

Fourth meeting of the intosai Working Group
on Environmental Auditing

hosted by the State Audit Office of the Republic of Estonia

Tallinn, 8 and 9 September 1997

Participants of the fourth meeting:

SAI of Austria: Dr. Helmut Berger, **SAI of Canada:** Mr. Wayne Cluskey,

SAI of Colombia: Mr. Rodolfo Gonzalez C., Mrs. Martha Robayo Cruz, **SAI of the Czech Republic:** Mr. Bohdan Hejduk,

Mr. Mirsolav Kruchina, **SAI of Estonia:** Mr Olav Lüus, Mrs. Karin Kuller, Mr. Olavi Tammemaä,

SAI of the European Court of Audit: Mr. Klaus Werner, Mr. Meletios Stavrakis, **SAI of Malta:** Mr. William Peplow,

SAI of The Netherlands: Mrs. Saskia J. Stuiveling (chair), Mrs. Karin Gabor, Mrs. Sylvia van Leeuwen, Mrs. Ali van der Tempel,

SAI of New Zealand: Mr. Martin Matthews, **SAI of Norway:** Mr. Johan Henry Norvalls, Mrs. Therese Johnson, Mr. John Magne

Birkeland, **SAI of Peru:** Mr. Juan Carlos Migone Guzmán, **SAI of Republic of South Africa:** Mr. Graham Randall,

SAI of The United Kingdom: Mr. Joe Cavanagh, Mr. Peter Gray, **SAI of the United States of America:** Mr. Steve Elstein,

Mr. Peter Guerrero

Minutes of the fourth meeting

Opening remarks

The Chair, Mrs. Saskia J. Stuiveling, opened the meeting and welcomed the representatives of the Members of the Working Group, especially the new representatives Mr Berger (Austria), Mr. Peplow (Malta) and Mr. Cavanagh (United Kingdom). The Chair pointed out that 15 of the 21 members were visiting the meeting, which could be considered a good record. She thanked the Estonian SAI for its hospitality.

Furthermore the Chair indicated that the meeting was having three purposes, namely to take decisions on the papers, to decide on the presentation of the Working Group in Uruguay and on the activities to be undertaken by the Working Group after Uruguay.

The Chair announced that the presentations of the Members about environmental auditing by their SAI, would take place whenever there would be some time left on the agenda (these presentations are added to the minutes as attachments in alphabetical order; see [attachment 1](#)). Furthermore she drew attention to the possibility to have a look at the homepage on the portables at the back of the meeting-room.

Welcome by Mr. Hindrek Meri, Auditor General of the State Audit Office of Estonia

The complete text of Mr. Meri's presentation is added to the Minutes as [attachment 2](#).

Welcome by Mr. Rein Ratas, Secretary General of the Ministry of Environment of Estonia

The complete text of Mr. Ratas' presentation is added to the Minutes as [attachment 3](#).

Welcome words by Mr. Villu Reiljan, Minister of Environment of Estonia [attachement 4](#)

List of Decisions [attachement 5](#)

1. Approval of the Agenda

The Working Group approved the agenda.

2. Minutes of the third meeting

Mr. Norvalls (Norway) once again stressed the importance of the fourth E (environment) in relation to page 14 of the minutes. He pointed out that Canada and Norway are using this approach. He indicated that the minutes needn't be adjusted. The Chair remarked that every SAI is free to adopt the fourth E.

3. Results of the second questionnaire on environmental auditing

Mrs. Van Leeuwen (The Netherlands) presented the results of the questionnaire on environmental auditing. At the end of her presentation she handed out a document with information about the interest SAIs take in the audit of international accords with other SAIs. For the contents of her presentation reference is made to the paper "Results of the questionnaire on environmental auditing" (Tab 3 of the Working Group - book).

Mr. Werner (European Union) remarked that his SAI was incorrectly left out of the list of SAIs which have filled in the questionnaire. Mrs. Van Leeuwen apologized and promised to correct the list as soon as the completed questionnaire would have been received.

Mr. Cluskey (Canada) remarked that environmental legislation doesn't imply that it makes a difference in practice. He has warned that there is a gap between legislation and its impact in practice and that this is a challenge for SAIs. Mrs. Van Leeuwen agreed and added that the existence of some form of environmental policy and legislation is important for SAIs, because it gives them the possibility to audit compliance to national environmental laws and regulations.

Mrs. Johnsen (Norway) indicated that we should be carefull to have not only the high income countries involved in our activities, but also the low-income countries. She urged the Working Group to pay attention to the response of these countries.

Mrs. Van Leeuwen responded that the response of the low income countries was the same in both years, but a higher response amongst low-income countries would probably give a different outcome of the

survey. To keep the lower income countries involved, it might be an idea to extend the membership of the Working Group and to pay attention to institutional learning. These points were programmed for discussion on Tuesday.

Mr. Guerrero (USA) asked if the Working Group should be content about the response and if the Working Group did want to know the reasons for the non-responses. He suggested to investigate these reasons whenever another survey would be held.

Mr. Matthews (New Zealand) suggested to have the regional INTOSAI bodies involved for the improvement of the response.

Mr. Norvalls suggested to improve the responses by means of an extended use of the Green Lines.

Mrs. Van Leeuwen reacted that this might be a good idea for the next questionnaire

At the end of the discussion the Working Group approved of the text of the report on the questionnaire on environmental auditing, apart from the addition to be made with respect to the European Union.

4. Co-operation SAIs in Auditing International Environmental Accords.

Mr. Norvalls (Norway), Mr. Cluskey (Canada) and Mr. Birkeland (Norway) introduced the paper "How SAIs may co-operate on the audit of international environmental accords" to the Working Group.

Mr. Norvalls gave an outline on how the booklet came into existence. During the process he got the impression that co-operation between SAIs in auditing is still rare. He thanked Poland for their contribution by presenting some experience in this particular field, Mr. Cluskey for his efforts in the production of the booklet and the SAI of the Netherlands for its administrative contribution.

Mr. Norvalls mentioned that the first draft version had been sent to five SAIs in the various INTOSAI regions for comments. After that an adjusted version had been sent to the Working Group Members. Seven Members have given their comments. All relevant comments have been incorporated in the booklet. Furthermore he indicated that the booklet applied equally to the cooperation by SAIs in general and was not restricted to environmental audits.

Mr. Cluskey stressed the importance of agreement between SAIs on the tasks and responsibilities of the co-operating SAIs in the auditing process. Especially the reporting process and the culture of the participating SAIs have to be clear before starting the audit. He recommended SAIs to draw up an agreement on the auditing process beforehand. Mr. Cluskey indicated that the booklet could even be useful in the case of co-operation with regional institutes"within a country.

Mr. Birkeland indicated that the main objective of the book is on the pro's and con's of the various types of audit. When it comes to perform, it provides a step by step model. It is intended as an advice, not as a directive.

Mr. Randall (South Africa) praised the performance of the Norwegian and Canadian SAI. Nevertheless he would like the booklet to pay more attention to the financial aspect of auditing, especially at page 12, planning. Mr. Cluskey remarked that every audit has a financial side and promised to consider the addition of a few sentences on financial aspects.

The Chair remarked that to her opinion the booklet should focus not too narrowly, but leave the possibilities for an audit that doesn't focus on financial aspects. Mr. Norvalls indicated that the financial aspects were present in all types of audit.

Mr. Werner (European Union) pointed out that cooperation would take two or three times as much time as a normal audit and that it is important that the participating SAIs do agree on the aspects to be audited and that they give the audit the same, high, priority.

Mr. Elstein (USA) asked if the writers of the booklet had come across SAIs that had no power to participate in co-ordinated audits. Mr. Cluskey answered that they hadn't.

Mr. Cavanagh (United Kingdom) would like to add to the list of items, point 16 different conventions per country, legislative differences. Furthermore he would like to be added to paragraph 4.1.1. whether compliance can be measured or assessed and what costs were attached to the audit. The Chair remarked that such information was necessary for the decision to do an audit and that the booklet focused on the process after this decision had been taken. She suggested to make this clear in the introduction as well as to stress in the introduction the importance of international accords and the way this booklet fits in the Working Group activities.

Mr. Norvalls agreed and promised to do this.

Mr. Matthews (New Zealand) stressed the importance of an agreement on important items like criteria to be used and the division of tasks. He illustrated this with an example of a co-ordinated audit in which his SAI was involved. Furthermore he indicated the importance of the clearance of findings and suggested to elaborate on this a bit more in the booklet. Mr. Guerrero indicated that it should also be clear which agencies were to be audited.

Mr. Cluskey answered that he would add some explanation to step 16 of the 24 steps.

Mr. Hejduk (Czech Republic) mentioned that with respect to the examples on page 10 and 11, the SAIs of Poland and his SAI would give more details, since they will meet these days to discuss the results.

Mr. Berger (Austria) stressed the importance of the clarification of the national requirements. The SAI of Austria has to give its government 3 months time to react on the reports. This is one of the reasons why this SAI doesn't co-operate much with other SAIs. Mr. Werner (European Union) remarked that this problem is solvable, for instance by making an adequate timetable.

The Chair suggested to attach as an example the report on the exchange of taxdata to the booklet. In this audit 10 other SAIs are involved. The results are going to be presented on the first of October. The timetable took 1,5 year.

The Working Group approved of the text of the booklet, provided that the booklet would be adjusted as a result of the discussion. This means adjustment of the introduction, the inclusion of the financial aspect (page 12) and the clarification of certain steps (page 14). Mr. Cluskey and Mr. Birkeland promised to make the adjustments in the coming two days.

The Chair thanked Mr. Cluskey, Mr. Norvalls and Mr. Birkeland for their efforts in the production of the booklet.

5. Standards and Guidelines of Environmental Auditing.

Mr. Matthews (New Zealand) indicated that five SAIs had been involved in the production of the book. These were for chapter 1 the SAIs of Estonia and South Africa, for chapter 2 the SAIs of the United Kingdom and the United States and for chapter 3 the SAI of the European Union and of New Zealand. He pointed out that he himself had put together the several parts in one document and that there still were two chapters 3 which had to be revised to one chapter. He suggested to discuss the chapters one by one.

Mrs. Johnsen (Norway) wondered if the title was appropriate. Weren't standards the same as guidelines or should we only choose for the word "standards"?. The word "guidelines" might weaken the obligatory character of the word "standards". Mr. Matthews answered that the word "standards" refers to INTOSAI Standards and that guidelines is meant for everything below the standards. The Chair relativized the word standards, indicating that the most SAIs can promise is to consider living by the (INTOSAI) standard.

Mr. Elstein (USA) expressed his opinion that "guidelines" would be more appropriate to the chapters 2 and 3. The emphasis in these chapters was more on best practices. Against this background it wouldn't be of much use to change the title.

Mr. Berger (Austria) expressed his appreciation for the efforts taken in producing the booklet. Nevertheless he expressed his concern about the length of the document in general. He thought it a sensible thing to shorten the document, e.g. by leaving out the examples, by avoiding redundancy with the general standards and by leaving out the descriptive parts. Adjusted that way the document would be more suitable as an INTOSAI document.

Mr. Norvalls (Norway) did not agree with Mr. Berger. Examples and case studies clarify our intentions and as such they play an important role in the document. Mrs. Johnsen underlined this view.

The Chair expressed her opinion that a document illustrated with examples and case studies is more convincing than a bare list of standards. And because one of the aims of the Working Group is to promote environmental auditing, it is important that SAIs which are not involved in the subject at this moment will be convinced that environmental auditing is important. Even when the character of the document differs from the official INTOSAI documents which have been produced up to now, it can become an official INTOSAI document.

Mr. Randall (South Africa) remarked that actually the document was about the interpretation of the standards and maybe the title needed adjustment in this way.

Mr. Cavanagh (United Kingdom) remarked that the document evidently isn't ready for the procedure to become an official INTOSAI document. Mr. Matthews agreed and suggested to add an introduction and clarify the purpose and the scope of the document in a later version.

The meeting agreed on discussing the document chapter by chapter.

Chapter 1. Mr. Randall (South Africa), who had written chapter 1 together with Mr. Olav Lúús (Estonia) and Mr. Olavi Tammehaë (Estonia), pointed out that the chapter probably was too long and invited the meeting to give suggestions to shorten it. The purpose of chapter 1 is to show the relevance of the standards for environmental auditing.

Mr. Elstein (USA) added that maybe we should accept the fact that these are the standards, of which some are worthwhile elaborating. He proposed to include all standards, but to elaborate only those standards, on which something specific for environmental auditing can be said.

The Chair indicated that the beauty of chapter one was that it made clear that environmental auditing is nothing to be afraid of, nothing new. And by showing how to apply the standards it might lower the threshold for SAIs to initiate environmental auditing.

Mr. Elstein agreed but was concerned about the length anyway.

With respect to the field standards Mr. Werner (European Union) remarked that he fully agreed with text 126, but suggested to elaborate a bit more in order to avoid the impression that it is not desirable to report.

With respect to the reporting standards the Chair argued that this phrase doesn't only concern reporting, but also the communication in a wider perspective. It includes also the briefing of the parliament or the parliamentary and public debate.

Mr. Berger (Austria) stressed once again the importance of shortening the chapter, by concentrating on aspects that are specific to environmental auditing. Mr. Guerrero suggested to stress in the introduction that environmental auditing is not different from other types of auditing.

Chapter 2. This chapter has been prepared by Mr. Guerrero and Mr. Elstein (both USA) and Mrs. Goldsmith and Mr. Gray (both United Kingdom). Mr. Elstein and Mr. Gray gave an outline of the background and the purpose of this chapter. By presenting some of what has been done they have tried to show what can be done. They asked special attention for the categories of environmental auditing and told something about their difficulties in choosing the right categories.

Mr. Norvalls (Norway) argued that the word "secondary" on the pages 16 and 24 has a negative dimension and suggested to use another word. Mr. Cavanagh agreed.

Mr. Matthews (New Zealand) invited all members to supply examples for this chapter .

Mr. Elstein proposed to give attention to the lay-out, and to make it easier to find information on the different audit-categories (regulatory, performance, etc.)

Chapter 3. Mr. Matthews (New Zealand) explained how two chapters 3 came into being. One of those is more or less a framework while the other one goes more into technical criteria. The two chapters can easily be integrated.

Mr. Werner (European Union) apologized for having completed the paragraph very late and introduced the draft he had prepared. In his opinion, the examples make the document more lively (Mr. Cavanagh (UK) warned not to make this chapter too Eurocentric, and asked if it is possible to make it more international, by adding other regional standards. The Chair asked whether Mr. Werner had visited the World Wide Web for information. Mr. Werner (European Union) answered that all available information is incorporated.

Mr. Guerrero (USA) suggested to make reference to peer review as within the scientific domain, for example universities and other institutions can supply outside-expertise. Also the use of external technical experts might enlarge the credibility of the work of SAIs. It is important to know on which aspects experts do agree and on which they disagree.

Mr. Matthews (New Zealand) agreed. Mrs. Johnsen (Norway) asked attention for acceptance of external experts by the authorities.

The Chair added that when SAIs want to work together, it is important to make agreements about the criteria, sources of information and experts to use.

Mr. Berger (Austria) asked attention for the position of small countries in this respect. His SAI avoids to make use of experts, because they have only few experts, which brings along the risk of dependence and conflicting interests. The Chair said the experience in the Netherlands was the same.

Mr. Matthews will include this subject in the booklet.

Mr. Tammemaä (Estonia) stressed the importance of registration of experts and the standards they have to meet. This way some indications for the quality of experts could be provided.

Mr. Elstein (USA) asked if technical criteria in environmental audits differ from other audits. In the definition of the Working group technical audits are excluded, and he asked how many SAIs are involved in this type of audit. SAIs should go into technical details only as far as they are competent.

Mr. Werner (European Union) put forward that there is a discussion in his SAI, whether they should create a technical department with engineers.

Mr. Matthews answered that many INTOSAI-members are small institutions and they don't have this possibility. The Chair concluded that it depends on the situation of the SAI what to do: to get technical knowledge inside the institution, or to board this work out. In the latter case, the SAI is responsible for the choice of experts. She suggested to incorporate in the booklet a warning to make clear in what situations a SAI may come. Mr. Matthews (New Zealand) promised to do so. Mr. Cavanagh suggested to incorporate a sentence like the definition of environmental auditing as is mentioned in the questionnaire. Mr. Werner (European Union) suggested to add that the Iso-standards are generally accepted standards.

After the discussion everybody agreed that the document wasn't ready for "Uruguay". The document will be finalized in the next year and presented as an exposure draft on the XVIth INCOSAI in Uruguay

*** Presentation of a video on the Rimac River, introduced by mr. Migone Guzman**

Mr. Migone Guzmán (Peru) thanked the Chair to have been given the opportunity to present the video. He did so on behalf of Mr. Caso-Lay, Contralor of the SAI of Peru and President of OLACEFS.

Mr. Migone stressed the importance of the river Rimac, it being a source of drinking water for 7 million people. The pollution problems of the river are enormous and the government is beginning to invest more in water treatment. The auditing by the Peruvian SAI is just beginning. The video is one instrument in raising awareness amongst the people of the importance of protecting the river.

After the introduction the video was shown. Mr. Migone handed out reports on the Rimac, produced by his SAI.

6. Information Exchange

A. Homepage, e-mail and Green Lines

Especially for those members who hadn't have a look on the homepage of the Working Group, Mrs. Van der Tempel (The Netherlands) presented the homepage to the meeting. Copies of the transparencies used were handed out. She stressed the possibilities to add more information and links to other homepages, e.g. of individual SAIs and invited SAIs to inform her about their homepages. A criterium to establish the latter links is that they explicitly should provide information on environmental issues (e.g. reports).

In general the Members expressed their appreciation of the homepage. They had experienced it to be a very efficient tool in communication.

Mr. Cavanagh (United Kingdom) drew attention to the importance of a good maintenance of the homepage and also asked if the homepage fitted in the general strategy of INTOSAI. Mrs. Van der Tempel agreed and indicated that in the past there had not been a maintenance program, but that recently some progress had been made in this respect. The homepage had been updated just before the meeting and from now on updating would take place regularly.

As for the INTOSAI strategy Mrs. Van der Tempel answered that INTOSAI had some experiments in the field of Internet, lead by the German SAI, but that there was no official strategy yet. The Working Group was ahead of the official developments. This gives the Working Group the freedom for an experiment.

Mr. Guerrero (US) supported the continuation of the homepage since it is an excellent tool with great potential. He drew attention to the individual homepages of SAIs and expressed his opinion that it would be more efficient to link the homepage to the individual homepages of SAIs instead of providing all the information directly on the Working Group homepage. Besides it might be to great a burden for the Chair to do all the work. The Chair answered that the her SAI had been happy to design the homepage and that the maintenance isn't too much work.

Mr. Berger (Austria) mentioned the limited access in his office to Internet. In future might be better if everyone would have individual access. The Chair added that in her office limited access was a problem too, but that when the SAI moved to a new building, there would be some improvement. Mr. Gonzalez (Colombia) remarked that the use of e-mail would be an improvement.

Mr. Cavanagh drew attention to the risk of the use of e-mail. E-mails sent do not always arrive. He remarked that it might be worthwhile asking for confirmation of the receipt of all e-mails. Mrs. Van der Tempel argued that in the beginning of the use of e-mail the Netherlands SAI always had asked for a confirmation, but got only very few reactions. nevertheless it would be worthwhile to try again.

Mr. Matthews (New Zealand) and Mr. Cluskey expressed their wish to be informed about a deadline for copy for the Green Lines.

Conclusion: the general feeling about this point of the agenda was that the Working Group should continue to go on with the homepage, the use of e-mail and the Green Lines.

6B. Proposal exchange of information (with bibliography and background info on SAIs on homepage)

Mrs. Van Leeuwen (The Netherlands) gave a short introduction on the subject.

Mr. Guerrero (USA) raised the question of the most efficient way of updating. The use of the homepages of the individual SAIs would, according to his opinion, be more efficient than attaching files, based on the questionnaire, to the homepage of the Working Group. Mrs. Van Leeuwen agreed, but stated that because there were very few SAIs who did have an homepage and even fewer SAIs who supplied explicitly information on environmental auditing, for the time being both ways of supplying information should be used.

Mr. Cavanagh (United Kingdom) asked wether some searchfacilities might be included on the homepage. Mrs. Van Leeuwen said that that was part of the plan indeed. It will be possible to search by "country" and by "environmental issue". Mr. Cavanagh asked wether information could be included on what could be found on the individual homepages of the SAIs. His suggestion was accepted by the Working Group.

7. Natural Resource Accounting

Mrs. Van der Tempel (The Netherlands) gave a short outline of the contents of the papers.

With respect to page 8b Mr. Gonzalez (Colombia) remarked that raising environmental awareness could be mentioned as an aim too. He illustrated this with an example from his SAI. A report on natural resource accounting played an important role in making people aware of the environmental effects on the near territory, which also would mean a decline in economic value of the territory.

Mr. Cavanagh (United Kingdom) expressed his appreciation for the report as a useful background. In the United Kingdom the NAO has no responsibility for auditing the national accounts, which are a statistical rather than an accounting construct. The production of national accounts was the responsibility of the National Statistical Office.

Mr. Cluskey (Canada) appreciated the report too. He drew attention to the fact that a paper alone is not enough to persuade SAIs to act. He also mentioned activities in his country in the field of natural resource accounting, which didn't make much difference for policy-makers. Recently the Canadian SAI is involved in the development of accounts for sustainable development. In a project to develop such accounts, a pilot has been initiated with a department. In the development of these accounts the Canadian SAI is working together with that particular department.

Mr. Guerrero made the following remarks: not all SAIs have the mandate to audit the national accounts. The US for instance has not. We should move cautiously in the field of NRA because more SAIs don't have a mandate to audit national accounts and also because the subject is still in an early stage of development. Secondly he stressed that NRA is extremely important and the paper can also play a role to support that. In his view environmental performance indicators are also relevant in this respect. The USA has done a lot to improve the performance measurement and the GAO will audit this effort on request of the Congress. In improving indicators there is also attention for NRA expenditures and costs. The role of the GAO is to support the use of performance indicators and not to develop an account. As the UK has pointed out, the responsibility for keeping and reporting these indicators is often assigned to national statistical departments and not to SAIs.

Mr. Cluskey remarked that the Canadian SAI also audits the quality of information but that it does not have a role in policy-making.

Mrs. Johnsen (Norway) asked attention for a Norwegian publication on natural resources/energy resources published in 1997. The data on energy resources are transformed to a company framework; the data on other resources are shown in physical units. She told the meeting that in future the Norwegian SAI will probably audit the NRA. Her SAI has a mandate to audit the premises of the decision. For the Norwegian SAI, the best way is to audit the management system and the physical units of the accounts.

Mr. Matthews (New Zealand) remarked that his SAI wants the government to show the results of the adopted programmes. For this aim, the government has established a set of environmental outcomes. The role of his SAI is to audit the quality of this information, instead of the system of natural resource accounting.

Mr. Cavanagh remarked, that on second thoughts the inclusion of performance indicators in the paper on NRA, on his request, was wrong. Maybe it is worth writing something separate on performance indicators.

The Chair suggested to leave out the special paragraph on performance indicators and mention them as a special technique.

Mrs. Van der Tempel drew attention to the fact that NRA is not necessarily concerned with national accounts, but that the developments of national resource accounting is most advanced in this direction. The problems one encounters in producing green national accounts are the same as those one encounters in other directions of NRA.

Mr. Werner (European Union) requested to mention the European parliament on p 21 and to add the 5 organisations involved in the London Group on page 21.

The Chair concluded that the reason why we wrote the paper was to raise awareness about natural resource accounting, to indicate what is going on in this particular field and to give some information on places where more information can be found. In the discussion the members took position on how SAIs could cope with the subject. Maybe the paper could serve the same purpose in the INTOSAI Community.

The Working Group adopted the paper as a Working Group document, apart from the minor changes suggested during the discussion.

8. Workplan 1999 - 2001

The separate actions proposed in the document "Ideas to come to a proposal for the Workplan 1999-2001 of the INTOSAI Working Group on Environmental Auditing" are being discussed:

Strategy

The Chair gave a short outline of the ideas and suggestions presented in the draft. The main idea from the papers is to use the next period for communicating the knowledge the Working Group has gathered so far. The INTOSAI regions could be very useful partners in this respect. Furthermore the Chair announced that the Netherlands Court of Audit offers to Chair the Working Group another period, but after that will resign.

Mr. Berger (Austria) expressed his opinion that it is a good thing to continue the Working Group for another period, but that the Working Group has a temporary character.

Mr. Elstein (USA) remarked that a lot of SAIs just have started activities in environmental auditing.

Mr. Cavanagh (United Kingdom) said that the Working Group had done a lot but that there is still much to do. Four years ahead it will still be necessary to support the SAIs which are just getting started with environmental auditing. Mr. Werner (European Union) agreed and added that it will be difficult to start a Working Group like this again. As additional activity he suggested to concentrate on the impact of environmental rules on employment and how to audit this in the future.

Mr. Matthews (New Zealand) suggested to make some inquiries by the Governing Board about their strategy on environmental auditing. At the end of the next period INTOSAI should decide whether the workgroup will go on or not.

The Chair warned not to claim the world as the level to solve everything. In future it might be very effective to work together with the regions. We can only do this if we take them seriously.

Mr. Cavanagh suggested it might be possible to have parallel activities in regions and in the Working Group.

Mr. Norvalls (Norway) added that this strategy fits perfectly in the overall INTOSAI strategy to have the regions more involved.

The Chair concluded that there is a general feeling that the Working Group should go on for at least one more period. After that, when the Working Group will have existed for 9 years, there should be a new mandate from INTOSAI to go on. The Working Group will make a proposal during the next period. Additionally we will try to build up the regional activities.

Actions

The Members agreed on the actions mentioned under **point 5.2 Natural resource accounting**. The survey on natural resource accounting will have the character of a quick scan. After a discussion about the scope and contents of a study of NRA on a micro-level and an alternative study on sustainable development, the members preferred the latter. Mr. Cavanagh offered to prepare a design for a study on sustainable development. Key-words will be "sustainable development", "audit" and "environment".

Point 5.3 Coordinated Audits: the members agreed on the ideas presented. Mr. Gonzales and Mrs. Robayo (Colombia), promised to arrange that in the courses on environmental auditing their SAI is giving for colleagues of other SAIs from Olacef, the booklet on cooperation between SAIs will be incorporated.

The Colombian SAI has experience with small conferences by way of giving training courses to their OLACEFS-colleagues. They will try to arrange a pilot conference.

Point 5.4 Standards and Guidelines. Mr. Matthews (New Zealand) gave a short summary of the actions to be taken in the next period. The document will be finalized and circulated through the Working Group and he will make adjustments based on the feedback. The document can be presented as an exposure draft on the XVIth INCOSAI. Mr. Matthews indicated that after "Uruguay" the document might follow the procedure to become an official INTOSAI document. During this process the SAIs can give more examples, in order to enhance the variety and applicability of the document.

Point 5.5 Homepage. Mrs. Stuiveling added the Green Lines and e-mail to the subject. The Members agreed to go on with all three activities.

Point 5.6 Third questionnaire on environmental auditing. The members agreed to hold a third survey in the next period.

Membership Working Group

The Chair amplified the proposal to invite Poland and Chile to become members of the Working Group. Furthermore she proposed to invite frenchspeaking SAIs of the African continent and one or two SAIs of SPASAI, in order to obtain a better regional balance in the Working Group. The members agreed. The Chair will together with Mr. Matthews and Mr. Randall see which SAIs could be invited. For extension of the membership of Asian SAIs, the Chair will take initiatives.

9. Actions to be taken up to INCOSAI XVI, 1998

Status documents

The Chair summarized the possibilities for official INTOSAI documents: the paper on NRA, the report on the survey and the booklet on cooperation between SAIs. The latter one seemed the most suitable. The survey has been an official document last INCOSAI and therefore it is not very suitable to present them again this way. The members voted by raising hands, resulting in a favourable outcome for the booklet "How SAIs may co-operate on the audit of international environmental accords".

Mr. Berger (Austria) warned that the report will probably not be translated by the SAI of Uruguay since it probably will not fit in the time schedule of Uruguay.

The Chair answered that the time schedule for the production of official documents has been sent to her, in her capacity of Chair of the Working Group, and that we still can meet the schedule.

The members agreed to present the other documents (the paper on NRA, the report on the survey on environmental auditing and the exposure draft on Standards and Guidelines) as Working Group documents on the XVIth INCOSAI in Uruguay. The following SAIs will make inquiries about translations:

SAI of Colombia for translation into Spanish;

SAI of United Kingdom and SAI of United States of America for correction of the English;

SAI of the European Union for translation into German and /or French;

SAI of Canada for translation into French

The Netherlands Court of Audit will take care for the translation into Arabic.

Apart from the Working Group documents, a progress report of approximately 5 pages has to be prepared. The Chair will produce this report.

Presentation Working Group on XVIth INCOSAI

The Chair explained that the Working Group will have twice 1,5 hours to present its achievements and its future workplan. We will have to present some of what we have done, but because we have only limited time, we have to choose. The proposal in the Working Group book consists of a video presentation on natural resource accounting, a presentation on the homepage and the future workplan. The Netherlands Court of Audit could take care of the production of the video.

Mr. Guerrero (USA) expressed his view that there are two primary areas where the working Group has had an impact and can usefully contribute in the future: (1) disseminating information on the state and extent of environmental auditing at SAIs and (2) providing information on standards and guidelines for doing environmental audits. Mr. Cavanagh (United Kingdom) underlined this view.

The Chair promised to take that into account. She summarized the actions to be taken before Uruguay 1998:

- briefing of Governing Board, (5 pages)
- send document "How SAIs may co-operate in the audit of international environmental accords". to the SAI of Uruguay
- finalize documents on Natural resource accounting, the survey and standards and guidelines. Translate them into the 5 INTOSAI languages.
- try to make a presentation for the XVIth INCOSAI, with emphasis on the future workplan, passing over the knowledge to the regions and attention for Natural resource accounting, the Standards and Guidelines, the homepage, the report on the survey.

Additional to the agenda. Speech by Mr. Villu Reinjan, Minister of Environment of Estonia

see attachment 4.

10. Other business

The Chair announces the offer of Mr. Migone Guzmán on behalf of Mr. Caso-Lay, president of the Peruvian SAI to host the next meeting of the Working Group. The question is whether this meeting should be held before or after "Uruguay". If we would arrange the meeting before "Uruguay" we could combine it with a Olacefs course on environmental auditing. During the meeting the workplan for the period 1998 - 2001 could be discussed. The Chair pointed out that having the meeting before "Uruguay" implies that the XVIth INCOSAI could alter the program of the Working Group for the next period. The Working Group decided to take this risk and have the meeting before "Uruguay". A specific date will be fixed later.

The Chair asked Mr. Migone Guzmán (Peru) to express her gratitude to Mr. Caso-Lay for his kind invitation. Furthermore she drew attention to the fact that Mr. Norvalls (Norway) has attended the Working Group meeting for the last time, because he is going to retire next year. She thanked Mr. Norvalls for his contribution to the Working Group, especially the booklet. Mr. Norvalls said that the work in the Working Group had been both interesting and rewarding and he wished the members of the Working Group the best luck in their future endeavours.

On behalf of Mr. Meri, the Estonian SAI handed out a remembrance to all participants.

Furthermore the Chair thanked all members for their presence and contribution to the meeting and invited everyone to join the farewell cocktail. The cocktail will give an opportunity to thank the Estonian SAI for the excellent organisation of the meeting. The Chair closed the meeting

Attachment 1

Presentations

By Mr. Helmut Berger (SAI of Austria)

Good morning ladies and gentlemen,

I would like to introduce myself as I take part in the Working Group for the first time and replace former representative Gerhard Unger.

The Austrian Court of Audit is, besides other matters, responsible for the Audit of the Ministry of Environmental Affairs. With respect to the reports on the last two audits of our department on environmental problems I can say that one report is completely finished and the other is still discussed with the audited body.

The finished report deals with measures for purification of contaminated sites either by industrial enterprises or by landfills from public waste collecting agencies or enterprises.

In 1989 government and legislation in imposed a special fee on each ton of deposited waste and the money was earmarked for priority classification of contaminated sites and grants for the purification measures undertaken by the owners of the sites.

Major findings were:

- funds received from the fee were inadequate to solve the problem within a reasonable time-schedule. Additional funds would have to be generated.
- there was insufficient overview on contaminated sites.
- there was a lack of priority setting in the grants for the purification measures. Subsidies were granted for rather dangerous and big landfills but also for very small unimportant ones.

The second report deals with grants for environmental protection measures in our eastern neighbour countries (Czech Republic, Slovakia, Slovenia and Hungary); Subsidies were granted for planning and engineering only.

The findings of this audit are that many projects were planned but not realised because of the lack of funds. Basic recommendations in the report are:

- co-operation with international financing institutions;
- co-operation with the authorities in the receiving countries;
- concentration of funds on some projects.

By Mr. Wayne Cluskey (SAI of Canada)

The Office of the Auditor General of Canada (OAG) now includes the Commissioner of the Environment and Sustainable Development. The OAG received additional funds from the Canadian government to increase the amount of environmental auditing that we were already doing.

The OAG has now begun reviewing and in some cases auditing certain international accords such as the Montreal Protocol (ozone) and the International Convention on Biodiversity. Our chapter on the Montreal Protocol, entitled "Ozone Layer Protection: The Unfinished Journey" was tabled in the federal House of Commons on December 2, 1997. This chapter is available on our web site: www.oag-bvg.gc.ca. In October 1997, we also published a chapter entitled the Control of the Transboundary Movement of Hazardous Waste. This was an audit of Canada's efforts under the Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and their Disposal. It is also available on the website noted earlier as are all our reports to Parliament.

All of these audits included a segment on enforcement as well as the management and accountability of the various programs involved. We also look at best or emerging practices in the private sector, other levels of government and in other countries. This enables us to make some assessment as to how well Canada is doing compared to other countries and other sectors. This best practice review applies generally to most of our environmental audits regardless of whether the program(s) audited are related to an international accord.

We have also dealt with the question of costs and liabilities related to clean-ups and the extent to which they are included in the Government of Canada's financial statements. As a result of our efforts, the Government includes a figure of \$2.5 billion (Cdn) in the notes to its financial statements. We will continue to put pressure on the Government to actually "book" an amount. The Government is currently working on an accounting policy in this area.

Finally, in conjunction with the federal Department of Agriculture and with the participation of 5 other departments, we have been working to design practicable accounts to reflect considerations of sustainable development in the operations of federal government departments. These prototype accounts will be implemented on a pilot project basis within the Department of Agriculture and eventually, we hope, throughout the government where required. This type of effort is better described as a study rather than an audit although the standards used in carrying out studies in the OAG are similar to our audit standards. As can be seen,, our environmental work is wide ranging in its nature and will continue to be so in the foreseeable future.

By Mr. Rodolfo Gonzalez (SAI of Colombia)

At present, three different kind of environmental audits are being executed by the Contraloria de la República of Colombia:

- Financial and legal audits
- Environmental Management
- Pollution Control

First, the financial and legal audit of the Ministry of the Environment, with national jurisdiction, and the 34 regional environmental authorities that execute the budget controlled by the Ministry. In these kind of audits the Auditor's Office concentrate mainly on the interior of the entities, meaning how they comply with the legal framework of financial management and the contract and bidding process prescribed for the public sector.

Second, the environmental management audit of the same institutions. In these works we focus on the entity and its work to the outside. We planned the audits this semester in order to verify how they carry out the environmental licenses issuing process in order to analyse and make recommendations more accurate. Besides, to select a sample to make a personal verification of the projects being implemented by the entities applying the criteria of budget involved and needs of the community affected. The community involvement and participation process that has to be promoted by the environmental institutions will also be audited.

Finally, the Auditor's Office is executing environmental audits directly to river basins. The initial outcome will be identifying the level of pollution and its sources. The second phase that will be implemented the first semester of 1998, is to design a broad plan in co-operation with the Ministry of The Environment, in order to involve the cities and towns to implement with concrete works, goals and timetables to protect and start the clean up process of the most important rivers in Colombia: the Cauca River and the Magdalena River. In the agricultural sector, through our recommendations we are trying to get public entities involved, aware and conscious of the environmental responsibility they have, even if they do not handle matters related to the natural resources field. This work has showed very remarkable results when environmental valuation has translated their lack of knowledge into monetary figures.

By Mr. Bohdan Hejduk (SAI of the Czech Republic)

Mr. Hejduk informed the participants of results in auditing environmental issues in the Supreme Audit Office. The SAO completed from the year 1993 about 15 audits of state budget funds orientated on solution of different environmental issues:

- air and water pollution, waste management, management of the State Environmental Fund etc. The main method was regularity and legality audit with some elements of performance audit.

Mr. Hejduk also stressed very useful co-operation with the Supreme Chamber of Control in Poland. In the year 1997 the co-ordinated audit of the two SAIs was completed in the area of protection of boundary waters between Poland and the Czech Republic. Experts from both sides agreed audit programme, final documents and discussed future co-operation from point of view of audit methodology, preparation of audit programmes, different role and responsibilities of SAIs etc. Actual topics are issues connected with elimination of results of floods in both countries, revitalization of rivers and air pollution.

By Mr. Olav Lüüs (SAI of Estonia)

Mr. Lüüs pointed out that because of specific political developments, the Estonian SAI has witnessed some important changes. As a result of this the focus of the Estonian SAI is not particularly involved in environmental auditing, because at the moment other issues require more attention. Mr. Lüüs gave an outline of his organisation: on November the first, 1990, the State Audit Office (SAO) of Estonia has been re-established on the basis of the State Audit Act of June 6, 1990. The Status of the SAO is stipulated by the Constitution and the Law as an independent state institution responsible for economic control . The SAO operates on the basis of the Constitution, the Law on the State Audit Office and other Laws and is, in carrying out audits, guided by legal acts which regulate the economic activities of institutions, enterprises and organisations subject to audit.

According to the Constitution of the Republic of Estonia the State Audit Office is responsible for the audit of:

1) the economic activities of state agencies, state enterprises and other state organisations;

- 2) the use and preservation of state assets;
- 3) the use and disposal of state assets which have been transferred into the control of local governments;
- 4) the economic activities of enterprises in which the state holds more than one-half of the votes by way of parts or shares, or whose loans or contractual obligations are guaranteed by the state.

Mr. Lüss continued by presenting some information on the size and organisation of the SAO. At the beginning of the year 1997 the staff of the SAO consisted of 79 employees, among them 5 in administration, 54 involved in auditing and 20 in supporting units. The SAO is consists of five Audit Departments, the Southern Estonian Department (performing audits on a territorial basis), as well as a Development Department a Legal Department and an Administrative Division. The first Audit Department is amongst other subjects, concerned with the environment.

By Mr. Klaus Werner (SAI of the European Union)

Reports on environmental issues since 1-1-1993*):

Title of the report (if available, please give ISBN or reference number as well)	Year reported	Type of audit? Please cross out what does not apply	13.b Environmental issue Please choose numbers from list 1 below	13.c. Special type of performance audit Please, IF APPLICABLE, choose characters from list 2 below
Special Report on the Urban Environment (OJ: C383 of 31.12.94)	1994	Regularity / Performance	13	C, F
Special Report on the Cohesion Financial Instrument (OJ: C 59 of 08.03.95)	1995	Regularity / Performance	11, 13, 17	C, D, F
The Community's Financial Instrument for the Environment	1995	Regularity / Performance	8, 8b, 8c, 11	C. F

(LIFE) (OJ: C303 of 14.11.95)				
The implementation by the Commission of EU policy and action in the field of water pollution	1997	Regularity / Performance	1, 2, 4, 6, 10, 20	A, B, C, F, G, H
*) Answers to the Intosai's working group questionnaire on environmental audit				

Notably in the field of water pollution the Court has adopted the 19 of March 1998 a Special Report whose main objectives and conclusions can be summarised as follows:

The Court has audited the implementation, by the Commission and the Member States, three Community's directives. The Urban Waste Water treatment directive, the directive concerning the protection of waters against pollution caused by nitrates from agricultural sources and the directive concerning the protection of the environment, and in particular of the soil, when sewage sludge is used in agriculture. Community's urban waste water treatment Directive aims among others for the progressive reduction and control of urban generated water pollution to commonly accepted levels for all European Countries. The Court has audited in this context the grants paid to the Member States which were used to finance related programmes and projects. Within this context, approximately 40.000 sewage stations have to be constructed or improved to meet the new quality standards imposed by this legislation.

The European Union's policy on the environment makes use of the "polluter pays" principle which forms an integral part of other Community policies. Considerable financial resources have been allocated to this problem area: 7 500 Mio ECU, around 9% of all structural fund expenditure, has been specifically allocated to the problem of water quality. Since 1993 the Council has adopted some 20 directives on water alone.

It was found that:

- The Commission had difficulties in achieving efficient transposition of the above three Directives in almost all Member States, and had to take appropriate legal actions against them. Furthermore, Member States are either late forwarding the various reports required by Community legislation, or they do not forward them at all. The Commission is thus deprived of vital data which it requires in order to evaluate financial and managerial policy in this area. These problems are exacerbated by inconsistent terminology and the lack of specialist standardised data and appropriate indicators. In the case of agriculturally-induced water pollution it was found that effective implementation of the nitrates Directive was being delayed by, amongst other things, agricultural practices and inconsistent Community funding, as well as the absence of any policy of providing the various parties with information about the pilot projects which receive Community funding.
- Added to the difficulties for efficient programme and project management, the Commission has financed certain projects which do not comply with the requirements of the Directive on urban waste water treatment. Moreover, applying the Directive tends to increase sludge production, since there is no adequate alternative. The design and type of projects that are funded under the Envireg programme (which was not carried out satisfactorily) do not always answer anti-pollution requirements.

- The Commission has not taken sufficient account of the problem of financing the operating costs of sewage plants and the question of depreciation costs and their impact on the cost of water use, in order to give effect to the "polluter pays principle".

The Court's main recommendation

More generally, it is possible that the objectives of the fifth action programme for the environment as regards water will not be achieved by the year 2000, because of the problems outlined above. In order to redress the current situation the Commission and the Member States should undertake significant action well in advance of the deadlines specified in the directives implementing them.

By Mr. William Peplow (SAI of Malta)

Status of Environmental Auditing in Malta

Environmental audit in Malta is still in its infancy and participation in INTOSAI's Working Group will provide the opportunity for the Maltese National Audit Office not only to contribute towards attaining the common goals of the Working Group but also to learn from the experiences of other participants. Malta is a very densely populated island - a population of around 300,000 habitates in an area of 95 square miles. Moreover, the island's infrastructure and natural environment are also adversely effected by over one million tourists annually. The island's geographic position, in the middle of the Mediterranean Sea poses environmental risks, such as marine pollution caused by heavy shipping in this Sea, which are beyond the direct control of national authorities.

Public awareness regarding the environment began growing in Malta some ten years ago. This brought about consistent pressure from environmental organisations on government to enact environmentally friendly laws and that the public administration be adequately structures to enforce them effectively.

Environmental issues are managed by the central government by the Department for the Protection of the Environment. Furthermore, the Planning Authority, which is an independent body, has the responsibility to ensure that the country's development plan is adhered to. Through these two entities the Maltese Government has recently compiled a detailed structure plan as well as an Environmental Protection Act which encourages sustainable development.

The Malta National Audit Office is expected to play an active role regarding environmental issues. This is due to the fact that public awareness and demands for a better environment provide the right climate for the National Audit Office to get involved and significant changes in national policy regarding environmental issues have been recently adopted by Central Government. These policy changes generally relate to waste management and the conservation of land - which in Malta is considered amongst the scarcest of resources.

The National Audit Office mandate does not make a particular reference to environmental audit, however it does not preclude it. The recently enacted National Audit Office Act has extended this Office's mandate to encompass parastatal organizations and agencies besides central government departments and local councils.

Although still in the early stages, the National Audit Office has taken positive steps to embark on environmental audits. Generally, the objectives of audits performed relate to compliance and performance issues. Moreover all other audits are expected to encompass the environmental aspects related to the entity under review.

The National Audit Office is currently reviewing the performance of the Department for the Protection of the Environment with regards the implementation of the new waste management strategy. This policy basically relates to alternative methods of disposing of domestic, industrial and construction industry wastes (such wastes amount to 10%,10% and 80% respectively). From an audit perspective, such a review will enable the identification of concerns and teething troubles connected with the Program at an early stage. The NAO, moreover, attaches great importance to this Program since waste disposal is a very sensitive issue - especially when Malta's micro-state characteristics are taken into consideration.

Economic growth in Malta has over the last thirty years translated itself in development in the tourist and leisure industries as well as a modern infrastructure. Such development, however, has depleted significantly the availability of land (agricultural and otherwise). The NAO will during 1998 review the effects of recent legislation aimed at controlling this situation. . There are other local environmental issues that the NAO will embark upon in the very near future. These relate to the production and distribution of water and the effectiveness of a program related to marine pollution control.

By Mrs. Saskia J. Stuiveling (SAI of The Netherlands)

One of the environmental audits that the SAI is executing now is an audit of the RAMSAR convention, an international treaty on wetlands. This subject fits well in the central theme of the INTOSAI Working Group: fresh water, and might be interesting for other SAIs. Information on this treaty can be found on our homepage. It contains duties for regions in every country that signed the treaty.

The first part of the audit is a prestudy on how the convention can be audited. This prestudy is will be made available to all SAIs on INTERNET in due course. The second part of the audit aims at the Dutch performance. This part will be made available to the INTOSAI community as well, to show the audit practice. Other SAIs who are interested in auditing the RAMSAR convention are free to use this ideas in the way they like and/or to compare their results with ours. We are planning to have this ready before INCOSAI 1998. So this audit is not yet a co-ordinated audit, but it gives the possibility to co-ordinate afterwards.

The second audit on fresh water also has an international aspect. Jointly with the Belgian SAI, the Netherlands Court of Audit performs an audit on a transboundary river, the River Schelde. In the interest of shipping, dredging-works are necessary. The environmental problem is what to do with the very contaminated mud.

A third audit on our central theme is on the management of the quality of drinking water. Problem for our drinking water is the quality of the ground water. Contamination now is causing problems for the drinking water quality in 30 years, and protection is becoming economically interesting.

By Mr. Martin Matthews (SAI of New Zealand)

The New Zealand Office

The New Zealand Audit Office is an Office of approximately 250 people. About 80-85% of the Office's work relates to annual attest (regularity) audits and between 10-15% is applied to performance audits. The Audit Office does not have resources permanently dedicated to the conduct of environmental audits. Given our comparatively limited resources for the conduct of performance audits, effort is only applied to those areas of governmental performance which we assess to have the highest risk, and for which the greatest pay-off may be derived from the conduct of an audit. Accordingly, any particular environmental audits

carried out by the New Zealand Audit Office have been (or will be) undertaken because of their merit relative to the range of other governmental areas that may be subject to examination.

Recently Completed Environment

In 1996 the Audit Office completed and published the results of an audit of the administration by regional Councils of the Resource management Act 1991. This Act is the principal environmental legislation in New Zealand and administration of the Act lies mainly with Regional Councils. Our audit examined the manner in which these councils were discharging their statutory duties. In 1996 and early 1997 follow-up studies were completed on previous audits in relation to controls to prevent the entry of Asian gypsy moth and fruit fly into New Zealand.

Planned Work for 1997/98

New Zealand is an island nation. We have unique flora and fauna and we rely heavily on primary industry as a source of employment and income for the economy. These factors make biosecurity a matter of some strategic significance to New Zealand. Government departments are responsible for biosecurity through a range of border control activities. Given the potential implications of their mismanagement of this function, we are proposing to carry out an audit which examines the adequacy of risk management strategies for border control in relation to biosecurity. Work on this audit has yet to commence.

By Mrs. Therese Johnsen (SAI of Norway)

Environmental audits which are presently being conducted by the Office of the Auditor General of Norway.

We have started to work more systematically with environmental auditing, mainly as a part of performance auditing, but also integrated in the regular financial audits. Last year we arranged a one day meeting for all our managers, discussing strategies of environmental auditing. We are now working on the strategies of environmental auditing. And we do have a wide mandate. We can conduct both results-based auditing and system-based auditing, as we can do in the other policy areas. As many of you may know, the various Norwegian governments have been working very seriously with environmental problems since 1975. They have pointed out at least 12 environmental issue areas which are meant to support sustainable development. The issue areas are more or less developed, and the policy is to develop result indicators for these issue areas and report on them.

At present we have two environmental audits in progress. The first project deals with the regulations within the Planning and Building Act. A provision in the Planning and Building Act requires an impact assessment for certain kinds of development projects. These projects may have significant effects upon the environment, the natural resources and the community. And we have audited whether the impact assessment regulations have had the intended effects.

Our focus were mainly on costs, effects and monitoring in five selected cases.

The report is now sent to the ministries for comments and will be finalized in 2 months.

Since 1989 the Norwegian Government have included what is known as the Government's environmental profile in the annual Budget proposal to our Parliament, the Storting. The second project deals with the environmental profile in the Budget. The environmental profile is a summary and overview of all governmental policies and initiatives aimed at influencing the environment positively, both nationally and abroad. The environmental profile has been undergoing changes within the budgetary documents. But the last years it has been a part of the proposal from the Ministry of Environment, eventhough it contains

information stemming from all the ministries. The ministries have to classify the initiatives into three categories, depending on their environmental motivation. These categories reveal different degrees of environmental motivation. The overview of the three groups of environmental initiatives proposed for 1997 by all the ministries showed an expenditure of 18 billion NOK approximately. The governments environmental profile has been rather controversial throughout the years. The public opinion and the environmental organisations have criticized the environmental profile, especially with regard to the classification of the environmental initiatives. Due to the importance of the accuracy and correctness of the information presented in the Government's Budget proposal, we decided to assess the Government's environmental profile. The main reason was that the figures that the Government has presented for almost 10 years in the environmental profile are explicitly uncertain. We have completed a preliminary study and have decided to proceed with a main audit. We are going to assess the environmental profile work of five ministries. We have selected the ministries of Defence, Transport and Communication, Agriculture, Foreign Affairs and the Ministry of Environment. These represent about 75% of the total reported expenditure on environmental initiatives, and one third of the total number of ministries in the Norwegian Government.

Audit of procurement with due regard to environmental issues

In our audit of procurements as part of our financial audits, we are now focusing on the impact of environmental issues. This is especially the case within the construction area, i.e. the building of roads, bridges, tunnels, airports etc. In the different construction projects or contracts there are specific provisions regarding environmental issues. The Office of the Auditor general is obliged to investigate whether these provisions are fulfilled, and report accordingly to our Parliament.

By Mr. Juan Carlos Migone Guzmán (SAI of Peru)

Mr. Migone gave a short introduction on the video "Environmental Problems of Peru: the Basin of the Rimac River". A report with the same title supported the video, and has been given to every person attending the meeting. The video and report were a product of the Peruvian SAI.

By Mr. Graham Randall (SAI of South Africa)

Madam Chair, the South African SAI is responsible for auditing national, provincial and local government accounts, as well as a number of public entities. As is the case with many other SAI's various performance audits have been carried out which have had environmental implications. Details of the respective reports have already been set out in member's documentation. I would like to use the few minutes at our disposal rather to focus on other developments with regard to environmental auditing, such as the financial and compliance aspects.

Two important complementary, but separate initiatives, are currently taking place in the accounting and auditing profession in South Africa. Firstly, a new body is being created which will provide for a tiered system for registered accountants and auditors according to their level of expertise (having regard to qualifications and experience), while provision will also be made for two directions, to cater for both the private and public sectors. This should accommodate the whole spectrum of practitioners, which is currently fragmented.

Secondly, a harmonisation initiative is taking place in order to apply IFAC accounting and auditing standards in South Africa, with the minimum level of adaption for local conditions. As part of this process, a study was carried out to compare the INTOSAI and IFAC auditing standards, which did not reveal

significant differences. Auditing standards will in future carry a "Public Sector Perspective" at the end of each standard detailing such difference as there may be, while work is currently being carried out in similar vein with regard to the applicability of the accounting standards to departments at national and provincial level.

IFAC standards naturally apply to the audit of financial statements and do not adequately address the extended public sector mandate with regard to compliance and performance. Bearing this in mind, developments relating to environmental auditing take into account the guidance provided by IFAC in respect of the audit of financial statements, while adding the compliance and performance perspectives. This, of course, in agreement with the approach of this working group and the draft booklet on standards and guidelines for environmental auditing, which has been the subject of our deliberations.

A pilot study, which applies these principles to the programme for marine resources at the Department of Environmental Affairs, is currently in an advanced stage and has as its purpose, the development of guidance for the Office in the application of an environmental perspective to all audits in future. This is an exciting development which is being carried out in parallel with developments by this working group and is expected to have significant implications in future.

By mr. Joe Cavanagh (SAI of the United Kingdom)

Since 1995 the NAO have produced the following reports:

- Freight Facilities Grant

This report examined the effectiveness of a scheme to promote the transfer of freight from road to rail;

- Environmentally sensitive areas

This report examined a scheme to encourage better land use and eco-friendly farming in designated areas

- Departmental management of utilities (energy, water)

A green housekeeping study

- Fisheries protection in Scotland
- River pollution by farms

This audit focused on the steps taken by the National Rivers Authority to counter such pollution.

There have also been UK developments at central government level. The Government has placed greater emphasis on sustainable development. They have produced:

- a strategy for sustainable development (1994);
- a set of indicators for sustainable development;
- a series of annual reports reporting on the original strategy;
- a set of environmental accounts (NRAs);
- and many subsidiary strategies (waste, air, etc.).

Within government administration they have also designated Green Ministers, a Green Cabinet Committee, merger of Transport and Environment departments, and initiatives for green housekeeping in government.

The biggest current development of audit interest concerns a possible new role for the NAO. This was initiated by the new Labour Government, by creating a new environmental audit committee in Parliament. This committee, the so called Select Committee on Sustainable Development, will probably be operational by the end of 1997. This committee may be served by the NAO. The committee will carry out a mixture of policy reviews and audit based work, but volume and type of work are not known yet. Once the Committee is appointed, it will take decisions in these matters.

We already have some audit work in progress or imminent, with one eye on the new Committee:

- a review of the Home Energy Efficiency Scheme- to promote insulation and energy saving in low income households;
- similar energy saving schemes operated by the electricity regulators;
- an audit of the arable area payments scheme, operated by the EU.
- Furthermore the NAO is going on to do work on measuring progress towards sustainable development.
- The NAO also identified other topics which might be of interest, depending on the new committees interests. Candidates include:
 - derelict land reclamation programmes;
 - vehicle emissions testing;
 - waste regulation by the Environment Agency.

By Mr. Peter Guerro (SAI of the USA)

Our remarks focused on the following:

1. U.S. environmental efforts are looking at ways of reducing compliance costs while achieving better results; new, more flexible approaches, such as emissions trading, are being tried.
2. The U.S. Congress has introduced legislation to require that costs, benefits and risks be considered when environmental regulations are adopted; some would like to see environmental regulations pass a "net benefits" test.
3. Reauthorization of the Superfund, our hazardous waste cleanup program, is a top legislative priority. Debate centers around:
 - how much to fund this program;
 - the extent to which business should be liable for past pollution;
 - the extent to which contaminated sites should be cleaned up;
 - the extent to which program responsibilities should be devolved from the federal government to the states;
 - and how to support the redevelopment of abandoned industrial properties, called "brownfields", in our older urban areas.

Issuance of stronger air standards for particulates and urban smog was extremely controversial, especially since a significant number of urban areas still fail to meet existing smog standards. Questions were raised about how good the science was underlying the new standards and how much compliance will cost. Consensus was finally achieved to go ahead with the standards when enough states chose to support them because they felt stricter standards would be to their benefit since much of the pollution they were trying to address within their boundaries actually originated in other parts of the country that were not currently regulated as strictly.

Reauthorization of our clean water act is also before the Congress. It is estimated that at least half of the remaining water quality problems in the U.S. are due to nonpoint sources of pollution. This was brought to light last summer and fall when several east coast rivers experienced outbreaks of a toxic form of pfisteria, a protozoan that thrives in nutrient-rich, shallow, saline waters. Fingers were pointed at agricultural sources, such as large hog farms and chicken farms, which have become increasingly concentrated sources of water pollution. It is expected that doing a better job controlling nonpoint source pollution will be a top item for consideration as Congress reauthorizes the Clean Water Act. Also of concern is the continuing loss of wetland habitat to development and how to best compensate property owners for wetland protection.

Increased reporting of toxic chemical use and releases is high on the President's agenda, but some members of Congress have raised questions about how this information is currently used and the potential that such disclosure will provide confidential industrial information to competitors.

The GAO has work underway in each of these areas, with almost 50% of our resources focused on the reauthorization of the Superfund toxic waste cleanup law. While the majority of our work continues to be focused on improving the efficiency and effectiveness of environmental programs, we are able to point to almost three-quarters of a million dollars in budget savings resulting from our work this past year.

Attachment 2

Welcome words by Mr. Hindrek Meri, Auditor General of the State Audit Office of Estonia at the opening of the 4th meeting of the INTOSAI Working Group on Environmental Auditing.

Dear Mrs. Stuiveling, Colleagues,

Ladies and Gentlemen,

Its is my pleasure to greet you in Tallinn on the occasion of the meeting of the INTOSAI Working Group on Environmental Auditing. I appreciate the decision of the Working Group to meet in Estonia and consider it a great honour and trust in us and trust in us and an acknowledgement to environmental activities in Estonia.

Estonia is a small country on the coast of the Baltic Sea with the area of forty-five thousand square kilometres and population with less than one and a half million. This in itself demands from us careful attitude towards nature and environment. Natural resources are very important for Estonian economy. Over forty-two% of the territory is covered with forests. Forest and timber products are the main export articles. Oil shale resources fully provide the production of electricity with fuel and enable to develop chemical industry. A considerable natural resource is the sea with its fish supplies and also rivers, lakes and underground water. Over ten% of our territory is covered with swamps and peat mosses. The use of natural resources and economic activities bring about a number of problems. In order to manage these problems a necessary organisational structure has been established, headed by the Ministry of Environment.

We have a long tradition of nature protection. The foundation to a systematic nature study and propagation of nature conservation ideas was laid in the eighteenth and nineteenth centuries. The first Nature Protection Law in Estonia was passed in nineteen thirty-five. In nineteen ninety-five the Act on Sustainable Development was adopted and in the beginning of this year the Parliament adopted the Strategy on Environment until the year two thousand ten. During the last five years, Estonia has signed, ratified and acceded to more than forty bilateral and multilateral environmental agreements and conventions.

The implementation of all laws, programmes, agreements and conventions and the maintenance of the personnel involved in the implementation process requires enormous financial costs which grow from year to year. The problem is evidently common to all countries.

From this originates the common concern of supreme audit institutions, that is, how to contribute to the most economic, efficient and effective use of the tax-payers' money. Environmental issues are a relatively new area of concern in the world and for many of us auditing of environmental issues is also a new area of auditing. At the same time environmental issues are of a transboundary nature and of vital importance to everyone. That is why all the issues in the agenda of the meeting today and tomorrow are topical and relevant for all of us. I am sure the work of the Working Group will be fruitful and I would like to wish to all of you joy and success in your work. At the same time I hope you will have time to get acquainted with Tallinn and have good impressions of your stay here.

Thank you for your attention.

Attachment 3

Welcome words by Mr. Rein Ratas, Secretary General of the Ministry of Environment of Estonia

Since the restitution of its independence Estonia has actively established relations with international community in order to improve the state of its own environment and at the same time to share the common concern of the situation in the whole world. At the beginning of 1990s local problems like water and air pollution, contamination of former military sites, problems with waste disposal etc. were much higher on the agenda in Estonia than the issues of global importance. Along with the deepening of contacts with foreign counterparts and expansion of international relations more and more attention has been paid on issues like global warming, protection of biodiversity, transboundary pollution etc. Local issues are still (and will remain) priorities, but the recognition of the importance of global and transboundary questions has grown considerably.

Special attention should be paid on the problems, which could derive from uncontrolled economic development. However, it should be mentioned that in Estonia it is not possible to damage the environment in an uncontrolled manner because a system of environmental permits regulated by laws is in operation for 10 years already. Our legislation in the field of integrated pollution prevention and control as required by EU (directive 96/61/EC), will be harmonised by the year 2000 and implemented in case of major polluter by 2005

Since 1992 we have implemented the requirement of prior compulsory environmental impact assessment for new and reconstructed enterprises. In case of privatised enterprises and those violating environmental regulations mandatory environmental audit is required.

By the end of this year and in the first quarter of 1998 necessary legal regulations on environmental impact assessment and environmental audit will be elaborated to harmonise with the EU directive on environmental impact assessment (85/337/EC).

My country is participating in the process of environmental co-operation at different levels. We have acceded to 42 bi- and multilateral environmental agreements and conventions. In December, 1997 the Government will consider the bill on accession to the Geneva Convention on long-range transboundary air pollution.

It is difficult to measure the advantages arising from the international relations but nevertheless, it can be said that participation in international environmental activities has significantly contributed to the development of Estonian environmental law as well as environmental management schemes. Experience gained at international arena has made it possible to promote economic instruments for environmental protection, elaboration on environmental criteria for policy setting etc. As an example of influence of internationally accepted goals and principles to the domestic law one could bring out the Act on Sustainable Development of Estonia which was adopted by the Parliament in 1995. We have prepared the draft law on environmental impact assessment and auditing.

The Ministry of the Environment considers the State Audit Office to be an important institution in the process of sustainable use of natural resources and in environmental protection in general. As the resources for this purpose are always limited, reasonable use and control in this field are of great importance. I would like to stress, that the principle of our Ministry is as follows: good performances should be approved. However, it is very useful to point out the shortcoming.

The windy shores of our plain country, the abundance of forests and mires are good natural presumptions for the development of interstate co-operation. I hope the present conference makes its contribution to this.

I wish your discussions will be successful and comprehensive and your stay in Estonia a pleasant one. Thank you for coming to our country.

Attachment 4

Welcome words by Mr. Villu Reiljan, Minister of Environment of Estonia

Distinguished Chairperson, Ladies and Gentlemen,

I am happy to welcome you, specialists in environmental auditing, here in Tallinn.

The Ministry of the Environment has started to introduce and implement a new but most important environmental management tool - environmental auditing.

With the help of substantial international assistance from the Norwegian Government, from Denmark (through UNDP) and from the EU LIFE Programme the first auditors of international level will be prepared in Estonia by the end of this year. At the same time environmental auditing will be introduced to the public as well as the stakeholders.

By the end of this year the Ministry has planned to present the bill on environmental impact assessment and auditing to the Government. This Act will provide for legal bases for environmental auditing and environmental impact assessment as well as preconditions of ratification of the Espoo Convention, which deals with environmental impact assessment in transboundary context. Also, this Act will establish bases for the State Auditing Inspectorate to implement environmental auditing on checking how the requirements under international agreements are met.

I am happy to note that co-operation between the Ministry of the Environment and the State Auditing Inspectorate has proved to be fruitful.

I wish this seminar to be successful and look forward for our continuous good co-operation.

Thank you for your attention.

Attachment 5

List of Decisions

Agenda number:	Decision
2	Approval of text of the Minutes of the Third Meeting
3	Approval of the report: "Results questionnaire on environmental auditing" as a W.G. document, with as minor adjustment add the SAI of the European Union to attachment 1.
4	<p>* Approval of the "Booklet on how SAIs may co-operate on the audit of international environmental accords" as a W.G. document, taking into account that minor adjustments will be made due to comments of several members.</p> <p>* extend information on homepage with more information on international accords, in co-operation with Norway and Canada</p>
5	<p>In the next 12 months finalising the Booklet "Standards and guidelines of environmental auditing" according to the following procedure:</p> <p>*exposure draft send out to working group members in the beginning of 1998</p> <p>* exposure draft presented in Uruguay, November 1998</p> <p>* exposure draft put in procedure to become an INTOSAI document in the period 1999-2001</p>
6	Approval of the continuation of the homepage of the INTOSAI Working Group on environmental auditing
6	<p>Approval of the continuation of the Green Lines</p> <p>* announcement of copy-deadline</p>
6	<p>Approval of the continuation of the use of E-mail</p> <p>* Improvement of the effectiveness of e-mail, e.g. sending messages twice and confirmation of the arrival of the messages by the W.G. Members.</p>
6	<p>Approval of the proposal for the exchange of information on environmental auditing reports and the authority of SAIs</p> <p>* make available information on reports and SAIs on internet between now and INCOSAI 1998</p> <p>* send draft information to SAIs for verification in advance</p>
7	<p>Approval of the Paper on NRA as a W.G. document</p> <p>* minor adjustments will be made: scrap the environmental performance indicators and clarification of the purpose of the document</p>
7	Approval of the Proposal on NRA as a W.G. document
8a	Workplan 1998-2001

	<p>actions NRA:</p> <ul style="list-style-type: none"> · use of options given by the Working Group by all SAIs · quick-scan on Natural resource accounting at macro level · a preliminary study on sustainable development in connection with the concepts of "auditing" and "environment", and the measurement of this. The UK volunteered to make a proposal for the outline of the study.
8b	<p>Workplan 1998 - 2001</p> <p>actions co-ordinated audits international environmental accords:</p> <ul style="list-style-type: none"> · use booklet by all SAIs · make list of interested SAIs · to think about the question who wants to volunteer for organising small conferences for interested SAIs. In OLACEFS, Colombia will pay attention to the booklet in their courses on environmental auditing and will try to have a pilot conference within Olacefs · extend information on environmental akkoorden on homepage
8c	<p>Workplan 1998 - 2001</p> <p>actions on guidelines , methods and techniques:</p> <p>finalising the documents on guidelines, methods and techniques, see decisions under 5</p>
8d	<p>Workplan 1998 - 2001</p> <p>Actions/decisions on Information exchange:</p> <ul style="list-style-type: none"> · Continuation of the homepage by W.G. · Later on it will become the responsibility of SAIs to keep the country-specific information up to date · Third survey on environmental auditing (spaced like now, send out questionnaires around 2000) · To make available all completed W.G. documents on the home-page of the W.G. · to continue the use of e-mail and Green Lines
8e	<p>Workplan 1998 - 2001</p> <p>· Actions on the composition of the Working Group:</p> <ul style="list-style-type: none"> - invite Chile and Poland to become Working Group Members; - look for candidates in SPASAI, ASOSAI and AFROSAI (French speaking countries) - Egypt will be consulted about representation of ARABOSAI

	<ul style="list-style-type: none"> · Continue the W.G. next period, with the Netherlands as Chair · Use next period to extend the concern of the various INTOSAI regions with environmental auditing. · A pilot will be held in Olacefs · Think about (form of) continuation of the W.G. after 2001, new mandate of W.G. and about new Chair · To ask INTOSAI to decide on the future of the W.G.
9	<p>Actions up to Uruguay</p> <ul style="list-style-type: none"> · to present the following documents as official INTOSAI documents at the XVIth INCOSAI in Uruguay: <ul style="list-style-type: none"> - booklet on How SAIs may co-operate on the Audit of International Environmental Accords - the 5 pages that are compulsory for each W.G., this will be prepared by the Netherlands · The other documents will be presented as W.G. documents: <ul style="list-style-type: none"> - the exposure draft on standards and guidelines - the NRA study (paper) and proposal - the results of the Second questionnaire · Translation by the W.G. on the most economical way, with the help of: <ul style="list-style-type: none"> - OLACEFS: Spanish - Canada: French - European Court of Auditors: German (and French) - Netherlands: Arabic - UK and/or US: check on English · Translation of INTOSAI documents: by Uruguay
9	<p>Approval of the proposal for the presentation of the Working Group in Uruguay (9.b.1):</p> <ul style="list-style-type: none"> · presentation on Standards and guidelines, survey and NRA, pointing towards pushing down the information to the regions · the way of doing this is by means of: <ul style="list-style-type: none"> - Presentation homepage and a video - Future workplan - Netherlands Court of Audit will arrange the translation of NRA in a video
10	Other business

	<p>· next meeting will take place in Peru in 1998, before the XVIth INCOSAI in Uruguay together with a meeting of the Board of Olacefs and the Olacefs trainingcourse on environmental auditing.</p>
--	--