



INTOSAI  
Working Group  
on Environmental  
Auditing

# MINUTES

## 17<sup>th</sup> Meeting of INTOSAI

### Working Group on Environmental Auditing

24-27 October 2016

Jakarta, Indonesia



## **Day 1, 24 October 2016**

### **Environmental Excursion to Bogor Botanical Garden**

The Delegates have the opportunity to enjoy the flora collection of Bogor Botanical Garden. All participating delegates visited several sites within the Garden namely: 1) Zoology Museum; 2) Presidential Palace; 3) Garden Shop; 4) Orchid Garden; 5) Pohon Jodoh site. The excursion was opened by Mr. Yudi Ramdan Budiman, representing SAI of Indonesia as the host and ended with the lunch at Grand Garden café.



Picture 1. Delegates at the Grand Garden Café

### **Welcome Cocktail at K22 – Fairmont Hotel**

The Audit Board of the Republic of Indonesia warmly welcome the delegates through a Welcome Cocktail held in the K22 – Fairmont Hotel.

The event was opened by Mr. Bahrullah Akbar, Board Member of the Audit Board of the Republic of Indonesia. Within his opening remark, Mr. Akbar warmly welcome all delegates to Indonesia and wish a successful meeting for the next day.



## **Day 2, 25 October 2016**

### **First day of the Meeting**

#### **Opening Ceremony**

The meeting was opened with remarks from Harry Azhar Azis, Ph.D. as the Chair of INTOSAI WGEA. Within his remark, he thanked the President of Republic of Indonesia for his willingness to attend the opening ceremony despite of his very busy schedule. He later conveyed his

gratitude to all Head of SAIs, guest speakers and all meeting participants for their supports to INTOSAI WGEA.

He later pointed out the importance of SAIs' independence and public trust to ensure that governments' policies, regulations, and control systems are being implemented as they should be. He also put his remark on the importance to maintain the balance among environmental, social, and economic factors to optimize the impact of development to achieve public welfare. Briefly, he mentioned the importance of the meeting in terms of promoting the exchange of knowledge and defining strategic steps in facing future challenges and issues to environmental auditing.

Ending his remark, Mr. Azis conveyed his hope to the Government of Indonesia to be able to create a synergy with SAIs in our effort to promote and oversee the implementation of the SDGs and wish a fruitful and successful meeting.



President Joko Widodo officially opened the Meeting

President Joko Widodo pointed several points during his opening speech. Firstly, he recognized the importance of the sustainable growth within the era of innovations. Indonesia has started to put more concern on more sustainable efforts especially in maintaining biodiversity, fighting illegal fishing and reducing the use of coal as the main energy source. Related to Sustainable Development Goals (SDGs), Government of Indonesia has also put their efforts in translating them into the current National Development Plan. Furthermore, the Government has also enacted the Presidential Decree and Minister Decree as guidance stakeholders in implementing SDGs.

Mr. President also pointed out about the need of local adjustment regarding the commitment of implementing SDGs. Last but not least, Mr. President also put his remark on the importance of SAIs in improving the quality of monitoring system, data and information systems to increase the participation, transparency and accountability of the stakeholders. Ending his speech, Mr. President wished all meeting participants a fruitful discussion especially with regard to SDGs and saving our planet.

Group Photo



### **Introduction to the Meeting Agenda**

Harry Azhar Azis, Ph.D. explained the meeting agenda for each day and the procedures related to the parallel sessions. He also invited all the participants to participate in the next work plan of 2017-2019.

### **Session 1 – Sustainable Development Goals and Environmental Sustainability**

Moderated by Dr. Agus Joko Pramono, Board Member of the Audit Board of the Republic of Indonesia, the session consisted of three keynote speakers from Indonesian National Development Planning Agency, United Nations Department of Economic and Social Affairs (UNDESA) and The Chairman of the Audit Board of the Republic of Indonesia.

#### **Keynote #1 Synergy between the Implementation of SDGs and National Development and the Importance of Coordinating with Stakeholders – Indonesia's perspective**

Within the beginning of his speech, Prof Dr. Bambang P.S. Brodjonegoro (Indonesian Minister of National Development Planning Agency) elaborated about the achievements of Millennium Development Goals (MDGs) in Indonesia and how its unfinished agenda affected the future development in Indonesia.

He continued with explaining the transition from MDGs to SDGs within 2015 and briefly explained the principles of SDGs which are: no-one left behind, universal, and integrated.

Further, Prof. Brodjonegoro elaborated about Indonesian SDGs which have been adapted within the current National Development Planning and have been translated into the National Goals, Targets, Indicators. To support the achievement of those goals, he explained that Government of Indonesia has develop an SDGs Platforms which consisted of: Government and Parliament, Academia and Experts, Philanthropy and Business, and Civil Society and Media.



Prof Dr. Bambang P.S. Brodjonegoro

Prof. Brodjonegoro said that currently Indonesia has performed several measures in preparation for implementing SDGs including mainstreaming the SDGs into National Development Plan, Issuing the SDGs Presidential Decree, developing SDGs roadmap and action plans and establishing the National SDGs Secretariat.

He later mentioned major challenge faced by Indonesia in implementing SDGs which is related to developing a reliable database. Ending his presentation, Prof. Brodjonegoro pointed out that the Government of Indonesia is now implementing the "No one left Behind" principle through explaining the dilemma faced by the Government especially in achieving several goals like Goal 7 "affordable and clean energy" where Government has to ensure that all citizens could afford energy despite the fact that many Indonesians were still obtaining energy through the use of Coal.

#### *Discussion*

*Mr. Stephen Katterega, SAI of Uganda* asked whether there is an institution in Indonesia which undertake the assessment of the achievement of MDGs.

*Prof. Brodjonegoro* explained that his agency, the National Development Planning Agency is the one appointed as the coordinator in the implementation of SDGs. Thus, the agency is also responsible to develop the action plan for every goal and evaluate, monitor the implementation of the action plan. Prof. Brodjonegoro mentioned his agency's tasks were not easy. Supports and participation from all stakeholders including Supreme Audit Institution are important in performing the tasks. He mentioned his hope on having global standards on environment audit which has relation with SDGs. He expected it will be useful and will ease the government in implementing the agenda to achieve the goals.

*Mr. Adolphus Aghughu, SAI of Nigeria* asked about the continuous use of coal and its impact to the achievement of Goal number 7 and sustainable development.

*Prof. Brodjonegoro* explained how Indonesia could not easily remove the use of coal as it is still considered to be the most efficient resource in generating electricity compared to other resources. Despite of the use of coal, the Government of Indonesia has started to require the coal generated electricity plants to adopt cleaner technology developed by Japan. He also explained that the Government of Indonesia also developing several types of renewable energy, namely Hydro Power, Geothermal, and Bio-energy. Hydro Power in Indonesia seen as a very potential source as Indonesia has a lot of rivers and could generate electricity very well. The second, Geothermal considered to have a high risk investment as the exploration cost is very high and potentially end up with a low quality of thermal which could not generate electricity. Lastly, the bio-energy which come from the converting waste into energy/electricity. Prof. Brodjonegoro mentioned among those three mentioned, Bio-energy considered to be the best solution as it helps the Government to reducing the amount of waste while generating electricity. It also good for isolated region because it is off-grid and environmental friendly.

*Mr. Abdul Foyez Mohd Abid, SAI of Bangladesh* asked about how the use of the natural gas in the Government of Indonesia could cope with the environmental challenge.

*Prof. Brodjonegoro* explained that Indonesia has quite sizable amount of natural gas resource. He later explained about the transport mechanism of the natural gas from the off-shore station to the end-users. He elaborated that the Government is now promoting the use of natural gas through reducing the amount of natural gas exports and increasing the domestic use of it.

Dr. Agus Joko Pramono closed the first discussion session and the session continued after Prof. Brodjonegoro left the meeting room for another agenda.

#### **Keynote #2 Sustainable Development Goals and Environmental Sustainability: Expectation from Stakeholders**



Marion Barthelemy

Representing the UNDESA, Marion Barthelemy began her presentation with explaining the ambition embedded within the 2030 Agenda. It consisted with the agenda for transformation within People, Planet, Prosperity, Peace, and Partnership. Ms. Barthelemy pointed out that no target will be considered met unless it is met for all nations and peoples and for all segments of society. She also mentioned four reasons to be optimistic in transforming the world, namely: ownership, universality, means of implementations, and integration. Several steps were being elaborated regarding the agenda for Societies which included four steps of the political and technical steps. She added that many countries of the world has started the journey through adjusting national institutions, updating/developing national strategies, mobilizing local governments and involving civil society/private sector.

She later explained the importance of reviews as a tool to accelerate the progress and explained the review framework of 2030 Agenda. She added about the mechanism of UN-High Level Political Forum National Reviews. Ms. Barthelemy then elaborate about several roles that can be performed by SAIs and INTOSAI namely: 1) assessing country's readiness; 2) assessing the economy, efficiency, and effectiveness of policies and programs; 3) reviewing the budgetary commitments related to SDGs; 4) improving budget transparency and accountability; 5) reviewing the implementation of SDGs; and 6) SAIs should lead by example. She also pointed out several challenges that might be faced by SAIs in delivering their roles especially related to the mandates and awareness issues. Ending her presentation, she explained briefly about the role of United Nations within the system in supporting the implementation of SDGs.

### Keynote #3 The Role of SAIs in Achieving SDGs

Harry Azhar Azis, Ph.D. started his presentation with reintroduce the concept given in ISSAI 12 about the role of SAIs in making the difference to the lives of the citizens. Mr. Azis continued with the momentum of 2030 Agenda and its magnitude in implementing ISSAI 12. Further, he explicated the interdependence relationship between SDGs, Government, and SAI and how performing environmental scanning based on ISSAI 100 could help the SAI to get a better picture on the readiness of the Government in implementing SDGs.

Using the analysis gap between the current condition with the expected future condition in implementing SDGs, SAI need to respond in order to bridge the gap through strategic response and operational response. For example, in terms of strategic responses, SAI of Indonesia has a sufficient mandate to conduct performance audit related to SDGs and has aligned its strategic plan with the SDGs and National Development Plan.



Harry Azhar Azis, Ph.D.

In addition to the strategic responses, SAI of Indonesia has also developed a framework for approaches for auditing SDGs which was adopted from ISSAI 300 and synchronized with HLPF mechanism. Mr. Azis mentioned the importance of bring all these initiative into action through inviting all INTOSAI members to join hand in hand to performed cooperative audit and share experience as peer learning among SAIs. Ending his speech, Mr. Azis invite all INTOSAI members to actively promote the achievement of SDGs and conveyed his willingness to support the implementation of SDGs domestically and internationally.

### *Discussion*

*Mr. Eltahir Malik, SAI of Sudan* asked to Ms. Barthelemy about the issue of corruption within the implementation of Sustainable Development Agenda especially with a huge amount of financial flow due to the implementation of the agenda.

*Ms. Barthelemy* explained how the loss of resources caused by corruption has really deprived the achievement of SDGs or MDGs. She gave an example how 40% of parents in Africa paid their children's tuition fee when it was actually free. She also explained how every country in the world have their own specificity in terms of corruption. Ms. Barthelemy said that there have been so many efforts going on inside or outside the UN in terms of fighting corruption such as developing capacity to achieve the SDGs, peer review on how to implement the 2030 Agenda, and many others including efforts done by the G-20 forum.

*Mr. Malik* also asked Mr. Azis about how SAI of Indonesia engaged in the implementation of SDGs

*Mr. Azis* explained how SAI of Indonesia used the budget law as their basis for their efforts in engaging with the government in implementing the SDGs. There were at least four indicators used within the budget law of the Indonesia, namely: a) reducing poverty; b) reducing unemployment rate; c) decreasing the income gap; and d) increasing public prosperity, through health, education, and income sectors. He added about SAI of Indonesia's plan to increase the proportion of performance audits within their annual plan. He expected that through performing more performance audits, SAI of Indonesia could get a better picture on what the Government do in increasing public prosperity.

*Mr. Sunil Dadhe, SAI of India* asked about the tracking mechanism used by UN to track funding mobilization due to the Sustainable Development Agenda implementation

*Ms. Barthelemy* agreed that there has been such a huge amount money allocated to implement the 2030 Agenda of Sustainable Development. She said that UN has what-so-called the Addis Ababa action agenda which was develop together with the experts to monitor the use of resources during the implementation of 2030 Agenda of Sustainable Development. She added the monitoring process was also performed by the UN individual agency and the High Level Political Forum (HLPF) which is held every two years. The HLPF is a forum where countries are expected to look over their capacity and resources in implementing SDGs. Later, she also stressed on the importance of the technical and international cooperation within implementing the Agenda with a big emphasize on the partnership for financial resources mobilization.

*Ms. Meseret Damte Chaniyalew, SAI of Ethiopia* asked about the lack of resources and man-power related to the implementation of SDGs.

*Ms. Barthelemy* explained that countries could only implement the Agenda as long as it is consistent with their own level of development. She said how the Sustainable Development concept did not mean that it eliminated the efforts for poverty eradication. She added that because of the three dimensions of Sustainable Development, countries need to ensure that in pursuing development in terms of economy, it needs to be balanced with two other dimensions of development, which are social and environment. Ms. Barthelemy also explained how countries could recognize the importance of cooperation with other countries and develop

strong commitment in various areas such mobilizing domestic resources and improving taxation system. SAI's role in supporting these efforts should be supported by the strong auditing capacity. Thus, UNDESA have worked together with INTOSAI with an expectation that it would develop the capacity of auditors in auditing the implementation of Agenda 2030.

*Ms. Kimberley Leach, SAI of Canada* asked about the relation between the plan of IDI-Coordinated Audit on SDGs preparedness with the call to action plan of SAI of Indonesia related to Cooperative Audit.

*Mr. Azis* said that SAI of Indonesia has worked closely with IDI related to the plan in auditing SDGs. With regard to Ms. Chaniyalew's question, he added that SAI of Indonesia has also developed a strategic plan which has been aligned with the Government's National Development Plan. Mr. Azis expected that SAI of Indonesia could increase its audit value through performance audits using the INTOSAI standards and perspectives.



Concluding the session, *Dr. Pramono* said that SAIs could provide valuable contribution to their own National Governments' efforts to track progress, monitor the implementation, and identify improvements and opportunities across the full set of SDGs based on their own mandates and priorities. He also explained that SAIs could at least perform six tasks, namely: a) assess the readiness of the government in implementing the 2030 Agenda; b) assess the economy, efficiency and effectiveness of the implementation of SDGs; c) review budgetary commitment; d) improve the budget transparency and accountability; e) contribute to the implementation of SDGs programs; f) lead by example.

Dr. Pramono then closed the session and thanked all the panelists and the meeting participants for their active participation.

*Lunch Break*

**Session 2 – Multilateral Environmental Agreements (MEAs): Current Issues and Progress**

Moderated by Ms. Julie Gelfand the Commissioner of the Environment and Sustainable Development of the OAG Canada, the plenary consisted of four panelists from United Nations Environment Programme (UNEP), United Nations Framework Convention on Climate Change (UNFCCC), Convention on Biological Diversity (CBD) and Indonesian Ministry of Environment and Forestry.

**Panelist #1 The Role of SAIs and Other Stakeholders to Foster the Implementation Synergies and Collaborative Actions – Potential Roles of SAIs including Results or Status of the MEAs Evaluation Project.**



Arnold Kreilhuber

Mr. Arnold Kreilhuber, as representative from UNEP highlighted his presentation on the importance of SAIs' role in ensuring transparency and accountability of public finance through environmental sustainability auditing in order to protect the environment for future generation. He added 8<sup>th</sup> survey result showed how SAIs were increasingly performing audit of MEAs implementation.

Especially with the implementation of 2030 Agenda specifically referring to the Goal 16 of the Sustainable Development Goals, SAIs are expected to become strong audit institution in ensuring transparency and accountability to help the society in the transition to sustainability development.

Mr. Kreilhuber explained how violation of environmental law is becoming critical and how it has an impact on the achievement of sustainability development. He gave an example on the chemical waste handling and how its mismanagement might cause danger not just to the environment but to the society. Thus, an effective implementation of MEA became the core of the efforts of the governments. He also explained how the lack of financial resources became the challenge faced by many governments in implementing MEAs.

He mentioned that the 2<sup>nd</sup> session of UNEP Assembly Meeting also discussed about the importance of implementing MEAs effectively and how to avoid duplication between MEAs. This will enable governments avoiding duplication of resources and efforts in the implementation of MEAs. Mr. Kreilhuber also talked about recent development on Memorandum of Understanding (MoU) between WGEA and UNEP. He said that there was an increasing number of MEA audit and it grows continuously. He mentioned about the MEA effectiveness project which is a platform to develop methodology to increase the effectiveness of MEA implementation. UNEP also developed a tool which could work as an accurate data platform which could solve the challenge faced by SAIs in obtaining a reliable environmental data. Mr. Kreilhuber concluded his speech with stressing the importance of UNEP's role in promoting environmental audit globally and as the leading environmental agency within UN system to increase the auditors' capacity in environmental audit. Lastly, he invited the WGEA members to talk further about the implementation of MoU between WGEA and UNEP.

### **Panelist #2 Discussion on the Recent Paris Agreement on Climate Change and What This May Mean for SAIs**

Mr. David Abbas representing UNFCCC explained briefly about articles in the Paris Agreement. With the entry into force in November 4<sup>th</sup>, 2016, the Governments will be obligated to take action to achieve the temperature goals enshrined in Paris Agreement. According to the agreement, there will be actions to monitor the Nationally Determined Contributions every 5 years without any sanctions but to keep support for ratifying countries.

Mr. Abbas pointed out the importance of reducing emissions from deforestation and forest degradation and Sustainable Development Mechanism as one of the mechanisms to support the achievement of Paris Agreement. He also added that National Adaptation targets and plans are important in reducing the emissions.



David Abbas

Furthermore, he explained briefly about Loss and Damage mechanism, financial assistance, technology transfer, capacity building, education, training and public awareness related to the implementation of Paris Agreement. Ending his presentation, Mr. Abbas

elaborate on the transparency framework which will be reviewed by technical experts with supportive manner not punitive.

### **Panelist #3 The Role of SAIs to Support the Implementation of MEAs**

Convention on Biological Diversity (CBD) represented by Mr. Braulio de Souza Dias. Mr. Dias started his presentation with introducing the Convention which entered into force in 1993. The convention has 20 targets or known as the Aichi-Nagoya Biodiversity targets, under five strategic goals which included: 1) address underlying causes of biodiversity loss by mainstreaming biodiversity across government and society; 2) reduce direct pressures on biodiversity and promote sustainable use; 3) improve status of biodiversity by safeguarding ecosystems, species, and genetic diversity; 4) enhance benefits to all from biodiversity and ecosystem services; and 5) enhance implementation through participatory planning, knowledge management, and capacity building.



Braulio de Souza Dias

In addition to that, Mr. Dias explained about Strategic Plan for Biodiversity 2011-2020 and the measures taken to implement it such as reviewing and updating the National Biodiversity Strategies and Action Plans (NBSAPs), developing national targets, adopting the updated NBSAPs and monitoring the implementation of the updated NBSAPs along with the national targets. He later displayed the progress towards the Aichi Biodiversity Targets based on the 5<sup>th</sup> National Reports and assessment scheme of the progress towards those targets. Finally, he explained about the audit of MEAs implementation which aimed to: 1) present a general diagnosis and analysis of the state of implementation of MEAs; 2) identify the legal and institutional framework created in a country to fulfill its obligations; and 3) assess the effectiveness of implementation as well as to identify the main challenges.

He also mentioned several importance of auditing biodiversity, and several study cases in auditing biodiversity. Ending his presentation, he listed several possible collaborations between CBD and INTOSAI WGEA which include updating the INTOSAI WGEA Guidance on Biodiversity and develop SAI's capacity in auditing biodiversity through training, technical assistance and other activities.

### **Panelist #4 The Implementation of MEAs in Indonesia**



Laksmi Dhewanti

Ms. Laksmi Dhewanti representing Indonesian Ministry of Environment and Forestry firstly explained the ecological deficit experienced by Indonesia as the rationale behind MEAs matters. She said how Indonesia has promoted the sustainable use of natural resources which expected to alleviate the poverty, creating decent jobs and ensuring the sustainable economic growth.

In Indonesia, MEAs have been playing a critical role in the overall framework of environmental laws and conventions as complement to the national legislations and other bilateral/regional agreements in addressing particular environmental issues. There are three major issues in which the Indonesia have participated, namely: Biodiversity and Land-related, Climate and Atmosphere-related, and Chemicals and waste.

In implementing those MEAs, the government issued national legislation, set up institutions, internalized it into the National Implementation Plan and frequently report and

monitor the implementation. She provided several examples to illustrate the progress of MEAs in Indonesia and briefly explained about the fund allocation received by the Government of Indonesia related to the MEAs implementation.

Ms. Dhewanti continued with explaining the benefits of implementing the MEAs especially in terms of protecting the public health and environment and improving governance. However, there were also several challenges faced by the Government such as the economic burdens at different stages and the limited options of policy instruments. Ending her presentation, she conveyed her expectation to have further regulation/guidance/schemes also the need to involve broader scope of stakeholders in implementing MEAs.

#### *Discussion*

*Mr. Adolphus Aghughu, SAI of Nigeria* asked about the experience of Indonesian government in ratifying MEAs.

*Ms. Dhewanti* explained the recent experience of Ministry of Environment and Forestry in the ratification process of Paris Agreement in 2016. She explained the process began in the end of 2015 when COP 21 was held in Paris. The Ministry invited the Parliament Members to join as the member of delegation to familiarize them with the environmental issues and gave them the opportunity to interact with global community related to climate change issue. After the meeting, the Ministry designed and developed an academic paper related to the approval together with other stakeholders. Based on the paper, the Ministry drafted an Act with consultation with internal government and other agencies in two-months. Within the process, the Ministry ensure whether the implementation of Paris Agreement was in line with other environmental regulation, and other MEAs. Finally, the draft Act was brought to the Parliament to be discussed and agreed. Soon as the Parliament agreed, the President signed the Act.

Ms. Dhewanti said that the ratification process of Paris Agreement considered to be shorter than any other MEAs. She said that other MEAs need more time to be ratified as it needs to consider more regulations and other elements. She also highlighted the importance of communication with all stakeholders in the ratification process as it eased the process. Once the stakeholders agreed about the Act, it would be easier to domesticate the ratification.

*Mr. Dias* added that despite being the biggest scope, environmental issues have the smallest proportion among other issues in the Government Budget. It was a common problem faced by many countries in the world that environmental issues received lack of attention among other issues. Agenda 2030 became important as the environmental issues received more attention than before. He also explained the issue of time lag as Governments take time to establish progress and train people in terms of 2030 Agenda. Based on the assessment of several indicators, it is shown a growing concern in environmental issues in terms of legal and policy measures despite the low performance on the biodiversity.

In the field of policy measures, it still adopted the old model which is based on the common differentiated responsibility. Thus, Addis Ababa Action Agenda clearly indicate the need to domesticate the solution. The Action Agenda implicated that there should be more efforts done to see where the money goes in order to ensure whether the measures were effective.

### **Session 3 – INTOSAI WGEA Matters**

#### **The Outputs of WGEA Work Plan 2014-2016**

Presented by Harry Azhar Azis, Ph.D. and Mr. Edward G.H. Simanjuntak, the session consisted of Chair Progress report, the results of 8<sup>th</sup> Survey on Environmental Auditing, Approval of 2014-2016 Work Plan Document, and Introduction on the 2017-2019 Work Plan.

Mr. Azis began with explaining each status of every projects within the Work Plan 2014-2016 which have been finalized and approved by SC members. With regard to ISSAI review project, except for the ISSAI 5130, all three ISSAIs have been approved and ready to be endorsed during INCOSAI XXII in Abu Dhabi. On the other hand, the finalization of ISSAI 5130 will be postponed until INCOSAI XXII.

With regard to the achievement of Goal 2, Mr. Azis mentioned several cooperative audits performed in several regions such as PASAI, COMTEMA, ASOSAI, and EUROSAI. Environmental trainings held in iCED and Forestry trainings held in SAI of Indonesia's training center, Greenlines newsletter, Annual Audit Collection and the 8<sup>th</sup> Survey were the achievements of the Goal 3. Lastly, Goal 4 achieved through the MoU implementation between WGEA and UNEP, close cooperation with UNFCCC, EEA, CCAF and CBD.

Mr. Simanjuntak continued the presentation with explaining more detail results on the 8<sup>th</sup> Survey. With 58 responses received, the survey basically follows the format of the previous 7<sup>th</sup> survey that spread around six main topics: 1) SAI's audit mandate; 2) environmental audits performed and planned to be performed by SAIs; 3) impact of environmental audits; 4) environmental auditing capacity; 5) cooperation between SAIs; and 6) WGEA products.

Regarding the audit mandate, majority of the respondents have the legal mandate to audit on environmental issues but only nearly a quarter of the legislative mandate refer specifically on environmental auditing. There is an increased percentage of environmental audits performed by SAIs in which the topics spread around climate change, water, marine pollution and ecosystem management.



Edward G.H.  
Simanjuntak

With regard to the impact of environmental audits, more than 85% of SAIs respondents considered that their audits brought impact and actively monitor the implementation and recommendations given through their audits. In terms of environmental auditing capacity, 43% SAIs respondents have their own specific unit for environmental audit, and 34% of SAIs respondents plan to increase the number of environmental auditor. Several issues identified related to the environmental auditing capacity, namely the insufficient data, insufficient monitoring and reporting system, lack of skills and training.

In relation with the cooperation between SAIs, 2/3 SAIs respondents have cooperated on environmental issues and exchange of audit information was identified as the most common types of cooperation. Lastly, related to WGEA products, WGEA website considered to be the most well-known and used by the SAIs respondents while WGEA Guidance materials considered to be the most important WGEA products for the SAIs respondents.

Mr. Simanjuntak then introduced the next Work Plan of 2017-2019 which has been developed based on the result of 8<sup>th</sup> Survey, 14<sup>th</sup> Steering Committee Meeting result and the proposal from member SAIs. The work plan was built upon the same four-goals framework. Goal 1 consisted of eight projects which mostly related to research and developing audit

guidance. Goal 2 planned to have 3 three activities which spread around encouraging cooperative audits within regions. Goal 3 will have similar activities with the previous work plan except with the addition on developing training tool based on the Greening the SAIs research project. Finally, Goal 4 consisted of the continuation of cooperation between WGEA and UNEP and between WGEA and CBD especially in updating the Guidance materials on Biodiversity.

#### *Discussion*

*Ms. Julie Gelfand, SAI of Canada* asked about the specific Goal 15 mentioned within the activity of Guidance on SDGs and the relation with IDI-KSC Guidance document on Auditing SDGs.

Mr. Simanjuntak said it will be up to the project leader to decide the scope of the Guidance. He added that as soon as the Work Plan approved there will be another discussion among the Steering Committee members on the plan for the scope of that guidance.

Mr. Azis added that as one of Steering Committee members, SAI Canada could discuss this further during the Steering Committee meeting.

*Mr. Jonathan Keate, SAI of New Zealand* asked about plan for Cooperative Audits on Climate Change plan in Goal 2 and whether it has coordinated with IDI to avoid duplication within the regions.

Mr. Simanjuntak said that the duplication could be avoided as long as the project leader of the cooperative audits could discuss with IDI whether the cooperative audit is a duplication of one of the IDI program.

In line with Ms. Gelfand, *Mr. Junnius Marques Arifa, SAI of Brazil* also asked about the specific Goal 15 for the Guidance of SDGs and suggested to have broader scope of SDGs approach and more practical for SAIs to audit the SDGs. He further mentioned about OLACEFS' plan to have a cooperative audit on SDGs which applies to all goals not just specific goal. He also mentioned about regional differences that might occur during the performing the audit and expected the guidance to be a tool to implement ISSAI 5130.

Mr. Simanjuntak acknowledge the plan of OLACEFS' plan for cooperative audit on SDGs. This guidance hopefully could be the tool in implementing ISSAI 5130, however, the endorsement of the ISSAI 5130 still have to be postponed until the INCOSAI XXII in Abu Dhabi. Regarding the differences that might occur during the cooperative audits between regions, he said that it was the beauty of the WGEA where it could have differences in perspective in auditing SDGs. He said that WGEA Secretariat still open for ideas and further discussion regarding this matter.

Mr. Azis said that as this Work Plan still on draft, the discussion regarding the Work Plan could be continued further in the formal session or informal session to the Secretariat. Also, he invited all SAIs to contribute in the next Work Plan by signing their SAI's name in the flip charts provided by the Secretariat in the back of the room.

*Ms. Viire Viss, SAI of Estonia* explained briefly about online course activities included in the Goal 3 of the Work Plan draft and how it has attracted many participants so far.

Mr. Simanjuntak appreciated SAI of Estonian's initiative regarding the online course on the environmental issues.

Mr. Azis concluded the session with explaining the next step for the Work Plan approval within the next two days. Mr. Simanjuntak explained briefly about the agenda for the next day.

## **Day 3 – 26 October 2016**

### **Second Day of the Meeting**

#### **Introduction by Secretariat of INTOSAI WGEA**

Mr. Edward Simanjuntak explained briefly about the next Work Plan 2017-2019 and the procedure regarding the registration for project leader and project subcommittee members. Further he elaborated the previous day's agenda and the upcoming agenda of the meeting. He also reminded the meeting participants to register for the parallel session for the day.

#### **Session 4 – Sustainable Development Goals: Stakeholders' Perspectives and Roles**

Moderated by Dr. Alar Karis, Auditor General of Estonia, the session consisted of four speakers from Indonesian Center of Sustainable Development Goals Studies, Padjajaran University, Australian National University, SAI of United Arab Emirates, and SAI of Canada.

#### **Speaker #1 – SDGs: The Need for an Integrated Approach and Strategy**

Prof. Armida S. Alisjahbana as the Chair of SDGs Center started her presentation by explaining shortly about the SDGs. She elaborated on the three main pillars of Sustainable Development and issues related to each pillar. Prof. Alisjahbana stated the achievement of SDGs will depend on the successful implementation of all three pillars and good governance and institution at all levels plays major role on that.

She pointed out that there should be an integrated approach and synergy between goals and targets set in 2030 Agenda thus it is necessary to focus on links between thematic areas which later can facilitate anchoring certain Goals in the system. Prof. Alisjahbana then displayed the figure taken from Le Blanc (2015) which illustrate SDGs as the Network of Targets which mean that targets under every goal are interconnected with each other.



Prof. Armida S. Alisjahbana

Based on Le Blanc (2015), Goal 12 – Ensure Sustainable Consumption and Production Patterns has the most connected goals which is 14 goals. The second place is Goal 10 – Reduce inequality within and among countries which has 12 connected goals. This showed how SDGs have to be perceived as one big picture where multiple goals could be observed as framework for policies and basis for comprehensive policy responses. Using example of Comprehensive Policy Responses (UNEP, 2015), it is explained how current pattern resource use need decoupling of economic development from environmental degradation. The economic growth, urbanization without proper concern on environmental and natural resources brought impact on health and livelihoods of people. Lastly, Prof. Alisjahbana stated that each country need to have specific framework and analysis regarding the implementation of SDGs. Stakeholders' commitment, global cooperation, knowledge sharing platform are important if a country wants to implement SDGs.

#### **Speaker #2 – “Lifting the Game” of Public Auditing for the Success of SDGs**



Awadesh Prasad

Mr. Awadesh Prasad from Australian National University elaborated the result of his research about Public Auditing. He explained the background of his research which was the academically neglected performance audits as one of the assessment method for environmental sustainability. Goal 16 of SDGs become one of the main contexts of Sustainable Development within his research.

Mr. Prasad explained several key findings of his research. First, regarding global trends, there were top three barriers faced by SAIs identified from the research, namely: 1) lack of skills; 2) insufficient data; and 3) insufficient, monitoring, and reporting systems. Second, Mr. Prasad also explained about how the performance audit currently practiced such how there was no specific standard on performance audit reporting.

Key issues related to environmental performance audits were identified, such how the issues remained despite the positive impact given from the audits, and deficient policies and institutions of the governments. The environmental audit issues depend on the income level of countries and the performance audits on it was growing unevenly. Several barriers and constraints related to environmental performance audits especially related to skills and data. Better practices in Australia, Canada, and India on performance auditing were explained. Some issues and challenges were explained related to SDGs such the complexity of SDGs, limited mandate owned by SAIs, SAIs' capacity and the cooperation mechanism.

Further, actions need to be taken by Global Community (UN, WB, and ADB), Individual Governments, and SAIs to achieve SDGs. For instant, SAIs could build partnerships and lift the game through improving communication and develop standards for reporting. Ending his presentation, he conveyed his hope to continuously support WGEA.

### **Speaker #3 – How can INTOSAI contribute to the UN 2030 Agenda on Sustainable Development?**



Khalid Hamid

Through Video Conference, Mr. Khalid Hamid as the representative of SAI of United Arab Emirates describe how Agenda 2030 was jointly committed to by UN Members States in September 2015 and it came to effect on January 1<sup>st</sup>, 2016. He stated that all countries should commit to implement the Agenda within their own countries with consideration of differences in national realities, capacities, and levels of development, also respecting national policies and priorities.

He mentioned that the adoption of 2030 Agenda for Sustainable Development by the UN presents both opportunities and challenges for INTOSAI. INTOSAI has an important role to play in national, regional, and global efforts in implementing SDGs, also within the review of their progress.

With a broad scope of SDGs, SAIs with their capacities to audit financial, compliance, and performance audits could play effective role in supporting their country within the preparation, implementation, and reporting phase of the SDGs. INTOSAI has closely working together with UN since the 1<sup>st</sup> Seminar/Symposium in 1971 and over the last couple of years several UN Resolutions were made that highlight the importance of SAIs and INTOSAI.

The SDGs are the great opportunity to start greater relationship with the UN. Thus, INTOSAI has placed SDGs as a crosscutting priority the next INTOSAI Strategic Plan 2017-

2019. Four approaches have been developed by INTOSAI to help SAIs taking their roles in the SDGs. Lastly, he said the importance of having an informal expert group under INTOSAI which consist of experts to develop, coordinate, and monitor INTOSAI's contribution to the SDGs. The status of the group should be reviewed at INCOSAI XXIII when the role and responsibilities of INTOSAI will be clearer.

**Speaker #4 – Auditing/Reviewing Canada’s National Sustainable Development Strategy and the Integration of Agenda 2030 Target into Sustainable Development Strategy**

Ms. Julie Gelfand representing SAI of Canada began with elaborating about her country, Canada and the organizational structure of the Office of the Auditor General of Canada. Ms. Gelfand also explained about her position as the Commissioner of Environment and Sustainable Development (CESD) which has to report directly to the Parliament of Canada. She added, based on Auditor General Act (1985) and the Federal Sustainable Development Act (2008), Sustainable Development is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

She elaborated how the Government of Canada enacted the Federal Sustainable Development Act in 2008 which result to the development of Federal Sustainable Development Strategies (FSDS).



Julie Gelfand

CESD committed annually to monitor and report the selected Federal Departments and Agencies contribute to meet the goals set in FSDS. In addition to that, CESD has been considering the SDGs including the plan to have an audit on preparedness of the Government of Canada in implementing SDGs, improving the current reviewed ISSAI 5130, responding to the current FSDS 2016-2019 has encompassed some of the SDGs, and identifying the past audits to determine potential gaps.

Ms. Gelfand also recognized the other countries implementing the SDGs like Germany, Colombia, and Switzerland. Lastly, she pointed out to what roles can WGEA do within the SDGs implementation. She suggested that WGEA could help SAIs in improving baseline data and indicators related to SDGs, working closely with IDI to improve the Guidance for SDGs audit, and improving the current reviewed draft of ISSAI 5130 with more SDGs substances.

*Discussion*

*Mr. Marcoen Roelofs, SAI of Netherlands* asked to Ms. Alisjahbana about how to work on 169 targets and asked whether there is any governing model exist for the SDGs implementation.

*Ms. Alisjahbana* said that there was no easy answer for that. Thus, she explained the experience of Indonesia in working with 230 set targets for SDGs. Government of Indonesia set priorities in working with the set targets. For example, Government prioritized human resource development through improvement in education, health and human induced climate change sectors.



Dr. Alar Karis

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In response to that, *Dr. Vivi Niemenmaa, European Court of Auditors* added that Sustainable Development should be seen as the interlingua approach for all SDGs in the audit to view other aspects and to view the entire of sustainable development strategy.

*Mr. Sunil Dadhe, SAI of India* asked to Ms. Julie Gelfand about how to deal with complexity in setting indicators linked to SDGs and their correlation. Also, in respond to the question given by Ms. Gelfand to the floor regarding what should WGEA do next, Mr. Dadhe conveyed his consciousness that ISSAI 5130 was not just environmental audit and as a group member, he said he would be happy to adjust.

Ms. Gelfand said that it was up to the group to decide to expand the scope of the work. With regard to Mr. Dadhe question, she said that for the past 25 years, she worked mainly about environment not about sustainable development. She said that having 17 goals which basically everything and complicated, it would be better to create new thing during the upcoming INCOSAI.

*Mr. Jonathan Keate, SAI of New Zealand* said that with regard to SDGs, New Zealand was almost the same with Canada and experience the same as what Indonesia and India in terms of complexity. He asked Mr. Khalid Hamid about the plan on having preparedness audit which will be joined by 40 SAIs.

*Mr. Hamid* explained that a team formed by IDI and INTOSAI Knowledge Sharing Committee has developed a comprehensive approach regarding the government's preparedness to implement SDGs. INTOSAI hoped to aggregate data from the audit especially with regard to approach I of the Strategic Plan.

In response to that, *Ms. Gelfand* asked whether SAIs need to have plan or other documents to implement SDGs.

*Mr. Hamid* said it would be up to the congress in Abu Dhabi result in December 2016.

*Mr. Adolphus Aghughu, SAI of Nigeria* asked about the work nature of Ms. Gelfand as the Commissioner of Sustainable Development.

Ms. Gelfand said that her work was to audit government work through an independent audit work.

*Mr. Rana Shakeel Asghar, SAI of Pakistan* said about how environmental issues have major effects on SDGs. He also said that with regard to the plan on forming the expert group on SDGs, it would be more appropriate to have the group based on regions, where similar issues and challenges were identified. Lastly, he learned from the session that all SDGs have been addressed by all countries and the governments have formulized something to implement and monitor whether it is achieved in the 2030.

*Ms. Marion Barthelemy, UNDESA* said that how UN has developed an integrated approach to review the progress in which some goals could not individually reviewed as it is integrated with other goals or related with other sectors. She gave an example from the explanation from Indonesian Minister of Planning Agency in the first day meeting regarding the linkages between development of renewable energy and poverty reduction effort. She pointed out the importance of identifying whether there are linkages between sectors made by the government within their efforts in implementing SDGs.

*Dr. Alar Karis* concluded the session with mentioning the important role of UN especially for less developed and developing countries in translating the goals within their government bodies.

## **Session 5 – 2014-2016 Work Plan Output**

### **Parallel Session #1**

#### **Group #1: Renewable Energy – Led by SAI of Morocco**

The session consisted of several presentations from SAI of Morocco as the project leader, SAI of India and European Court of Auditors. First presentation came from Mr. Hassan Namrani as project leader. He explained about the objective, scope and the steps done during the research process. Mr. Namrani explained that the research has collected the research data through research questions distributed through mini survey sent to INTOSAI members during 2014. There are four main chapters within the paper, namely: 1) introduction to renewable energy; 2) policies and governmental response to renewable energy challenges; 3) role of international cooperation in the development of renewable energy; and 4) auditing renewable energy.

Second presentation was brought by Mr. Sunil Dadhe on Audit of Renewable Energy Sector in India. The audit was a follow up action of the launching of Indian National Action Plan for Climate Change (NAPCC) in 2008 to mitigate climate change and how renewable energy would constitute 15% of the energy mix of India by 2020. Mr. Dadhe explained the current status of renewable energy and energy challenges faced in India which still need to import 90% needed oil and 45% of needed coal. There were three-fold strategy related to the renewable energy development in India which include financial support, private investment, and remuneration returns for power fed into the grid.

The audit was performed to examine the progress made in: increasing renewable energy resources (energy mix), access to electricity, and promoting research, design, development, and demonstration. Using NAPCC, incentive schemes guidelines, and statutory provisions and regulations as criteria, several results from the audit are as follow: 1) there were several shortcomings in Renewable Purchase Obligations (RPO) enforcement and Clean Development Mechanism (CDM) implementation; 2) there was a miniscule exploitation of the estimated potential of renewable energy; and 3) deficiencies in terms of off-grid renewable energy substantial projects and maintenance systems. The audit recommended the government to improve the enforcement on the RPO, put more efforts to the exploitation of renewable energy, and setting up an effective mechanism to ensure that off-grid systems are properly maintained and remain functional. After the audit, Government of India realized the renewable energy potential by increasing solar energy generation target five times than the existing by the year of 2022.

Last presentation of the session was brought by Dr. Vivi Niemenmaa from European Court of Auditors (ECA). The presentation elaborated how recent renewable energy was performed by ECA with regard to cohesion funds and biofuel certification. First, Dr. Niemenmaa elaborated about renewable energy target by 2020 which is 20% share of renewable energy in energy consumption, and 10% share of renewables in transport sector. Further, she explained about ECA special report on the audit of cohesion policy funds to support for renewables (biomass, photovoltaic, solar thermal, and wind). The audit found that the projects delivered outputs as

planned but there were some weaknesses especially integrating renewables electricity into the grids.

She continued with explaining the latest report on audit of the EU system for certification of sustainable biofuels in 2016. The audit found that EU certification system for the sustainability of biofuels is not fully reliable. ECA recommended carrying out a more comprehensive assessment of voluntary schemes and increasing the transparency of the schemes. Lastly, based on the audit result, she also pointed out the importance of a reliable data/statistics on biofuels quantities provided by the member states.

The session was again continued by Mr. Namrani regarding the paper. The first chapter answered to question of "what are the limitations to the development of renewable energy worldwide?". This chapter explained the issue of cost limitations, technical constraints, institutional constraints, subsidies for non-renewable, and geographical/natural conditions of specific countries. Second and third chapter answered the question on "how to mitigate the limitations to development of renewable energy and promote their use?". Lastly, within the fourth chapter, reader could see several examples regarding audit on renewable energy which are divided into four main topics as follow: 1) public policy on the use of renewable energy sources potential; 2) relevance of public programs and projects on renewable energy; 3) efficiency and effectiveness of measures to promote production and consumption energy from renewable sources; and 4) linking the use of renewable energy impact and climate change plan.

Before ending his presentation, Morocco explained about the communication plan made for the research paper which include distributing materials to all INTOSAI members through INCOSAI meeting, INTOSAI Journal, Greenlines, etc. Also, within the ARABOSAI region through presentation in the ARABOSAI meeting. He also invited the session participants to join the COP22 which will be held in November 2016.

## **Group #2: Energy Savings – Led by SAI of Czech Republic**

There were three main presentations within the session. The session was opened by Ms. Helena Vorbova about the session sequence. First presentation was from SAI of Czech Republic who explained the result of the project. Mr. Michal Rampir of SAI of Czech Republic elaborated in detailed the research paper, from the background, objective, methods, and the results. As for the renewable energy project, this research paper was built upon three main questions: 1) What tools are used by your state to support or increase energy savings or energy efficiency?; 2) Do you have set indicators for measuring energy savings and energy efficiency? If so what are they?; and 3) Did your SAI perform an audit of these indicators during the last five years?

Ms. Helena Vorbova continued the presentation with details on first chapter. As an answer to first question, first chapter of the paper explained how Governments can use various tools, direct, and indirect to manage state energy policy, focusing on measures to improve energy efficiency and energy savings. It is also explained the difference between the terms of energy savings, energy efficiency, and energy conservation. Also, first chapter explained on examples of measures to improve energy savings. Second chapter of the paper was explained back by Mr. Rampir which mainly consisted of legal framework of energy savings, and indicators for measuring energy efficiency. The third chapter of the paper which explained about auditing

energy savings issues from INTOSAI community experience. Ms. Vorbova later explained on audit performed by SAI of Sweden in 2013 on energy efficiency in Industry-effects of central government action. Lastly, Mr. Rampir elaborated on the audit performed by SAI of Czech Republic on State Budget funds provided for support of energy savings published in 2016

The presentation is followed with presentation from SAI of United States of America (USA) represented by Mr. Mark Gaffigan. Mr. Gaffigan started his presentation with introduction of SAI of USA's work structure and the role of SAI of USA in energy efficiency and energy conservation and how they have focused in reviewing the government's efforts and results on energy efficiency and energy conservation. There were several review examples mentioned within the presentation, namely: 1) DOD Renewable Energy Projects: Improved Guidance Needed for Analyzing and Documenting Costs and Benefits; 2) Defense Infrastructure: Energy Conservation Investment Program Needs Improved Reporting, Measurement, and Guidance; and 3) Energy Savings Performance Contracts: Additional Actions Needed to Improve Federal Oversight.

In summary, all three reviews' key findings spread around:

- Lacking proper documentation of the project;
- Lacking proper documentation of measurement on reduced energy use and cost savings;
- Overstated savings of costs and energy which nearly half of project's reported annual savings.

Ms. Cui Yan from SAI of China continued the session with presentation on China's auditing of energy conservation. Firstly, she explained on the previous audits performed by SAI of China related to energy conservation and how innovative auditing model was expected to accomplish to solve problems in the past audits performed. The latest audit was aimed to protect fund security, improve systems, standardize management, and improve performance of the budget arrangement and transfer payment by central government to 18 provinces in China. The audit found several problems including the fabrication of fake application materials to acquire fund, misappropriation of fund for production and operation, and failure in meeting policy targets.

The audit brought several impacts to the Government of China, namely: 1) the recovery of some funds that were fraudulently acquired or swindled; 2) several cases have been proceeded to the judicial organs; and 3) the relevant departments have put their concern on the existing problems identified by SAI of China. Finally, it is also explained that lack of audit resources and the complexity in software usage brought some challenge to SAI of China during the audit.

SAI of Slovak Republic represented by Mr. Igor Blasko became the last presenter of the session by elaborating the Audit Energy Savings in Public Administration in Slovak Republic. Mr. Blasko started his presentation with introducing briefly on the current status of energy in European Union and what to improve further through 5 Guiding Dimension, 15 Concrete Actions, and 43 Initiatives. He explained that in Europe, energy efficiency is seen as the biggest energy efficiency. Thus, in 2015 SAI of Slovak Republic performed a combined compliance and performance audit as part of INTOSAI WGEA Project on Energy Savings. The audit found that the Government of Slovak Republic has assessed the fulfillment of the national targets annually and has established a permanent intra-ministerial commission to prepare action plans for energy effectiveness.

Several risks related to energy savings program were identified, namely: financial risk, capacity risk, and risks related to assessment measures in energy effectiveness and relevant goals fulfillment. The audit also found that Slovak Government has breached its duty to provide annual renewal of 3% of total heated and cooled floors of government buildings and should systematically use the proceeds from emission trading schemes and revenues as well as duties collected from electricity, coal, and natural gases sales. Lastly, Mr. Blasko conveyed his SAI's intent to audit energy savings in building as a part of EUROSAI WGEA project in 2017.

The session was continued with discussion spread around exposure of sensitive information related to Department of Defense, time length and whether there was any fraud involved in the audit performed by SAI of China.

### **Group #3: Updating Waste Guidance – Led by SAI of Norway**

The session was led by Mr. Sigmund Nordhus as the project leader from SAI of Norway. Mr. Nordhus explained how this project was an update upon 2004 INTOSAI WGEA document "Towards Auditing Waste Management". The new Guidance was structured using step by step method in auditing waste management, namely: 1) Identifying environmental and health risk scenarios related to waste management; 2) mapping out the actors and their responsibilities; 3) identifying possible governance problems related to waste management; and 4) selecting an audit topic. He also explained about updated information in waste sector such waste management hierarchy, and latest audit methodology used in waste audit. The innovative audit aforementioned were: the use of public opinion, web-monitoring, tracking, and Geographic Information Systems (GIS).

Within the guidance, it is also explained about waste crime which have been a growing concern as international waste stream became more complex. These waste crimes caused by transboundary movement of waste and lack of international common standards, monitoring, and enforcement. Waste problems are being transferred into other countries and its amounts are difficult to estimate. Mr. Nordhus later elaborated about the coordinated audit performed by eight SAIs in Europe on the Enforcement of the European Waste Shipment Regulation which concluded that there were increasing risk of waste being shipped illegally which may result in improper waste treatment. Lastly, he mentioned several suggestions on how to cope with international challenges regarding waste issues which were: 1) cooperative audits; 2) exchange of SAIs information and expertise; and 3) use of innovative methods.

SAI of Nepal represented by Mr. Chandra Kanta Bhandari presented on SAI Nepal's Experience in Auditing Solid Waste Management in Kathmandu Metropolitan City (KMC). Mr. Bhandari started his presentation with explaining how solid waste became important issue in Nepal due to population growth and many other activities and Government of Nepal has put its efforts to ensure a healthy and safe life of the citizens. The audit performed by SAI of Nepal aimed to assess the efficiency and effectiveness of the Solid Waste Management in KMC within the year of 2011-2014. The audit identified several areas to improve such as: 1) the lack of survey and study on waste generation, waste composition, and density; 2) the lack of policy and program on waste segregation; 3) insufficient vehicles for collecting waste; and 4) inefficiency related to waste handling and poor condition of landfill.

The audit recommended the government to: 1) perform survey and study on waste generation regularly; 2) launch awareness and other incentive programs to reduce solid waste; 3) arrange for required numbers of vehicles; and 4) operate the existing infrastructure efficiently as

prescribed in the environmental laws. The audit has brought several impacts to the Government of Nepal to implement the audit recommendation into their annual plan and address all the issues identified within the report. Lastly, Mr. Bhandari shared their challenges during the audit and how WGEA seminar will be helpful for them to share knowledge, experience and skills in environmental audit.

SAI of Indonesia also have the opportunity to share their experience in auditing solid waste management in Jakarta city. The presentation brought by Mr. Didik Ardiastanto was divided into three parts: the audit information, the overview of the audit, and the audit findings. The audit was aimed to check whether the technical activities of landfill management comply with related regulation. The landfill (TPST Bantargebang) was operated by third party and has received waste from 5 districts of Jakarta since 2011.

Mr. Ardiastanto explained briefly on composition and characteristics of solid waste in Jakarta which mainly dominated with organic waste. Using GALFAD system, the landfill has processed the waste they received into electricity. The audit found several key findings such as: 1) the ineffective use of GALFAD unit to reduce waste rate and 2) the quality of waste water treatment which did not fulfill standard.

The session continued with some reflections and discussions regarding the paper and other presentation. There was a discussion regarding why excluding the discussion of environmental audit risks within the updated document. There was also a discussion about National Regulations/Charters regarding Waste Prevention or Waste Recycle which could give a higher level mandate to audit waste. Another discussion also touched upon the use of consultants/experts within the audit, methods to assess the effectiveness of the audit, and the issue of documents' hierarchy in terms of which should be referred by the auditors.

#### **Group #4: How to Improve the Quality and Impact of Environmental Audit – Co- led by SAI of Cameroon and SAI of Lesotho**

The session started with the elaboration from Ms. Manako Ramonate as the project leader about the session sequences and Mr. Francois Bekemen Moukoko continued with explanation regarding the result of the project. Mr. Moukoko explained on what made a successful audit through solid methodology, qualified personnel and sound knowledge of the subject matter. During planning phase, the paper pointed out the importance of topic selection in which people connect with, set an objective which focus on results, and conduct a collaborative audit to learn from others. Within audit execution and examination, the paper explained several methods to have findings that capture from all stakeholders.

Mr. Moukoko further explained that within reporting phase, it is important to make the report communicative enough to capture attention while not undermining the seriousness of issues within. When and how of the should follow-up be undertaken also an important in increasing the impact of the audit. The paper also provided examples of audits which illustrated how changes made within the process of audit brought better quality and impact of the audit.

Before going to the next presentation, there was a discussion on why the paper only focused on the performance audit instead of financial audit. Also, there has been a question on whether there is any identified environmental audit topics that have lower impact, the use of subject matter experts in increasing the quality and impact especially related in energy audit, and the issue of sequence of audit elaborated in the paper.

The session continued with presentation from SAI of New Zealand represented by Mr. Jonathan Keate. The presentation on Planning for Impact consisted of how SAI of New Zealand set an approach to theme based work program. The approach put audits and other products into groups with similar topics across a multiple year work program and topics inform the selection of theme not the other way around. Mr. Keate mentioned his office themes from the year of 2012 to 2019 where the current theme of 2016/2017 is about information. Mr. Keate pointed out that after the use of themes, the work of SAI of New Zealand has improve the performance of and the public trust in the public sector. The planning cycle included: 1) strategic; 2) scoping; 3) design; 4) test and refine; and 5) implement.

Next, he illustrated the approach using the proposed theme of 2017/2018 which related to water using the planning cycle. There were several points analyzed by SAI of New Zealand, namely:

- " Staff engagement
- " Stakeholder engagement
- " Citizen engagement
- " Scoping topics in more detail
- " Decide priorities
- " Consult with Parliament
- " Do the work 2017/18
- " Overview report 2018/19
- " Have impact on a high public interest topic.

He also explained about their approach to focus in the water issue which basically consisted of: 1) work they have done; 2) international work; 3) their interest on water issue; 4) stakeholders' perception on the issue; and 5) possibility to breakdown the topic into: quality, quantity, and marine. Lastly, he explained about the impacts they are seeking which included the independent view of water issues in New Zealand and understanding of gaps in governance and central government's implementation support.

The presentation continued with small discussion on the method used for collecting information about the potential topics for audit and how to decide upon certain theme for the next. Also, there was a discussion about the capacity and strategy used by SAI of New Zealand for improving the compliance audit in environment area.

SAI of New Zealand's presentation was followed by a presentation from SAI of Kuwait represented by Ms. Salma Alessa Alqenae. Her presentation was about improving the quality and impact of environmental audits in Kuwait. She began her presentation with elaborating briefly on the history of environmental audit in Kuwait and the growing concern of the government in environmental issues. She mentioned several requirements for an environmental audit to have a high quality and impact which included: careful topic selection, good planning, efficient execution, reliable reporting, effective communication and innovation. Further, she explained how SAI of Kuwait improve the quality and impact of their environmental audit. She mentioned the importance of selecting topic which have high value to citizen, top management support, expert auditors, cooperation with academic institutions, use of survey based analysis, and publication of the environment reports.

She used the audit report impacts on the Development of the Executive Bylaw Articles to illustrate how SAI of Kuwait has improved the environment protection from overfishing through that audit. However, she also mentioned several challenges in audit environmental issues, namely: the lack of data, difficulty in measuring environment impact, shortage in specialized experts, and lack of measurement indicators in some environment issues. Finally, she mentioned some lessons learnt from the process which highlight the importance of communication and cooperation with academic institution and civil society. Also, publishing the audit reports in a simple and innovated way has brought a desired influence of the audit.

The presentation was followed by a short discussion on involving public within the environmental audit through survey and further information on follow-up audit of the audit performed by SAI of Kuwait. The session ended gratitude to all participants conveyed by Ms. Limakatso Lucy Liphafa. She expected the research paper could be used for all SAIs to increase the livelihood of the citizens in their respective countries.



Parallel Sessions

### *Lunch Break*

### **Reporting Back from Parallel Session**

#### **Session Renewable Energy – reported by Mr. Mohamad Diyer from SAI of Morocco**

Mr. Diyer explained that the session was attended by more than 30 participants. He thanked SAI of India and European Court of Auditors for their presentations during the session. He explained briefly about the research paper and each presentation from SAI of India and ECA and finally conveyed his expectation that the research paper will improve the audit skills to audit the topic especially with regard to SDGs.

#### **Session Energy Savings – reported by Mr. Michal Rampir from SAI of Czech of Republic**

Similar to Mr. Diyer, Mr. Rampir also conveyed his gratitude to the SAI of Slovak and SAI of China for their contribution in the session. He also conveyed his hope that the paper will contribute to the improvement of World's Sustainable Energy. He ended his report with showing the participants a video he made with his colleague regarding energy efficiency awareness.

#### **Session Waste Management – reported by Mr. Sigmund Nordhus from SAI of Norway**

Mr. Nordhus thanked SAI of Nepal and SAI of Indonesia for their contribution in his session. He explained about the updated guidance and the two presentations within the session. He pointed out about viewing waste not just as problem but also a resource which should be regulated properly through policies nationally and regionally.

### **Session How to Increase the Quality and Impact of Environmental Audit – reported by Mr. Abdalla Hamid from SAI of Sudan**

Mr. Hamid represented SAI of Lesotho and SAI of Cameroon as the session leaders to report about the session. He explained about the content of the research paper which was a development of paper by CCAF. He pointed out the several examples on what SAI can do to improve the quality and impact of their environmental audits within different stages of audit. He thanked SAI of New Zealand and SAI of Kuwait for their presentations during the session and briefly explained the main message of the two presentations.



Parallel Sessions' Leaders Reporting their Sessions

### **Presentation on Reviewed ISSAIs**

The session was presented by the Leaders and Co-leaders of the Project from SAI of Indonesia, SAI of Brazil, European Court of Auditors, SAI of Canada and SAI of Philippines. *Mr. Dian Primartanto*, SAI of Indonesia began the presentation through explaining the team members and the due process which have been gone through and explained the main changes made within the four documents based on comments and inputs during the exposure drafts. For ISSAI 5110, there has been a slight change in its title into Guidance on Conducting Performance Audit with an Environmental Perspective. The updated ISSAI 5110 covers only the performance audit not like the previous document which covered all three types of audit. It also focused on planning and designing environmental auditing and ensuring the impacts of it. The new document took out the basic postulates which has been mentioned within the above level of ISSAIs and update the audit study cases with the latest ones.

ISSAI 5120 has also changed its title into Environmental Auditing in the Context of Financial and Compliance Audits. It focused on how environmental issues impact on financial statements through cash and accrual accounting and sustainability reporting. Similar to ISSAI 5110, the updated document took out the basic postulates which have been included in the above level ISSAIs.

ISSAI 5130, despite the decision to be postponed, the document planned to focus on more SDGs and preparing the audit of SDGs and auditing SDGs at program level. ISSAI 5140 was the only document which has no title change and it has an extra focus on knowledge sharing and exchange of information during cooperative audit. In terms of substance, it also included several other related documents on cooperative audit and Multilateral Environmental Agreements (MEA) also updated audit cases.

The three documents are planned to be endorsed during INCOSAI and will be translated into four other official languages of INTOSAI. Especially for the ISSAI 5130 document, it will be continued after INCOSAI XXII and should reflect all the result of INCOSAI XXII, INTOSAI Strategic Plan and other documents. It also planned to be worked in cooperation with other Working Groups which deal with other SDG topics.

The presentation was followed with a presentation by Ms. Dilyanka Zhelezarova and Dr. Vivi Niemenmaa from European Court of Auditors who provided detailed explanation on ISSAI 5110 and ISSAI 5120 review process. There were four main parts of the presentation, first the planning phase of the review, revision phase, exposure phases, and updating phase of the documents. The purpose of updating the documents was to reflect the latest developments in public sector auditing and the current audit practice. Main changes made in ISSAI 5110 document involved: 1) coherence with ISSAIs level 3 and 4; 2) updated case studies; 3) clear context of performance audit in environmental auditing; 4) cross-referencing with other INTOSAI standards and WGEA documents; 5) links to conventions and other documents from other organizations.

Similar to ISSAI 5110, changes made in ISSAI 5120 document also involve coherence with ISSAIs level 3 and 4, updating case studies, and cross-referencing with other INTOSAI documents. It also included questions that might prompt possible in environmental audit issues in terms of policies, governmental programs or activities, and environmental control procedures. The two documents have been exposed in [www.issai.org](http://www.issai.org) during April-June 2016 and received 8 SAIs comments in total.

They ended the presentation with explaining the key messages within the two updated documents which were: 1) the importance of environmental auditing to SAIs; 2) an SAI does not need to have specific mandate to conduct environmental audits; and 3) an environmental perspective can be integrated in any audit.

Ms. Kimberley Leach from SAI of Canada continued the presentation with explaining the review process of ISSAI 5130. In line with ECA's presentation, Ms. Leach elaborated the background of the revision, revision and approval process, and changes made to the document. As mentioned earlier, the endorsement of the document will be postponed until after the INCOSAI XXII in Abu Dhabi due to major comments regarding the recent developments of the SDGs and its relation with other INTOSAI documents.

She pointed out that the key messages of the reviewed ISSAI 5130 were to provide a guide which focused on three approaches of performance auditing with respect to Sustainable Development. This referred to auditing with objectives, lines of enquiry, questions, and criteria drawn from the government's Sustainable Development commitments and the core principles of Sustainable Development. Lastly, Ms. Leach raise the question to the audience on what role should ISSAI 5130 play in the future with regard to the SDGs and latest INTOSAI Strategic Plan of 2017-2022.

Detailed review process of ISSAI 5140 was later explained by Mr. Wilfredo Agito from SAI of Philippines. Firstly, he thanked for all SAIs that have send their inputs to the exposure draft and briefly summarize all the inputs from total of 8 SAIs. Mr. Agito explained that the ISSAI 5140 aimed to defined different types of cooperative audits, its advantages and disadvantages, approaches that might be used by SAIs, and example of agreement that can be used by SAIs in performing cooperative audits.

Several documents were referred within the ISSAI 5140, namely: ISSAI 5110, ISSAI 5120, ISSAI 3000 and ISSAI 5800. The document also consisted of updated case studies collected through INTOSAI WGEA Audit Report Database and inputs from SAIs through mini survey distributed in 2014. The document also included lessons learned from the cooperative audit performed in 2009-2013 in ASOSAI and EUROSAI regions. Finally, he conveyed his expectations in having the document to be endorsed, disseminated through publication, used as capacity development tools through training, adopted and implemented by SAIs which wish to perform cooperative audit.

### *Discussion*

*Mr. Adolphus Aghughu*, SAI of Nigeria asked about stages need to be taken within the cooperative audit and asked why there is need to be difference standards for performance audit and compliance audit for environmental issues.

Responding to Mr. Aghughu's first question, *Mr. Wilfredo Agito*, SAI of Philippines said it depends all to the participating SAIs whether how to communicate and coordinate with each other. It also up to the participating SAIs to decide how to report the results of the audit, whether it is through joint report, separate reports or concurrent reports. Lastly, he pointed out the importance of stakeholder relations to obtain feedback regarding the report.

With regard to second question of Mr. Aghughu, *Dr. Vivi Niemenmaa*, ECA explained the objective of having ISSAI 5110 and ISSAI 5120 was basically not to make different but to highlight the specific nature, specific features, and different impression of environmental audit by no means to contradict with other types of audits. In addition to that, *Mr. Dian Primartanto* explained that during the review process, the team has considered all ISSAIs in Level 1, 2 and 3 and other ISSAIs in Level 4. The purpose of having the ISSAIs of 5100 series was to give opportunity for all SAIs which might not have all the mandate to perform all three types of audit. He gave an example of SAI of Indonesia which still facing a challenge to incorporate environmental issues within the audit and to relate it to financial statement. *Ms. Dilyanka Zhelezarova*, ECA added how these standards were different with other standard related to environmental management such ISO 14001 about Environmental Management System.



ISSAI Review Project Leaders and Co-Leaders

## **Parallel Session #2**

### **Group #5: Environmental Impact Assessment – Led by SAI of Canada**

The session led Mr. Kimberley Leach representing SAI of Canada. The session began with short presentation from project leader and followed by five other presentations from SAI of Australia, SAI of Afghanistan, SAI of Namibia, SAI of Malaysia and SAI of Thailand. Within her presentation, Ms. Leach explained about the background of the research project including its purpose and method, the general overview of the research paper and more emphasis on the Auditing Environmental Impact Assessment (EIA). The research identified several issues and challenges related to Auditing EIA. Ms. Leach in her conclusion said that the research paper provided practical examples of the challenges and opportunities within auditing EIA.

The session continued with presentation about Regulation of Great Barrier Reef Marine Park Permits and Approvals from SAI of Australia represented by Mr. Mark Simpson. Mr. Simpson explained that the objective of the audit was to assess the effectiveness of the Great Barrier Reef Marine Park Authority's (GBRMPA) regulation of permits and approvals within the Great Barrier Reef Marine Park. The audit identified several shortcomings in GBRMPA's regulatory process, particularly in regulatory practices had undermined the effectiveness of permitting systems as a means of managing risks in the Marine Park. SAI of Australia made five recommendations which basically improving the GBRMPA's permit regulation and they were all agreed by GBRMPA. Finally, the presentation also explained about the challenges, barriers, and lessons learned by SAI of Australia during the audit.

Next, SAI of Afghanistan represented by Mr. Mohammad Ashraf Alimi presented about Environmental Assessment of the Construction and Reconstruction Projects. Mr. Alimi explained briefly about the role of SAI of Afghanistan on implementation of Social and Environmental Alignment Framework of Ministry of Public Work, priority programs of the National Environmental Protection Agency, and SAI's legal mandate to audit related to environmental issues. An audit example related to a Salang Pass tunnel construction project showed how SAI of Afghanistan with coordination with the Ministry of Public Work, has identified the positive and negative effects of the project on the environment. Several

opportunities were explained regarding auditing the project which include reducing the effects of adverse environmental and social management plan. Lastly, based on the audit, SAI of Afghanistan has identified several challenges regarding the audit, the project, and the environment including security problems and shortage of funds in terms of performing the audit.

The session continued with presentation from SAI of Namibia represented by Ms. Hermiena Kathora. She elaborated about Issues, Opportunities, and Challenges in Audit and Environmental Assessment with regard to Pollution and Environmental Rehabilitation of Mining Sites in Namibia. It was explained that the approximately 157 mining sites were left abandoned after closure. Thus, SAI of Namibia has recommended the Ministry of Mines and Energy to ensure that the Directorate of Geological Survey adequately conduct environmental monitoring at active mining sites in Namibia and to effectively communicate inspection findings to the Ministry of Environment and Tourism. Through the audit, SAI of Namibia saw the opportunities to expose the existing WGEA Guidelines on Waste and Mining, also to conduct parallel audits with other SAIs. Finally, she explained that challenges such unavailability of documented information, budget and time constraints were also identified during the audit.

Following in the session, there was also presentation from SAI of Malaysia regarding Audit on Lojing Highland Development Activities and Its Impact to the Environment. The audit made several findings which include the non-compliance conditions of EIA approval and less effectiveness of monitoring and enforcement. SAI of Malaysia made several recommendations including taking legal action against the violating farm operators in and developers whom invaded the river reserve or polluted it. Knowledge and experience in environmental audit, coordination and communication were some challenges faced by SAI during the audit. Lastly, it was explained that the audit provided opportunity to explore and experience a new challenge in environmental audit.

Last presentation came from SAI of Thailand which explained about Audit of Water Resources Conservation and Rehabilitation Projects in Rural Areas and Its Impact. Mr. Pitikhun Nilthanom explained how Thailand government planned to promote economic recovery and sustaining economic through water management projects and urgent ground transportation projects and how SAI of Thailand has monitored projects closely especially related to its impact to environment. Audit performed related to the water resource project found that there was no compulsory regulation governed the EIA. SAI of Thailand has recommended that an adequate data of environmental impacts must clearly defined during the project formulation. Inadequate knowledge regarding environment impacts of compliance audit team became one of the challenges faced by SAI. Lastly, SAI of Thailand recognized several lessons learned from the audit which include playing proactive role to ensure any projects will be implemented properly, meet objectives without negative impact to the environment. There was a small discussion on how to deal with irreversible environmental damages before the session was closed by Ms. Leach.

#### **Group #6: Government Response to Marine Environment affected by Climate Change – Led by SAI of United States of America**

Mark Gaffigan as the representative of SAI of USA led the session. Within his presentation, Mr. Gaffigan explained about the finalized research paper on Government Response to Marine Environment Affected by Climate Change. The main outline of the presentation was to introduce the background of the research, the objectives, methodology

used, what kind of role that SAI could play, and the challenges faced by SAIs in auditing the topic.

Following the presentation from the project leader, Mr. Jonathan Keate from SAI of New Zealand presented about New Zealand update PASAI Cooperative Audit on Climate Change Adaptation and Disaster Risk Reduction + PCE Reports on Sea Level Rise. The presentation comprised of the background of the cooperative audit, the audits performed within the PASAI region related to climate change, and the consolidated reports made from the audit. In addition to that, Mr. Keate also explained about the two recent reports made by New Zealand's Parliamentary Commissioner for the Environment. First, related to Science of Sea Level Rise and second, about preparing New Zealand for rising sea level.

The audit on climate change adaptation and disaster risk reduction strategies held in 2013 was joined by 10 Pacific SAIs involving 20 auditors. Large ocean region and highly vulnerable areas to rising sea levels and other climate change effects were two of many reasons why the audit was performed. INTOSAI WGEA Guidance on Auditing the Government Responses to Climate Change was one of the main reference for the audit beside the support from South Pacific Regional Environment Program, Victorian Auditor General Office, IDI, ADB, and PASAI WGEA. Despite the nature of cooperative audit which allowed SAIs to develop audit objectives according their specific jurisdictions, 10 individual audits were clustered into three key themes, namely: preparedness, planning for and managing climate change risks, and managing climate change effects on food security.

From the consolidated regional report, there were three main area of findings, namely: governance arrangements, project implementation, and monitoring and reporting. In overall, the audit concluded that Pacific Island states audited were not well placed to respond effectively to the threats and challenges arising from climate change. The audit also concluded several other points, namely:

- 1) the need for a response mechanism as well as a well-developed and evidence-based adaptation strategy is needed to moderate climate change impacts in individual Pacific Island states;
- 2) the availability of fund under the UNFCCC to conduct vulnerability and risks assessments to understand its risks;
- 3) most of the audited states have not developed comprehensive adaptation strategies which were integrated with sustainable national development goals and plans;
- 4) In terms of planning, the progress of integrating climate change and disaster risk management through Joint National Action Plans (JNAPs) was uneven and the cross sector management of climate change risks through mainstreaming government responses across vulnerable sectors has not yet existed;
- 5) In terms of governance, arrangement at program-level to support adaptation programs and projects funded by development partners have not been developed;
- 6) In terms of financing, adaptation measures' financing in Pacific was still vexed. Despite the availability of funds, individual Pacific Islands states audited generally lack the capacity to access and appropriately manage these funds through their national public financial management systems;
- 7) In terms of skill gaps, the audits identified that technical and administrative skills need to be developed;
- 8) The need for a regionally coordinated approach to ensure individual Pacific Islands states have necessary technical and administrative skills.

Further, Mr. Keate elaborated a report about science of sea level rise and the reasons behind the rise of the sea water level which include: expanding water, retreating glaciers, and melting ice sheets. He also explained about a report about the impacts of sea level rise which include: 1) more frequent flooding of coastal areas; 2) coastal erosion; and 3) possible saltier ground water. Based on these two reports 8 recommendations were given to local authorities and Government and the local authorities have made positive changes such as: improved timeliness and plan making also the inclusion of climate change effects within the planning and infrastructure.

The session continued with discussion about the issues of differences between regions regarding climate change and SAIs' experiences in auditing climate change issues. The session ended by pointing out the importance of the new INTOSAI Strategic Plan and the recent development of SDGs and its impact to the environmental issues audits.

### **Group #7: Greening the SAIs – Led by SAI of India**

Mr. Sunil Dadhe led began the session with explaining the result of the project. He started with explaining how climate change and environment degradation have become serious threats to sustainable development. He explained how the project have received many supports from subcommittee members and INTOSAI WGEA Steering Committee members. The main objective of the project was to serve as a blue print on methods and sustainable environment practices for greening SAIs and to serve as a platform to share practices adopted worldwide as well as practices introduced by various SAIs.

The project only extends to provide an overview SAIs' efforts to become more sustainable and environmentally responsible through an assessment checklist and to enumerate practices incorporated by various SAIs about the topic. He also explained the project process since it was approved in 2013 and explained the structure of the paper which include elaboration about tools for greening SAIs and challenges faced in greening SAIs. Several tools elaborated were policy level initiatives, procurement activities, and resource conservation also waste reduction. Despite that, SAIs still face some challenges such funding constraint, lack of regulatory mechanism, and lack of acceptance from staffs on greening initiatives. He also mentioned about the need to have an attitude change in order to move forward.

Lastly, Mr. Dadhe pointed out the importance of shift in behavioral management towards more environmentally sustainable work, and potentially home practices. Also, he mentioned the importance of developing management policies whereby a green attitude is being transferred into green behavior.

The session continued by presentation from European Court of Auditors represented by Ms. Dilyanka Zhelezarova about Greening the European Court of Auditors (ECA). She explained about the existing European Union Environmental Policy which aimed to use the Environmental Management Systems (EMAS) and to reduce the negative environmental impacts. Implementing EMAS means that European Union (EU) entities have to: 1) comply with environmental legislation; 2) commit to continually improving environmental performance; 3) conduct open dialogue with all stakeholders; 4) involve all employees in environmental performance; and 5) provide EMAS environmental statement for external communication.

Environmental audit conducted within EU aimed to evaluate the implementation of EMAS, to check whether they have complied with the organizational environmental policy and program,

also the applicable legal requirements. Ms. Zhelezarova continued with explaining the scope and the approaches used in environmental audits such understanding the management system and interviews with management and staffs. Lastly, she explained practices done by ECA, namely: 1) ECA Go Green; 2) Green Yourself; and 3) Agreement with the City Hall.

Some suggestions:

1. WGEA come up with guideline for SAIs to champion Greening
2. Guide on individuals reducing waste
3. Online Platform to exchange good practices
4. Guide to encourage staff to go green
5. Using technology for saving energy
6. Disseminate guidelines
7. How investments in going green help?
8. Practices to share resources
9. Green practices in 'Green lines'
10. Design film, training program
11. Model greening SAI policy and Action Plan

#### **Group #8: Market Based Instruments (MBIs) – Led by SAI of Estonia**

Ms. Viire Viss from SAI of Estonia led the session and apart from the presentation about the project result, SAI of Norway and SAI of Netherlands contributed to the session through sharing their experience in auditing MBIs. First, Ms. Viss introduced the definition of MBIs to the session participants and then continued to explaining the objective of the research project which was to give an overview of MBIs and to collect the experience of SAIs in auditing MBIs. First chapter explained why governments need to intervene within the market to achieve wider policy objectives and overcoming market failure. Second chapter explained about the environmental policy design and the instruments. The instruments included: 1) regulatory/administrative instruments; 2) market based instruments (MBIs); and 3) voluntary agreements and information strategies.

On the third chapter, the paper explained more on the types of MBIs and examples of countries which used them. Finally, the last chapter explained about auditing MBIs and things to consider while auditing MBIs. Based on the mini survey distributed in 2014 it was identified that most frequent audited MBIs spread around taxes/charges, emission trading schemes, and subsidies. Those audits were usually performed within areas of climate change/air pollution, waste management, energy, and water management.

The paper also explained several main risks/obstacles in auditing MBIs such complex and complicated systems, multiplicity of policies and policy design, and political volatility. There were also issues regarding competence, mandate and lack of data when it came to auditing MBIs. The paper also included appendices regarding recommendations for policy makers and audit cases examples from SAI of Colombia and SAI of Finland.

The discussion on the paper was spread around three questions, namely:

- 1) are there any obstacles and risks in auditing MBIs?
- 2) how to overcome these obstacles and risks? Solutions and opportunities?

### 3) what would we recommend to SAIs?

Mr. Sigmund Nordhus from SAI of Norway continued the session with presenting about the experience of SAI of Norway in auditing MBIs. Before going to the presentation, he explained briefly about the experience of Norway in imposing tax on cars and its effects. Mr. Nordhus started with listing the name of performance audits on MBIs that the SAI of Norway have performed and then continued explaining briefly several of them. First, he explained about the audit performed on goal achievement in relation to Norway's climate commitments under Kyoto Protocol. The audit found that the national policy instruments have helped to curb emissions growth but have not reversed the trend of growing emissions. Meanwhile, other audit related to Carbon Tax which found that the tax has contributed significantly to curbing the increase in emission from petroleum sector but not much in other sectors.

Other audit related to Norwegian Emission Trading Scheme found that enterprises' purchases through the emission trading scheme will probably ensure that the Kyoto Protocol commitment was met. During the first phase (2005-2007), the scope of trading scheme only covered for 11% of emission and it was extremely low priced. While in second phase (2008-2012) where the scope of trading scheme has increased to 36%, there was still no calculation of expected impact on domestic emission reductions and uncertain effects of CDM purchases. Mr. Nordhus explained about methods used in evaluating MBIs which include statistics analysis on purchases and prices of emission allowances, analysis of report done about CDM, document review and finally interviews. Finally, he also explained about lesson learnt from the use of forecasting on their audit and how that has brought more cautiousness within their next audits.

The session was continued with another presentation from Mr. Marcoen Roelofs, SAI of Netherlands about Stimulating Renewable Energy in the Netherlands. The presentation began with explanation how EU has set target on renewable energy use and the gap between policy objectives and actual situation regarding renewable energy. The subsidy was chosen as an instrument to promote competition. SAI of Netherlands performed a performance and efficiency audit to see whether there will be sufficient renewable energy production to meet the 2020 and 2023 objectives. The audit found that the subsidy scheme despite its relatively well-structured, it could not lead to the expected renewable energy production. The audit also found that House of Representatives got a very limited insight regarding the contribution of the scheme and the anticipated cost of performing the scheme. Thus it led to the unspent funds placed in a budgetary reserve since 2013.

Mr. Roelofs explained about lessons learnt from the audit which included:

- 1) the need for new ways of thinking including the acceptance of uncertainty;
- 2) cooperate with other organizations, in this audit the team work with Energy Research Centre;
- 3) the need of involving a call center to increase the responsiveness of the survey;
- 4) the need to understand all concepts and unit of measurements before start analyzing.

He continued explaining about the analysis on the underproduction, subsidy expenditures and how objectives could only be attained with the scheme by raising the subsidy budget for projects abroad. Based on the audit conclusions, the SAI of Netherlands recommended four main things, namely:

- 1) Decide upon a realistic scenario to adjust the scheme or adapt other policy in order to reach objectives or decide to abandon the agreed targets;
- 2) Take account of underproduction: Opt for a certain degree of oversubscription / or reserve more money;
- 3) Clarify information to Parliament about planned the scheme contribution and anticipated expenditure / budgetary reserve;
- 4) Incorporate the scheme policy intentions in a long-term strategy.

The Minister of Economic Affairs promised a clear overall picture about the scheme in the budget and agreed with the long-term strategy. Lastly, he conveyed his expectation to his government that they will soon decide about the additional measures/policies as it takes time to developed and carried out.

The session was taken over by Ms. Viire Viss again as she explained the SAI of Estonia's experience in auditing economic instruments in environmental performance auditing. She explained that at least 29 environmental audit reports have been reviewed during 2005-2016. It focused mainly on environmental resource use and pollution charges, environmental service fees, and emission trading scheme. The audits mostly covered the management of natural resources and pollution, waste and water management, nature protection, and environmental monitoring. Out of the 29 audits, 17 of them were incorporated audit of economic instruments which include 2 audits focusing on the instruments and its impact, 10 audits focusing on the instrument's design, enforcement and or impact, and 5 audits which have no specific conclusions or recommendations made regarding the instruments.

Ms. Viss continued explaining several main conclusions of the audits regarding the environmental taxes/charges which include the weak justification of tax rates, inadequate and unfair indirect calculation methods for pollution. The audits have brought impacts to the government. For example, the charges have been revised and supervision has been improved which led to higher collection of taxes. There were several lessons learnt from the audits such as realizing the idea that there has to be a change of behavior from the use of the instruments and MBIs were just tools among the others and the importance of involving of experts and private companies. There were some reflections from the session such: 1) there should be an incentive to pollute less and flexibility; 2) the importance to understand the relationship between instruments and ensure it is not contradicting with each other;

### **Gala Dinner at the Auditorium of Audit Board of the Republic of Indonesia**

The meeting participants have the opportunity to enjoy the variety of Indonesian cultures not just through culinary but also through music and dancing performance during the dinner.



**Day 4 – 27 October 2016**

**Third Day of the Meeting**

**Reporting Back from Parallel Session #2**

**Session Environmental Impact Assessment – reported by Ms. Kimberley Leach from SAI of Canada**

Ms. Leach explained about the session consisted the five country paper presentations and one presentation from the project leader. She thanked SAI of Australia, SAI of Afghanistan, SAI of Namibia, SAI of Malaysia and SAI of Thailand for their contributions to the session. She explained briefly each paper presentation's main messages and she expressed her proudness on how the country papers have referred to many of INTOSAI WGEA products.



**Session Government Response to Marine Environment affected by Climate Change – reported by Mr. Mark Gaffigan from SAI of USA**

Mr. Gaffigan highlighted his report on his presentation during the parallel session which was related to challenges faced by SAIs and approaches to help overcoming them. He started with

explaining the background of the study where most of the studies related to climate change effects on marine environment were never about ocean acidification. Thus, the study was held to raise more awareness on the effect of ocean acidification to the food chain in the marine environment. Based on the parallel session joined by SAI of New Zealand several other SAIs, it can be concluded that in auditing climate change and ocean acidification issues in the marine environment, SAIs could face several challenges, namely:

- a. Limited audit criteria and government action;
- b. Fragmented governance;
- c. Limited experience and training;
- d. Competing audit priorities; and
- e. Limitations in the scope of SAIs audit mandates.

### **Session Greening the SAIs – reported by Mr. Sunil Dadhe from SAI of India**

The report highlighted briefly about the research paper on Greening SAIs, its objectives, and the summary of results from the discussion during the session. The results of the session were as follow:

- a. SAIs need to demonstrate commitment towards environment and be role models to increase their credibility;
- b. There was motivation to Go Green;
- c. SAIs Top Management can take policy initiatives which can be translated to operational activities;
- d. SAIs can implement Environment Management System and enhance the trust of stakeholders;
- e. Awareness generation among the staff can help SAIs' Initiatives;
- f. Energy Efficiency is one of the most important areas for improvement;
- g. Resource consumption especially that of paper, water etc. can be an area of attention;
- h. Green attitude needs to be transferred into green behavior through appropriate behavioral/ change management strategies.

Mr. Dadhe also showed his appreciation to European Court of Auditors for their willingness to share about their Green Practices. Further, he expressed his hope that WGEA could develop guidance/ training which include:

- a. Champion in Greening or Reducing Waste or Using Technology to Save Energy;
- b. Practices to share resources;
- c. Illustrate how going green investment helps;
- d. Model Greening SAIs policy and Action Plan.

Lastly, WGEA could periodically review on Greening SAIs and disseminate good practices through the Greenlines newsletter.

### **Session Market Based Instruments – reported by Ms. Viire Viss from SAI of Estonia**

Ms. Viss began her report with pointed out how MBIs should be considered as tools to provide government in reducing externalities and finally change the behavior of the consumers/polluters. With regard to SDGs, she said that it is important to identify what is the best link between using the instruments especially in achieving the Goal of Sustainable Consumption and Production. She explained that the session has three other presentations

aside from the research paper presentation which were from SAI of Norway, SAI of Netherlands, and SAI of Estonia. The session concluded several points which include:

- The instruments should be considered as tools for government to select aside from the regulatory instrument;
- It was important to identify what was the intentions of the Parliament;
- The importance of timing in selecting instruments in terms of different objectives for each instrument;
- It took time for the instruments to impose and bring changes to the environment;
- The issue of forecasting, whether it is needed or not;
- Social aspects of the instruments which related to cost that need to be bear by the consumers/polluters/society;
- The importance of analyzing, and evaluating the impact of each instrument before deciding to use it.

## **Regional Working Group on Environmental Audit Progress Report**

### **ACAG/PASAI by SAI of New Zealand**

The report was presented by Mr. Jonathan Keate as the Regional Coordinator of PASAI WGEA. His presentation started with short introduction about the PASAI organization, the background, its strategy and programs. Mr. Keate also mentioned several achievements of PASAI WGEA, namely Cooperative Performance Audits (CPA) related to Solid Waste Management (2010), Access to Safe Drinking Water (2011), Managing Sustainable Fisheries (2012), Climate Change Adaptation and Disaster Risk Reduction (2013-2014), and Public Debt (2015). At least 76 staffs from 16 SAIs have taken part, about 10 SAIs involved within each audit, and one regional report were made for each audit. He added, some SAIs have established performance audit unit within the SAI e.g. Samoa.



Jonathan Keate

Currently, the group is reviewing the CPA program and the performance auditing activities to provide a sound methodological basis for the future quality audits related to SDGs in Pacific region. The latest meeting of PASAI WGEA took place in Melbourne last May 2016 which discussed several themes including SDGs and cooperation, Impact and Regulatory Approaches. The meeting also identified several possible topics for cooperation such Climate Change, Forestry, environmentally focused SDGs and Renewable Energy in the Pacific.

Further, the meeting noted several issues regarding the opportunities for cooperation related to SDGs which was the need for identifying priorities and the approaches used by the Governments and the Region before proposing an audit related to SDGs. Mr. Keate also stated the importance of having cooperative audit to assess the preparedness of the Governments before planning on performance audits on environmentally focused SDGs. He added about the importance of involving multi-stakeholders and to focus on policy framework. He ended the presentation with announcing the upcoming RWGEA meeting in Brisbane, Australia on May 2018.

### **EUROSAI by SAI of Estonia**

The report was presented by Dr. Alar Karis, as the Regional Coordinator of EUROSAI WGEA. The presentation started with brief introduction on the group and its recent activities within the year of 2015-2016 which include Spring Sessions, Trainings and Annual Meetings. The latest annual meeting was held in Skopje, Macedonia and it discussed mainly on Market Based Instruments for Environmental Protection and ISSAIs of Environmental Auditing.

Dr. Karis further explained about the forthcoming activities which are the EUROSAI WGEA Newsletter, the Next Spring Session in Slovenia on April 2017, Training Seminar and the next 2017 Annual Meeting in Albania.



Dr. Alar Karis

In terms of cooperative audits, there were several related to Air Quality, Energy Efficiency in Public Sector and Mediterranean Marine Parks. EUROSAI WGEA in cooperation with University of Tartu also had worked on a massive open online environmental auditing courses which is free. The course was divided into two phases: 1) Introduction to Environmental Auditing in Public Sector (Oct-Nov 2016); and 2) Auditing Environmental Impacts of Infrastructure (beginning of 2017). Lastly, he displayed the portal on the online course and invited the meeting participants to open their website for further information.

**AFROSAI by SAI of Cameroon**



Francois Bekemen  
Moukoko

Mr. Francois Bekemen Moukoko as the Secretariat of AFROSAI WGEA presented the report. The report started with an overview about AFROSAI WGEA. The group consisted of 29 members with French, English and Portuguese. Mr. Moukoko further elaborated about the achievements on the Work Plan 2014-2016 in which the activities spread around: 1) training and capacity building; 2) research projects and cooperative audits; and 3) communication. Aside from cooperation with INTOSAI WGEA trainings and other partners, several trainings were held within 2014-2016 about mining, fraud and corruption, infrastructures etc. In addition to the trainings, the Joint Audit of Lake Chad was finalized in 2015 which involved 4 SAI members and mentors from Canada, Belgium, Kenya, Morocco, and Tanzania.

Congo Basin Forest Cooperative Audit involved even larger number of participants which is 9 SAIs and it was organized during the recent annual meeting in Abuja, Nigeria. Another cooperative audit being conducted was the audit on water quality of River Nile and audit on River Niger basin. Each of these audits attracted 10 SAI members to participate.

Lastly, Mr. Moukoko reported that AFROSAI WGEA has actively participated within INTOSAI WGEA activities and annually held the group meeting which have been attended by at least 80 participants for each meeting.

**ASOSAI by SAI of China**



Zhou Xun

Represented by Mr. Zhou Xun, SAI of China report the activities of ASOSAI WGEA. His report started with mentioning several accomplishments of the Work Plan. Currently, the group has 32 formal members and the Secretariat drafted a document about Roles and Responsibilities among the Chair, Secretariat, and Host SAI in ASOSAI WGEA Activities in May 2016.

The group also actively reporting its activities to the ASOSAI Governing Board and joined the Task Force of ASOSAI Strategic Plan of 2016-2021. In addition to that, the group has actively participated within the INTOSAI WGEA activities such attending the meetings, and some other members were actively join the subcommittee within the WGEA Work Plan 2014-2016.

He continued with explaining the activities related with information sharing and experience exchange related to environment auditing such is the last seminar and the Working Group meeting held in India, survey on environmental auditing, and sharing of environmental auditing within the region.

Mr. Xun also stated that group encourage all its members to conduct of cooperative environmental audit/parallel audit and the Secretariat will serve as platform of cooperative audit by identifying SAIs intention, learning the topics in various countries, and arranging the discussion on parallel audit. As the group has endorsed the new work plan of 2017-2019, Mr. Xun ended his report with conveying the group's next step which will conduct the implementation of the work plan.

#### **OLACEFs/COMTEMA by SAI of Brazil**

Mr. Junnius Marques Arifa presented the report representing SAI of Paraguay as the Regional Coordinator of COMTEMA. The presentation mainly explained about the OLACEFs' initiatives in conducting cooperative audits on environmental topics. In 2015, the group performed the audits on Protected Areas which involved 12 SAIs to evaluate protected areas management in Latin America.

The group then focused on environmental liabilities in 2016. The audit which involved 9 SAIs and 2 RAIs was mainly evaluating management of environmental liabilities from solid waste and mining. The audit has three main recommendations related to: 1) strengthening regulatory framework; 2) ensuring human/material resources; and 3) developing information systems for proper planning and management.



Junnius Marques Arifa

Mr. Arifa continued with explaining the OLACEFs' plan in 2017 to evaluate the preparation of Latin American governments to face the SDGs. The audit planned to involve at least 11 SAIs and will be kicked-off in December 2016. Lastly, he explained about the group's cooperation with other international organization like GIZ in improving the role of SAIs in SDGs.

#### **ARABOSAI by SAI of Kuwait**



Salma Alessa Alqenae

Ms. Salma Alessa Alqenae from SAI of Kuwait presented the report on the Activities of ARABOSAI WGEA. After short introduction about the group's background and group members which consisted only 9 SAIs. She continued with elaborating the previous Work Plans' achievements which mainly related to research papers on environmental topics, Arabic translation of INTOSAI WGEA Guidance, and their participation within the INTOSAI WGEA Activities.

Within the Work Plan of 2013-2015, the ARABOSAI WGEA has conducted four research papers related to Mining, Energy Uses Impacts, Management of Hazardous Medical Waste, and Arab SAIs Practices to the application of ISSAIs on Environmental Audit. The group has also translated total seven Guidance issued by INTOSAI WGEA in 2011-2013.

In 2016-2018 Work Plan, ARABOSAI WGEA planned to have seven other research papers such as SAIs Role in Auditing Public Parks, SAIs Role in Auditing Coastline, and SAIs Role in Auditing Natural Reserves. In addition to the research papers, the group also planned to have several training programs related to Energy, Environmental Audit Manual, Medical Waste, and a seminar on Cooperative Joint Audit Procedures-Standard 5140. Lastly, Ms. Alqenae proposed several initiatives to be included in the next INTOSAI WGEA Work Plan 2017-2019 which included one environmental training and two research projects related to: a) Oil Extractive Industries and Subsequent Health & Environmental Impact; and b) SAIs Role in Auditing the Impact of Communications Towers on Environment and Humans.

## **Session 6 – Cooperative Audits and SDGs**

Moderated by Mr. Jonathan Keate from SAI of New Zealand, the session consisted of five presenters and one recorded video from SAI of Ukraine. The five presenters were from SAI of Brazil, SAI of Canada, SAI of Russia, SAI of Poland, and SAI of South Africa.

### **Presenter #1: SAI Brazil's Guideline for Preparedness Audit on SDGs Aligned with INTOSAI/IDI**

Presented by Mr. Junnius Marques Arifa, the presentation mainly explained about SAI Brazil's initiatives related to audit on SDGs. Using the four approaches to SDGs developed by INTOSAI, SAI of Brazil focused on the first Approach-Auditing National Systems of Follow-Up in which the project will focus on Brazilian Federal Government's actions in order to implement the SDGs. The goal of the project is to build capacities and develop methods and tools to prepare the monitoring for Agenda 2030 implementation with the possibility of replication of the method by other SAIs.

Mr. Arifa further explained about the scheme of the project which include the participation within the IDI/INTOSAI Guidance Development project, capacity building, and cooperative audit (Brazil at National level and Latin America) which will be set on 2017. Through pilot audit on National level, SAI of Brazil expect to assess the government's preparedness and to develop a preparedness assessment method in implementing SDGs. He added, the assessment will involve audit questions on role of Government in implementing SDGs and specific goals and targets which must be assessed. He illustrated the audit method through explaining with specific target in Goal 2, Sustainable Food Production Systems. SAI of Brazil look upon the social, environmental, and economic aspects of the policies related to

the target thus reflecting the SDGs' crosscutting nature. Further, SAI of Brazil will assess the coherence, coordination, and integration among the policies and the agencies involved.

SAI of Brazil expected the method used within the pilot audit could be replicated, compared and monitored over the years. In addition to that, the pilot audit is expected to result several outputs, namely: SDG prioritization matrix, standard work papers, data consolidation tools and criteria, also guidance for SDGs preparedness audit orientation. He later elaborated the draft of audit method which should identify whether there are any omissions, fragmentation, overlapping, and duplications among the policies and the agencies mandate. In Latin America region level, there were already 11 SAIs who confirmed their participation within the audits including Paraguay, Argentina, Chile, Ecuador, and Mexico and the first discussion meeting of the team will be hosted in Chile this December 2016. Lastly, Mr. Arifa expected that IDI-INTOSAI guidance will help in performing the audit and mentioned the possibility of SAI of Brazil's involvement within the planned cooperative audits managed by IDI.

### *Discussion*

*Ms. Julie Gelfand, SAI of Canada* asked about the readiness of the IDI-INTOSAI guidance on auditing SDGs.

*Mr. Arifa* said that the Guidance supposed to be presented during INCOSAI XXII in Abu Dhabi. It was on done by IDI together with SAI of United States of America, SAI of Brazil, SAI of India and SAI of Indonesia.

## **Presenter #2: Collaborative Climate Change Audit Initiative**



Kimberley Leach

Ms. Kimberley Leach from SAI of Canada started her presentation with explaining how cooperative audit has been an area that intriguing as a means of examining multijurisdictional and complex environmental issues more holistically despite its difficulty to be executed internationally on a wide scale. She elaborated how the INTOSAI WGEA Coordinated International Audit on Climate Change: Key Implications for Government and Their Auditors completed in 2010 has inspired the SAI of Canada to work on new audit initiative in Canada. It was founded on the following three pillars: 1) establishing shared vision; 2) securing commitments to achieve the vision; and 3) encouraging and taking action in line with the commitments. She later explained several numbers of audits performed by SAI of Canada in cooperation with other SAIs (mainly SAI of USA and Regional SAIs).

Ms. Leach then introduced about the Canada's Collaborative Audit on Climate Change which involved audit institutions from Canada's 10 provinces, 3 territories, and the federal government. She explained that the overall objective of the audit was to determine the extent to which federal, provincial, and territorial governments in Canada are meeting commitments to reduce greenhouse gas (GHG) emissions and to adapt to climate change. She later explained about the structure of audit in Canada to describe the reporting mechanism of the audit and why Climate Change became the topic of the audit.

Each steps and expected outputs within audit phases were explained from Planning, Implementation, and Reporting Phase. She also explained how audit logic matrices developed by SAI of Canada together with experienced provincial offices has helped in performing the audit. The matrix helped SAIs to find common ground for later findings and results, while also accommodating various mandates of the partners.

Further, she explained about lessons learned from the audit which related to: 1) commitment at the top level; 2) development of MoU; 3) early start; 4) more time and resources allocation; 5) coordination on scope; 6) regular communication; 7) legal counsel consultation; 8) simultaneous work; 9) proper reporting type; and 10) work closely to increase impact of the audit. Concluding her presentation, she pointed the importance of cooperative audits in the highly interdependent and interconnected world. However, she also said it is challenging in terms of countries' or provinces' difference in timelines, methods, and legislation.

#### *Discussion*

*Mr. Masud Ahmed*, SAI of Bangladesh asked about the different entities being audited and how to solve the differences that might occur between parliament's interests. Whose name should appear when this final audit report represents?

*Ms. Leach* in respond to Mr. Ahmed's question said that the reports were incorporated to be handed to the Central Government. The team drafted a headline/summary report and talked about it with the AGs who approved the project, as they wanted to see the results. Their attention was their own individual governments. Each individual government in Canada has established their own GHG emissions target, but not all AGs can assess the GHG emissions target. She conveyed her hope that the joint audit report will be signed by all AGs.

*Mr. David Abbas*, UNFCCC asked about how to anticipate the media and public attention regarding the audit and whether this audit was a key audit for a number of years or has it been supplementary on a provincial level as well.

*Ms. Leach* thanked for the question and said that this process was inspired by the government years when they carried out an approach to see GHG emission reduction has been adopted into to the climate change efforts. The result of the process was good and it has become the benchmark of their work as it also fit in the Pancake Approach. She hoped the result of the audit could be used as basis for the upcoming UNFCCC's stocktake meeting in 2017 and fit in with other documents. Regarding the media attention, she said they already get attention and some governments saw it as an opportunity to work together with media regarding climate change.

### **Presenter #3: Environmental Assessment in the Russian Federation**

Mr. Sergey Neroev from SAI of Russia started his presentation with elaborating the Public Governance in the field of environment protection. He continued with explaining about the cooperation between the SAI of Russia with other SAIs in the field of environment protection. Several results were explained related with the control activities, namely: 1) assessment of the measures taken within the Vienna Conventions, Bucharest Conventions and other MEAs; 2) amendments have been introduced to federal laws and regulations in the field of environment protection; and 3) the agreement on Preservation and Rational Use of Aquatic Biological Resources of the Caspian Sea was ratified in 2015. He also explained about the cooperation between SAI of Russia and SAI of Mongolia since 2012 regarding the protection of water bodies in the river basins of Selenga and Onon.



Sergey Neroev

Mr. Neroev also explained about multilateral audit with regard to environment protection and sustainable development in the Arctic. SAI of Russia also performed several external state audit related to environment protection mostly related to the federal budget, thematic audits, and expert examination of law drafts. The result of the external audits helped the government to: 1) ensure control over coordination and implementation of program activities; 2) enhance the financial discipline of public authorities; 3) enhance internal financial audit; and 4) take measures to improve legislations.

In addition to that, Mr. Neroev explained about the implementation of the information transparency principle within the publication of the audit results performed by SAI of Russia. This was made through official website and social media such Facebook and Twitter. Finally, he explained about several changes were made within the government to support external audit in Russia such broadening the control powers of the SAI of Russia, empowerment of SAI of Russia in terms of budgetary matters, and establishment of standard system of SAI of Russia which includes activity organizing standard and external audit standard.

#### *Discussion*

*Mr. Masud Ahmed, SAI of Bangladesh* asked about the impact of the recommendations given by SAI of Russia based on the audit they have performed.

Mr. Neroev said that the recommendations were well taken by the government bodies and it has impact to the regulation on deforestation and many other examples in the improvement of control on environmental issues.

#### **Presenter #4: Added Value of Cooperative Audit on the Example of NIK's Activity**

Mr. Jacek Jezierski from SAI of Poland began his presentation with introducing the first cooperative audit performed on the Bialowieza Forest in 1995 as the issues need a comprehensive view to have a proper assessment. Since 1995 to 2016, SAI of Poland has been involved in almost 80 cooperative audits and more than half of them related to environmental issues. Mr. Jezierski mentioned several benefits performing cooperative audits especially in terms of facilitating mutual sharing and learning, building capacity, providing a broader view of the situation, and also increasing the impact of the audit. He later explained several guidelines related on cooperative audits used by SAI of Poland in performing the cooperative audits.



Jacek Jezierski

Briefly, he explained several types of cooperative audits before further explaining the cooperative audit on Bialowieza Forest. The audit on Bialowieza Forest was performed together with SAI of Belarus in 1995 to assess the impact of economic activities on the environment. As a follow up of the audit in 1995, both SAIs performed a follow up audit in 2005 to study the implementation of the recommendations presented in previous audit and assess the effects of the forest management activities and the legal regulations related to the Bialowieza Forest.

In addition to the Bialowieza Forest, SAI of Poland has also worked together with SAIs of Denmark, Estonia, Finland, Germany, Latvia, Lithuania, and Russia in coordinated audit on the enforcement of the European Waste Shipment Regulation in 2004. The audit aimed to assess whether the national authorities comply with the provisions of the articles concerning pollution from ships in the Convention on the Baltic Sea Area (Helsinki Convention). In 2006, another cooperative audit was performed together with SAI of Netherlands, Bulgaria, Greece, Hungary, Ireland, Norway, and Slovenia to look upon the enforcement of the European Waste Shipment Regulation.

The audit on Pollution of Bug river in 2006 performed with SAI of Belarus and Ukraine aimed to examine and evaluate the action undertaken by the competent authorities and organizational units related to pollution prevention on Bug river. This audit was being followed up with another recent audit in 2016 to assess the implementation of the post-audit recommendations made in 2006. Finally, he concluded that an effective form of the cooperation has increased the impact of SAIs' audit and has provided a comprehensive data to international bodies. Thus, it is important to increase the number of cooperative audits.

#### *Discussion*

*Ms. Kimberley Leach, SAI of Canada* asked about how the recommendations were made for the different entities within the countries.

Mr. Jezierski elaborated that there was a Convention Secretariat with whom the audit team share their findings and to ensure the results. He also mentioned the importance of International Organization's role in sharing the results of the audit with the expectation that it would help the audit team to enforce the recommendations given by the team.

Mr. Jonathan Keate agreed with Mr. Jezierski saying that more audience on the audit findings will help increasing the impact of the audit.

**Presenter #5: Collaborative Environmental Focus: Integrating Environmental Risks in an Audit at Local Government Level & Audit on the Conservation of Coastal Areas – AFROSAI-E Initiative**



Frederick Smith

Mr. Frederick Smith from SAI of South Africa started the presentation by explaining about the AFROSAI-E’s statement of intent, its vision and its value statement. He continued with elaborating briefly about AFROSAI-E’s environmental initiatives which is integrating environmental risks in an audit at local government. It is envisaged that the outcome of the initiative will demonstrate that critical areas of environmental risk at Local Government level can be considered as part of existing regularity audit procedures, enabling SAIs to report on matters that substantially affect the lives of citizens without the need for significant additional resources.

Mr. Smith later explained about background, SAIs’ mandates and audit processes with regard to the initiatives. Several environmental risks and challenges faced related to the risks were explained. He explained also about AFROSAI-E E-learning approach which was developed with support from GIZ. Further, he elaborated examples related to selected environmental risks, namely: 1) overall environment management; 2) environmental monitoring/ enforcement; 3) water (availability and quality); 4) waste (management and illegal dumping); and 5) sewer treatment and pollution. He ended his presentation with pointing out the importance of including SDGs in the environmental planning and explained about the proposal of a compliance and performance audit on conservation of coastal areas in Africa which was set to complete in July 2017.

Ending the session, Mr. Jonathan Keate concluded the session with thanking all the panelists for the insightful presentation regarding the value of collaboration in performing environmental audits.

*Lunch Break*

**Session 7 – Trainings and Greenlines**

The session was consisted of five presentations from Global Training Facility iCED, Audit Board of the Republic of Indonesia Training Center, SAI of USA, IDI and INTOSAI WGEI Secretariat.

**Global Training Facility – iCED**

Presented by Mr. Sunil Dadhe as the Director of iCED, the presentation explained about the International Center for Environment Audit and Sustainable Development (iCED), its background, its activities and its future activities. He shortly explained that iCED was first set in 2011 to provide training for auditors on environmental auditing. Mr. Dadhe further explained about vision and mission of iCED and displayed pictures of facilities of the training center including the training halls, hostel, dining hall, and faculty room.

In addition to the facilities, he also explained about the green building concept implemented by iCED. Several number



of trainings were held in the facility since 2013 and it has program several trainings for the next year.	Sunil Dadhe
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International trainings on environmental auditing have been held three times since 2013 with total 68 participants from 23 countries. Faculties at iCED mainly come from Civil Servants and from Research Organizations, Institutions, and Universities. Most modules delivered at the trainings were based on the INTOSAI WGEA documents and delivered by the countries who developed it.

Other activities were hosted by iCED namely ASOSAI RWGEA Seminar in October 2016, capacity building program with SAI of Bangladesh in December 2015, and several other working groups were reaching out to work together. Mr. Dadhe continued with explaining about several impressions from the participants and several high profile visitors who have visited iCED. He further explained about the iCED plans for future development, namely green practices within iCED environment, upgrading annual ITP, introducing additional one-week subject specific programs, knowledge networking, topical research, and securing greater benefits from Team iCED. Lastly, he conveyed his expectation from the meeting participants to partner with iCED in ITP course design, share the audit products, use iCED resources for specific audits, and contribute to the iCED knowledge pool.

### **International Training on Forestry Audit**



Dwi Setiawan Susanto

Presented by Mr. Dwi Setiawan Susanto as the Head of Training Center of the Audit Board of the Republic of Indonesia, the presentation explained about dissemination of the Forestry training module developed by INTOSAI WGEA held by SAI of Indonesia. Mr. Susanto began with explaining the new concept of e-learning implemented within the training center and the milestones of the forestry training module. There are three objectives of the training, aside from the commitment of SAI of Indonesia, the training provides knowledge of performance audit approach in conducting forestry audit and provide a hands-on experience in collecting and analyzing audit evidence using Geo-Spatial technology.

The training facilitators were certified trainers who have experiences in facilitating classes. In addition to facilitators, there are also subject matter experts who come from SAI of Indonesia and other invited resource person from other SAIs or organization to share their experience about forest management. Mr. Susanto showcased the pictures of the training facilities within the training center and elaborated the new learning method implemented for forestry training.

There were also three trainings held with 65 participants from SAIs all around the world, namely: Australia, Brazil, Ecuador, Iran, Saudi Arabia, Thailand and many other countries. Starting from 2016, the training uses pre-training course using online resources for 3 weeks prior to class training. The training last for 5-days with a final output of an Audit Design Matrix and an action plan. Participants could also maintain their communication with the training center and other participants to share experience and development of the action plan. Mr. Susanto ended his presentation with explaining about evaluation process which was also held in terms of participants' satisfaction on the training process and the quality of training

facility and an increasing trend in terms of training materials ability to increase participants' knowledge and the availability of training facilities.

### *Discussion*

*Mr. Adolphus Aghughu, SAI of Nigeria* conveyed his concern on the issue of training program harmonization. He said that there have been a lot of interests came from many INTOSAI Working Groups also the existence of the massive online elsewhere which considered to be more improved. How do the training centers cope with this issue?

Mr. Dadhe appreciated the concern but he could assure that Global Training Center will select the best faculty, considers recent developments in environmental issues before selecting the faculty and ensure that they have many inputs of audits from around the world.

### **Greenlines Newsletter**



Mark Gaffigan

Mr. Mark Gaffigan from SAI of USA as the coordinator of Greenlines Newsletter explained about how Greenlines has been published since 1996 and since that it served as an important source of information on the working group and environmental auditing issues. Issued twice a year, the Greenlines is distributed through email and available on the WGEA website.

He further explained about the types of articles within the Greenlines, namely: message from the Chair of WGEA, feature story, WGEA news, news brief, and feature extra. Lastly, he mentioned the plan of the upcoming edition of the Greenlines which will be issued in early 2017. Thus he invited all meeting participants to contribute by submitting articles to SAI of USA.

### **Cooperation with IDI**

Representing IDI, Ms. Chandra Puspita Kurniawati from SAI of Indonesia explained about the project done by IDI together with ASOSAI regarding Auditing Disaster Management. Firstly, Ms. Kurniawati explained the background of the program and how SAIs in ASOSAI region expressed their interest in the program. The program launched in July 2015 basically a blended approach for capacity development aimed to build SAIs' professional capacity and organizational capacity.

She further explained the IDI's Cooperative Audit model which included the SAI commitment, E-facilitation on subject matter and audit methodology, audit plan review meeting, audit report review meeting, and quality assurance. Briefly, she also explained about the program milestone which will be ended in 2017.



Chandra Puspita  
Kurniawati

The program was implemented in partnership with ASOSAI, WGEA Chair and other participating SAIs. ISSAI 3000 and ISSAI 5500 series and other e-learning courseware were used as program literature resources. Subject matter from SAI of Indonesia, resource person from SAI of Bhutan, China, Indonesia, Philippines, and Pakistan have helped running the program. There are total 17 SAIs participating within the program, 16 SAIs from ASOSAI and 1 from EUROSAI.

The program was started with an e-learning course on October-November 2015 continued with online draft planning from January to April 2016 and Face to face Audit Planning Meeting in April 2016. Several audit topics related to disaster management were used within the program including emergency response and relief system and the use of funds distributed for rehabilitation activities to the Cyclone affected people.

The program has just finished the review and approval of audit plan by SAIs in September 2016 and face to face audit review meeting in October 2016. The results of program so far included 17 SAIs' audit plans and draft audit reports. Further steps need to be taken by participating SAIs which included performing more audit if necessary, finalizing audit report, issuing the report and participating in the Quality Assurance in 2017. Lastly, she explained about the lessons learned within the program including the importance of disaster management of many SAIs because of recent disasters, also the importance of SAI supervision and quality control to achieve better audit result.

### **INTOSAI Working Group on Extractive Industries (WGEI)**



Mr. Edward Ssali from the Secretariat of INTOSAI WGEI explained about the importance of developing cooperation between two working groups. Mr. Ssali started with explaining the background of WGEI and its current chair which is the Office of Auditor General of Uganda. The current membership of the WGEI comprised of 36 SAIs from 5 INTOSAI regions including Tanzania, China, Norway, USA, and Brazil. The scope of WGEI was audit of extractive industries included oil, gas, and solid minerals to promote sustainable development.

Further, Mr. Ssali explained about the WGEI-CoP and its tasks which included exchange and networking, sharing resources and tools, training, research and development and outreach.

Up to June 2016, WGEI has uploaded several resources regarding extractive industries within their website. WGEI also carried out training needs assessment to identify the need of WGEI members with regard to audit on extractive industries. The assessment has resulted several topics such Extractive Industries fiscal regimes especially production sharing agreements, transfer pricing, local content and audit strategy.

WGEI also cooperated with CCAF in developing guidelines related to transfer pricing in mining. Up to September 2016, WGEI has co-facilitated a training on Oil and Gas fiscal regimes, transfer pricing, and risk assessment in South Africa. Also, two strategy workshops for extractive industries strategic plans for SAI of Zambia and Uganda.

WGEI also develop network with important external actors such OECD, World Bank, EITI and has participated in the Global EITI conference in last February 2016. Benchmarking has been conducted by Chair of WGEI to obtain knowledge and experience on running the group. Lastly, Mr. Ssali conveyed his future hope on further development on current WGEI activities, more collaboration, and more contributions from member SAIs in the WGEI activity plan with regard to their experience and strength.

#### *Discussion*

*Mr. Elthair Malik, SAI of Sudan* asked about issue of financial flow and the issue of mitigation in extractive industries with regard to the industrial financial flow.

*Mr. Adolphus Aghughu, SAI of Nigeria* conveyed his concern on the nature of the WGEI activities and how it differs with WGEA activities.

Mr. Ssali in respond to Mr. Malik question said that some minerals entered to the market without proper procedure or certification. Thus as an auditor, SAI need to look further into the process to ensure that all the procedures need to be done have been complied by the industries.

With regard to Mr. Aghughu's concern, Mr. Ssali said that the WGEI was developed based on the initiative of INTOSAI Donor Cooperation in 2013. WGEI expected to go beyond the environmental issues of the mining activities such verifying the funding of the mining activities and the effectiveness of cooperative measures/cooperation within mining activities performed by extractive industries.

### **Video Presentation from SAI of Ukraine: Activity of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (WGAFADC)**

The presentation was brought by Ms. Mariya Shulezhko, Member of the Accounting Chamber of Ukraine. Firstly, she conveyed her gratitude for the opportunity to present about the activities of the WGAFADC. She continued with explaining the members of the Working Group which consisted of 18 SAIs permanent members and 2 SAIs observers.

She continued with explaining the group meetings held in: 1) Luxembourg (2015) which was attended by 17 SAIs; and 2) Azerbaijan (2016) which was attended by 14 SAIs. The Working Group Action Plan of 2015-2017 have 4 strategic goals which include: capacity building, joining efforts, knowledge sharing, and extension of contacts.



Mariya Shulezhko

As part of the implementation of Strategic Goal 1 in the action plan, a training seminar on Experience of development and possibility for SAIs to implement ISSAI 5500 took place in Ankara, Turkey on 20-21 October 2015. Another seminar on Practical implementation of ISSAI 5500 series took place in Baku, Azerbaijan on April 6<sup>th</sup>, 2016. Strategic Goal 2 was achieved through a conference on International Coordinated Audit on Protection of the Waters in the Bug River Catchment Area from Pollution (Follow up Audit). This was a joining effort between SAIs of the Republic of Belarus, Republic of Poland and Ukraine. With regard to strategic goal 3 and 4, the group: 1) update the knowledge base of audits on natural and man-caused disasters in Europe; 2) develop Good Practice recommendations on audits; 3) publish of information on the group's portal; and 4) prepare articles for on group's activity for different EUROSAI and INTOSAI editions.

Lastly, Ms. Shulezko also explained about the group's activity to achieve its expected outcomes, namely: 1) raising awareness about ISSAI 5500 series and encourage their use; 2) increasing attention of SAIs in the use of public funds in areas of disasters prevention and consequences elimination; and 3) accumulating, generalizing, and disseminating the latest development and best practices related to audit on disasters including maintaining the relevant databases.

## **Session 8 – Conclusion**

**Presented by Harry Azhar Azis, Ph.D. and Mr. Edward Simanjuntak**

The session began with the elaboration of Work Plan 2017-2019. Mr. Azis explained the Work Plan in sequence Goal by Goal. Goal 1 which is updating and developing new guidance materials available to SAIs, conducting research studies on emerging topics in environmental auditing will be achieved through several activities as follow:

- a. Preparing research paper on Visibility on Environmental Auditing (Communication) which will be led by European Court of Auditors;
- b. Preparing research paper on Environmental Health (focus on Air Pollution) which will be led by SAI of Philippines;
- c. Preparing research paper on Water Sanitation (Waste Water) which will be led by SAI of Morocco;
- d. Preparing research paper on Greening Cities which will be led by SAI of Czech Republic;
- e. Developing audit guidance on Climate Change: Strengthen Resilience and Adaptive Capacity to Climate-related Hazards and Natural Disasters in All Countries which will be led by SAI of USA;
- f. Developing audit guidance on Auditing Agriculture and Food Production: Guidance for SAIs which will be led by SAI of Cameroon;
- g. Developing audit guidance on Auditing Land Organization and Soil Quality Management – Combating Desertification which will be led by SAI of Pakistan;
- h. Developing audit guidance on SDGs – How SAIs Can Enhance This Application by Governments which will be co-led by SAI of Canada, SAI of Brazil, and SAI of Indonesia.

Goal 2 which is facilitating concurrent, joint, and coordinated audits will be achieved through two main activities coordinated by each regional WGEA coordinator, namely:

- a. Encouraging regions to design and carry out a regional cooperative audit in each INTOSAI region. Regional coordinators and member SAIs to identify and pursue topics and common interest, select the audit coordinator, and define the precise scope and form of cooperation;
- b. Encouraging regions to have cooperative work (e.g. audits, training courses) and to disseminate existing WGEA guidance materials, research papers, training materials.

Enhancing information dissemination, exchange, and training or Goal 3 will be pursued through various activities as follow:

- a. Organizing next 18<sup>th</sup> and 19<sup>th</sup> WGEA Assembly Meeting which will be the responsibility of the Chair of WGEA;
- b. Regional coordinators are responsible for organizing at least one meeting of regional WGEA and to deliver at least one training course at the planned meetings;
- c. Providing annual training on environmental auditing in the Global Training Facility by iCED, India;
- d. Providing annual training on forestry audit at SAI of Indonesia training center;
- e. Developing training tool by creating an e-learning course (massively open online course/MOOC) on relevant topics which will be led by SAI of Estonia;
- f. Developing training tool/pilot project on Greening the SAIs which will be co-led by European Court of Auditors and SAI of Estonia;
- g. Developing training tool on Environmental Data: Resources and Option for SAIs which will be led by SAI of India;

- h. Publishing Greenlines Newsletter led by SAI of USA;
- i. Maintaining WGEA website, undertaking 9<sup>th</sup> Environmental Survey, and Performing Annual Audit Collection which will be the responsible of the Chair of WGEA.

Lastly, the Goal 4 which is increasing cooperation between the WGEA, international organizations, and other INTOSAI bodies will be achieved through four main activities, they are:

- a. Updating the INTOSAI WGEA 2007 Guidance Material on Auditing Biodiversity: Guidance for SAIs – in collaboration with Convention on Biological Diversity (CBD) which will be co-led by SAI of Lesotho and SAI of Indonesia;
- b. Providing on-going communication and outreach with INTOSAI community as well as external organizations (e.g. introduce and distribute the INTOSAI WGEA Publications, strengthen the continuous cooperation with the UNEP, World Bank, UNFCCC). This will be led by Chair of WGEA;
- c. Encouraging and continuing work among INTOSAI bodies and outreach them through Knowledge Sharing Services Committee. This will be led by Chair of WGEA;
- d. Searching for and establishing new partnerships led by Chair of WGEA.

In relation to the management of these projects, the SAIs who take the role of project leader will become members of the WGEA steering committee for the periode of the work plan. Of course, this will again be subject to approval by the heads of SAIs.

Based on the registration of the project participants made during the meeting and the number of regional coordinators, there will be 17 steering committee members The SC members are Brazil, Cameroon, Canada, China, Czech Republic, European Court of Auditors, Estonia, India, Indonesia, Kuwait, Lesotho, Morocco, New Zealand, Pakistan, Paraguay, Philippines, and USA.

After the meeting, the Secretariat will distribute the draft in 2017 – 2019 WGEA work plan to receive confirmation from the respective SAIs.

As one of WGEA commitment to promote the dissemination of WGEA products, the Secretariat have redesigned the WGEA website to make it more comprehensive and user-friendly without changing the address **[www.environmental-auditing.org](http://www.environmental-auditing.org)**. One new feature on the website is that the regional coordinators are now able to post any information or updates related to environmental activities in their regions.

The session ended with the closing remarks by the Chair of INTOSAI WGEA which basically wrapping up the three-days meeting with conclusions as follow:

- The Assembly has approved the outputs of the work plan 2014 – 2016 which consist of 7 research papers, 1 updated guidance on waste, 3 ISSAIs on environmental auditing (5110, 5120 and 5130). ISSAI 5130 will be finalized, after the result of the INCOSAI in Abu Dhabi;
- The Assembly has identified project leaders and subcommittee members for the work plan 2017 – 2019. To follow up, the secretariat will circulate the work plan to get the SAIs approval.
- In relation to the cooperation with external stakeholders, WGEA will team-up with CBD in updating the audit guidance on biodiversity. Other potential collaboration is the implementation on the MOU with UNEP, with alternative activities such as updating the

WGEA Guideline on auditing the implementation of MEAs : A Primer for Auditors or develop training tools and exchanging experts.

Lastly, Mr. Azis conveyed his gratitude to all the meeting participants for the active participation and contribution throughout the meeting and apologize for any convenience that might happened during the stay in Jakarta. Finally, he expressed his hope to work together with all SAIs within the next work plan.

Then the meeting officially ended with big applause from the audience.



Harry Azhar Azis, Ph.D. and Edward Simanjuntak during the closing ceremony