



Message from the Chair of WGEA

Dear Colleagues,

Recent developments have heightened anxiety over environmental issues, as reflected in kitchen table talk as well as high-level political discussions. The Fukushima nuclear power plant tragedy has left few indifferent about government decisions to halt or undertake nuclear energy production. I would like to join with those expressing their condolences to the Japanese people in these hardest of times.

The global prominence of this and other environmental and sustainability issues has drawn increased attention to the role of the environmental auditor—a role that the 2010 XX INCOSAI Congress in South Africa sought to further underscore. Among other things, XX INCOSAI encouraged:

- SAls to prioritize their countries' most relevant environmental and sustainable development issues, and to account for such issues in audits of all government sectors;
- SAls, the WGEA, and INTOSAI regional working groups to increase awareness of the importance of environmental auditing and natural resource accounting among key international organisations responsible for environmental and sustainability issues, and to build relationships with them; and
- The WGEA to summarize the key findings of SAI audits addressing governments' adherence to multi-lateral environmental agreements, and to make this summary available to international organisations.

XX INCOSAI succeeded in highlighting the work of SAls related to environment and sustainable development. I would especially like to recognize the contributions of China as Theme Chair, Poland as Co-chair, Denmark and Switzerland as moderators, and Canada and Mexico as rapporteurs.

This Greenlines features an account by SAI India of its effort to develop a new "International Center for Environment Audit and Sustainable Development" in Jaipur, India, and a reflection by SAI Canada on the lessons learned from the WGEA's recent 14-SAI cooperative audit on climate change. It also includes important WGEA news and News Briefs submitted by SAls from around the world. I hope you enjoy this latest edition of Greenlines!

Mihkel Ovjiir
Auditor General of Estonia

Feature Story

SAI of India Setting Up Global Environmental Audit Training Facility

Keeping in mind the increasing importance of environmental issues in the process of planning and development in India, and in the interest of providing auditors with the necessary skills to handle environmental issues, the SAI of India decided to set up a global environmental audit training facility. This global facility, called the "International Center for Environment Audit and Sustainable Development" (iCED), is being set up in the picturesque city of Jaipur, located about 250 kilometers from Delhi, the nation's capital. *(Read more on the following page...)*

Feature Extra

Breaking New Ground: Lessons Learned From the WGEA Coordinated International Audit on Climate Change

One of the WGEA's most impressive accomplishments since its inception in 1994 has been its development of cooperative environmental audit techniques, and its encouragement of their use by SAls whose countries share common borders and common environmental problems. Last year's Canadian-led, coordinated international audit on climate change took the accomplishment to a new level, when the SAls of 14 countries from around the world cooperatively audited their governments' responses to the key environmental challenge of our time. In this article, the primary architect of this effort (and former WGEA Chair) discusses how this unique experience might be used to benefit other collaborative environmental auditing efforts. *(Read more starting on page 4.)*

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SAI of India Setting Up Global Environmental Audit Training Facility

Keeping in mind the increasing importance of environmental issues in the process of planning and development in India, and in the interest of providing the necessary skills to auditors in the handling of environmental issues, the SAI of India decided to set up a global environmental audit training facility. This global facility, called the “International Center for Environment Audit and Sustainable Development” (iCED), is being set up in the picturesque city of Jaipur, located around 250 kilometers from Delhi, the nation’s capital. This facility will seek to build on India’s experience in conducting more than 100 environmental audits in the last 20 years by providing extensive training and the sharing of experiences in the field of environmental auditing and sustainable development.

The objectives of this center are:

- I. *Capacity building through training:* This will involve training on environmental auditing for SAI staff from other countries, as well as senior and supervisory officers of SAI India.
- II. *Knowledge dissemination and sharing:* This will include preparing and circulating guidelines and white papers; holding seminars and stakeholder meetings on major issues of environmental concern; creating and circulating a web-based compendium of audit reports; and establishing a platform for experience/knowledge sharing for all stakeholders.
- III. *To be a Centre for Environmental Policy Research:* This would include carrying out research on policy relating to environmental issues like climate change, house hold waste, hospital waste, e-waste, etc. These research projects would be funded by C&AG of India, Ministries of the Government of India, and other international multilateral agencies.
- IV. *To offer professional certification on environmental studies* which, after collaboration with universities of international repute, will offer different levels of professional certification on environmental auditing.

The facility in Jaipur will be an extensive one, spreading over 16 acres of land and offering state-of-the-art training facilities. The training facilities will comprise 2 training halls, each for 75 persons; 2 meeting rooms each for 35 persons, 1 auditorium for 175 persons; rooms for research associates; and a demonstration laboratory, conference room, and library. The hostel facilities will comprise 60 guest rooms, 20 faculty rooms, 2 luxury suites, a reading room, dining hall, TV/Wireless internet etc. The facility will also have a sports complex with a gym and facilities for swimming, squash, table tennis, badminton, and other activities.



Model showing layout of the iCED when completed

The iCED facility in Jaipur was also conceived as a green building. As such, a host of features has been incorporated in its design and construction to reduce its carbon footprint. This includes the use of green technologies like a solar photo-voltaic farm, an earth air tunnel, energy efficiency features like orientation optimization, overhang sizing, skylights for daylight, insulation on walls and roofs, LED & efficient lighting, and 100 percent external lighting with solar PV cells. It will also include ecological and green features, like use of 30 percent fly ash in concrete, fly ash bricks, local materials (marble, stone, sand), a sewage treatment plant, rainwater harvesting, native plants, and an organic farm. SAI India intends to achieve a 5-star Green rating for this building, signifying its commitment to environmental conservation.

The construction of iCED at Jaipur is in full swing and academic facilities are scheduled to be ready by March 2012. In the meantime, iCED already started functioning from another building in Jaipur since April 2011.

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Discussions at Jaipur between SAI India and representatives of the INTOSAI WGEA Secretariat



SAI India staff and INTOSAI WGEA representatives tour iCED construction site

The activities planned for iCED during 2011-12 are:

- I. Creation of an iCED website to serve as a repository for training materials and audit-related material of SAI India;
- II. A workshop called, “Institutional Framework for Sustainable Development” to be held by iCED in October, 2011, which is one of the themes of a conference being organised by the UN Conference on Sustainable Development. This workshop would adopt a cross-sectoral approach, enabling iCED to formulate the manner in which environmental auditing could address the full range of activities supported by the government;
- III. A seminar, to be organised in 2012, for stakeholders in environmental matters to flag important areas of concern in environmental auditing;
- IV. Hosting a meeting of INTOSAI WGEA;
- V. Establishing an advisory council for overall advice, guidance and direction, and analysis of training needs; and
- VI. The building of a database of information sources, resource personnel, and reference materials.

In light of the extensive training facilities being set up in iCED, SAI India proposed at the INTOSAI WGEA’s recent Steering Committee meeting in Marrakesh, Morocco (8-11 March, 2011) to make iCED a global training facility for INTOSAI. The proposal was warmly received and accepted.

More recently, a delegation from INTOSAI WGEA, which included Ms. Tuuli Rasso and Ms. Kaire Keskula (Senior Advisors in WGEA Secretariat), visited Jaipur from 11-13 July, 2011. The delegation toured the construction site to get a firsthand look at the location of the new building and the planned iCED facilities. They said they were impressed by the scale of construction and the facilities which would be offered once the iCED was fully operational. The host of green features incorporated in construction of iCED was also discussed, along with the horticulture plan which seeks to make iCED a totally green campus. The project plan for this “Global Training Facility on Environmental Auditing” was discussed in detail, timelines for different activities were identified, and responsibilities of SAI India and the WGEA secretariat were clearly allocated.

SAI India would like to thank the WGEA Secretariat for its encouragement and involvement in the project to make iCED a global training facility. With continued support of the WGEA, SAI India aims to make iCED a training facility of international repute and of high standards—one that can help make environmental auditing more widespread and effective throughout the world.



Breaking New Ground: Lessons Learned From the WGEA Coordinated International Audit on Climate Change

By John Reed, Office of the Auditor General, Canada

During XX INCOSAI in South Africa in November 2010, the Auditors General from Canada (Sheila Fraser), Estonia (Mihkel Oviir) and South Africa (Terence Nobembe) officially released the WGEA report, *Coordinated International Audit on Climate Change: Key Implications for Governments and their Auditors*. This event capped a 3-year cooperative project involving the SAIs of 14 countries including Australia, Austria, Brazil, Canada, Estonia, Finland, Greece, Indonesia, Norway, Poland, Slovenia, South Africa, the United Kingdom, and the United States.



Partners from the project's 14 participating SAIs take time for a photo during their second meeting in Oslo, Norway

The project was the first of its kind for the WGEA and, for several of the partners, was their first coordinated audit. The partners comprised a diverse group, with a range of experience in auditing climate change programs and a mix of audit mandates and practices. The project's successful conclusion required the sustained attention and effort of many people over a long period of time. As Project Leader, I prepared a final report to capture the process we used and the lessons we learned, which is available on the WGEA website. This Article draws from that report and focuses on the key lessons learned.

THE AUDIT APPROACH

As Project Leader, my overall approach toward planning and managing this project was founded on three pillars of activity that I believe are essential to achieve unprecedented results: (1) establishing a **shared vision**; (2) securing **commitments** to achieve the vision; and (3) encouraging and taking **action** in line with the commitments.

Emphasis on these three pillars was repeated throughout the project, in many emails and at each meeting of the partners. Constant communication was the "glue" between the pillars.

We established a shared vision for the project at our first meeting together. Key aspects of the vision included the project objectives, the form of cooperation, and the purpose and structure of the joint summary report. Securing commitments to the vision took place at both the organizational and individual level. Organizational commitment was formalized through a "cooperation framework" that was agreed upon by all heads of SAIs. Individual commitment was encouraged continuously through, for example, inclusive and active participation in meetings, numerous emails from me, and delegated and distributed roles in sharing the workload.

Recognizing that participation in the project was voluntary, and that there were commonalities but also differences among the SAIs, the partners opted for a flexible rather than prescriptive model of cooperation. Under this model, we worked together to develop a generic audit approach, which included suggested audit objectives, researchable questions, and audit criteria (These were called "audit matrices"). Partner SAIs then used this approach as a "menu of options" from which they designed and planned their respective national audits. In effect, they were able to choose from a broad framework in a way that suited their priorities.

THE LESSONS LEARNED

While publication of the joint summary report at XX INCOSAI was a milestone achievement, it was not the only measure of the project's success. Together, we have encouraged and supported more than 30 national audits of climate change programs and have shared best practices and ideas on how to audit such programs. And, we have identified lessons learned to strengthen cooperative undertakings in the future, as follows:

Front-end planning. The WGEA publication, *Cooperation Between SAIs: Tips and Examples for Cooperative Audits*, proved to be an essential planning tool, particularly at the front end of the project. It provided an easy, structured way to organize discussions and decisions. We took the time upfront to do the necessary planning, and did so as a group. Detailed front-end planning was crucial in clarifying participants' roles, their respective tasks, and the processes to be followed.

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Partners, not participants. Because participation in the project was voluntary, there was a risk that individual SAIs or their representatives would not feel a sense of obligation or belonging to the project. No one can be forced to volunteer! For this reason, we used the term “partners” instead of “participants” when referring to the SAIs, and the term “partnership” when referring to the project as a whole. This helped to reinforce our interdependence; that is, the idea that the project’s success depended on the collective effort of all SAIs.

A flexible approach to collaboration. It was decided by the partners at their first meeting that a prescriptive approach would not have worked in this case, given the diversity of SAI mandates and of national climate change priorities. SAIs’ flexibility to choose from a menu of options in the audit matrices was important, and the matrices were helpful in cataloguing information from the 14 partners. They helped to identify common findings and challenges while also accommodating SAIs’ differing mandates and national interests.

Sharing the workload. Philosophically, sharing the workload serves to reinforce a sense of joint ownership. But it was also a matter of practicality: There was simply too much work and too many activities to leave to one SAI or even a few SAIs. And so, for example, the audit approach matrices were developed by small cluster groups. This collaborative method later became especially important in the reporting and communicating phases.

Commitment and communication. Communication with heads of SAIs was important to ensure their ongoing support. The personal commitment to the project from the whole group was a key success factor. In particular, the commitment to share the workload helped to move the project forward, to give each SAI a sense of contribution, and to create a necessary ownership for all. The partners’ status reports were useful as a communication tool.

Face-to-face interactions and team building. The face-to-face meeting held in the initial stage of the process was essential to develop a good plan. Face-to-face meetings from beginning to end were mission critical. Field trips and social events were important for team building.

Skilled personnel. Having strong central leadership was critical, but the project also benefited greatly by having skilled facilitators, a talented core drafting team, and strong final editing. In the final stages of report drafting, having one person with good knowledge and oversight to pull everything together made a huge difference.

Project schedule. Developing and adhering to a schedule was helpful for internal budgeting and for planning attendance at meetings and participants’ availability.



Partners from Brazil, Canada, Greece, Indonesia, Norway, South Africa, the United Kingdom, and the United States discuss adaptation issues in Athens, Greece

Sharing knowledge. The project helped the auditors from several SAIs to improve their skills and knowledge. The project helped SAIs to acquire more knowledge by establishing networks and through formal and informal discussions over the course of the collaboration. Developing contacts and resources with other SAIs helped to improve national work.

Drafting the report. Looking back, earlier face-to-face conversation about key messages, and how to convey them in the report, could have been useful to the drafting process. Earlier identification of common coverage of audit topics could have helped to address them in more detail. As well, agreeing early on the audience for the joint report is crucial, so that the project scope and work is focused and understood.

Communicating the level of effort required. Participating in a collaborative undertaking carries a high transaction cost. Hence, it is important to communicate honestly with senior SAI management about the resources and time needed for such a project. Management should understand that the project is part of the job, not just an after-hours task. SAIs must commit to attending all meetings and to doing their fair share of the work. Also, leading a collaborative audit can entail a huge effort for the lead SAI that warrants having its own internal team.

CLOSING THOUGHTS

We broke new ground, took some risks, made new friends, had fun along the way, and did important work. From giraffes, chameleons and velvet monkeys to the Gods of Athens, it was quite a journey together. With the release of the joint report and the Project Leader’s Report, I was reminded of the famous words of Norway’s Colonel Birger Eriksen at the commencement of the 1940 Battle of Drøbak Sound, when he said “Either I will be decorated, or I will be court-martialed. *Fire!*”

Tenth meeting of the INTOSAI WGEA Steering Committee

The 10th gathering of the WGEA Steering Committee took place from 8-11 March 2011 in Marrakech, Morocco. The Court of Accounts of the Kingdom of Morocco was an excellent host of the meeting. Participants from 15 countries reviewed and approved all the project plans for the working period of 2011-2013. The research papers and guidance materials to be produced during the new period cover a wide range of themes: land use and management, environmental data, sustainability reporting, environmental issues regarding infrastructure, impact of tourism on wildlife conservation, auditing fraud and corruption in the environmental field, and the auditing of water issues. The comprehensive minutes and other materials associated with the meeting can be found at www.environmental-auditing.org.



Delegates to the 15-member WGEA Steering Committee met 8-11 March 2011 in Marrakech, Morocco

Other recent events

- As an observer, INTOSAI WGEA attended the United Nations Climate Change Conference (COP16) from 29 November to 10 December 2010 in Cancun, México, where a side event was hosted and an exhibition space set up. The activities of the WGEA, touching in particular on its development of guidance materials and its recent climate change work, were introduced.
- The SAI of Argentina hosted the IX COMTEMA (OLACEFS Working Group on Environmental Auditing) meeting from 27-29 April, 2011. The INTOSAI WGEA Secretariat attended as a special guest. The event focused on water issues, with working group members presenting their related audit work. Among other things, an overview of the COMTEMA work plan for 2012-2014 was provided, and further cooperation with INTOSAI WGEA was discussed.
- EUROSAI WGEA held a seminar on auditing waste in Oslo, Norway, on 3-4 May. The event focused on exchanging related audit experiences and knowledge. Two workshops – auditing general waste management and hazardous, radioactive and medical waste – provided a forum for participating auditors to present their work in the field.
- The WGEA Secretariat attended the World Bank's and Parliament of Finland's joint conference on *The Role of Parliament in Climate Change Finance*, organized for the MPs of the African region in Helsinki on May 23-26. In a session shared with Dr. Krystin Rypdal from the Office of the Auditor General of Norway, focusing on environmental auditing as a tool for parliamentary climate change finance oversight, the Secretariat discussed environmental auditing and the WGEA's work in the climate change field.
- Staff of the WGEA secretariat, in cooperation with the environmental auditing department of the National Audit Office of Estonia, participated as trainers in the Workshop on Environment Audit on 19-27 May in Bangkok and Pattaya, Thailand. The training programme, funded by the World Bank, was a joint initiative by the Office of the Auditor General of Thailand and the National Audit Office of Estonia. Participants included auditors from Indonesia, Laos, Malaysia, Myanmar, Thailand and Vietnam. Participants were introduced to the concepts and methodologies of environmental auditing, and to a selection of specific sub-topics such as climate change, land, water, waste and forestry. The WGEA guidelines were used as main sources of information throughout the training.
- XX INCOSAI took place from 22 to 27 November 2010 in Johannesburg, South Africa. The National Audit Office of China served as Chair of Theme II (*Environmental auditing and sustainable development*) with the SAI of Poland acting as a co-chair. The SAls of Denmark and Switzerland served as moderators, and the SAls of Canada and Mexico as rapporteurs. In excellent cooperation with INTOSAI WGEA, INCOSAI approved recommendations to improve the capacity of SAls and to ensure the further development of environmental auditing. The WGEA also organised a side event, launching the report of the global coordinated audit on Climate Change as well as introducing the WGEA guidance materials published in 2010. The official accords of the Congress are found on <http://www.intosai.org/blueline/upload/jhbaccordsen.pdf>

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WGEA News

- WGEA was present at the 9th International Conference on Environmental Compliance and Enforcement, organised by the International Network for Environmental Compliance and Enforcement (INECE) from 20-24 June in British Columbia, Canada. Mr Tõnis Saar participated as an expert in the workshop on improving the effectiveness of multilateral environmental agreements through enforcement of national legislation.

Upcoming events

- The 14th assembly meeting of the INTOSAI WGEA will take place 7-10 November 2011 in Buenos Aires, Argentina. Prior to the meeting, on November 6, a training entitled, "Environmental Auditing for Beginners" will be provided for all auditors interested in a general overview of environmental auditing concepts and methodologies. The 11th Steering Committee meeting of the WGEA will be held on 11 November. For related inquiries, contact Ms Kaire Kesküla, Senior Advisor, Secretariat of INTOSAI WGEA, kaire.keskula@riigikontroll.ee, +372 6400 115.

- The 9th annual meeting of the EUROSAI WGEA will be held 11-13 October in Stockholm, Sweden. Transport and auditing of 3Es in the environmental field are the central themes of the event.
- In October, two sequential events will take place in Tanzania. The SAI of Tanzania will host a meeting of the IDI-WGEA Transregional Capacity Building Programme for Performance Audit on Environmental Issues in Forestry. This event focuses on the audit review process, and draft audit reports of participating SAIs will be reviewed and a compendium of audit findings will be composed. Additionally, a meeting of the RWGEA of AFROSAL-E will be organized.

News from the team

The WGEA Secretariat has a new team member. Ms. Tuuli Rasso (tuuli.rasso@riigikontroll.ee), former audit manager of the environmental auditing team of the National Audit Office of Estonia, has joined as senior advisor to the Secretariat. Her expertise and knowledge of the field are highly valued and her contributions to the work of the Secretariat will be most welcome. At the same time, we are sad to say that Mrs. Kairi Treufeldt has left her position with the Secretariat. Also, Mrs. Margit Lassi has been on a maternity leave as of March 2011.

News Briefs from Around the SAI World



BOTSWANA: OAG audits compliance with international climate change accords

In 2010, the Office of the Auditor General (OAG) embarked on an audit, "Coordination of the Implementation of the United Nations Convention on Climate Change and the associated Kyoto Protocol."

The overall audit objective was to assess whether the Government of Botswana, through its Department of Meteorological Services (DMS) and in collaboration with its National Committee on Climate Change, appropriately coordinated the implementation of the UN Framework Convention on Climate Change and its associated Kyoto Protocol. The methodological approach used was consistent with the INTOSAI Working Group on Environmental Auditing's 2010 guidelines on auditing government responses to climate change.

Among the audit's key findings:

- There is no over-arching policy on climate change to harmonise the different pieces of the legislative framework that impact climate change policy. Such a policy would help to integrate climate change objectives into relevant policy areas aimed at the energy, business, transport, household, agriculture, forestry and land-use, and public sectors.
- There is no established long-term action plan to successfully implement commitments made pursuant to the Convention. Such a plan would provide specific objectives and detailed performance indicators for achieving climate change commitments, identify the targets to be attained under each commitment, and identify the costs and benefits of implementation.
- The DMS has struggled to periodically update and publish national inventories of anthropogenic emissions by source, and removals by sinks of all greenhouse gases, as required by the Convention.

The audit also identified strengths and limitations of the coordination process in implementing the UNFCCC and the Kyoto Protocol, and recommended that the National Committee on Climate Change be empowered to efficiently deliver on its coordination mandate.

Other recommendations called for (1) the development of a Policy on Climate Change that would address critical areas outlined in the UNFCCC and the Kyoto Protocol; (2) the development of a National Framework of plans to ensure that relevant stakeholders integrate climate change issues into their development plans, thus making climate change risk reduction a priority; and (3) periodically updating and publishing inventories of anthropogenic emissions by source, and removals by sinks of all greenhouse gases not controlled by the

Montreal Protocol, using comparable methodologies agreed upon by the Conference of the Parties.

For further information contact Ms. Botho Entaile at bentaile@gov.bw



BRAZIL: OLACEFS Environment Committee completes cooperative climate change audit

At the eighth meeting of OLACEFS' Special Technical Commission on the Environment (COMTEMA), held in April of 2009 in Buenos Aires, Argentina, participants agreed to carry out a cooperative audit to examine the compliance by regional governments with commitments related to the United Nations Framework Convention on Climate Change (UNFCCC). The project involved the SAIs of 9 countries: Argentina, Brazil, Colombia, Costa Rica, El Salvador, Honduras, Panamá, Paraguay and Peru. The Brazilian Court of Audit coordinated the joint effort, owing to its participation in the coordinated international audit on climate change authorized by the WGEA and led by the SAI of Canada.

To support the national audits, a framework audit approach was developed, similar to the one adopted in the WGEA coordinated international audit. The SAIs of Argentina, El Salvador and Paraguay also used the 2010 WGEA publication "Auditing the Government Response to Climate Change" to develop their audit criteria. Each SAI designed, carried out, and domestically reported national audits to respond to their country's climate change priorities and in accordance with their internal practices and standards. The topics covered governance of climate change efforts, elaboration and communication of Greenhouse gas inventories, and elaboration and implementation of mitigation and adaptation policies.

After completion of all individual audits, a meeting was held in May in Lima, Peru to discuss the joint report. This report should be officially released during the October 2011 XXI OLACEFS General Assembly in Venezuela.

For further information, contact Rafael Lopes Torres at RAFAELLT@TCU.gov.br



CANADA: SAI issues major environmental audit report; cites advances toward achieving a national focus on sustainability

The purpose of the Commissioner of the Environment and Sustainable Development (CESD) within the Office of the Auditor General of Canada is to provide objective reports to Parliament on how well the federal government is managing environmental and sustainable development issues and to provide members of Parliament with the information they need to hold the federal government to

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account. CESD's November 2010 report covers several key topics in detail, including (1) how the federal government responds to oil spills from ships; (2) how it monitors the quantity and quality of our fresh water; and (3) how it supports adaptation to climate change impacts. The report is available on line at http://www.oag-bvg.gc.ca/internet/English/parl_cesd_201012_00_e_3442_3.html

Last year also marked a significant milestone in the federal government's approach toward sustainable development. In October 2010, the government released a single, overarching federal sustainable development strategy as required under the *Federal Sustainable Development Act*. The Commissioner of the Environment and Sustainable Development has noted that this is an excellent opportunity to correct a long-standing weakness in the federal government's approach in meeting this challenge, by providing a set of coherent objectives and a clear vision to help put Canada on a path toward long-term sustainability. Of particular note, the Act provides a mandate for the Office of the Auditor General to review and audit these strategies. More information is available at http://www.oag-bvg.gc.ca/internet/English/sds_fs_e_920.html.

For further information, contact Kim Leach at kimberley.leach@oag-bvg.gc.ca



CHILE: SAI reports on challenges in managing radioactive wastes

In 2010, the Comptroller General of the Republic of Chile conducted a compliance audit of radioactive waste management and disposal at the National Cancer Institute. The National Cancer Institute is a hospital that specializes in treating cancer patients, and is located in Santiago, the capital of Chile.

The review was intended to ensure that the Institute handles and disposes of radioactive wastes in accordance with relevant laws and regulations. Radioactive wastes are generated in the areas of nuclear medicine, teletherapy and brachytherapy. In addition, facility, operator, equipment and maintenance agreements, and permits were reviewed.

During an audit visit, and with the participation of an official from the Chilean Nuclear Energy Commission (the government agency that oversees nuclear and radioactive facilities), radioactive waste--gloves, gauze and swabs contaminated with technetium 99--was found in a garbage can in a hallway without proper identification. Evidence was also found that technetium 99 was used in a room that had not been authorized for such use, and the equipment used to calibrate the dose of this radioisotope was found to be contaminated. In addition, there was a lack of authorizations for medical diagnoses with radioactive isotopes of rhenium 186 and yttrium 90, and treatment with unsealed radioactive gallium 67, yttrium 90 and rhenium 18.

The audit also revealed other deficiencies, such as Manuals for Protection from Radiation that had not been updated; a lack of logs for radioactive materials; a lack of radiation warning signs on entry to the Nuclear Medicine Service and on boxes of radioactive waste; and incomplete records of sources of iridium 192. As for the storage of sealed sources of iridium 192 and cesium 137, there was no fixed radiation detector at an entrance, and the door frame was damaged and did not close tightly. In addition, the depleted cesium 137 storage container was not labeled as radioactive.

The Chilean Nuclear Energy Commission suspended technetium processing and started an investigation, and the National Cancer Institute reported actions aimed at addressing the study's findings. The Comptroller General also plans to conduct a follow-up audit to verify implementation.

For further information, contact Patricia Arriagada Villouta at parriagada@contraloria.cl



CHINA: Audit office finalizes its "Guidelines for Environmental Auditing on Water"

Since 2003, China's audit institutions have successfully carried out a series of audits concerning the nation's water environment, including its major river basins and sea areas. These have included, for example, audits of the Three Gorges reservoir area; the three rivers and three lakes (Liao River, Hai River, Huai River, Chaohu Lake, Taihu Lake and Dianchi Lake); the Eastern Route of the South-to-North Water Diversion Project; the Bohai Sea; and the Yangtze, Pearl, Songhua, and Yellow Rivers. Rich audit experiences of the water environment have thus been accumulated.

In order to summarize relevant experiences and provide better guidance on future water audits, the National Audit Office of China (CNAO) endorsed the research project, "Guidelines for Environmental Auditing on Water" as a key research project in 2009. The research team included auditors from CNAO and from various local audit offices who have had years of experience conducting water-related audits. The research project lasted for one year, during which several seminars were held. The draft guidelines were revised many times, and drew on international theories and practices in environmental auditing.

Upon its completion in 2010, the research project passed project appraisal and the Guidelines were thus formulated. The Guidelines cover the fundamentals of the water environment, and the definition, objectives, tasks, functions, contents, methodologies and standards used in auditing the water environment. They also cover the approval, pre-audit investigation, audit program preparation, and pre-audit training of a water audit. Moreover, the Guidelines have identified the audit

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coverage and methodologies of eight categories and more than twenty items that are common to water audits, the application of information technology in water audits, and the preparation of water audit reports.

The development of the Guidelines has laid a solid foundation for the establishment of a guideline system for environmental auditing that is consistent with China's actual conditions. With further experiences and refinements of water audit practices, China's auditors will continue to enrich and improve the Guidelines.

For further information, contact Ms. Ding Yue at chnao@audit.gov.cn



CZECH REPUBLIC: SAI audits financial controls over measures to improve waste disposal

In May 2011, the Czech Supreme Audit Office completed an audit examining the allocation and use of funds earmarked for the implementation of measures in the field of waste disposal. The audit focused mainly on the work of the Ministry of the Environment (MoE), as the managing authority of Operational Programme Environment, and of the State Environmental Fund (SEF), as the entity responsible for the provision and use of funds for improving waste management. Between 2003 and 2007, the MoE and SEF spent a total of CZK 3,414.9 billion in both State and European Union funds.

Neither the MoE nor the SEF, however, assessed how these funds actually improved the state of waste management. The Supreme Audit Office found that the MoE did not develop an adequate system of indicators to assess the benefits of the support provided. In particular, neither the MoE nor the SEF monitored the actual use of facilities acquired under this programme to improve waste management. In the area of administration, the audit office found that the rules governing the beneficiaries of support were often confusing and sometimes changed during programme implementation. Also, the rules for assessing grant applications from an economic perspective were not published after December 2009 and the assessment of applications was therefore insufficiently transparent.

Problems regarding the system put in place to assess projects, and to follow up on controls in place for projects receiving financing, have ultimately led to a situation where neither the MoE nor the SEF have the information they need about the operation and use of facilities constructed under the programme. In two cases, this state of affairs has lasted two and a half years.

The auditors also pointed out that a larger quantity of biodegradable communal waste has been placed in landfills than the amount specified by Council Directive 1999/31/EC, and that this amount has continued to grow. As a result, the Czech Republic risks being penalised by the European Commission. One problem is that while the

construction of new communal waste incinerators is one important measure that can be used to implement the directive, Czech legislation has only allowed support for that purpose since January 2010. Yet the directive's requirement for reducing the proportion of biodegradable communal waste in landfills should have been fulfilled in 2010. Indications are that the target set by Council Directive for 2013 will also not be attained.

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ESTONIA: NAO audits government actions to ensure adequate heating supplies

Sixty percent of Estonia's population uses district heating: heat which is generated in boiler plants or power stations and distributed to consumers via heat networks. The advantages of properly-working district heating systems are less air pollution in residential areas and the opportunity to save energy if power and heat cogeneration technology is used. District heating systems in Estonia were mostly designed and constructed decades ago to provide heat for large residential areas and industries whose consumption was greater than today.

However, due to a lack of investment over the years, the district heating systems are mostly too old and have too much capacity for present-day consumption. Heat losses from an optimally-designed network in good working order should not exceed 10 percent. However, on average, 20 percent of heat is lost in Estonian district heating system pipelines before it even reaches consumers. In the case of 18 percent of local municipalities, the loss is greater than 25 percent. District heating companies are natural monopolies and therefore the price of heat is regulated by the state (Estonian Competition Authority).

In the opinion of the National Audit Office, the Ministry of Economic Affairs and Communications has paid insufficient attention to the sustainability of the nation's heating supplies:

- The state and many local authorities lack a broad understanding of their heating supply situation, and in particular of district heating. A national heating supply development plan has not been drafted.
- Many consumers are forced to use district heating even where it is more expensive and less efficient than other alternatives (such as local boiler plants, heating pumps etc.).
- The manner in which prices are set is not aimed at ensuring a sustainable supply of heat for consumers in the future. Therefore it is not always guaranteed that the companies are investing in a way that will make production and distribution of district heating more efficient.

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- It is not known how much money must be invested to renovate the district heating systems and whether district heating companies are willing and able to make such investment by themselves.

The full report is available in English at the NAO's website: www.riigikontroll.ee.

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INDIA: SAI presents broad-based Environmental Audit Report to Parliament

Over the years, SAI India has been involved in evaluating the efforts of public administration in the management of the environment, carrying out more than 100 environmental audits on issues such as air pollution, water pollution, waste management, and biodiversity among others. To further advance its initiatives in environment auditing, for the first time, SAI India prepared and presented to the Parliament an "Environment Audit Report" in 2010 which consisted of audit observations relating to the functioning and performance of the Ministry of Environment and Forests (which is the Ministry in the Government of India primarily responsible for environment- and pollution-related issues). The objective of the report was to create a sense of urgency about the conservation and environmental protection needs that must be addressed by the Government.

In the form of 7 long paragraphs, this report presented audit findings related to environmental issues under four themes including afforestation, biodiversity, pollution control, and environment education:

- *Afforestation.* The report made observations about the failure of a plan called the Greening India Scheme, which was intended to increase forest cover. It also touched on the failure of another project called the National Afforestation Programme, intended to develop forest resources in the state of Goa.
- *Biodiversity.* Under this theme, the report cited the failure of the National Biodiversity Authority set up by the Government of India for regulating biodiversity in evolving regulations in vital areas like access to biodiversity, transfer of results of research and intellectual property rights etc. Also under this theme, SAI India cited the inability of India's Botanical Survey to effectively meet India's commitments to the Convention of Biological Diversity.
- *Pollution Control.* SAI India made two observations under this theme, the first of which related to a program called Ecocity. It noted that the programme did not adequately achieve its stated objectives of

improving the environment of selected towns and cities, through implementation of various environmental projects. The second observation related to delay of more than 12 years in completion of a project to build Effluent Treatment Plants to control pollution caused by leather tanneries. The avoidable delay adversely impacted the objective of ensuring safe disposal of toxic industrial effluents and solid waste from tanneries that were causing immense environmental damage and posing serious health risks.

- *Environment Education.* Under this theme, the report cited problems associated with the National Museum of Natural History of New Delhi, which was established to promote environment education in the country through a variety of informal methods.

The Environmental Audit Report was widely publicized in the press and has been picked up for discussion by the Public Accounts Committee, the Parliamentary Committee that examines expenditures made by the Government of India.

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KUWAIT: State Audit Bureau hosts scientific meeting on environmental auditing and sustainable development

In cooperation with ARABOSAI, the State Audit Bureau of Kuwait hosted a scientific meeting from 12-16 December 2010 on environmental auditing and sustainable development issues. Covered in the meeting were a variety of themes associated with sustainable development, with a particular focus on governmental efforts to achieve balance among economic, environmental and social goals. Emphasis was placed on SAIs' roles in auditing sustainable development issues and operations. The meeting also touched on specific, related issues such as renewable energy and long-term efforts to reduce climate changes in the Arab world. Relevant SAI audits and audit techniques were presented and discussed at the meeting.

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LATVIA: State Audit Office evaluates the administration of compensation of losses associated with environmental damage

The State Audit Office of the Republic of Latvia (SAO) has recently completed an audit examining compliance with laws and regulations regarding programmes to compensate for losses caused by environmental damage, and the effectiveness of such loss compensation.

Within the framework of the audit, the following issues were audited by sampling different types of cases, including:

- Cases examined as part of administrative proceedings (including calculations of environmental damage);
- Cases submitted to the State Police initiating criminal proceedings (including calculations of environmental damage);
- Cases regarding emergency situations; and
- Cases regarding calculations of damage caused to the environment.

The scope of the audit included calculations of environmental damage caused specifically to protected nature territories, micro-reserves, specially-protected species and biotopes, waters, soil and subterranean depths, and areas including natural monuments and fisheries. It also covered sustainable forest management, and included calculations of environmental damage caused to forests and hunting resources.

SAO also took into account research conducted by various independent experts, pointing out that sustainable management of State forests is currently not being sufficiently ensured. It explained that national laws do not require that an environmental impact assessment be performed when several clear cuttings are being planned together in a forest—a loophole that is used at present by the largest State-owned forest management company, the State Joint Stock Company, “Latvian State Forests.” The company performs several clear cuttings together in a forest without conducting an environmental impact assessment.

During the audit, the SAO established that the administration of compensation for damages caused to the environment, forests, and hunting resources is not sufficiently effective, noting that the existing system of penalties is not proportional—specifically that national laws contain no mechanism that would motivate violators to pay the administrative penalties imposed. The SAO pointed to the need to legally make penalties commensurate with the damages caused.

SAO also identified duplication of functions, and poorly coordinated actions, among the ministries involved with environmental protection and with the control of forest

and hunting resources. This has resulted in a diminished capacity among enforcement authorities, and an increased risk of undetected violations.

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MACEDONIA: SAO to conduct audit on public hygiene

Macedonia’s State Audit Office announces that in 2011, it plans to conduct a performance audit on public hygiene. The audit will focus on assessing risks to public hygiene, and will examine possible improvements for both the central government and at the local level. The audit is part of an effort to help achieve compliance with the 2015 Millennium Development Goals to “ensure environmental sustainability,” and follows enactment of a new law and adoption of new regulations to improve public hygiene.

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MOROCCO: Recent forestry audit completed

Morocco’s Cour des Comptes recently completed a forestry audit focusing on the activities of the government’s Department of the Protection of Waters and Forests (HCEFLCD).

The forest domain in Morocco covers a total area of 9 million hectares, of which 5.8 million consist of forest and 3.2 million of alfa grass. It is being increasingly relied upon for various socio-economic uses. Its securitization essentially allows HCEFLCD to carry out its conservation programs while also developing certain forest areas, and to improve its relationships with users and property owners in the forest domain. In recognition of the importance of the issue and the challenge it poses, the Department adopted a strategic plan delineating a ten-year program to complete the securitization of the entire forest domain by 2014.

The Cour des Comptes observed that despite the HCEFLCD’s efforts to secure the forest domain, a large part of it is still not being properly managed and its legal status remains to be clarified. It noted, for example, that some beneficiaries of forest parcels were authorized temporary occupancy without having conducted required studies concerning the impact of their activities on the environment and the surrounding woodlands.

The SAI recommended that the Department continue its efforts to secure the forest domain and the preservation of its resources, and to ensure adherence to all laws and regulations.

For further information, contact the Cour des Comptes at cocomptes@courdescomptes.ma

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NEW ZEALAND: Environmental auditing is up and running in the Pacific region

The capacity of Pacific SAIs to undertake environmental audits is continuing to grow, thanks to the combined efforts of PASAI members and to key supporters including the INTOSAI Development Initiative (IDI), the Asian Development Bank (ADB), the RWGEA and the PASAI secretariat.

The first co-operative environmental audit in the PASAI region, a solid waste management audit, was completed in 2010. Ten SAIs participated, seven of which have reported their findings in their respective jurisdictions. An overview report on the audit is to be presented at the 2011 PASAI Congress in Tonga in August 2011. The audit considered the adequacy and implementation of legal and policy frameworks for solid waste management, and whether solid waste management was improving in the Pacific Countries and Territories covered by the audit. Generally, the audits found that adequate frameworks were in place but had not been fully implemented, and some waste management practices were of concern. However, good practices were also cited. The overview report will be ready for wider distribution later in 2011, after the PASAI congress in Tonga.

Ten SAIs are taking part in the second co-operative performance audit in the Pacific region. The topic for this co-operative audit is access to safe drinking water. The audit is focusing on whether legal and policy frameworks for the supply of safe drinking water exist and have been implemented, whether co-ordination and monitoring arrangements were in place and were working, and whether access to safe drinking water is improving in Pacific Island countries and territories.

The ten participating SAIs are in the process of completing their audits, and will report progress at the 2011 PASAI congress in Tonga. Of the ten participants, seven had taken part in the first cooperative audit but in most cases involved different staff to build capacity across their offices.

The drinking water audit was the first cooperative audit for three of the participants—the states of Kosrae and Yap in the Federated States of Micronesia, and Kiribati. This exposure to environmental topics and performance auditing is helping to build a critical mass of performance auditors in the PASAI region.

A third cooperative audit is being planned on the management of fisheries resources in the Pacific Ocean. This is a more challenging topic, and the WGEA guidance on auditing sustainable fisheries management is proving helpful in planning the audit.

The RWGEA coordinator is planning to survey PASAI and Australian members about preferred topics for a further series of cooperative environmental audits. The

results will be discussed at the next RWGEA meeting, due to be held in Sydney in April 2012.

For further information, contact the ACAG/PASAI RWGEA coordinator, Jonathan Keate, at jonathan.keate@oag.govt.nz



NORWAY: OAG and Russian Accounts Chamber follow up on earlier audit concerning the management of shared fish resources

The Office of the Auditor General's (OAG) follow-up of an earlier parallel audit with the Accounts Chamber of the Russian Federation of the management of the fish resources in the Barents Sea and the Norwegian Sea was submitted to Norway's Storting on 3 May 2011. The OAG and the Accounts Chamber of the Russian Federation cooperated on their follow-up investigations, but prepared independent audit reports. On this basis, the Auditor General of Norway, Mr Jørgen Kosmo, and the Chairman of the Accounts Chamber of the Russian Federation, Mr Sergej Stepashin, signed a memorandum containing joint findings and assessments.

The investigations by the two SAIs show that the illegal and unregistered overfishing of cod in the Barents Sea has decreased considerably, from an estimated 100,000 tonnes in 2005 to no cases being uncovered in 2009. However, the investigations show that there are still considerable differences between the Norwegian and Russian fisheries' control systems and between the legislation and regulations of the two countries in the fisheries sector. There is also room for improvement in both countries' national management of the shared fish resources.

The document can be downloaded from www.riksrevisjonen.no/en/Reports/Pages/fishresources.aspx.

In its capacity as Secretariat of EUROSAI WGEA, Norway's OAG also provided an update of key working group activities:

- EUROSAI WGEA conducted a seminar on auditing waste in Oslo in May, 2011. The seminar's 51 participants comprised representatives of 25 SAIs and external subject matter experts from the EU Commission, OECD and the Bellona Foundation. The seminar focused on practical audit issues associated with auditing waste management. The presentations made during the seminar are available at <http://www.eurosaiwgea.org/Activitiesandmeetings/OtherEUROSAIWGEAmeetings/waste2011/Pages/EUROSAIWGEAseminaronauditingwaste,2011.aspx>
- The kick-off meeting of the EUROSAI WGEA "Cooperative Audit on Adaptation to Climate

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Change" was organised in Oslo in early February 2011. The SAIs of 9 European countries have agreed to cooperate, including those of Austria, Bulgaria, Cyprus, the European Court of Auditors (ECA), Malta, the Netherlands, Norway, Russia and Ukraine. The SAI of Hungary is an observer of the project. The project partners have developed a project plan and a common framework of audit issues to be addressed in their national audits. The final joint report is planned to be released in the December 2012/January 2013 timeframe.

- The EUROSAI WGEA's 9th annual meeting will be held in Sweden on 11 - 13 October, 2011. The main agenda items will be transport-related environmental issues and the auditing of the 3 Es (Economy, Efficiency and Effectiveness). Prior to the annual meeting, on 10 October, a training seminar will be held on best practices in environmental auditing.
- The Secretariat is preparing a EUROSAI WGEA paper on auditing waste management in Europe. The paper will review audits carried out by EUROSAI WGEA members in the period 2004 - 2010. The paper will be presented at the 9th EUROSAI WGEA annual meeting in October 2011 and eventually be made available on the EUROSAI WGEA website.

For more information, please contact the EUROSAI WGEA secretariat at EUROSAI-WGEA@riksrevisjonen.no



UNITED KINGDOM: NAO completes work on smart metering; highlights other audits completed and underway

The National Audit Office has, in recent months, completed work on a wide range of environmental and sustainability topics. Most recently it has conducted a detailed value for money review of government preparations for the mandated roll-out of smart meters to domestic and smaller non-domestic energy consumers.

This review comes at an early stage in the Government's programme, which in March 2011 completed its first, scoping phase and is now undertaking detailed design of the technical standards and regulatory framework for smart metering. The Government expects to mandate energy suppliers to begin installing smart meters for both gas and electricity from April 2014. The government estimates the programme will deliver efficiency savings to energy suppliers; and enable energy consumers to change and reduce their energy use, resulting in savings on their bills and environmental benefits.

The review found that there is uncertainty over how much, and for how long, consumers will change their energy use and therefore whether the benefits will be fully realised. The government estimates that the smart

metering system will cost £11.3 billion to deliver but there is risk that costs will increase more than the Department has provided for. Other risks that the government must address in further developing its plans include major technical and logistical challenges to delivering a fit-for-purpose and secure system, and a risk that suppliers do not pass on all the net savings to their customers

Other NAO work has addressed the extent of UK overseas aid for environmental protection and climate change adaptation and mitigation; implications of the oil spill in the Gulf of Mexico for UK deep water drilling; the cost to UK public funds of animal diseases; and progress towards public sector energy efficiency targets (in particular the Government's aim that central government departments should reduce their carbon emissions from their offices by 10 percent in the 12 months from May 2010 to May 2011). The government has now also confirmed that sustainability reporting by central government organisations will be included in annual reports and accounts with effect from 2011-12.

Work is currently underway on carbon capture and storage and nuclear decommissioning as well as the government's management of the risk of flood and coastal erosion.

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UNITED STATES: SAI reports on key issues associated with climate change funding

In response to a request by a Committee of the Congress, the U.S. Government Accountability Office (GAO) completed a report in June 2011 that examined (1) federal funding levels for climate change activities and how these activities are organized; (2) the extent to which methods for defining and reporting climate change funding are interpreted consistently across the federal government; (3) the federal government's strategic climate change priorities, and the extent to which funding decisions reflect these priorities; and (4) how federal climate change funding decisions can be better aligned with strategic priorities. In addressing these questions, GAO analyzed relevant reports and developed a Web-based questionnaire to gather information and opinions of key federal officials within the Executive Office of the President (EOP), interagency coordinating bodies, and individual agencies and departments.

Among the report's key findings were that (1) methods for defining and reporting climate change funding are not interpreted consistently across the federal government, and (2) federal officials do not have a shared understanding of strategic priorities. GAO concluded that it would be difficult for Congress and the public fully understand how climate change funds are accounted for and how they are spent without further improvement in

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how the federal government reports climate change funding, sets strategic priorities, and aligns funding with priorities.

GAO recommended that the Executive Office of the President ensure that the broad range of federal entities that spend climate change-related dollars and carry out climate change programs (1) work together to establish clearer federal strategic climate change priorities, including the roles and responsibilities of the key federal entities, and (2) assess the effectiveness of current practices for defining and reporting federal climate change funding and aligning funding decisions with priorities.

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