emerged in the course of cooperation (e.g. the difference in emphasis and the relative newness of environmental auditing in both countries). Finally he dwelt on lessons learned and in conclusion came up with a proposal for a possible new cooperative endeavour: parallel audit of the Strait of Malacca – Management of Marine and Mangrove – Impact on the Environment.

2nd morning session

Guidance Material on Auditing Climate Change

Kristine Lien Skog, Senior Audit Adviser, Norway

As project leader for the climate change guidance paper **Ms Skog** thanked all the other 15 SAIs in the subcommittee for their constructive comments. She then gave a progress report on the project. It had transpired from the 2008 meeting in Tallinn that some common ground or platform was needed to build all the guidance papers upon. Norway therefore agreed to prepare a guide for all guidances.

Regarding the climate change guide, after two rounds of seeking comments from subcommittee members and participating in the developments around the global coordinated audit on climate change, the draft document was posted on the Internet in March 2009. Ms Skog expressed a special thanks to the global coordinated audit and the fruitful cooperation. Final approval is expected in 2010.

Ms Skog then described the remaining work to be done: integrate further comments, add case studies which cover different types of audits, both mitigation and adaptation (some have been received from China already and more are expected from other sources). A special section will be added on developing countries, in line with the approach taken by the global coordinated audit developers. A best practices section will be added, as well, based on case studies. Finally, the glossary, FAQs and references must be included.

The outcome of the Copenhagen meeting due in this December has to be integrated as well, if all goes according to schedule. The UN Secretariat on Climate Change will be contacted after this SC meeting. Ms Skog called upon the native English speakers to give a hand in editing the final document. The communication plan remains to be completed yet. Work is under way on the Internet platform for the guide, and will be finished in June 2010.

Ms Skog then discussed in detail all the useful comments received from the SC:

Brazil: more emphasis on the costs of climate change in line with the Stern report

Brazil and **New Zealand**: focus even more on transfer of technology and science.

New Zealand: the guide should be relevant also to those who have no binding commitments.

Canada and **USA**: add an example of a country who did not sign the Kyoto protocol.

USA and **Canada**: the last key question in step 3 is about audit approach – scoping the audit – it should be moved to step 4, as a starting point.

Canada: references should be checked to make sure that the latest version of UN reports is used.

Ms Skog agreed with all of the above suggestions.

In response to **Estonia's** and **Canada's** request for less detail in the main text and in the executive summary, Ms Skog replied: the subject of climate change is enormous, covering two items: adaptation and mitigation. Thus there is a need for a lot of information and the two themes have to be dealt with separately. The result should be useful as a source of reference.

As regards more emphasis on financial auditing Ms Skog replied that she had tried really hard to include as much as possible in cooperation with the financial auditors. She invited the participants to come forward with more ideas on the subject.

Round Table

The topics for table round:

1. Crossover items – how to handle subjects coming under different guidances? E.g. the relationship between forestry (or energy, biodiversity etc) and climate change should be mentioned in this document. Maybe use case boxes?

Austria, **Canada**, the **Czech Republic**, **Indonesia** and **Poland** found that use of case boxes was a good idea, making references to existing audits, e.g. climate change and energy efficiency. **Canada** added that some savings could be made by this approach, e.g. of printing and translation costs. **Indonesia** suggested that crossover issues should be discussed between the relevant project leaders.

2. Methodology – should the guidance include more on how to collect audit evidence and how to analyse the collected evidence?

Austria and **Poland** considered the current scope sufficient, given that there was no common standard for all countries. **Canada** suggested that some thought could be given to organising the methodology in a different way, e.g. along the lines of an Audit Logic Matrix, used in **Canada** and some other countries. The audit matrix is used in the draft of the guide.

3. How to focus more on financial auditing?

The **Czech Republic** proposed to tackle here the issue on how to identify potential liabilities for the state arising in connection with climate change. **New Zealand** offered a case study on New Zealand's experience in financial auditing: during the past few years the Crown Financial Statements have included an estimate on government liability arising from the Kyoto Protocol, which has been subject to audit. **Poland** offered to share their experience: the financial aspects are included in audits, e.g. costs of monitoring air pollution. The **UK** viewed the financial audit issues in the crossover context (reference to be made to other guidelines for financial auditing) and also pointed to the need of updating this section, especially in line with the Copenhagen results.

4. Should there be a common Internet platform for all guidances?

Austria, **Canada** and **Poland** considered the uniform structure on an Internet platform for all guidance papers to be most user-friendly. According to **Canada** a common platform would reduce costs and save resources.

5. Is the document too long?

Austria, Brazil, Canada, China, New Zealand, Tanzania and the **USA** reflected that climate change was a huge topic, and thus the text should not be shortened. **Austria** and the **USA** commented on the excellence of the executive summary: it should refer to all topics in the main text and guide readers to places of interest to them. A proposal from **Canada**: if two case studies are quite similar, maybe drop one or bring out the special features of each. **Brazil** said that for most countries climate change was a new theme and the guidance should serve as a special source of information for them. **China** suggested that some background about different climate change policies in developed and developing countries should be added, as well as more case studies about climate change audits as they come along and success criteria, especially about adaptation, and also from developing countries. The **US** and **Egypt** suggested that even more case studies could be added.

The **Czech Republic** suggested reduction of the length by transferring some parts from the main text to annexes. In **Poland's** opinion some information could be left out, especially theoretical information, like in chapter 2. Such data can be found everywhere in the media and things change a lot, so it is best to leave the theoretical part out and not have to worry about updating it all in the guidance.

Indonesia and **Tanzania** suggested that a special chapter on climate change in developing countries should be added. In **Tanzania's** opinion it would be important to spell out mitigation measures to be used by developing countries once their industrial sector starts growing.

General comments:

Norway added some general comments from the EUROSAI perspective, asking how regional coordinators could help disseminate the guidances, also outside the community of SAIs and also how to update the guidances in the future, given that they were living, evolving documents. The **UK** also suggested some serious thinking about updating, to accommodate the Copenhagen results first and foremost.

The **UK** also warned against overstating in the guidance paper what the auditor could or could not do.

Another warning came from the **US**: on how to respond to comments – trying to reconcile all of them, could sometimes make the final result worse. It is necessary to realise that it is not possible to make everyone happy, better be very judicious about comments.

In her response **Ms Skog** admitted that clearly more work was needed and reiterated the specific items still to be developed. She also invited the participants to come forward with any cases available, especially on adaptation issues, of which there were not too many, and hope for the close cooperation with the Global and the European coordinated audits on Climate Change to be continued. She also called on all the project leaders to meet on August 5 to discuss the general comments and crossover issues.

1st Afternoon Session

Guidance Material on Auditing Sustainable Energy

Regina Charyparova, Auditor, Czech Republic

Ms Charyparova gave an overview of the working process and challenges faced by the project team in the course of the work. She then outlined the contents of the guidance document and discussed briefly each chapter and its contents:

Chapter 1 is devoted to energy generation, power transmission and trends in energy generation, as well as to energy policies and programming instruments. A special section deals with the impact of energy policies. As in other policy areas, instruments to deliver energy polices can have unintended results as well.

Chapter 2 is about energy consumption, energy saving and energy efficiency (note the difference in treating these two terms by different countries), as well as instruments to regulate energy management.

Chapter 3 is the most important chapter and deals with the audit process per se and discusses the four phases of audit: planning, preparation, execution and conclusion. A special mention was made of audit

mandate. It transpired that some countries had no mandate to audit some parts of this field (e.g. Slovak Republic, the Ukraine, Poland).

Chapter 3 also includes 10 case studies – chosen from the results of the questionnaire and from the WGEA website.

Ms Charyparova then gave an overview of the results of the questionnaire which was sent to all INTOSAI members in November 2008 – over 180 were sent and 60 responses came back – a result considered not bad by the presenter.

She mentioned some of the difficulties that emerged with respect to the questionnaire: the lack of relevant and up-to-date data. The newest data mostly dated from 2007.

Also some of the respondents had followed the narrower and some the broader interpretation of sustainable energy. As an additional complication some responses came in the national languages. Also not all continents were equally represented, making comparison difficult.

Round Table

The topics for round table:

1. Audit terminology – is compliance audit and legality audit the same?

Canada and **Norway** suggested that the general INTOSAI guidance for terminology should be checked in order to maintain consistency with other documents, this should be done with respect to some other terms used in the text as well (e.g. risk management, outputs, outcomes and impacts).

2. Energy terminology – is energy saving and energy efficiency the same? In the Czech Republic they are considered different

Many speakers (**Indonesia**, **Estonia**, **Austria**) offered explanations and examples about the distinction between the two terms and there seemed to be a general consensus that a distinction should be made.

3. Who has experience in green certificates?

A variety of different responses were given, reflecting the speakers' interpretation of the question:

Egypt commented that it is a very good guidance, that they can draw from it, use the evaluation especially in connection with the fact that the SAI of Egypt has started to evaluate energy policy of the country.

New Zealand saw it as an interesting document with a lot of information and is aware that Australia has the relevant programmes and promised to forward the material. Some material on microgeneration and smart meters in New Zealand is also available and will be sent if found useful.

The **UK** mentioned the EU ecolabelling process for products such as low energy use products, and also described the green tariffs UK energy companies may sell to their customers, which are tariffs for supplying greener products ie a higher proportion of renewable energy than the "normal" mix from that supplier. Green Tariffs have been quite controversial, since they have not been properly regulated and consumers cannot have confidence in energy companies' claims regarding the energy they supply.

In the **USA** there is the Energy Star Programme – the relevant material was promised.

Austria thought the question related to the ETS and CDM. Austria and the Netherlands are preparing a joint project in this field. Also, under Austrian law energy companies must reveal their energy sources (how much nuclear, hydro etc) and the consumer can choose from whom to buy, at different prices). **Austria** also pointed out that they had sent the guidance material to their SAI experts from the department on energetics and they had no additional comments.

Norway commented that sustainable energy is a very heavy topic, pointed out that Sweden has such a system in place, and will send a description of green certificates, used in our climate change audit, in a few weeks.

4. Is complete national legislation, including implementing rules, available for audit in your country?

In **Canada** there is no national energy policy, which presents problems for audit criteria.

In **New Zealand** the legislative framework is not comprehensive but a policy and targets do exist.

In **Norway** the relevant legislation is fragmented.

In **Austria** there is a central legal database where it is easy to search for a specific law, but search for a topic like sustainable energy would produce a huge number of responses – there are so many pieces of legislation that touch upon this field. Usually auditors ask in the preparation phase what legal documents the auditee needs for their work. It is not possible to get complete national legislation on the subject.

General Comments

Ms Charyparova also pointed to two general issues raised in the course of discussing the climate change guidance document: how to implement a financial audit in this field and how to deal with overlapping (crossover) materials?

Indonesia, Canada and **Brazil** suggested a meeting with other project leaders for the crossover issues. **Norway** pointed to the link of this subject with biodiversity (endangered species), forests (biofuels) and climate change and called upon the group to find solutions.

In addition to reacting to the 4 items proposed by the project leader the delegations commented on the draft document in general:

Canada and **Indonesia** thought the document had improved a lot since the last meeting. The **USA** liked the use of commentary in text boxes in chapter 3. **Canada** and **Norway** commented on the good selection and structuring of case studies.

Canada proposed to define clearly at the outset what sustainable energy was and make a better distinction between renewable energy and sustainable energy.

Canada thought that the introductory chapters were too long. The EU practices are covered well but perhaps some additional attention could be given to other practices, to make the guidance more applicable internationally. **Canada** thought the section on reporting not so necessary, given that countries differ a lot as regards reporting.

Indonesia was happy that the guidance had adopted the energy flow –showing the whole process from production to transmission, consumption and the renewal process – the logical flow of energy. This could be illustrated in another box.

New Zealand, Indonesia, Norway, the **UK** suggest to use more visual material, figures and flowcharts.

Norway and **Estonia** urged the project team to improve their referencing.

Brazil considered it very useful to provide the basic information at the beginning, reminding the group that this document was reaching out to very different countries with different realities. Many still have very little experience in such audits and no experienced auditors exist.

Tanzania made a general suggestion to make a link between the sources of energy and saving energy. The most widely used source of energy in Africa is firewood - how to measure the efficiency of burning firewood? It would surely require a different approach in comparison with electricity or other energy sources.

Norway, the UK, USA and **Estonia** thought that more work still needed to be done as regards the structure of the document, especially chapter 3, which should follow more closely the step by step process. **Canada** suggested titles to chapters, to make it easier to follow.

The **USA** wished that the executive summary follow the example of the climate change guidance and touch upon every topic dealt with in the main body of the text. The **USA** also suggested that the introductory sentences in chapter 2 be brought in line with the actual content of the chapter.

Norway recommended that chapter 3 be more precise on how to audit specifically energy and sustainable energy.

Norway also thought that the Kyoto protocol and its commitments on energy should be described in more detail, and recommended to stay closer to the "guide for guidances" when developing the "how"-chapters.

The presenter thanked everyone for their comments and promised to embark on improving the document, counting also on help from the group.

2nd afternoon session

Guidance Material on Auditing Forests

Edward Simanjuntak, Acting Director of Audit (Forestry and Public Works), **Indonesia**

Mr Simanjuntak gave a progress report of developments since the previous meeting. In the Doha parallel session the draft was presented. Many comments were received thereafter. Some of the comments were aimed at making the guidance more user-friendly so that it would be easy to understand, easy to apply and easy to get information from (consider countries where access to the Internet is not easy, living in remote areas – it is no use for them to have a link to a website).

Other comments concerned the question of how to make the guidance applicable to all SAIs, given the large variety of forests across the world (the Indonesian, Brazilian and Malaysian forests can be similar, but those in Canada and the US are quite different). The speaker sought the opinion of the group on how to resolve this challenge?

Another challenge to be considered is the definition of forest: in the FAO website there are many definitions, but all are very different. The importance of definition cannot be overlooked, since it is also a sensitive issue (e.g. in some countries a palm oil tree could be considered part of forest, not so in other countries). Thus it is important to consider various definitions.

Mr Simanjuntak also pointed to some difficulties in communication – sometimes it had been impossible to ascertain whether their e-mail messages (with the questionnaire) had got through, since no response came. After accommodating the comments received the draft had been put to review by auditors with no forestry audit experience in the Indonesian SAI to test it for user-friendliness, which was a very useful exercise.

Mr Simanjuntak then proceeded to describe the contents of the guidance and how the different parts have been rearranged in light of the comments received.

Chapter 1 contains the introductory sections, chapter 2 is devoted to forests (definition, types, ownership, function and usage etc), chapter 3 deals with sustainable forest management and chapter 4 is the most important part, containing the information on forest auditing, including a case study for each step of audit.

There are a number of appendices, including the GIS and GPS manual, and the audit design matrix.

The speaker finished his presentation, mentioning the SC comments (slide 14), which had been mostly accommodated, and outlining the remaining timeline and listing the steps still to be accomplished (the draft is expected to be ready by April 2010, and all to be finished for the INCOSAI meeting in November 2010).

Round Table

The topics for table round:

1. Which definitions of forest to use?

The responses from **Canada** and **Estonia** best summarise the general understanding of the issue: there is no need to try and invent a universal definition of forests. Include some from the FAO and IUCN and accept that many definitions exist, serving different purposes. The auditors should find out what definition is used by their government and then follow it while conducting the audit.

2. Do we need a quality assurance team to ensure the technical contents/aspects of the guidelines are right and accurate?

Estonia and **Tanzania** commented on this question, finding that any expert opinion would lend credibility to the guidance. **Estonia** also reminded the group that the most important part was auditing itself and proposed to discuss the matter further the next day.

General comments:

All speakers congratulated Indonesia on an excellent document so well based on practical experience. **New Zealand** the **USA** especially liked the introductory parts providing a well researched and comprehensive background on the topic. The **US** again emphasised the need for a good executive summary to sum up the

essence of the document. Many commentators (**USA, UK, Canada**) thanked the project team and pointed out very good visualisation and presenting the information graphically and suggested that other projects follow the example.

Norway proposed that clearer references should be made to links with the other guidance documents. At the same time, **Norway** recommended that other guidances should follow the example of the forestry document in considering how different types of ownership might affect auditing.

Several countries (**Canada, Norway, New Zealand**) commented on chapter 4 and found that more could be done to improve the structure and make it easier to understand for the auditors. Especially the audit design matrix seemed to create misunderstanding. **Canada** also suggested that the information in appendix 3 was too important to be left in an annex and should be moved chapter 4.

The project leader pointed to an explanation found on p 52 of the guidance to guide the reader through the process. He invited all participants to reflect further on the logic of chapter 4 and give their comments.

Canada offered to help in making chapter 4 clearer.

The US suggested that subsection G in chapter 3 was so rich in content that it should be given a more prominent place.

Several speakers commended Indonesia on the excellent forestry audit conducted and recommended that more use could be made of it in this document.

The **UK** promised to forward additional material about SFM in the UK, on some recent work on climate change adaptation and the impact on forestry; and also pointed to the fact that adaptation was not included in this guidance, but should be (e.g. what type of wood would grow in the future climate).

Norway suggested that evaluation of SFM and the risk related to it should be moved to step 3 – risk assessment.

The **Czech Republic** wished to include the planting of monocultural forests, e.g. those consisting of one species (most commonly spruce based monocultures and problems they cause in the landscape, as they are less resistant than mixed forests) in chapter 3 under the section of unsustainable forestry development.

Canada thought that chapter 3 contained a lot of good information, but was a bit long, 30 pages. The table with criteria on p 37 was considered very useful and interesting: it would be easy for auditors to check against this table whether the government is respecting these criteria.

Brazil's suggestions as to the structure of the document: the section on the role of government in chapter 1 should be moved to chapter 3, as the government is one of the key players. The section on international initiatives in chapter 2 should rather be in chapter 3. Subsections C and F of chapter 3 should be put together as they complement each other.

Poland thought that too little attention was given to advice on cost analysis (e.g. effect of protection against insects – to establish what it cost and whether it was effective).

New Zealand was happy about the treatment of the role of forests as carbon sinks and for the inclusion of the section on forest fires, a big concern, especially in Australia. **New Zealand** was also glad that co-management (by government and the indigenous people) got a mention in the document.

Several countries (**China, Canada**) commented on the use of GPS and GIS and the inclusion of the manual. These are important tools, but one of the tools, and not mandatory for use.

Norway had some difficulty in understanding the need for the concluding chapter 5 – the information found therein could be presented earlier.

The climate change subcommittee and fisheries subcommittee had meetings after the main meeting was adjourned.

Day 2
Wednesday, 5 August 2009
1st Morning Session

Guidance Material on Auditing Minerals and Mining

Robert Cheyo, Principal Auditor, Tanzania

Michael Malabeja, Environmental Engineer, Tanzania

Mr Cheyo briefly introduced the layout of the guidance:

The introduction deals with the importance of mining and minerals, the expansion of mining activities over the years and the rising international awareness about the environmental consequences of mining.

Chapter 1 contains the background on minerals and mining activities, with special emphasis on the mining cycle (including the issue of abandoned mines).

Chapter 2 describes the national and international response to mining and environmental problems: international agreements and national legislation, the obligations arising from these acts and the governments' compliance with the obligations. It was agreed earlier on that the guidance paper would focus solely on international provisions that deal specifically with mining and minerals and not on general environmental issues.

Chapter 3 is the most important chapter for auditors – how to choose and design audits. The 4-step process is used.

Chapter 4 is about case studies received so far from the **USA, Indonesia, China, Canada** and **Tanzania**.

Chapter 5 currently contains good audit practices, but will be dismantled to accommodate the various comments received, with parts going to other chapters and some parts dropped altogether.

Round Table

The topics for the table round:

1. Should the title of the guidance be modified? It has to relate to the scope, make clear what is included, e.g. oil and gas, gravel? Proposal: Environmental Auditing of Mining Activities

The **USA** best summarised the discussion by making a general comment applicable to all guidance papers: it is important to make a clear statement on the scope at the outset. The title should reflect the scope.

Poland pointed out that the original idea had been to focus on minerals and the mining of minerals and proposed the title: "Environmental Auditing of Mineral(s) Mining", which was supported by the **UK**.

The **USA, Norway, Austria** and **New Zealand** commented on oil and gas and proposed to leave that subject for a later, separate guidance paper.

2. Combining the introduction and background chapter

Austria made a general comment to be kept in mind for all guidance papers: they should have a clear structure, following the example set by Norway in the guide for guidances paper.

Indonesia raised the more general question of balance between the background and audit related information and proposed a discussion on the ideal proportion for all guidances (50:50; 40:60?).

Canada and **Norway** agreed that a short introduction was needed, but some of the material could be moved to other chapters. **Canada** also thought that the background chapter should not be longer than 10 pages.

Indonesia, New Zealand, Poland, the **UK, USA** all supported further work on these two parts for the sake of clarity of scope, structure, recommending some shortening and elimination of overlapping sections.

Canada also commented on the importance of putting together a good executive summary.

3. How to reorganise chapter 5?

Canada, Norway and the **UK** commented on this question and supported the plan to move material into other chapters.

4. Should an expert be engaged (especially about mining cycle)?

Indonesia, Norway, Malaysia and the **UK** supported the plan to involve an expert. **Canada** offered its experience on abandoned mines, but suggested that other experts, e.g. UNEP etc would be more knowledgeable about the whole issue. **Austria** proposed to leave the decision at the discretion of the authors of the paper.

General Comments

Canada congratulated the team for producing a very interesting paper that contained a lot of new information. **Norway** thought that the paper was very well structured and as the **UK** and **USA**, found the case studies extremely useful.

The **Czech Republic** proposed to highlight in chapter 1 the role of audit with regard to the local government activities (issuing mining licenses to mining companies and obligations contained therein for rehabilitation of former mining sites and for resolving social issues). **New Zealand** also supported the idea of putting more emphasis on the consideration of environmental effects in the mining approval process.

Canada proposed that the information chapter 2 regarding the national responses by the government could be integrated with the 4-step approach, especially step 2, in order to make a link with the audit. This proposal could be applicable across the board to other papers as well.

Speaking about chapter 2 **Indonesia** commented on the different laws that the auditors had to take into account when auditing mining (there are separate acts for mining and others for environmental issues) and wished to know if this was the case in other countries as well.

Canada liked the life cycle presentation in chapter 3 and asked that the section on abandoned mines be added as well. The Norwegian WGEA Guidelines of Auditing Waste Management would be very helpful and Canada is willing to provide more specific comments on a subsequent draft.

New Zealand also wished that more emphasis be put on the remediation of contaminated mining sites.

Norway also found the mining cycle model very useful, and thought it could be used more actively in chapter 3.

The life cycle approach was also supported by the **UNEP** representative.

Norway wished a better distinction to be made between steps 1 and 3 in chapter 3.

In chapter 4 **Canada** thought some rewording was necessary in order to focus more on the main things – the main findings and audit criteria.

Indonesia and **New Zealand** thought that the phases of the mining cycle in chapter 1 be connected with chapter 4, since a different phase has a different impact on the environment.

Canada found it difficult sometimes to see the link between the audit and environmental issues in the case studies (especially in those from the US and China).

China agreed with the proposals by Canada and thought that mining could be better tied with environmental issues (e.g. environmental protection and utilization of solid waste).

Egypt thought that more emphasis should be put on international health standards (regarding the health of miners) and on how to audit the health related aspects of mining.

Norway pointed to the interrelation of environmental, social and economic impacts of mining and suggested that this interrelation be used more actively throughout the document.

Norway thought that some thinking was still needed to make a better distinction between the different types of risk – the impact on the environment and whether the government is doing enough.

Commenting on the general layout of the document **New Zealand** recommended more graphic and visual material and **Norway** suggested an improvement of the references.

The **UNEP** representative explained about how their work currently underway (access to justice and liability issues) could be connected with this guidance.

Mr Cheyo thanked everyone for the immense contribution to the document and gave his assurances to continue work on improving the guidance. The document will be sent to university experts in October and presented to SC9 in February 2010 in Dar es Salaam.

2nd Morning Session

Guidance Material on Auditing Fisheries

Kevin Potter, *Principal, Canada*

Given that the project leader South Africa could not attend, **Canada**, as sub-committee member made the presentation.

Mr Potter gave an overview of the project background and status, described briefly the project itself and summarised the advice received from various parties to date.

He started by reminding the SC of the project objective and scope, touched upon the distribution of tasks in the sub-committee and described the timeline, explaining what has been done since the Doha meeting in light of the comments received. The main changes relate to the introduction and chapter 1. Still too much of the biodiversity paper appears in this text but this is being taken care of. Chapter 2 is more fully developed and chapter 3 and annexes 6, 8, 9 have been added.

Mr Potter then went over the remaining milestones: final draft by April 2010, presentation at the June 2010 WGEA meeting and the November 2010 INCOSAI meeting.

Mr Potter then went over the contents of the document and pointed to the changes that had evolved in the course of working with the text.

The introduction explains why fisheries are important.

Chapter 1 gives the background information: trends and problems in world fisheries and the international response.

Chapter 2 is devoted to audit and has currently 5 steps (the 1st step to be eliminated).

The recommended 2nd methodological tool is not designed yet, Mr Potter hoped to discuss this with Indonesia in order to go by their forestry example and use the same approach for the fisheries paper.

Mr Potter went over the feedback from the SC and conveyed the project leader's opinion that any reaction would be given only after having heard the comments of SC8.

Round Table

The topics for the table round:

1. Title and Scope: should the scope include aquaculture and non-fisheries related habitat issues?

The **UK**, **USA** and **Norway** all shared the view that it was important to lay out clearly the scope and then consistently adhere to it. Some (**Norway**, **Brazil**, **Poland**, **Malaysia**) thought that aquaculture should be included in the scope. **Indonesia** was of the opinion that not too much emphasis should be placed on aquaculture, and suggested that it could be the subject of a separate guidance paper.

2. Are there ways to help project leaders (e. g. by engaging experts for background information)?

Indonesia knew that UNEP had experts for fisheries, given the research undertaken by UNEP in this field and suggested having UNEP involvement in developing the guidance, especially the sustainable fishery management part.

Norway recommended that UNEP be approached for experts. **Malaysia** also thought experts should be brought in.

3. Is there further need to standardise the approaches (with respect to other guidances)?

Norway proposed to go through the guide for guidances once more, and work out a section on references, maybe also to add a model table of contents (consisting of ex summary, introduction, acknowledgements, appendices, a reference list etc) and volunteered to undertake the exercise, if the group found it useful.

4. Would the 2nd methodological tool (based on the first 2 steps) be useful to SAIs for auditing fisheries?

Austria, **Indonesia**, **Estonia** and the **USA** supported the idea of developing the methodological tool, based on the audit matrix. **Austria** proposed to find out whether the SC considered the audit matrix a relevant tool,

and if this was the case, then include it in all guidance documents. **Indonesia** promised to help the project leader with the necessary information. **Norway** explained why the design matrix had not been included in the guide for guidances – different countries auditors could also use other tools.

General Comments

Norway congratulated the authors on the work to date and especially the background chapters as making very interesting reading for auditors from Norway. The **USA** shared the opinion.

Brazil proposed that in chapter 1 more background is included on fisheries resources and sustainable vs unsustainable practices, as well as illegal trade on ornamental fishes (which is a problem in Brazil).

The coverage of marine vs freshwater fishing seemed disproportionate for the **UK**.

The **Czech Republic** proposed to mention in chapter 1, subsection 1.3 fresh water fish breeding, its impact on the environment, and the possible negative impact on biodiversity of breeding non-indigenous species.

Brazil wished to see further work on chapter 2 – eliminate the similarity to the biodiversity guidance, and make it more specific to fisheries.

Norway also found that chapter 2 could be further improved, especially specifying potential risks when addressing all the environmental problems, maybe by using the flow model (page 31) and focussing more on the role and responsibilities of the government. **Norway** also recommended the 4-step process, as structured in the guide for guidances, especially working on step 3, by describing risk areas more in relation to fisheries.

Brazil commended the examples in chapter 3, but thought that before each case, a section could be added to give the context of the audit.

Egypt mentioned as a major problem the pollutants let into the rivers and estuary areas by drainage, as they destroy the coral reef and affect the health of fisheries.

Poland suggested that the report on international audit on fisheries in the Baltic Sea, completed in early 2009 be included among the cases. All the Baltic Sea countries participated and the work was coordinated by Denmark.

Morocco suggested that a 2007 audit of fisheries and aquaculture undertaken in their country to be included among the cases in the guidance.

Malaysia pointed to a potential joint audit to be undertaken with Indonesia: Strait of Malacca – Management of Marine and Mangrove – Impact on the Environment. The scope still remains to be defined.

Poland recounted an audit of fresh water fisheries undertaken more than 10 years ago in Poland, and pointed to an interesting case that had emerged as a result: namely the cormorant (a protected species) can become very abundant close to ponds and lakes where fish are bred and start competing with fishermen, affecting both the species structure and age structure of fisheries. It would be interesting to look into this issue to find out whether the local fishermen or the governments have a programme to keep the situation under control.

The following comments were made about the structure of the document:

Poland thought that the whole document could be shorter, by leaving out some overlapping material and just making references to other guidance papers (e.g. the climate change paper) instead of reprinting material in this paper.

Norway recommended more references for additional reading.

Norway and the **UK** encouraged the use of more graphics, such as on p 31.

The **UK** also thought that not every audit needed to be listed, including the cases of wider interest would be sufficient.

The **USA** emphasised the need have a good executive summary – the length is not a problem, as long as it is summarised well, including findings and main messages.

The **USA** also thought that the text boxes should contain something about lessons learned and found that the link between the key questions and text box that followed was not always immediately clear.

Mr Potter commented on the aquaculture issue as being quite significant to some regions (e.g. Asia) and that a separate guide might be useful. Including aquaculture and all the issues related to land based pollution would broaden the scope maybe too much. Mr Potter promised to faithfully pass the comments on to South Africa.

Discussion on General Issues Related to the Guidance Materials

Tönis Saar, *Secretary General and Head of INTOSAI WGEA Secretariat*, **Chair** of SC Meeting

The **Chair** presented the issues, described a possible solution, and invited the group to react. The topics discussed and decided will be followed up by e-mail and with the help of Norway the guide on guidances will be updated to reflect the results of the discussion.

1) What is the main purpose of the guideline?

The proportion of chapters (the What? and How? chapters).

The **Chair** proposed to include as much as necessary and as little as possible. There can be no prescribing of the number of pages or even the proportion of the background and audit sections - as far as the authors are convinced that the material is useful it should be kept. Any introduction and background must be related to the audit part.

The **USA** said that proportion has to be linked to what was stated in the executive summary. The executive summary has to be substantive. It has to be kept in mind that two categories of people would be using the guidances - those new to the subject find the background useful, those familiar with the issues go directly to the auditing sections. Even if long, a well summarised document would serve both audiences. **Canada** emphasised that the executive summary should be written only after the guidance itself is completed.

The **Chair** suggested that all guidances should follow the same structure and to achieve it the guide of guidances could include a model table of contents, defining what is to be found where in the document.

Canada suggested that the climate change guidance had a very good structure and proportions and could be taken as an example.

Norway promised to write these principles into the guide of guidances

2) Should the guidance papers follow the 4 steps?

Currently some do, some don't.

The **Chair**: The recommendation to project leaders is to follow the 4-step procedure, but if there are good reasons not to do so, there is no need. In response to **Indonesia's** request to have some examples in the form of case boxes Mr Saar encouraged the project leaders to take case studies and write them into the audit process.

3) Executive summary

The **Chair**: As has been stressed several times during the meeting the executive summary has to be substantive and "make the reader want to turn the pages of the main body of the document", to quote Mr Steven Elstein from the US.

4) Terminology

The **Chair**: The guidance papers should use terminology consistently. The project leaders are invited to check the terms used against the INTOSAI standards. The use of terminology in the guidance papers should not differ too much from INTOSAI standards.

Norway has checked the terminology carefully and could not find definitions of some of the terms e.g. risk analysis, good governance, audit matrix, good auditing practice; and thus included them in the guide for guidances. The use of the different types of audit is sometimes confusing, e.g. compliance audit, performance audit, financial audit – in Norway only the latter two are used.

The **Chair** pointed to INTOSAI Standards, which distinguish between regularity audit (which includes financial audit) and performance audit.

The **Chair** hoped to find a common editor to all guidances to ensure consistency in the use of terminology.

5) References

a) System

The **Chair** proposed to develop a recommended example in the guide for guidances. Those who have already established a good and reliable referencing system need not change it, whatever the system used.

b) Reliability

References must come from a reliable, preferably internationally recognised source; Wikipedia is not recommended.

The **Chair** also warned against using direct links to websites – these can be broken. It is better to refer to general websites, e.g. FAO or WGEA and then to the name of the document, for which a search can be made in the Internet.

He proposed to add in the table of contents one appendix devoted to the list of references.

c) Permission to use:

Canada commented on third party information, especially when information from one source is used extensively, the material so used should be sent back to this source to get their approval.

The **Chair** thought that this could be a good way to get experts to review the materials.

The Chair also pointed out that in the fisheries paper reference was made to SC meeting materials, which is probably not appropriate – the general reference to the website is enough, especially given that some of the materials are not public and can be accessed only through a password.

d) Cross-referencing between other guidance papers

The **Chair**: will be discussed with project leaders. Connections between climate change, forestry, sustainable energy need to be worked out.

The **US** pointed to the value of good cross-referencing and added a cautionary note: each of these documents also has to stand on its own. A cross-reference cannot be overly short or too long, it should provide enough information to help the reader get the gist of the matter.

Norway pointed to the request made the day before to prepare a one page case box to describe how the topic of climate change was linked with energy and provide a practical example. The suggestion is to discuss with project leaders how such case box should be structured and implement the suggestion in the guide for guidance's.

The **Chair** supported the idea of making such case boxes, but only in cases where they came naturally.

6) Glossary

The **Chair**: a place will be found in the table of contents for the glossary (beginning or end?)

He suggested that the project leaders go through the glossaries and weigh the terms for necessity.

7) Use of abbreviations

The **Chair**: use as few as possible and only internationally recognised abbreviations.

8) Length of documents

The **Chair** shared the opinion of most of the participants that the length was generally suitable, the content should not fall victim to length or shortness. Repetitions and irrelevant sections should be removed, though. Some participants (**Poland, Canada**) thought that the guidances should be shorter.

The **Chair** recognised the need to create a web-based platform, and proposed to use the climate change guidance as a pilot project for the exercise.

9) Expert review

The **Chair** encouraged the project leaders to seek reviews by experts, but emphasised that it was not compulsory. He promised the help of the Secretariat and asked to be notified of cases where experts had

been approached directly. It has been suggested to contact the FAO and the UNEP to ask their expert review of the guidance materials, and the Chair would be coordinating the communication with these organisations.

10) Editing and language

The **Chair** invited offers from native English editors. Ideally one editor should work with all five documents. There is a budget for editing. **New Zealand** has kindly offered to help with two guidances.

11) Design

The **Chair's** plan is to create a similar format for all guidance papers, however, without compromising the good work done already but rather making them identifiable as WGEA documents.

12) Printing

The **Chair**: the printing costs have been budgeted. However, given the South African Auditor General's intention to organise a green congress in 2010, an acceptable way has to be worked out about getting hard copies to all members. Prior experience has shown that hard copies usually "fly off the shelves" in minutes.

13) Translation

The **Chair** invited volunteers. OLACEFS already has a coordinator (Paraguay) for Spanish translation. But Arabic and French translators are still needed.

14) Upcoming deadlines

The **Chair** presented the ideal deadlines and proposed to discuss the deadlines individually with each project leader to make sure if the deadlines can be met or have to be adjusted.

The 2nd drafts are expected by the end of November 2009; in the next SC meeting in Tanzania the plan is only to discuss briefly the communication plans and the status of projects and if necessary any strategic decisions will be taken. The time set aside for editing is January and February 2010. At least 2-3 months (until the end of March 2010, at the latest) have to be allowed for comments by working group members.

Norway objected, since the climate change guidance would not be able to move on before the results for the global audit and those of the Copenhagen meeting were there. Thus the earliest deadline would be March.

In response to **Canada's** enquiry about the SC's role with respect to the 2nd draft, **Mr Saar** expected a quick review by e-mail.

The **Chair** also emphasised the need to build a regional perspective into communicating the guidance papers. He wished that this was not a top down process only and expected some initiative from the other end. The EUROSAI autumn meeting would be a perfect venue for discussing the regional needs (for a training course, tutorial etc.).

The **Chair** invited all regional leaders to bring forward the regional perspective and needs in Tanzania so that further communication could be targeted to meet these needs.

15) Web-based platform

The **Chair** proposed to use the climate change guidance as a pilot project to work out the platform. The Secretariat has a good and quick IT partner. Once there is a clear understanding of what is needed, the IT people can embark on the exercise.

The **UK** asked about the feedback function to monitor the use of the guidances.

The **Chair** replied that such work was already under way: feedback is sought through a survey and also through web statistics regarding downloading. The Secretariat has set itself an internal target to increase the use of the website. He also reminded the participants that all web based material had to be kept alive and working all the time. The plan is to monitor the biodiversity paper downloading statistics, and use this as an input for future work.

16) Updating the documents

The **Chair** invited the participants to start thinking about the ways of updating the material; the decisions will be taken at a later stage.

17) Audit Design Matrix

The **Chair**: most guidances already have the matrix built in, thus the section can be easily written into the guide for guidance as well.

1st Afternoon Session

Structured Review of the Study on Natural Resources Accounting (Environmental Accounting)

Steven Elstein, Assistant Director, USA

The **Chair** introduced the agenda item by explaining that the study currently updated was first conducted by the Netherlands in 1998. The whole document is not presented to the SC at this stage.

Mr Elstein started by outlining the work done since the previous presentation in Doha in January 2009. A working draft has been put together with some remaining need for verification of some data. The draft is scheduled to be circulated in September and plans for adoption are set for June 2010 at the WGEA meeting.

Mr Elstein then spoke about the two general definitions and hoped the document would convey the message why auditors should care about the subject of natural resources accounting or environmental accounting and how it could contribute in a practical way to meet the auditors' needs.

The speaker gave a brief overview of how the decision to update the original 1998 report was arrived at and was finally undertaken.

He then explained how environmental accounting would serve as a key tool to help address climate change and touched upon the actual types of environmental accounts:

- Physical natural resources accounts and monetised accounts of natural resources, e.g. the forest accounts to track the value of native forests;
- Pollution and material flow accounts – usable at industry level, e.g. materials used in industry and pollutants and waste generated, time series accounts for CO₂ emissions for tracking trends in CO₂ emissions and energy use over time;
- Environmentally adjusted economic aggregates – aimed at adjusting GDP to take into account the depletion of resources etc, a very controversial issue and not widely accepted, mainly for political reasons and also because difficult to quantify. The USA is a good example of the controversial attitude, which hopefully will change with future generations.

The presenter listed the benefits SAIs could get from using environmental accounting: support audit findings, help see the long-term implications of policy decisions.

Mr Elstein explained the differences in the updated version in comparison with the original Dutch study:

- Now the focus will be on climate change as the overwhelming theme of today. Back in 1998 the major theme was fresh water on which the study focused.
- The case studies will be presented as systematically as possible. To achieve this the SAIs statistics sections were contacted directly for data and later asked to verify the data included in the study
- Some options with examples of how environmental accounting is used by SAIs will be presented.

Mr Elstein discussed the recent environmental accounting activities in international organisations:

A UN handbook was completed in 2003 and work is under way to develop an international environmental accounting standard by 2012.

The study will illustrate the findings with the help of the world map, showing which countries (72) have environmental accounts of some kind (e.g. Australia – water accounts, Philippines' multi-year programme to adjust their GDP with the impact of the depreciation of forests).

Mr Elstein invited contributions from the SC members concerning any relevant information in their country.

There will be a section in the study to describe how SAIs can make good use of environmental accounts.

The information will be presented in 3 categories:

- SAIs who do not have the accounts yet
- SAIs just forming the accounts
- SAIs with well developed environmental accounts

Mr Elstein recounted a recent seminar held in the US on environmental accounting in cooperation with the National Academy of Sciences. The US had been heavily involved in developing environmental accounts in the early 1990s but the legislators from the coal-mining states were not happy about the subject and their budget was scrapped. Now the political climate is more conducive to moving ahead and hopefully the process will be rejuvenated

Round Table

The topics for the round table:

1. What is the reaction to the executive summary and table of contents?

The general feeling around the table was expressed by the **UK** and others that comments would be more easily forthcoming once the whole draft is distributed next month. The **UK** also suggested that some auxiliary questions to ask the respective governments or a mini survey would be helpful in commenting on the work. The **UK** also proposed that a list of persons/organisations contacted in compiling the information concerning any particular country would be useful.

2. The SAIs' experience in environmental accounting (especially in relation to climate change)

Tanzania wished to know what method was going to be used to properly evaluate the environmental assets and liabilities in the case of mining.

Mr Elstein's response was that quantifying was the biggest challenge and that the report would not prescribe any solutions but would rather describe different examples used by different countries.

Poland collects comprehensive environmental statistics. On an annual basis the SAI is asked by the Statistical Office to assess the information collected for adequacy. The SAI has proposed to extend the scope of data collected, which has been done as a result. The auditors also check in the course of their audit work whether the environmental information given to the Statistical Office by the respondent entities is reliable and very often this is not the case.

Norway also gathers a lot of environmental statistics, which is used by the SAI for risk assessment and in conducting audits. A recent example is a NOx emissions report to see if **Norway** would meet the requirements of the Gothenburg Protocol.

New Zealand also has some information that could be relevant, namely the government liabilities regarding the Kyoto Protocol are assessed. The Statistics Department is working on sustainable development related statistics.

Another example is the government's plans related to scarcity of water: there is an ongoing discussion on whether financial value should be placed on water. This has implications for the indigenous people, who see themselves as owners of national resources and would consequently want to be involved.

Indonesia promised to send information about the topic of environmental accounting as studied in their country.

Egypt is undertaking an environmental audit on recycling solid waste.

In **China** research is underway but nothing in practice. The Statistical Office had tried years ago to adjust the GDP with resource loss but failed.

Canada has had a system of national environmental resource accounts since 2003, however, the GDP is not adjusted to take environmental aspects into account. Nor are the environmental accounts used for audit work.

Brazil promised to find out its government's reaction for this subject.

Austria collects a lot of statistics (e.g. forestry inventory etc) and indicators of sustainable development are tracked both on the federal and states' level. However, there is no quantifying, how can one put a price on the quality of water? Another complication for all EU members is the fact that GDP is regulated in the EU and in order to integrate environmental accounting into the system all 27 member states will have agree.

Estonia has environmental statistics as part of the EU system.

Mr Elstein summarised by saying that not a single country had a full environmental accounts system.

3. Should recommendations be included in the study?

The **UK** thought that any decision should be taken after studying the whole document.

Canada thanked the authors for very important work in the field where so many interesting developments were occurring and thought that the link to climate change was very timely.

Mr Elstein thanked all the contributors and promised to send in September a 50 page document for the SC members for review.

He also took the opportunity to thank the Indonesian hosts for making everybody feel as if they were a family, like John Reed had ever so often said about the group. In difficult times a family holds together and while the hosts might have been slightly worried about the small number of participants turning up at the meeting, it was not the case. Going back home, Mr Elstein said, he knew that he had family 12 time zones away.

2nd Afternoon Session

Handbook for Auditors of Multilateral Environmental Agreements

Arnold Kreilhuber, *Legal Officer, UNEP*

Dr Kreilhuber gave some background information about why and how the idea of preparing a handbook for auditors of multilateral environmental agreements (MEAs) was conceived. He then described its objectives and scope, as well as the proposed outline of the text.

The project objective is to develop a primer for auditors on MEAs. It has to be very accessible, to be used on the one hand as a tool and on the other hand as awareness builder for auditors about MEAs and the auditors' role in implementing them. It should serve as a gateway to start auditing the multilateral environmental agreements and a source of information for all auditors.

The primer will focus on:

- overall information on key global multilateral environmental agreements;
- the role of auditors in implementing the agreements;
- sources of further information;
- how to audit the implementation of MEAs.

Dr Kreilhuber demonstrated some pages from UNEP's Manual on Compliance with and Enforcement of MEAs that could be used as an example.

He then described planned outline of the document, introducing the table of contents. There will be four general chapters:

Chapter 1 Introduction

Chapter 2 Role and purpose of MEAs, including the UNEP experience and emphasising the pivotal role MEAs play in international governance

Chapter 3 Auditors' role in implementing MEAs, incl. the role of WGEA

Chapter 4 How to audit MEAs, focusing on the basic approaches

Chapters 5-7 will be devoted to auditing specific MEAs (climate change and atmosphere, biodiversity, chemical and waste related multilateral agreements)

The WGEA is requested to step in with their expertise and play an active role in drafting the practical chapters. Dr Kreilhuber hoped that the guidance papers developed in these areas would come in handy.

Chapter 8 will contain material and references for further study.

Timeline:

Assuming the SC8 agrees on the outline presented UNEP would start work, hopefully in cooperation with a core group of WGEA members, and ideally bring the first draft to SC9.

The full draft should be ready for approval by the next full WGEA meeting in 2010

The official launch is planned at INCOSAI, November 2010.

Round Table

The **Chair** invited comments from the participants as to what, how and when they would be able to contribute to the work. He recommended that the primer be short, simple and accessible.

Several speakers (**Indonesia, Poland**) had difficulty in understanding what the scope would be and wished to avoid repetition of WGEA documents which already existed or were about to be finished.

Norway thought that the level of ambition needed clarification.

Brazil expressed the feelings of many others by saying it was not clear how exactly the WGEA participation would be organised.

The **Chair** wished to have a clearer picture about the contents on chapters 5-7.

Others saw it as a good opportunity to raise awareness about the work auditors did.

The **Czech Republic** hoped the primer would be useful for conducting coordinated or parallel audits.

Given that it has conducted some audits of MEAs, and it was part of the WGEA workplan, **Canada** is willing to help with the database to identify the relevant audits. If more in-depth treatment is to be given to biodiversity, **Canada** is also willing to help out there.

New Zealand considered developing the primer a very useful project. **New Zealand** had many years ago conducted an audit on the implementation of MEAs and a primer would have been very handy indeed to tackle the difficult subject.

Norway regarded the primer very useful and pledged help with case studies and reviewing the draft document. Any further contribution expected of **Norway** would have to be clearly specified and discussed separately.

Poland's expectations are very high for the primer: it would be a very interesting and useful tool for auditors.

Tanzania hoped that the primer would be very useful for auditors.

The lengthy discussion that evolved and described below focuses on the questions and doubts raised and shows how they were cleared and how a way forward was devised:

The **Chair** saw as the easy option to combine the primer with existing guidelines, making cross-references in boxes. Another option proposed by the Chair was to identify case studies – audits about MEAs - in the WGEA database. To be most valuable the primer ought to serve as a reference kit, on how to START to audit MEAs. The Chair was concerned that the tight schedule might make it difficult to include all the case studies.

Dr Kreilhuber hoped the WGEA would be able to review the whole document, in the form of a peer review to make sure that the material was really relevant for the global audience of auditors, not just WGEA members. He also thought that some existing WGEA material could be used, provided it is up-to-date.

Canada wanted to know why the three specific fields had been picked for in-depth analysis (chapters 5-7).

Dr Kreilhuber explained that they had chosen the MEAs in the 3 areas because they were hosted by UNEP (except the Climate Change Convention), but he was also ready to discuss adding others (e.g. fisheries, forestry).

China asked what the role of auditors was in the implementation of MEAs – was it very important or less so?

Dr Kreilhuber: auditors are part of the enforcement chain. By joining global (and regional) MEAs governments make certain promises and undertake obligations. The promises are fulfilled by adopting national legislation and policies, and national enforcement agencies (police, prosecutors, courts etc) have to see that these are implemented. Auditors make sure that the MEAs are implemented on national level. The audits give feedback for the global level as to whether the MEAs work.

Through such work the role of the WGEA and auditors is amplified and their message reaches the highest international levels (Copenhagen). Thus the auditors' role is crucial.

The **Chair** remarked that Dr Kreilhuber's above words describing the auditors as part of the enforcement chain would certainly cause concern among the auditors, since independence was key to auditors in their work and he suggested a different wording to be used to describe the role of auditors.

Indonesia had two concerns – according to the table of contents the primer seems to repeat a lot of existing WGEA guidelines; and the complicated legalese used to describe the MEAs makes understanding difficult.

Norway shared **Indonesia's** concern about the language use.

Dr Kreilhuber responded that the document was a primer, i.e. the first tool to give to an auditor embarking on auditing MEAs and that was the reason why it should take information from existing documents, put as concisely as possible. He agreed with the criticism concerning complicated language.

Norway had found, when working on the climate change guidance, that policy tools and funding crossing borders were very difficult areas and it was difficult to determine the role of SAIs in such cross-border cases.

Poland also wanted to clarify the scope – would information be provided only on the three key global MEAs and their process of implementation or would others be included as well.

Poland was especially interested in learning from UNEP information that would be useful for the planning phase of the audit: what is the status of a MEA, what parts should be audited from the UNEP point of view. SAIs spend much time establishing what to audit and sometimes choose the wrong aspects.

Dr Kreilhuber explained that the intention was to outline all key global and regional MEAs (in chapter 2).

Tanzania suggested that the primer also point to the key areas to be addressed to make sure that the environment is protected when bilateral agreements are concluded (e.g. regarding mining and minerals).

The **UK** considered the primer a useful resource for auditors to understand the MEAs better and learn what the UN does to enforce them (e.g. UN reports on the review of UNFCCC etc), what the national governments have to do, also what the UN auditor does – and that would as far as the document should go. The **UK** was not sure that any guidelines for auditors should be there, since there was no need to repeat what has been done in WGEA already.

The **UK** invited UNEP to list the risks related to the implementation of MEAs.

The **Chair** paraphrased the UK suggestion as follows: keep the first part and leave the second part. The resulting document would then give orientation to auditors as to how the MEAs are working. From there, auditors can follow the WGEA audit guidelines.

Dr Kreilhuber felt that taking the salient points from existing guidances could be useful.

He explained that UNEP had never carried out an effective assessment of MEAs and their national implementation.

The **USA**, helped by the considerations of the **UK**, best summarised the feelings around the table:

- 1) a dividing line between what the WGEA and what UNEP would do has to be established
- 2) where lay the value added in the UNEP effort

The **US** was concerned that the work should not be seen as wasting of resources by the INCOSAI meeting, given that since the WGEA was founded in 1995 ever more cooperative audits have been undertaken, which also focused on compliance with international agreements and given that the WGEA guidances touch upon some of these issues as well.

Morocco agreed with the **UK** and **US**, saying that INTOSAI already had a guideline on auditing international environmental accords.

Morocco was of the opinion that UNEP could not develop the audit approach, the auditors themselves would have to deal with that. The primer should thus be limited information about MEAs, but it cannot replace the work the auditors will have to do.

The **Chair** concluded that the **UK**, **US** and Moroccan comments showed that more clarity was needed.

Dr Kreilhuber saw that there still was some misunderstanding about what the publication should be – it shall not duplicate or create guidelines that the auditors should follow. The idea was to produce an awareness raising tool, a first step for auditors interested in MEAs. There would not be guidelines for climate change or biodiversity, but rather material to show what the WGEA and countries have done and what other auditors can do (chapters 5-7).

The **Chair** summarised the discussion so far and saw a consensus in the following: the primer will contain some useful material and work will be continued. Volunteers are expected to come forward for a discussion group to give their input. Existing materials (guidelines on auditing environmental accords, climate change and biodiversity guidances etc) should not be duplicated.

The material in chapters 1, 2 and 3, 4 is really needed, but the group is sceptical about chapters 5-7 and doubts the added value these chapters would give, especially given the timeline foreseen for producing the primer.

Canada suggested that the work would provide a lot of value for the WGEA. MEAs help find global solutions to global environmental problems. Cooperation is the key here and the WGEA's cooperation with UNEP, the World Bank and others is very valuable. **Canada** also raised the question of timing – must the primer be finished during the current work plan period or could it be left for the next period? Completing chapters 5-7 raises concerns, since the group has just had to review all the documents for this meeting.

The **Chair** stressed that the INCOSAI meeting and Theme II would be perfect for raising awareness about the WGEA work.

Norway supported the Chair's opinion by saying that the WGEA should be very grateful to UNEP for focusing on the role of auditors, and communicating this role to the rest of the world.

Norway proposed a 2-step process with the first part completed in this work plan period and the next part in the next.

Dr Kreilhuber was satisfied about the discussion which should make sure that all were on the same track. He invited those interested in contributing to form a small group, which could then develop the outline in more detail and start work on putting the material together.

Dr Kreilhuber agreed that the INCOSAI meeting would be a good platform for making the work visible, but was flexible, if two steps or postponing were considered preferable. He was only concerned about the funds earmarked for printing, which might not be available later.

The **Chair** agreed that moving on in two steps might be a good idea. First UNEP could provide a draft (chapters 1-4) and then it would be clearer how much was needed for the final chapters. The matter could be discussed further in **Tanzania**. The Chair once again invited volunteers to come forward.

Dr Kreilhuber emphasised that UNEP could not accomplish all the work alone. **Norway** and others had pointed to the value reaching out to a wider audience with the publication through UNEP.

Dr Kreilhuber offered to leave out chapters 5-7 and include more case studies and practical examples under chapter 4. He invited as much as possible input from the WGEA and called for volunteers to form a small group for the work.

The **UK** agreed with the proposal to just have **UK** chapters 1-4; however, the **UK** input would be limited to comments and questions, rather than writing.

The **Chair** summarised: there is consensus about moving on in two steps.

Dr Kreilhuber thanked the group for a helpful discussion. In conclusion he said that UNEP would be very happy to put together the first draft. However, he insisted on the WGEA input, because the material has to be useful for auditors. UNEP alone cannot achieve that. The extent of WGEA input is up to debate. There is a need for case studies and practical information; otherwise the primer will be of limited value.

The **Chair** summarised: Keep it short and simple. He thanked UNEP for the excellent cooperation.

**Thursday,
August 6 2009
1st Morning Session**

XX INCOSAI Theme II

ZHOU Xun, Project Officer, China

Mr ZHOU Xun gave a report on the progress of preparing the Theme II principal paper.

He first described the background of the theme paper: in the November 2008 meeting China's auditor general had proposed the topic of environmental auditing and sustainable development, and the theme was chosen for the XX INCOSAI.

Becoming chair of the theme, China embarked on preparations. A special task force of 11 experienced auditors and researchers started preparing the theme paper. A work plan and timetable was established. The Ministry of Finance allocated special funds for the work. The preparations are being coordinated with South Africa, the host of XX INCOSAI.

The remaining work plan consists of 4 steps:

1. Draft the principal paper and translate into 5 INTOSAI languages – by 15 September 2009
2. Collect country papers from SAIs – by 15 March 2010
3. Draft the discussion paper and translate into 5 INTOSAI languages – by 16 June 2010
4. Prepare final report for XX INCOSAI, which will be a part of the final document

Mr ZHOU Xun described the layout of the principal paper. It consists of three parts:

- Introduction includes the terms of reference, work done, expected outcome and administrative arrangements and timelines, i.e. background;
- Main body of the text contains the theme analysis – executive summary, followed by research background and objectives, literature review, and research topics (but no conclusions, just tips and possible choices for countries);
- Specific requirements for country papers – outline of the report structure. Previously no requirements existed for the country reports; South Africa suggested a uniform format only for the upcoming INCOSAI.

The drafting of principal paper has been finished, participating SAIs have given feedback that has been fed into the document already. Mr ZHOU Xun invited the group to offer any further comments, since there was still time for accommodating them, even though the translating had already started.

The **Chair** thanked and congratulated China for the work already done and also recounted how the theme came to be selected as a result of the initiative shown by the Auditor General of China.

Round Table

All SC committee members thanked China for work already done. Many (**Austria, Canada, Norway, the UK**) reflected on how to maximum use of the fact that environmental auditing and sustainable development had been chosen as a theme for the INCOSAI. **Canada, Poland, the UK, and the USA** sought further clarity and a more spearheaded approach for maximum effect.

Austria offered China its country paper which was prepared for the OLACEFS and EUROSAL joint meeting in Venezuela (although only in German and in Spanish).

Austria reflected on the possible outcome of INCOSAI and saw it as a possibility of raising awareness about sustainable development among auditor generals. Once they realised that sustainable development was not a target in itself, but a process of thinking and changing the way of doing things, it would be only a matter of time that the auditor generals come aboard. Sustainable development should be raised by SAIs at the parliamentary level, which is currently not the case. Any government reports should be based on sustainable development as a way of thinking or as a standard.

Canada supported Austria in seeing in INCOSAI a great opportunity to showcase where environmental auditing has come from and is going to.

A study is under way in Canada for developing criteria to audit sustainable development in Canada; the material could be included in the country paper.

Canada thought that in the principal paper some questions in boxes could be clearer.

Egypt informed the group of an ARABOSAI regional summary on experiences in sustainable development, which is led by Jordan. The material will be translated and forwarded to China.

Indonesia is going to focus on how to examine the latest in sustainable development in Indonesia in light of the Millennium Development Goals and how to link human development indices with other welfare indices.

New Zealand suggested that the principal paper could discuss the issue of the role of SAIs in providing assurance over reports by public entities on the effects of their operations on the environment/use of resources (sometimes called corporate social responsibility reports). In New Zealand, some public entities are preparing these reports and assurance is being provided by private firms rather than the SAI. There appears to be a lack of standards and guidance for both preparing and providing assurance over these reports.

In **Norway** the Department of Financial Affairs is developing indicators to measure sustainable development in Norway. It is important to note the connection between economic growth and sustainable development, given that sustainable development is integrated into all sectors across the society and is relevant to all – such would be a message to be conveyed at INCOSAI.

Poland had three major comments:

1) In 1995, the XV INCOSAI also had environmental auditing as a theme. It is important to establish how XX INCOSAI differs from that. The topic should be divided into subthemes – for discussion group I and group II. In 1995 there had been 3 subthemes.

2) Poland did not understand the proposed layout of the country paper (3 parts according to the presentation), it was not clear if these were parts of the principal paper or only the second part should be the real principal paper, since the first and third parts contain technical info, which is not needed for the presentation delivered during the congress. Also it was not clear who was to answer the very important questions in part 3 – were they meant as the topics of discussion?

3) Poland also thought it was necessary to carefully think through the SAIs' input. It is very important to decide the main topics for the country papers. Otherwise there would be a lot of papers on environmental auditing in general, mentioning sustainable development only in passing. Therefore some subtopics for group I and group II should be prepared, using for example some results of the Brazil discussion on Johannesburg targets or the Polish paper prepared for the OLACEFS and EUROSAL Venezuela meeting.

Canada reminded the group that when countries submit a country paper they are encouraged, according to INTOSAI guidelines, but not obliged to answer the questions in the principal paper. Therefore the questions should be as clear as possible.

Mr ZHOU Xun assured the group that their working plan foresees discussion topics for countries. Mr ZHOU Xun also invited colleagues from different language backgrounds to review the translated papers for accuracy.

The **UK** stressed that the message would have to be very clear about the role of the auditors and what the governments have to do in order to integrate sustainable development into all government undertakings.

The **UK** saw the auditors helping in three areas

1) looking at commitments, structures and processes, as well as governance arrangements the governments have in place to address the sustainability challenge. In the UK the government has had a sustainable development strategy for years, the government departments produce action plans, but that has not had much impact so far. Government departments now have to start reporting about sustainable development as part of their annual reporting mechanisms. We can have the role of pushing governments to report on sustainable development.

2) helping governments focus on operational impacts. Sustainability reporting tackles operational impacts, i.e. the government's own use of resources, energy, water etc. There is some progress in this area.

3) working with governments at operationalising the concept of sustainable development in their policy development work. There's potentially room for the WGEA and INCOSAI to help this work go forward. This is the difficult part of integrating sustainability into all government policies. The UK government uses cost-benefit analyses for their policies, but it is very difficult factor sustainable development into the equation. Maybe environmental accounting could be of help in doing so.

The **UK** summarised by suggesting that XX INCOSAI could identify where governments are in building sustainable development into their policies and where SAIs are in considering measures of sustainability. The minisurvey conducted in the WGEA at the beginning of this year among the SAIs could also help show whether we do what we preach. This message could be extended through the paper under review as well.

The **USA** remembered the XV meeting 15 years ago, the last time when environment had been a theme for INCOSAI. Compared to that time the preparations are in a way better shape. A good basic draft exists, needs a little clarification though. The principal paper is extremely important, since it guides all SAIs in writing their country papers. It is necessary to look for ways of how the principal paper can produce tangible, meaningful recommendations on environmental auditing. Some revisions could be made in this light in the paper. One example is section 4.3 on international cooperation and information exchange on environmental auditing. 15 years ago many SAIs were not doing any environmental auditing and the message and recommendation back then was that countries needed authorisation for environmental auditing. Now this recommendation is not relevant any more, since a lot of countries are doing environmental auditing, but in the WGEA community cooperative, parallel, joint audits have exploded: this could be one of the several topics about which many SAIs would be able to write. The WGEA experiences in this work could lead to a worthwhile recommendation. To achieve a good result the questions in the boxes concerning the individual topics have to be very carefully phrased, e.g. what problems you ran into when doing collective audits, how the problems were resolved. Such information from 40 country papers would serve as an excellent basis for a good recommendation, encouraging collective audits and explaining how to overcome problems.

Poland was strongly against the US opinion and would like to avoid a repetition of what was 15 years ago, so that once again everybody started talking about environmental auditing. The new subject is sustainable development and SAIs must be instructed to talk about sustainable development only and touch upon environmental auditing also from the sustainability aspect. That would mean going one step further, as described in the Canadian document about evolution and trends in environmental auditing. Start from summarising, showing that we are farther now, focus on sustainable development and auditing sustainable development. Not going back 15 years!

The **UK** agreed that the paper needed to focus on sustainable development, but stressed that the environment was a key part in it. Collaboration on sustainability, of which the environment forms a key part, is a key strength of the WGEA, especially in relation to climate change, currently the biggest sustainability topic.

Austria agreed and disagreed with everybody – the name of our group is Working Group on Environmental Auditing, not on Sustainable Development

Austria agreed with Poland that sustainable development was far more than environmental auditing, but if we stated that we were a WG on Sustainable Development we would take upon ourselves the mandate for economic and social auditing as well. What we can do is give the input, encouraging the auditors general to go beyond the issue of environment.

Austria supported the USA, for it had offered just one example, and a good example at that, given that sustainable development could also be seen as a form of cooperation - in order to stop competition and produce a win-win situation, a compromise has to be struck between the 3 pillars.

Sustainable development is more than environmental auditing, **Austria** explained further. And it was now the task of the WGEA to move the ball on to INCOSAI, since the auditors general have the mandate to make the decision.

To achieve this, a clearly formulated recommendation has to be put forward for INCOSAI, a task that also has result in a win-win situation.

The **USA** came back to make sure there was no misunderstanding: the recommendation offered was a process-oriented recommendation. The WGEA does have experience in collaborative audit, the same could be worded as international cooperation in audits in sustainability, if this is more acceptable. Such a recommendation could show the SAIs how collaboration helps audits in sustainability.

Norway reminded the audience that sustainable development always combined social and economic and environmental issues and that the environmental audits described the impact on the society and on the economic system. This is also included in step 1 in the guidances.

Tanzania and **Indonesia** agreed with Norway that the 3 sustainability pillars were inseparable and that the focus ought to be on all three. **Canada** supported the idea of emphasising the relationship between the environment, people and economy.

The **UK** pointed to a change that is expected to occur with respect to sustainable development: it is not about the three pillars any longer, but rather the economy will become a subset of the environment: climate change is so much more important that economic worries become a mere trifle in comparison.

Morocco proposed that the paper discuss how to define and measure sustainability when auditing the government policies and programmes through a set of indicators.

The **Chair** summarised the range of opinions voiced: everybody expressed their support of appreciation to China for work done so far. The issues raised concerned the various ways on how to go forward. Proposals were made to improve the questions, also on how to make a greater impact at INCOSAI. The group still has to establish a clear common ground as to how far to go as regards sustainability and want the SAIs' role should be. Specifying the questions in the paper would be a way of adding value. It should be kept in mind that the recommendations will affect our development in the future.

The **Chair** offered China the preliminary results of the 6th survey. He once again invited volunteers to help review translations and enhance the quality of the document. Any detailed comments need to be forwarded to China in the next week to ten days. The Chair also promised that the SC is ready to help China with the SC9 and WG13.

Mr ZHOU Xun thanked everyone for their suggestions that gave a lot of inspiration. He assured the group that both themes sustainable development and environmental auditing will be treated in a balanced manner, covering all three pillars. It is important to remember that the document is meant for INCOSAI, not just WGEA. Some SAIs may focus on the environmental factor, some on economic and some on social aspects – the paper will cover all three.

Mr ZHOU Xun invited colleagues to give their input in country papers. He envisaged that in the final recommendations for the paper more importance should be attached to environmental auditing and on

oversight of the governments' sustainable development policies and compliance with international sustainable development agreements. The recommendation could help the SAIs establish a system of indicators to measure the environmental, social and economic aspects of sustainable development.

Mr ZHOU Xun proposed as the topic for the discussion paper the equally important three pillars of sustainable development to which countries ascribe different weight – some are concerned about the economy, others about social aspects and the WGEA is mostly concerned about the environmental aspects.

Norway proposed to add adaptation, as it includes all topics of sustainable development.

Poland asked if it would be possible to prepare and present to INCOSAI a WGEA paper on climate change audit from the sustainable development angle. Such paper could be prepared by team formed by the SC and members could be Canada, UK, Estonia, and Norway – all countries who are deeply involved in this work.

The **Chair** gave no immediate affirmative answer to the Polish proposal. He agreed that it was a good idea well worth considering and that any contribution would be welcome, but invited Poland to come up with a written proposal which would then be considered.

The Chair thanked the group for giving their input to the theme paper and once again reminded that the deadline for any remaining comments was 1 week, no more than 10 days.

2nd Morning Session

Cooperation Strategy

Tönis Saar, Secretary General and Head of INTOSAI WGEA Secretariat, Chair of SC Meeting

The **Chair** presented the topic: Cooperation Strategy is one of the work plan items. The strategy was discussed in Tallinn SC7 and then briefly in Doha. Estonia leads the work, with the US, Canada and Poland in the subcommittee.

Mr Saar gave the group an overview of the current situation. No clear consensus had been reached in the Tallinn meeting, a variety of different views were expressed (long and detailed strategy vs short and general; communication and/or cooperation strategy).

Mr Saar introduced the principles that would serve to guide the cooperation strategy:

- In line with INTOSAI documents, i.e. the strategic plan and communication strategy (the latter is not ready yet, the first draft is expected by the end of 2009);
- Long-term and broad, in order not to discourage new initiatives and not limited to a list of partners;
- Details should be included in the three-year work plan.

The communication strategy should increase the WGEA visibility, communicate the results of the good work done by WGEA and add value to WGEA activities

The strategy emphasises the obligation to observe the rules in the "Handbook for committees of INTOSAI", so as not to enter into relations that could compromise the independence of WGEA (especially with respect to matters involving money).

The goals of the cooperation strategy are broad, short and guiding, rather than rule setting, focusing on the right to represent, the need to coordinate activities to avoid duplication and to give feedback about work undertaken in order to make the best use for all of any external cooperation efforts. Project leaders are encouraged (NB! whenever possible) to involve external experts to add credibility to any complicated subject matter.

Round Table

Topics for the round table:

- 1) Is there still a need for the cooperation strategy?
- 2) Should the team continue work on the strategy?
- 3) How to proceed – within the same scope, enlarge or take a different direction?

The **USA** agreed with the Chair's proposal to keep the strategy to a more general, high level, in order not to become mired in specific details. Such approach would make the strategy easier to understand for successive generations of WGEA leadership as well.

The **UK** agreed with the USA, and saw the benefit of having some constitutional documents to refer to in times of difficulty.

Norway found the cooperation strategy really important, especially for them as regional coordinator. **Norway** has already started to seek organisations in Europe with whom to cooperate and communicate. **Norway** hopes that the strategy would provide further guidance on what level to approach the organisations (e.g. auditor general or auditors themselves), how to map the most important organisations and how to communicate this information to INTOSAI and WGEA. Some support from INTOSAI would also be welcome, to give those seeking contacts with other organisations more weight.

According to the Chair the overall strategy and vision aim at broadening the understanding of the world outside INTOSAI what the WGEA is doing.

The **Chair** was doubtful about a complete list of potential cooperation partners and reminded the participants that this was not to be a top down process. The SC expects to receive feedback concerning the cooperation efforts of the SAIs and regions, since this would encourage other SAIs and regions to do the same.

New Zealand is going to contact the external organisations in the Pacific region on an informal basis in order to meet their own needs rather than promoting WGEA or for the sake of making contact.

Indonesia wished to have guidance as to what kind of organisations to engage in cooperation with. E.g. many NGOs have experience in forestry – could they be contacted?

The **Chair** admitted that Indonesia's question was one that caused a lot of discussions – it would not be a good idea to start listing all the organisations the WGEA would like to have some contacts with. Instead of a wish list, a list about actual contacts ought to be kept. No permission should be needed to contact anyone.

China proposed to develop the cooperation strategy through short-term (experts for guidances), medium-term (cooperation in environmental auditing) and long-term goals (extend the scope of the WGEA to start providing consulting services, similarly to internal auditors).

China also agreed with Indonesia and thought that closer cooperation should be sought with the UN institutions.

The **Chair** promised to consider China's proposal concerning the goals for short, medium and long term. To respond to China's and Indonesia's ideas maybe 3-5 strategic organisations could be selected for next year's work plan. The Chair did not think a complete list of potential cooperation partners should be developed on the strategy level.

Canada saw the topic as a challenge and advised against trying to be everything to everybody, and accommodate all wishes. Therefore a document setting out the goals and principles would be preferable.

Canada proposed to design the document under the title of principles of cooperation instead of cooperation strategy. The document could consist of two parts: principles of cooperation and activities or opportunities (both expectations and what is actually being done). The issue could then be revisited at SC meetings to establish whether such format is working or whether something stronger was needed in the form of a strategy.

The **UK** proposed that in an external atmosphere INTOSAI instead of the WGEA should be promoted, given that maybe not all SAIs have elected to join the working group but are still involved in the same kind of work.

The **Chair** pointed to the INTOSAI communication strategy that was still being developed, and that the working group would surely follow those principles as well, once they are disclosed.

Dr Kreilhuber from the UNEP pointed to his presence at the meeting as proof of good cooperation, and looked forward to intensifying the cooperation.

The **Chair** summarised the discussion: there is consensus that work should continue, the document should focus more on cooperation principles than on cooperation strategy (the heading in the work plan could be changed). The goals would need to be revised and a list of activities drafted, in this way the proposals of Canada, Indonesia and others could be accommodated. The matter will be discussed further in Tanzania and document approved in China.

Chair's Progress Report

Tõnis Saar, *Secretary General and Head of INTOSAI WGEA Secretariat*, **Chair** of SC Meeting

The **Chair** started from statistics – the WGEA has currently 70 members, the Steering Committee has 16 members, with SAI Argentina expected to join soon, given that Argentina takes over the OLACEFS chairmanship from Brazil. The WGEA Chair is Auditor General of Estonia Mihkel Oviir.

The Secretariat has a staff of three, with Mr Tammemäe taking up another job in April.

Next the Chair briefly discussed the fulfilment of the INTOSAI strategy and then introduced the new INTOSAI body, Knowledge Sharing Committee. Some new requirements seem overly burdensome, e.g. the requirement of forwarding drafts of “official INTOSAI products” to the committee. Thus the process established for getting any document approved as an INTOSAI document would get even longer and more bureaucratic as it is currently. The guidances produced by the Working Group are not INTOSAI documents. The Chair did not think that any WGEA documents could be elevated to the INTOSAI level during the current working period.

Currently INTOSAI “owns” 4 environmental auditing related documents: Environmental audit and regularity auditing, How SAIs may co-operate on the audit of international environmental accords, Guidance on conducting audits of activities with an environmental perspective, and Sustainable development: the role of Supreme Audit Institutions. Those all date back to the time when getting INTOSAI status for documents was not so cumbersome.

Canada wished to know if there were any benefits to be gained for the auditing community from INTOSAI status for guidance documents.

The **Chair** saw as the benefits official translation of the documents into INTOSAI languages and the fact that the legislation of many countries requires that INTOSAI documents must be complied with. Some Eastern European countries are publishing the INTOSAI documents in their official gazettes even.

Austria reminded the group of a similar discussion back in 2002 or 2003, and it had been decided then to develop only WGEA level documents, given the length of the process and the cost of getting documents elevated to INTOSAI level. Updating was considered the worst disadvantage, since any changes in INTOSAI documents would have to be subjected to the same lengthy procedure once again.

Austria proposed to consider this issue of status of the WGEA products as part of the communication strategy. The guidances are being translated into other languages (e.g. Chinese, Mongolian) anyway. More important than status is the fact that people know about them and can use them.

The **Chair** suggested to take the issue up again in Tanzania and weigh all guidances for INTOSAI status.

The Chair finished the report by listing other activities and their progress:

- Work on studies and guidances
- Regional cooperation
- Biodiversity training
- Annual collection of audits and 6th survey
- Visibility via publications (e.g. Greenline, INTOSAI journal etc)
- Web enhancements, keeping in mind the need to hand over work with the web to the successors

- Preparations are under way to start work with the database (to reduce manual work related to seeking environmental audits with an international agreement element in it)

Canada gave an update about the WGEA IDI training course for French speaking African SAIs. The two-week environmental auditing course developed in 2003 by WGEA and IDI was delivered as two pilot projects in English (ASOSAI and AFROSAI – E). It is now being updated and translated into French. The funding comes from the Canadian International Development Agency (CIDA). The course will be delivered in Madagascar (or another country in the region, if the political situation makes Madagascar unsuitable) in February 2010.

The **Chair** emphasised the good work and rapid developments on the regional level. He invited deliberations about how much needed to be done globally vs regionally.

The **Chair** then gave a status report about preparations related to COP15 in Copenhagen. The WGEA has applied to participate in COP15 as observer. The application is for observer status under the UNFCCC, so once granted, can be used for subsequent meetings as well. Feedback is expected in the middle of September. The Chair invited the SC to start considering how best make use of the observer status.

Poland suggested to contact the European Environmental Agency (EEA), which is planning many events for Copenhagen. Maybe the WGEA could present the European or global audit results through EEA.

The **Chair** promised to follow it up and if observer status was not granted, the WGEA could use the EU and also the Estonian government for access.

To finish the Chair reminded all of the upcoming SC9 on 15-18 February 2010 in Dar es Salaam, Tanzania and WG13 in China. He also promised to support and help the regional working group meetings in any way necessary.

Regional Progress Reports

OLACEFS

Aroldo Cedraz de Oliveira, Minister, Brazil

The Minister gave some background data about OLACEFS. He informed the meeting that from 2009 to 2011 the SAI of Argentina would be coordinator of OLACEFS. He was confident that Argentina would do exemplary work as coordinator. The takeover takes place at the time that the SAIs in the region are reaching an advanced state in environmental auditing. The Minister also pledged continued help to Argentina.

The Minister thanked Auditor General of Estonia Mihkel Oviir, for kindly inviting Brazil to continue participating in the SC and accepted the invitation, promising to continue to contribute in the SC work.

Rafael Lopes Torres, Secretary, Brazil continued the presentation by first explaining about a recent restructuring of the SAI in Brazil – a new unit was formed, which deals in addition to environmental audit also with agriculture, land reform and indigenous affairs. He then continued the substantive report about OLACEFS: there are now 11 members – Mexico, El Salvador and Panama joined in 2008.

The activities in 2009 were the following:

- Columbia prepared a new OLACEFS website (it became easier to change information).
- The biodiversity guide was translated into Portuguese and distributed across the country, with copies sent to other Portuguese speaking countries (Mozambique and Angola).
- The OLACEFS 7th meeting took place in Buenos Aires in April 2009. At the meeting Argentina accepted the challenge of becoming new regional coordinator and the work plan for 2009- 2011 was approved.

Main activities for 2009-2011:

- The climate change audit involving six countries, coordinated by Brazil, the first meeting will be held in Brazil in the end of August 2009.
- The Amazon audit was proposed by Columbia. Brazil and Peru have accepted, Venezuela and Ecuador have not responded yet.
- Translation of WGEA documents into Spanish and Portuguese under coordination of Paraguay.
- Training for auditors with no experience in environmental auditing, coordinated by Peru.

The next regional meeting is scheduled for April 2010 in Columbia.

1st Afternoon Session

Regional Progress Reports

ACAG/PASAI

Jonathan Keate, *Senior Solicitor / Sector Manager, New Zealand*

Mr Keate spoke about the Pacific Regional Audit Initiative (2008-2012) – a major capacity building undertaking in the region for auditors.

New Zealand as secretary general of PASAI has been involved for many years in this work. The region presents big challenges: there is a lack of qualified staff, sometimes the auditors' work has no major impact due to unstable political situation (e.g. the Solomon Islands in the past, or currently Fiji). The objective is to raise public auditing capacity. The Initiative has been 2 years in developing and is now being implemented. Key partners – PASAI, AUSAID, IDI, ADB.

Activities under the Initiative 2008-2012:

- Strengthening the secretariat
- Financial audit capability building with a subregional approach was chosen for the islands of Tuvalu, Kiribati and Nauru, as there the need is greatest – work will be conducted by some funded experts in conjunction with the local auditors.
- First cooperative performance audit

The 2008 PASAI Congress decided that the first cooperative performance audit in the Pacific region will have an environmental topic. A survey was organised to establish readiness and find suitable topics for the audit. Out of 20 SAIs 16 responded. All had mandate for audit, many had limited capacity, but had had training and some experience. The preferred topics were solid waste, and management of fresh water. Solid waste was chosen for the audit with water management left for later, when the SAIs have gained more experience for such work. Support comes from IDI, Asian Development Bank (ADB).

Mr Keate and an ADB consultant presented on the project at the PASAI Congress in Palau in July 2009 and ten countries agreed to take part.

As per WGEA terminology the audit will be conducted as coordinated audit - each country carries out its own audit, because the countries use a mixture of different approaches. Later a joint report will be produced by the participating SAIs.

The WGEA guidance on waste prepared by Norway was used for planning the audit and Mr Keate found it very useful and easily adaptable to the local conditions.

Mr Keate considered this a challenging and exciting project for the region with a good chance of success. He hoped to provide a report on the results of the audit for the WGEA meeting in China.

Mr Keate also informed the group about the next Regional WGEA meeting in late 2009, and hoped that the Secretariat would be represented.

AFROSAI

Robert Cheyo, *Principal Auditor, Tanzania*

Michael Malabeja, *Environmental Engineer, Tanzania*

The speaker gave a progress report for AFROSAI covering the period from July 2008 to June 2009:

In Doha agreement had been reached to form a steering committee. A number of SAIs have been contacted with only Rwanda responding positively and South Africa promising to cooperate, but join the SC later. The steering committee is thus not yet formed and work has to continue to achieve this objective.

Another agreement in Doha concerned a joint audit of the Lake Victoria basin. Proposals were sent to the countries of the Lake Victoria basin Tanzania, Kenya, Rwanda, Uganda and Burundi. Rwanda has responded positively, the others have not yet reacted. Work is also underway to raise funds for the audit.

Training in biodiversity was scheduled for this year. It emerged this morning that the biodiversity paper is being updated and thus maybe it would be better to wait until the updating is finished before starting the training. There are capable trainers in the region, e.g. in IDI and in AFROSAI-E, who can be used for carrying out the training.

To collect information about environmental audits conducted in the region a survey was sent to the SAIs, but responses are still due. Existing information: South Africa is carrying out an audit of abandoned mines, Tanzania on solid waste management.

The AFROSAI members are also contacting representatives from Morocco and Egypt at this meeting to discuss cooperation possibilities.

The **Chair** thanked Tanzania and promised to forward information on ongoing environmental audits in the African region, which is available to the Secretariat from its survey.

ARABOSAI

Hanadi Mohamed, *Head of Section, Egypt*

Mrs Mohamed as a start she pointed out that in 2006-2009 the work of the previous regional subcommittee for environmental auditing had been suspended, subject to approval of the general strategic plan of ARABOSAI and restructuring the committees on the basis of the plan.

After approval of the strategic plan the ARABOSAI Team for Environmental Auditing was established in 2008 within the competences of Committee of Capacity Building. Egypt became regional coordinator.

Mrs Mohamed outlined the most important achievements of the Team for Environmental Auditing (establishing the team's regulation statute, which consists of the objectives and team competences; establishing the mechanisms to achieve the objectives and competences and implementing the work plan for 2010-2012).

Work plan 2010-2012:

- Conducting a survey on needs in environmental auditing (Egypt)
- Developing database and website (Tunisia)
- Auditing guidelines for sanitary and industrial drainage (Egypt and Jordan)
- Unfinished work of previous subcommittee (Kuwait and Tunisia)
- Translating various WGEA documents into Arabic, including the training course "Auditing Biodiversity" (Egypt, Jordan, Tunisia). The plans include conducting the training in Arabic.

ASOSAI

LINGHU An, Deputy Auditor General, **China**

Mr LINGHU An outlined the main ASOSAI events of the reporting period:

An environmental audit seminar was held in China in October 2008, with participants from 32 countries. The themes included "Climate Change and Air Pollution" and "National Resources Exploitation and Sustainable Energy".

A cooperative audit was organised by Indonesia and Malaysia, devoted to forestry.

Information exchange took place during the ASOSAI meetings and visits to other regional WGEA meetings.

The ASOSAI environmental audit guidelines are being finalised.

In DOHA the ASOSAI work plan for 2009-2010 was approved.

The speaker then dwelt on the environmental audit related developments in China:

The eco-system construction is considered by the Chinese government as one the ways to combat the current financial crisis. The audits of waterways for waste water and pollution are under way, as well as audits of companies for energy saving and emission reductions.

The future plans of ASOSAI are centred around information exchange and cooperative audits, implementation of the ASOSAI current working plan, and last but not least, preparations for WG13 and for Theme II at XX INCOSAI.

EUROSAI

Herdis Laupsa, Senior Audit Adviser, **Norway**

Ms Laupsa gave an update of EUROSAI WGEA work from the time that Norway took over the coordinatorship from Poland until 1 June 2008.

The EUROSAI has a 3-year work plan, which is updated yearly. The plan was approved in Ukraine in 2008, and was developed together with Poland. An internal activity plan exists for the secretariat.

EUROSAI has 44 members, 6 of them new. Iceland discontinued its membership. EUROSAI has a new organisational structure, with a Steering Committee of 9 countries (Slovenia was the latest to join in January, to represent the Mediterranean region).

Since October 2008 the Steering Committee has had three meetings, one of them by teleconference and a next meeting scheduled for October 2009. The Steering Committee topics included the finding hosts for the 2009, 2010, 2011 EUROSAI meetings, a seminar in biodiversity, initiatives for regional cooperative audits.

The European cooperative audit on mitigating climate change in Europe is led by Poland. The kickoff meeting was held in January, another meeting in May, which decided on the scope and reporting concerning national reports and the joint report. Further plans include an event to be organised during the COP15 in Copenhagen.

There are plans for two new cooperative audits: protection of the Black Sea, and adaptation to climate change. Currently the interest of SAIs towards these subjects is being explored. European Commission has prepared a white paper on adaptation – and it is a good timing for adaptation audit now.

Ms Laupsa also presented the statistics on environmental audits in up until 1 June 2009. The total number was 70, six of the cooperative audits and the most frequent themes included governance, water and waste. Examples of cooperative audits include protection of the ozone layer and implementation of international agreements (led by Slovakia), Natura 2000 (led by France).

The last EUROSAI WGEA meeting was held in Kyiv, Ukraine in October 2008 and was devoted to fisheries management, climate change and sustainable energy. During the meeting a small survey was conducted in order to identify the needs of the members to help design future plans.

The next meeting is scheduled to take place in Sofia, Bulgaria in October 2009. The focus will be on water management and the EU water framework directive. Keynote speakers on the theme will be experts from DG Environment (European Commission), European Environment Agency and the World Wildlife Fund (WWF). The other theme for the Sofia meeting will be the use of external experts in audit projects. A one-day training course on auditing biodiversity (the INTOSAI WGEA course) will be held within the framework of the meeting.

Ms Laupsa also mentioned a Nordic initiative to build a network devoted to climate change among the Nordic countries.

Ms Laupsa explained in some detail the topic for the Sofia meeting concerning the use of external experts in auditing. The Secretariat had been asked to help and provide a list of independent external experts. She discussed the preparatory work undertaken: the INTOSAI Capacity Building Committee was contacted, given that the committee had a similar list in another field. The legal aspects of putting together lists of experts were also studied, to establish what can be included, what type of approval is needed to include someone in the list, whether the list has to include individual experts or rather institutions. There will be a presentation and panel discussion concerning this topic in Sofia.

Ms Laupsa outlined EUROSAI's communication and cooperation activities and efforts devoted to dissemination of information via the EUROSAI newsletters and other publications and thanked all the contributors.

She then gave an update about the EUROSAI website – there is currently a temporary website and work is under way to develop a new website, which should be up and running by spring 2010.

Ms Laupsa briefly outlined planned activities, mentioning a separate seminar on auditing climate change in 2010. It will be a working meeting based on the outcomes of the global climate change audit, the European climate audit and the relevant guidelines, aiming to be as practical as possible for the auditors.

Update on Other Projects

Coordinated audit of Climate Change

Ms Kim Leach, Director, Canada

Ms Leach gave the latest update on the global climate change initiative. She briefly ran through the general background: it is a cooperation project, 14 SAIs (9 present at SC) are involved, the type of audit is coordinated audit (i.e. SAIs use their own methodology, finally putting together a joint report).

Ms Leach pointed to the obvious link with the climate change guidance paper currently being prepared. The synergies to be gained by both from each others efforts are very clear.

She then listed the principles and objectives, and explained the cluster model principle. The SAIs have common audit objectives, questions and criteria and a menu of options. Their work would form natural clusters under three subtopics: mitigation, adaptation and science and technology. An example of mitigation – determine whether the government is meeting the targets, monitoring the results and reporting in a transparent way. Such information provided by 14 SAIs could be very powerful and illuminating.

Ms Leach went over the milestones and remaining timeline:

The national audits must be completed in November 2009,

National reports to be send by mid December 2009

Drafting Committee meeting 18 January 2010, **Canada** (or to coincide with the SC meeting in **Tanzania**?)

First draft in February 2010

Second draft on 15 April 2010

Final draft on 30 June 2010

Presentation at XX INCOSAI in South Africa, 15 November 2010

The countries are on track as regards implementation. The progress is monitored through quarterly updates. The question to be explored and decided:

Could the SC meeting in Tanzania and Drafting Committee meeting be put together, given the close dates?

USA: The US has two different people in the SC and Drafting Committee. Are any other countries in the same situation? Careful planning is needed, even if keeping travel to a minimum is preferable.

The **Chair:** First, it is necessary to seek the opinion of Tanzania and contact their Auditor General personally. Can Tanzania extend the hospitality to the Drafting Committee? To start the SC agenda has to be determined and also that of the Drafting Committee, to establish the total length required for such a combined meeting. Thereafter the Tanzanian Auditor General can be approached with the request.

The Chair also commented on the COP15 meeting: once the response concerning the request to observer status is clear, planning proper will start.

As regards XX INCOSAI – WGEA has been allocated the space and will have a kiosk for presenting its materials. Preparations for a side event (booking the premises etc) will start as the plans for presenting the final draft are clearing up.

Biodiversity Training Module

Carolle Mathieu, Audit Project Leader, **Canada**

Ms Mathieu gave an update on the biodiversity training course.

She discussed the three phases of the project: 1) development of the training; 2) pilot delivery and updating in light of feedback received; 3) regional ownership of the training module and delivery in regions.

The pilot course was delivered in Doha in 1.5 days. There were 69 participants from 37 countries, and 3 IDI instructors from 3 different regions (AFROSAI-E, ASOSAI and PASAI). Bhutan, Malaysia and Kenya requested the training material in Doha.

Malaysia considered the course very useful and practical for conducting audits.

As a second phase the material is being modified and instructions for the instructors refined in light of the feedback received from the evaluation form. 91% were satisfied.

EUROSAI will test the project during the regional meeting in October; AFROSAI later in 2009 or in 2010, PASAI might take it up after finishing the cooperative waste audit. OLACEFS will have the material translated into Spanish and plans to deliver in 2010. Mexico has expressed keen interest as well. ARABOSAI will translate the module into Arabic and is then ready for delivery. ASOSAI plans were not know yet.

Once the updating is completed the training module materials will be formally sent to the Secretariat and from the Secretariat to the regional coordinators. Regional coordinators will then have to organise the delivery.

New Web Page on Biodiversity

Rafael Lopes Torres, Secretary, **Brazil**

The main objective is to keep the biodiversity auditing guidance alive. Work with the web site is ongoing.

The site will include the guidance paper, reports of biodiversity, international agreements and links to other relevant biodiversity organisations' websites, national governments' materials, training materials, articles and studies.

The preparatory work is expected to be completed in two months; in November 2009 volunteering SAIs (who would like?) would test the functionality of the web site.

The web page must be up and running by SC9 in Tanzania.

The **Chair** thanked the Brazil and Canada for taking the leadership and undertaking the huge amount of work. He talked about on the product life cycle: biodiversity is the first theme to be tested in this manner. First the guidance is developed and then training material and website at the same time. The rewards of this undertaking can be seen in progress reports from regional coordinators: training is considered of key importance.

The **Chair** also saw the next theme coming up for similar treatment – climate change. So he invited volunteers to take on the new challenge.

Sixth Survey on Environmental Auditing

Margit Lassi, *Senior Advisor of INTOSAI WGEA Secretariat, Estonia*

Ms Lassi thanked everyone for sending the necessary material. The survey is conducted every 3 years. The original questionnaire was modified slightly. The survey was sent to all INTOSAI members in 5 languages at the beginning of March, the deadline was 1 June, but had to be extended.

Altogether 111 responses were received. 5 SAs said they did not conduct environmental audits.

Currently the time-consuming process of validating the answers is going on. This is expected to be finished by the end of August. This is also the time when it is possible to get statistics about the participating countries, by region. The data will be analysed between September and November, with the report finished in December. The results will be presented during SC9 in Tanzania, WGEA meeting in China and XX INCOSAI in South Africa.

Already some lessons have been learned. Despite amending the wording of all questions was not very clear. Some answers were incorrect, in other cases no answers were given, thus further work is needed on the questions. Also more time should be allocated to the validation of data. The preferred means of communication was by e-mail. Although responses could also be sent by using a web based survey, this was not so popular and the web also had some problems. There is a need to carefully consider how to go about the web survey, which is costly to maintain and requires a lot of extra work after the data is sent. If it is to be continued, the web survey needs enhancement to avoid the problems that have emerged.

Also decisions have to be taken about the web based survey: what is the value gained? Maybe use pre-filled surveys, given that a lot of the information is repeated? The effort is tremendous, the outcome not so.

The Chair also repeated his offers to the regional coordinators for survey data concerning their regions, since such information could be relevant for planning regional work.

Greenlines

Steven Elstein, *Assistant Director, USA*

Mr Elstein gave an update on the Greenlines newsletter. The last edition came out in May 2009. The next edition is scheduled for this autumn. According to Mr Elstein the best frequency for the newsletter would be to have one edition always between two meetings. Thus the Secretariat has time to gather their strength after a meeting, put together material about the previous meeting outcome and look ahead and advertise the upcoming meeting.

Ms Lassi hoped that by the end of September the new template for the web based Greenlines would be in place.

There is also a permanent call for volunteers to write a feature story. There is no real system of getting the features but somehow or other it has always worked out. **Mr Elstein** recounted the amusing way how Thailand had “volunteered” for a feature.

Mr Elstein also invited suggestions on how to improve the newsletter. Even small things could be very useful, e.g. Ms Borkowska-Domanska's suggestion to add contact info to news briefs.

2nd Afternoon Session

Next Meetings

SC9 in Tanzania

Robert Cheyo, *Principal Auditor, Tanzania*

Mr Cheyo: at the SC7 meeting in Tallinn in 2008 it was agreed that another SC meeting was necessary before WG13 in China and thus Tanzania volunteered to host SC9. Mr Cheyo forwarded the kind invitation of the Auditor General of Tanzania to attend the Steering Committee meeting in Dar es Salaam, Tanzania on 15-18 Feb 2010.

Mr Cheyo introduced the landmarks of Dar es Salaam and the surrounding areas, promoted its cuisine, entertainment, music etc.

WG13 in China

ZHOU Weipei, *Director General, China*

Mr ZHOU Weipei described the preparations for the WG13 meeting in China. An earlier meeting scheduled for **China** was cancelled due to SARS and Poland very kindly hosted that meeting. After the SC7 meeting in Tallinn preparations for WG13 started. A suitable site was selected – Guilin, Guangxi. Mr ZHOU Weipei introduced the venue and the area, illustrated by a slide show.

Any Other Business

How to Integrate Fraud and Corruption Issues into Environmental Auditing

Herdis Laupsa, *Senior Audit Adviser, Norway*

Ms Laupsa introduced the subject which is very important and relevant for WGEA.

The proposal is to initiate the process of developing new INTOSAI WGEA guidelines on how to integrate fraud and corruption issues into environmental auditing either in the current work plan period or the next.

Ms Laupsa gave some background about this serious challenge for the public sector. It is also relevant for the SAI of Norway, since one of its duties is the prevention and detection of irregularities in the public sector. The impetus to undertake more with respect to the subject came from attending the 13th International Anti-Corruption Conference last autumn in Greece, where corruption related to natural resources and climate change was high on the agenda.

Thus Norway prepared the background paper and proposes to use the Guide to guidances paper as a point of departure on which to base this new guidance.

Ms Laupsa finished by stating Norway would be ready to become project leader for the work, if the SC thought that the work could be undertaken and found that Norway was suited to lead.

The **Chair** thanked Norway for introducing the subject, which is well worth considering. No decision would be taken at this meeting though. The proposal will be considered together with other work plan items for the next term and discussed in SC9.

Poland emphasised that any such work should be undertaken in cooperation with the INTOSAI Working Group of Fighting against Money Laundering and Corruption, which is also working on similar issues.

Indonesia offered their experience in audits related to fraud in the timber sector. Indonesia has just started to develop audit methodology "Follow the money audit", which could also be helpful.

The **UK** suggested that appropriate cross-referencing with other guides being currently developed was needed. It would be worth while review those guidances for fraud and corruption issues and establish, whether the coverage might be sufficient as it is or whether a separate guidance should be prepared.

Brazil expressed great interest in the subject and promised that Brazil would be volunteering, if the work goes ahead.

New Zealand wished to know if the expenditure funding by donor agencies would be a subject to be looked into as well within this framework

Ms Skog, Norway wished to know if the project leaders meeting, which is to start after the end of this session, could look into the possibility of integrating the above topics in the current guidances.

Round Table News in SAIs

The **Chair** invited everyone to share any news concerning their SAIs with the group:

Estonia has suffered from the financial crisis, unemployment is growing, the state budget was cut by 20% this year, a 10% cut is expected for 2010. The SAI has not suffered that much and the WGEA budget is safe. The office structure was rearranged and management was made thinner. Changes started from the top, the main efforts are made towards maintaining the good staff and existing experience.

The USA described the way the US SAI works and how changes in the executive branch and the congressional branch affect their work. Interest has grown in the work of environmental auditor in the Congress with the democrats in power. There is much greater recognition of the value of WGEA among the people involved in natural resources work.

The UK has a new Comptroller and Auditor General who recognises the challenges of sustainability and has asked for planning to be undertaken to reshape the Office's work programme to meet the challenges. In July the government disclosed their plans for meeting the climate change targets (80% reduction by 2050). General elections are expected to take place in the UK in the next 6-9 month, the Labour government is not expected to survive the election. Whoever wins the election there will be substantial budget cuts to reduce the government's debt. However, there is substantial cross-party agreement as regards climate change matters.

Tanzania has a new law public audit act. That is expected to result in some structural adjustments in the SAI. The last report of the Auditor General pointed to some conflict of interest matters that are currently hotly debated and a gold mining company has caused a lot of damage to fisheries and the wildlife.

Poland conducts every year several environmental audits, e.g. on climate change, sewage treatment, 2nd part of audit about the Aarhus convention related obligations (public participation in environmental assessments, which could be a source of corruption if the participation is low).

Since the last EUROSAI congress last June Poland has been Chair of EUROSAI, which is a big challenge. Within this framework preparations are underway to develop the first strategy for Eurosai, in line with recent similar INTOSAI documents.

Norway is planning an internal seminar on how environmental issues can be included in all audits (regarding sustainability issues).

There is also a parallel audit with Russia about nuclear safety, and a follow-up audit with Russia regarding fisheries management in the seas in the north.

New Zealand had a change of government at the end of 2008, the new government is reviewing the legislation drafted by the previous government regarding emissions trading and the plan seems to be towards scaling down. The government is also discussing targets for the 2020 emission reductions. An Environmental Protection Agency is being devised, it is not clear yet what would emerge. The current Auditor General has finished his term and the new one has not been appointed yet. Ongoing audits include a performance audit on fresh water quality. A lot of efforts go towards the PASAI cooperative audit on waste.

Indonesia has started to look at the financial aspects of environmental auditing. It has emerged to qualified opinion on the financial report of ministry of energy and minerals. The opinion is given due to inadequate disclosure of reclamation fund. About 50% of the mining companies reserve no Reclamation Funds which is required for reclamation the mining area after the exploration phase end. Other work relates to manmade disaster mitigation and the role of the environment.

The SAI has disseminated in the regions manuals for environmental audit (hospital waste, forestry, air pollution) and some of the regional offices have already conducted environmental audits.

An online database for natural resources has been developed.

Cooperation with the SAI of Malaysia (and possibly the SAI of Singapore) enters into a new phase, in the Strait of Malacca.

The SAI of **Egypt** has conducted environmental audits of the industrial sector, regarding air pollution, pollution in the river and sea form industrial drainage and pollution in the agriculture.

The Czech Republic has audited investments for waste water treatment plants, plans for next year include the use of EU funds in the environmental sector, especially for past pollution by the Czech and Soviet armies.

A change is happening in the attitude towards environmental audits, there is now more emphasis on performance and finance audits, instead of audits on legality.

Preparations are under way for an EUROSAI seminar on the EU Common Agricultural Policy in 2010.

In **China** climate change continues to be the most important environmental issue. China has done a lot by way of GHG reductions but the international community expects more. Said UN Secretary General: China is a global power and with this comes global responsibility. An ad hoc committee has been established for coordinating the activities of the different departments in environmental auditing.

In Canada last year the Kyoto Protocol Implementation Act and the Federal Sustainable Development Act were adopted. These changed the priorities somewhat for the SAI and as the legislation added new obligations for audit work. Currently preparations are under way for an international peer review. The exercise takes place every five years to respond to the question of the Auditor General, Who audits the auditors?

The term in office of the current Auditor General comes to an end in May 2011.

In Brazil the SAI has a very broad mandate and a lot of power in comparison with other SAIs. The Parliament is trying to cut some of these powers. It must be a sign that auditors do important things. The SAI's work has never been so much in the media as it is now.

A report on climate change has been delivered to the responsible minister recently. In November a seminar will be devoted to climate change and is sure to raise awareness of what the environmental auditors do.

The SAI underwent restructuring and the environmental group was moved to another unit.

Austria is going to have a peer review with Denmark, Germany and Switzerland.

The last three climate change audit reports have been a big success. The 4th is to be released at the end of September.

The SAI is shifting its environmental work emphasis from climate change to sustainable development. There are three audits ongoing. The politicians are gradually becoming aware that sustainable development is important, given all the reports coming from SAI. The emphasis next year will be on water, alternative energy etc.

The Austrian Court of Audit is streamlining its resources and has decided to withdraw from INTOSAI WG and the SC. As a result Dr Lang will not be able to attend the meetings any longer and the current meeting was his last meeting. He thanked everyone for the experience, fun and family.

Ms Borkowska-Domanska suggested that the Chair write another appeal to the Auditor General in Austria so that Dr Lang could continue participating in the upcoming meetings in the capacity of an expert or guest so that his valuable experience would not be lost.

Morocco once again thanked for the invitation to be observer at the SC meeting. In Morocco environmental auditing is being introduced step by step. A small group will be established in the SAI to integrate environmental audits in the work and disseminate the INTOSAI information. The SAI will try to participate in INTOSAI work, responding to surveys, sending reports about environmental audits and participating in subcommittees (e.g. renewable energy).

Conclusion:

The **Chair** thanked everybody for trusting Estonia with the task of keeping this family together – it is a big honour and also a learning process all the way.

The Chair then briefly described the events of each day of the meeting and outlined the most important outcomes and action items:

The excursion on **Monday** gave an insight into the local nature and environment and the subsequent celebrations will be remembered forever. Bali will definitely be remembered as a most extraordinary meeting.

On Tuesday, after the introductions by the Chairman of the Indonesian SAI Dr Anwar Nasution and the Minister of the Environment of Indonesia Mr Witoelar, the results of the cooperative audit by Indonesia and Malaysia were presented. Thereafter, on **Tuesday and Wednesday** the five guidance papers were tackled. There still is a fair amount of work to do. The timelines and agendas shall be discussed with all project leaders. Some projects are more progressed than others. Although the initial plan was not to go into detailed discussions about the guidance materials in the Tanzania meeting, some guidances might still have to be looked at. The 2nd draft for sustainable energy guidance should be subjected to a full round of comments as soon as possible.

The crosscutting items, general for all guidances were discussed as well and Norway has kindly accepted to update the guide to guidances to take into account the items discussed. The updated version should be available for project leaders so that they could finalise their work by taking the guide into account.

Wednesday continued with a presentation by Mr Elstein on natural resource accounting; then SC should expect to receive the document for review in September.

As regards the joint work undertaken with UNEP concerning the primer on multilateral environmental agreements, it was agreed to go forward in two steps – get from UNEP the first part of the document and then decide what the contribution from WGEA can be. Many countries have volunteered to join in the work via e-mail.

Thursday started by a presentation from China about preparations for the XX INCOSAI Theme II papers. Any comments should be sent in one week or ten days. The general consensus was to be even more targeted and establish the goal the WGEA wishes to achieve very clearly. The group gave a good range of useful recommendations.

The Chair presented the cooperation strategy and was given a go-ahead by the SC, with a recommendation to change the title.

The regional progress reports that followed were very good. The Chair suggested to give them more visibility via the Greenlines newsletter or even the INTOSAI journal.

The SC was then given an overview of preparations for the Tanzania meeting and China meeting next year.

The Chair invited volunteers for next meetings to be organised during the next work plan period.

Under Any Other Business Norway introduced a proposal about how to integrate fraud and corruption issues into environmental auditing. The matter will be decided in the course of discussing the next work plan.

The last table round was devoted to country news – a lot of interesting information emerged from the SAIs' brief interventions.

The Chair also reminded the participants there still was a need for native speaking editing and translations of guidance materials.

The Chair thanked the Indonesian colleagues for organising this really breathtaking event and finished by thanking all the participants, without whom no work would get done.

The meeting thus stood adjourned.