



INTOSAI
Working Group
on Environmental
Auditing

MINUTES

11th Steering Committee Meeting of the INTOSAI Working Group on Environmental Auditing

11 November 2011

Buenos Aires, Argentina



Opening and Overall Timeline of the Projects

Tõnis Saar, Secretary General of the Secretariat of INTOSAI WGEA, Chair of SC11

The Chair explained the agenda. He noted that with regard to the extended outlines of projects, agreement was needed from every project team about the overall timeline. There were 2 exceptions, for which the SC's approval was required: the environmental data project and Rio+20. The Chair asked if all other projects would be able to keep to the agreed time schedule. There was general agreement to meet the deadlines.

The Chair also sought the agreement of the SC to the timeline for Rio+20, given that it would take place in the middle of 2012: the draft paper to be ready by March, April 2012. The SC agreed. The Chair informed that the plan was to send the Rio+20 executive summary out in advance and have it finalised and edited by the end of January, mid-February, with the rest of the work to be ready by March/April.

Ms Goldsmith, UK asked about the timing of the next SC meeting.

The Chair informed that the next SC was planned for mid 2012, to be very kindly hosted by the Indian colleagues, the 1st, 2nd or 4th week of August.

Jagbans Singh, India confirmed that the meeting would take place in Jaipur, where the global training facility was expected to be completed in June. But he also noted that the summer weather was usually very hot, so any time in August or later would be more convenient.

Ms Goldsmith explained that August was really difficult because of plans, which had already been made.

The Chair promised to find a solution that would be best for all, in September.

Peter Morrison, Canada spoke on behalf of the Canadian and US co-chairs of the environmental data project. He thought that reasonably good progress had been made and indicated that the team preferred to wrap up the project more quickly, due to budget and staffing issues. The plan was to present a full draft by mid-March 2012 to the SC for feedback and to send the finished document to the Secretariat by the end of April.

The Chair invited comments. No one disagreed. The Chair emphasised that the sub-committee would be doing most of the reviewing and that the project would still be adopted at the scheduled time the following year. He also asked the project teams to send a copy to the Secretariat at the time when the draft went out for reviewing to the project sub-committees.

Discussion of Extended Outlines of Projects

The Chair explained that the extended outlines did not need to be presented, since this had been done during the WG14 parallel sessions. The project leaders were expected to point out any modifications that had resulted from the parallel sessions. Then a round table discussion of each project was to be followed. He noted that the focus of the comments was to be the following: appropriateness of proposed scope, the logic of the proposed structure and prioritisation of subtopics.

Auditing Water Issues

Steven Elstein, USA

Mr Elstein informed that the parallel session had had a very crowded agenda; there had been no detailed feedback. Several comments, mostly supportive, had been made. There had been nothing that would have warranted any changes in scope. Several suggestions regarding audits had been undertaken, some had been offered from the Near East and North Africa to fill the gaps in the geographical coverage. Mr Elstein reminded that it had been agreed at the Morocco meeting that the project would not follow the 4-step guidance rigidly, but would be in the spirit and be as constructive as possible in offering advice for the wide range of water audits. There would be examples, to be used as a tool of the audit matrix. The audit matrix was to help organise the thoughts and objectives and in addition would prove an excellent tool of communicating the auditors' ideas to the management and getting them committed. He regarded the toolbox chapter as very useful and noted that through examples it would be possible to offer some additional guidance on how to address certain kinds of questions.

Discussion

Jill Goldsmith, UK had no specific comments; she deemed the material very good and useful. She noted that it was proper to have that much detail and go as far as the audit matrix, since this was going to be a guide that built on earlier work. She also underlined the need to have "another guides versus papers" discussion at a later stage.

Herdis Laupsa, Norway was on the opinion that a huge step forward had been made, especially with chapters 3 and 4. She pondered whether lessons learned could be added, e.g. examples of conflicting goals/policies for example renewable energy and the water framework directive. Ms Laupsa also proposed that in the design matrix there could also be a column on impact.

Jonathan Keate, New Zealand commented that the section on specialised audit tools, e. g. focus group etc. would be useful. He also noted that the PASAI region could offer some case studies, but wondered whether audits about fisheries would be confusing in the context of a paper on water. He also reflected that the audit design matrix would be very useful - PASAI had used the fisheries guidance matrix for its ongoing tuna audit.

Hassan Namrani, Morocco made a suggestion about scope keeping in mind that in developing countries one problem was how to collect water and use it later for other purposes. He proposed to put some focus on the infrastructure, e.g. the construction of dams.

Steven Elstein thought that infrastructure related issues were a broad category, but promised to see if it could be tied into the water paper.

Nameeta Prasad, India deemed the idea of categorising the vast topic interesting. She noted that India also had a list of cases on offer. She informed that there was an ongoing audit on the pollution of rivers and groundwater, to be completed by the end of 2011. Its results could also be shared, if deemed useful.

Vivi Niemenmaa, Finland found the methodological contributions very good and suggested that in the marine environment section there could be a more classical example of water audit instead of fisheries.

Elisângela Papst, Brazil wanted to know if the paper would address the issue of underground water. She also had a question about translating sample audits into English.

Steven Elstein hoped to receive audit examples with the most vital parts translated into English. He also noted that there were a couple of specific audits from Brazil that the paper would like to include and ideally the objectives, conclusions and the methodologies would be translated into English. This would apply to other languages as well: the 3 most important sections of the audit reports would have to be translated.

George Stuetz, Canada commended the team on great approach taken to address the issue. He had some suggestions about adding some themes, e.g. groundwater, water policy and maybe something also on water issues in connection with aboriginal communities. He found the latter issues to be very different from other themes. Mr Stuetz also commented that the design matrix was great, but was slightly concerned whether the

team would end up doing a lot of work, which was certainly good for the long term but maybe not so much in the short term.

He also pointed to the links with other WGEA work and suggested including cross-references at least to the environmental data paper and land use paper.

Mr Julio César Guarido, Argentina agreed with the comments regarding coordination, also with the methodology. COMTEMA had submitted a proposal on an integral conceptual framework to water issues, emphasizing a watershed-based approach. The approach had been deemed best to capture the large and varied geographical area of Argentina and is currently the base for the development of a guideline for Latin American countries.

Steven Elstein agreed with the comment by Argentina and emphasised the importance of watershed approach. He promised to take the comment aboard.

Airi Andresson, Estonia suggested, prompted by the Argentine comment, including examples of good management practices. She proposed that there might be issues that had not been audited but could nevertheless be included as good practice. She also liked the emphasis on methodology and supported Norway's proposal to include contradictory goals. Without being aware of them, auditors might make recommendations which are also contradictory.

Steve Elstein promised to take all comments to heart.

Environment and Sustainability Reporting

Vivi Niemenmaa, Finland

Dr Niemenmaa explained that besides the project outline that was distributed to the Steering Committee, also a separate literature review had been conducted. It had helped in orientating to the issue. It had been decided at the subcommittee meeting the day before that an attempt would be made to keep things on a high enough and general level, to introduce the subject. Some case studies had been offered at the parallel session. Cases were important for illustrating the theme and making it less abstract. There was not much audit work available yet, but other sources were available, e.g. SAI Australia had offered its "Better Practice Guide on Green Office Fundamentals" and asked to join the subcommittee, pending approval from home.

Discussion

Airi Andresson, Estonia emphasised the main purpose of this paper, to make clear to auditors what sustainability reporting was, and thought that therefore the paper would not have to go into how to audit sustainability reports.

George Stuetz, Canada agreed with Ms Andresson regarding the main purpose of the paper. He saw a similarity with the Corporate Social Responsibility reports: when they first appeared, the question had been what such reports would look like. It appeared that a lot of data and indicators already existed. He thought that the same approach would apply to sustainability reporting: use what was there already, government statistics, etc. But it had to be kept in mind that the public sector was different from the private sector. There could be issues related to attribution among the different players; for example several government departments might affect one single policy. Mr Stuetz thus concluded that the public sector was not like one company but like a conglomerate of many companies and it would be difficult to take a government-wide perspective; sometimes rather than a segment of policy, a government entity could be looked at. He noted that SAIs would have to consider the different possible influences on the government so that providing directions at cross purposes was avoided. He added that SAIs would perhaps not wish to give assurance about a government policy impact, as the government could then claim, "The AG said that the end result of our water policy is great". He also encouraged the use of case studies.

Nameeta Prasad, India found the topic a very novel area which was going to be very useful for the public sector. She assured that India was looking forward to the finished product.

Lucy Limakatso Liphafa, Lesotho was on the opinion that the subject was a bit difficult to understand first but with time had become more understandable. She insisted that the case studies would make the subject clearer.

Kjell Kristian Dørum, Norway looked at the mandate from INCOSAI for this project, since he deemed it a good thing that SAIs often followed INCOSAI recommendations, and cited: "Encourage the WGEA to promote and actively participate in the development of sustainability reporting frameworks for the public sector" and "develop guidance for SAIs how to audit sustainability reports"

On this background, he had the following comments:

1. It was uncertain to him whether the purpose was to promote development of new reporting standards, to provide auditing guidance or both. This because the paper both contained descriptions on how things had been or are being done in the area of sustainability reporting, *and* a normative discussion on how things would have to be, like in a policy paper. Mr Dørum suggested that the paper would benefit from better clarification and a sharper distinction between the descriptive and normative parts.
2. Many references were made to the private sector, but Mr Dørum noted, SAIs worked with the public sector. He advised to have less focus on the private sector and also a sharper distinction between the two.
3. Within the public sector there could be a sharper distinction between state owned companies serving a commercial purpose and regular government agencies. Mr Dørum pointed out that criteria for evaluating the sustainability of ministries to some extent would have to differ from those used for evaluating state owned companies. He also added that the latter criteria seemed to have come much further in their development.
4. Finally, an account of those audit criteria could be given, which were most useful for auditing government entities and those which were most useful for auditing state owned companies.

The Chair pointed out that the overall aim was to create a research paper not give guidance. He proposed that in the next work plan the paper could evolve into guidance, but emphasized that during the ongoing work period it would not do to try and capture everything into the one paper.

For the purposes of better time management, the Chair proposed to change the round table procedure so that only those who wished to say something about a paper would take the floor. The SC agreed.

Mr Julio César Guarido, Argentina advised, keeping in mind the novelty of the subject, making the paper as simple as possible, coupled with practical cases. He also advised to assess the impact of what was being proposed to the existing financial reporting framework.

Steven Elstein, USA found the paper very well organised. He deemed the issue of sustainability most important, but also most difficult as a concept. He suggested finding a middle way, by citing also cases that were not sustainability reporting proper yet, but going in this direction. He recommended that the project team look at the final section of the WGEA's environmental accounting paper of the year before. When drafting that particular paper it had also appeared that there were many "shades of grey", and nobody had really done proper environmental accounting. Such middle way examples would resonate with a broader audience.

Fraud and Corruption

Kjell Kristian Dørum, Norway

The audience of the parallel session had in general been supportive of the project. Some concerns had been raised, however: As before, they had emphasized the mandate and the national context for the various SAIs. The SAIs looked at the topic from different angles and they had different approaches and differences in how far they could go.

One of the questions concerned the continuum from unacceptable behaviour to criminal behaviour and the relationship with the investigation and prosecution authorities - where would auditors have to stop and leave the matter to the former authorities? According to the plan, however, this issue would also be dealt with in one of the chapters of the paper. The picture was still blurry and there were no sharp boundaries in this field, thus Mr Dørum thought that the SAIs would benefit from further guidance in those matters.

The security of auditors had also been mentioned by some SAIs, but Mr Dørum insisted that the purpose of the guide was *not* to encourage anyone to risk their life.

Mr Dørum underlined that the 'naming and shaming'-issue, i.e. the exposure of countries and organisations through cases also was important and had to be properly dealt with. Although the project team was looking for valid cases, there was no intention to expose any particular country. Some Norwegian cases would be used. But it would be very difficult to make a guide if real cases could not be utilized. Mr Dørum was of the opinion that hypothetical cases were extremely difficult to design and that they very often involved logical inconsistencies.

He assured that the project team had duly noted all the concerns expressed.

Discussion

Rafael Torres, Brazil thought that there had been controversy since the very beginning – the question whether auditors would have to be doing these kinds of things. The issue had come up again at the parallel session. But he also believed that the material was going to be very helpful for auditors, especially chapters 3 and 4.

Jill Goldsmith, UK noted that the project had been controversial from the outset. She expressed her concern about how the paper related to INTOSAI's work generally. She underlined the sensitivity of the topic itself and wondered how it would be addressed in a document which was to appear in the public domain bearing the INTOSAI and WGEA logos. She insisted that the topic was very important in the environmental sector, which is why it was certainly appropriate, whereas still emphasized the question of how it could be crafted in a way to not raise the sensitivities and get in the way of auditors' work.

Ms Goldsmith hoped that the document could start with the following: INTOSAI's view on the auditors' role in relation to fraud; and only thereafter a part explaining what the differences were in the case of environmental matters and how environmental auditors were adding to what had already been said by INTOSAI.

Ms Goldsmith added that in relation to political sensitivity of fraud it was incredibly important to use the INTOSAI audit language in the document as well as ground the cases properly on appropriate examples coming out of INTOSAI. She thought WGEA should address the risk that the media might misrepresent the paper, by saying "INTOSAI says governments are fraudulent".

She noted that the continuum from petty fraud to state level corruption could also be misused by the media, at both the petty end and the state end.

Ms Goldsmith recommended keeping the paper short and really focus on what was useful to auditors.

The Chair answered to Ms Goldsmith's concern about the INTOSAI approach that the INTOSAI's governing board meeting had showed that there indeed was a need for activity in the area of fraud and corruption. He thought that the guide was going to be read by many; the INTOSAI approach would thus have to be very clearly stated, however focussed be on what the environmental audit added to it.

Nameeta Prasad, India commended the document for the good research done on it. She regarded the link made between corruption and governance at various levels to be useful. Ms Prasad however also underlined that it was important to remember that sometimes there could be individual cases that were not linked to any governance or legislative framework. She saw two ways for looking at the issue: a broader approach, integrating fraud and corruption into general audit; but upon conducting a thematic audit fraud and corruption would also need to be looked at.

Ms Prasad proposed identification of top 5 or 10 indicators in different sectors, like forestry, mining or water issues, which would serve as "eye openers" or as "red flags".

Steven Elstein, USA, agreed with Ms Goldsmith in that the guidance had inherent sensitivities. He also supported Ms Goldsmith's recommendation about what to do when delving into someone else's area: set the stage on the basis of what has already been done in that other area and then move on to one's own context. He brought an example that in the USA in interdisciplinary issues the other party often became a reviewer. Mr Elstein thought that thus engaging the fraud and money laundering committee would be a good idea as well; they would maybe help find unintended "landmines".

Jonathan Keate, New Zealand endorsed the comments of Ms Goldsmith and Mr Elstein. He praised the paper for its scholarship. He noted that the paper included an example of the fraud and corruption case in the management of the tuna industry in a PASAI member country in 2003 and wondered, because it had been a very bad story, about the given government's sensitivities regarding that. He said that it was possible

to get an update of the situation as the PASAI region was conducting a fisheries audit, the results of which were to become available in late 2012. It was hoped the story in 2012 would be better than in 2003.

Mr Keate strongly supported a purpose statement at the beginning of the paper, making clear the role of auditors. He also gave an example of the approach taken by SAI New Zealand: they had conducted a survey of how all public entities in New Zealand were managing the risk of fraud. The results had just come out. Mr Keate offered to share the results of the survey for the paper.

Peter Morrison, Canada supported the very positive comments made by others regarding the depth of the material and also the red flags raised. He thought that the figure on p 38 from Transparency International which presented the different pillars and players with an impact on national integrity could help scope the document more clearly - it was about the role of auditors and not what the media or other watchdog agencies would have to do. He suggested that the focus could be on the analysis of risks and this theme could be emphasized more in the paper. He explained that the auditors could point to the risks of something going wrong and asked whether auditors had a passive or active role in detecting risks and fraud. He felt that it tended to be more passive - reporting fraud upon finding it, but not going looking for it actively. He thought making that distinction might be useful.

Mr Morrison was of the opinion that it was also important to distinguish between illegal activities, such as logging or fishing that went on despite the best efforts of the public authorities and illegal activities where the authorities were involved themselves.

He insisted that the paper contained a lot of useful information and recommended incorporating material by reference rather than including it in its entirety. He felt that for the purpose of the guidance, the focus could be on the incremental information, the value added.

Mr Morrison agreed with Mr Elstein in that building in some of the differences in detecting fraud and corruption in the environmental context would prove useful. He commented that often there was no victim in environmental crime, no spokesperson for the illegal activity; it was only the biodiversity and the environment that suffered. He noted that this in turn had consequences for the type of response and recommendations that could be made.

Mr Morrison also agreed that the paper would be much more "real" with real examples. But he also pointed out that the reputations of individuals, companies or countries were at stake. He recommended using alternative ways of presenting the case studies, such as making an annex listing the audits. He also recommended that the subcommittee think carefully about what the internal review process for the guidance would have to be. He referred to the practice in Canada where any third parties mentioned in a paper were given the opportunity to comment before publication and correct any errors.

Airi Andresson, Estonia supported many of the arguments listed before, especially by Mr Morrison. She thought that as an incredible amount of research had been done the task ahead was to "keep it short and simple". There were overlapping parts, which Ms Andresson offered to point out to the subcommittee. She considered the chapter on risks to be the most valuable. Ms Andresson also supported the idea of drawing on other INTOSAI documents on fraud and corruption, with the guide under discussion focusing on matters specific for the environment. She also agreed with the distinction between illegal activities as such and illegal activities involving corruption. She gave an example of illegal logging in Estonia which was happening because of the lack of inspections rather than because of corruption.

Edward Simanjuntak, Indonesia agreed with Ms Andresson about the need to draw on similar INTOSAI documents. He also thought that the project leader would have to communicate with the fraud and money laundering committee.

He stressed the importance of finding a very valid source of definitions.

The Chair noted that Mr Dørum had approached the fraud and money laundering committee, headed by Egypt, but given the difficult general situation in that country not much success had been achieved as of yet.

Kjell Kristian Dørum, Norway promised to consider all remarks carefully, use more references and add annexes. He also invited the native speakers to help with the language of the paper.

To get cases a request had been sent out. Mr Dørum thanked those who had contributed. Some cases were very relevant. But most of the material received needed further work. Mr Dørum thought that ideally the guide should be based only on SAI material, like the fisheries case, which the team had received permission to use. But he noted that unfortunately not many SAI cases were available.

Mr Dørum admitted that it had been clear from the start that the project would be controversial due to its sensitivities. He was of the opinion that corruption and fraud represented one of the most serious challenges faced by the world community, but regretted that while many calls had been made for translating rhetoric into actions, very few were willing to do so.

Mr Dørum noted that the INTOSAI working group on corruption and money laundering was the natural focal point in the field, but it had not published any concrete products yet. He informed that the working group was very supportive of the WGEA's work on fraud and corruption and the working group also had established their own subcommittee to work with the WGEA team. Mr Dørum assured that there was no conflict between the ongoing project and the work of the working group on corruption and money laundering. As to the question of other relevant INTOSAI documents in this field he also pointed out that the ISSAI 1240 – the most central ISSAI standard on auditing fraud so far - was narrower in its scope compared with the planned WGEA guidance.

As regarded Mr Morrison's comment to the effect that auditors only reported fraud when they detected it, Mr Dørum explained that in SAI Norway the auditors were far more active and also detected more fraud. He thought that the general mandate from INTOSAI was clear: auditors had a role to play in this field and the development of auditing guidelines was an important part of this. He invited everyone to send in their most important comments in writing.

Helge Strand Østveiten, Norway found the SC comments very useful not only because of support but also because of the challenges. He deemed the theme important but also involving risks which had to be dealt with professionally. He felt that the paper was to benefit much from specifying the role of the auditor in the area according to the description in the INTOSAI policy, the latter being a good point of departure for the guide and hopefully solving some of the issues that had been raised.

Given the nature of the comments, Mr Østveiten did not feel comfortable with comments based on oral communications. He invited the Secretariat to prepare short written summaries of the comments so that it would be easier to tackle them appropriately.

The Chair promised to get the minutes prepared as soon as possible.

Peter Morrison, Canada promised to put together written comments that were the basis of his verbal comments in 2 weeks.

Kjell Kristian Dørum, Norway recommended coordination via the Secretariat.

The Chair promised to distribute the comments as they reach the Secretariat.

Land Use and Land Management Practices

Mohammed Diyer, Morocco

Mr Diyer shared some reflections from parallel sessions:

- No significant change had been proposed to the structure of the paper, apart from section 3.2. which was to be moved somewhere else in chapter 3, instead of the middle of the chapter;
- It had been proposed to describe the wider scope in the introduction and then narrow the focus;
- There would have to be no separation of land management and sustainable land management;
- The scope would have to be reduced by cross-referring to other INTOSAI work, e.g. forestry, water, infrastructure etc;
- The paper would have to be limited to the focus of control over land use, and not going into detail in respect of control of land use decisions, such as pollution, industry etc;
- In chapter 2 on land use and environmental issues, other issues were advised to be taken into account as well, e.g. urbanisation, growth of population, loss of green spaces, intensive agriculture, mining activities, infrastructure and industry development, community impact of the development of land etc;
- There had also been suggestions as regarded chapter 3;
- The last chapter would have to include case studies and best practice in land management auditing. Some new cases had been offered by Argentina, the UK, the Netherlands etc.

Discussion

Steven Elstein, USA noted the sensitivity of the land use issue in the USA: it was dealt with on the local level and therefore making recommendations was far more complicated. He also noted that the land use legislation varied from country to country. Thus he proposed that the Section 3.2. could mention the differences of the legal framework as well as cultural orientation in dealing with land use in different countries.

Helge Strand Osttveiten, Norway praised the document for being well structured and thus an indication of in-depth knowledge of a comprehensive and complex area. He recommended relating it to other work done by INTOSAI, e.g. the guides on forestry, mining and climate change.

Peter Morrison, Canada suggested that the discussion be based on the case studies, highlighting the particular challenges of auditing specific land use and land management practises. For example, there could be different land management practices in different locations. He mentioned the example of Canada's overlapping jurisdictions - municipal, provincial and federal responsibilities, all affecting land use. He felt that this aspect could be included.

Vivi Niemenmaa, Finland thought that chapters 1 and 2 would have to remain brief and the main focus could be on chapters 3 and 4. She also emphasised the importance of geographical scale, with local authorities having a lot to say, but some major issues, e.g. really big conservation instruments would more likely be dealt with at the national level. She also offered a case from Finland about urban sprawl.

Airi Andresson, Estonia commented the structure of the paper. She agreed with Dr Niemenmaa about putting the main emphasis on chapters 3 and 4, which contained the most valuable information. She also noted that in section 2.1. on environmental issues in land use one would not have to describe what deforestation was, but just explain how land use brought about deforestation. Ms Andresson pointed out that there was some overlapping in section 3.3, and proposed revising and categorising the list a little differently. She offered at least 1 case from Estonia, an audit of the land reform.

Yongning Gao, China recommended cross-references to other WGEA work, e.g. on degradation of water and air quality. He noted that soil pollution (with heavy metals etc) was a problem in China and proposed involving this subject as well.

Mohammed Diyer, Morocco thanked everyone for the comments and also promised to take into account the concern expressed by China.

The Chair encouraged the SC members to send written comments.

Environmental Data

Peter Morrison

The Chair mentioned that the project timeline had been modified and the project would finish earlier than initially planned.

Mr Morrison had received several specific comments from the parallel session, but noted one overall theme: to bring out more strongly some of the challenges related to environmental data when conducting cooperative audits.

Discussion

Herdís Laupsa, Norway thought the introduction would have to clarify that the paper did not only deal with the use of environmental data but also with how to audit environmental data. She also recommended including references to ISSAIs when dealing with the issue of using data as audit evidence; being more specific in the examples that showed how the data was used in the cases; using the IPCC 2006 guide, since she felt it provided useful methods of collecting data, including the use of expert judgement to fill in gaps, when missing data in time series.

Jill Goldsmith, UK mentioned an earlier discussion about the Canadian approach to validation and confirmation of data. She invited the team to reflect upon that.

She was looking forward to studying Appendix 3, Decision Tree for Data Reliability of Computer-Processed Data, as soon as it became available, given the strong interest in the SAI UK.

Airi Andresson, Estonia had the perception that the paper was already quite complete. She suggested that in section 3.2. about the data quality, it was not only the quality of data itself but also how it was collected that had an impact on the quality of data. She also warned that people tended to forget that all data was not electronic data.

She suggested adding in section 5.1. on global data an example or graph of how global data was generated. She noted that one would not have to get the feeling that the global data was somehow more reliable than data at home, since it was mostly derived from the same home data.

Nameeta Prasad, India noted that in most environmental audits the auditors really struggled to get data and a lot of audit time was spent on trying to get data. As regarded section 6.2.3, Audit Organizations Can Develop Alternative Data to Meet the Audit's Needs, she explained the practice of SAI India of using expert third party organisations to gather data. She felt that the question to be asked was: how valid is that data, since it was not collected by the auditor or the government.

Peter Morrison, Canada: "Feedback is a gift, and I thank you for your gift."

Wildlife Conservation and Tourism

Lucy Limakatso Liphafa, Lesotho

Mrs Liphafa conveyed the project team's hope to meet the deadline. She informed that at the parallel session 3 chapters of the paper had presented and the issues raised had been the following:

- The section on definitions would have to include marine life;
- The paper would also have to reflect the conflicts caused by uncontrolled wildlife, e.g. elephants destroying the plantations;
- A need for a specific convention on nomadic wildlife, migrating from country to country had been perceived. The ownership of such wildlife should be clearly stipulated in the convention.

Mrs Liphafa said that after having heard the Costa Rica presentation the project team desired to use this as a case study in the paper. But she also noted that help was needed in getting it translated into English.

Discussion

The Chair informed that no translation funds had been budgeted but wondered whether Costa Rica or COMTEMA could help. He also suggested selecting the parts that need translation, so as not to include the whole report.

Kjell Kristian Dørum, Norway made a general comment: he felt it had yet to be decided whether to focus only on tourism and wildlife conservation in a narrower sense or on wildlife conservation as a wider concept.

He offered some comments, in case the focus would be narrower:

- The background information in chapter 2, sections 2.1 and 2.2. made a good starting point for focusing on both positive and negative impacts and the project team could build upon it;
- Section 2.3. had a summary of some of the most important instruments and policy responses, they could be elaborated further, deriving audit criteria on their basis for the national level;
- In chapter 3 there was in his opinion a need to critically review the conventions and select those most relevant for the topic and then select from those conventions the sections which were most relevant for the subject. It would then be easier to derive audit criteria from them for the global and regional level;
- In addition to this, he also thought it would be useful if the paper contained some case studies on the topic.

George Stuetz, Canada liked the more limited approach of the paper. He suggested that an appendix for any relevant audits be added. He also recommended describing the importance of wildlife in terms of the

economy in more detail in Chapter 1, mentioning the relevant countries, and including some data, from the OECD for example. He also felt that brief information up front about wildlife and its conservation, looking at the different impacts of tourism, could be included.

Airi Andresson, Estonia had some suggestions regarding the structure, related to overlapping. She offered to submit the comments in writing. She recommended tailoring the main types and causes of pollution in the table in section 2.1 so as to show how tourism is connected with these types of pollution. She also noted that the project team could engage an expert on biodiversity to check the relevant definitions.

Ms Andresson suggested describing wildlife management and integrated management plans after the chapter on impacts. She offered to elaborate the subject in her written comments.

She rather liked the section on conventions, which would make a good starting point for auditors who did not know the subject. She also invited the project team to check what can be used from the WGEA biodiversity guidance and noted that it was important to state whether the list of conventions was exhaustive or not, so as not to give the wrong idea.

Lucy Liphafa, Lesotho promised to incorporate the comments and contact the commentators if something had remained unclear. She asked those contacted to respond immediately, as the project team was working against the deadline.

The Chair pledged the help of the Secretariat in getting the contacts and any other assistance needed.

Environment Issues Associated with Infrastructure

Jill Goldsmith, UK

Ms Goldsmith thought that the parallel session had been very useful in terms of extra lines that needed to be pursued in the paper, in particular the different types of audits of infrastructure, which the paper had not focused on yet. She deemed a pre-audit from Thailand, an ex-post audit by the European Court of Auditors and a Brazilian audit to be really useful examples.

Some more detailed comments had been given about the governance framework. That section had been sent for commenting to the subcommittee, the aim having been to avoid too much orientation towards the UK practices.

An overall discussion had concerned the nature of the output - research paper or guidance? Ms Goldsmith said that the work had originally been set up as a paper and the project team had no intention to turn it into guidance proper at that point. She elaborated that the plan was to give some good general guidance in the section on how to audit infrastructure projects. She felt that in case there was demand for a more detailed guidance, a separate project would have to be initiated.

Ms Goldsmith was concerned with the length of the paper as it was not complete yet and already 30+ pages long plus appendices. She was certain that the 20 page limit would be exceeded and sought for opinions on what was to be done, whether and where cuts could be made.

Discussion

Rafael Torres, Brazil liked the generic model approach. He admitted that in the SC Morocco meeting it had been difficult to see how it was going to be done. He found the work very interesting, offering some points that helped approach the problems differently. He suggested that case studies of the different kinds of audits could also be used in addition to the generic model.

Peter Morrison, Canada was quite enthusiastic, especially about the way the positive and negative consequences, the key documents and decisions, and the relevant evidence had been highlighted, as one went through an infrastructure project. He especially appreciated the last part which could be used to develop audit questions that could be asked at each stage of a project. He brought an example of feasibility study.

Mr Morrison's suggestions:

- Adding regional environmental assessment to the already existing high-level (strategic) and project level environmental impact assessments. He felt this was often relevant;
- Modifying the general model slightly: operations and maintenance were joined together, but sometimes upgrading and maintenance go together as well and these are also associated with significant environmental effects;

- Providing a more detailed focus on the decommissioning and disposal aspects. A classic example would be nuclear waste, which involves substantial costs and environmental impacts;
- Including the emergency response component, e.g. earthquakes and the need for rebuilding the infrastructure;
- Discussing also the use of alternative governance models and their impact on auditing. For example, auditors might be limited in their ability to audit public-private partnership projects.

Helge Strand Østveiten, Norway noted that as infrastructure projects were so diverse, there were also several dimensions to audit them: the ex-post and ex-ante dimension, the performance vs compliance dimension, the dimension of planning and construction vs management. He was of the opinion that while auditors had to look at it all, the paper as well had to treat them all. He suggested that the model had to be so generic as to cover all the dimensions and advised to add more precise cases or examples to illustrate the different dimensions.

Mr Østveiten also addressed the question about the nature of the research paper in INTOSAI as opposed to a guide and preferred to see short focused research papers useful for auditors. He thought that they could not be so general to prove useless for auditing and stressed that the goal of a research paper was to be as useful as a guide.

Steven Elstein, USA picked up on the point made by Mr Østveiten regarding the research paper and advised Ms Goldsmith not to carve the paper up because of its format. He felt the document was easy to read and had good guidance in it. He proposed the SC to revisit the issue at a later stage and revise the definitions.

Mr Elstein really liked the stage by stage approach of the paper in which guidance had been embedded in.

He promised to send the specific comments by e-mail.

He wanted to know, though, the source of the model, whether it was it from somewhere in literature or had the team developed it.

He also commended the liberal use of examples that in his opinion made the paper very readable, underlining the London Olympics example and its actuality by the time of publishing the research paper. Mr Elstein compared the Olympics with the 1964 world fair in New York, when billions of dollars had been spent on structures that were torn down later, because no one had thought about what to do with them afterwards. He also offered as a case for the paper the design matrix of an ongoing study at SAI USA.

Vivi Niemenmaa, Finland thought that figure 2 could benefit from some financial or cost-benefit considerations and some of the structure of figure 3 could be modified (e.g. sustainability impact assessments). It was not clear for her in the chapter on the mechanisms for the ongoing monitoring and evaluation of environmental and sustainability impacts what exactly EMS was about.

Jill Goldsmith, UK agreed that it would be impossible to shrink the paper to 20 pages. She recalled that the comment by Canada had also come up in the parallel session, through an Estonian case involving maintenance/upgrading. She felt that the paper would not go as far as to include audit questions for each stage.

She thought that nuclear decommissioning would add many additional pages to the paper and promised to include it in the generic model while avoiding a detailed discussion.

Ms Goldsmith added that she would make clear that re-use and upgrading were part of the life cycle for infrastructure

She also felt that the time dimension of audits (pre-audit and follow-up audits) was important as it was indeed possible to audit the life of the infrastructure at any stage. She brought the example of Thai pre-audit which actually had lead to the decision that the project had not made sense and had to be sent back to the drawing board.

The Chair praised the project as beyond expectations and having evolved into a guide already. He thought that the decision to develop a guide was to be left for the following work plan period.

Rio+20

George Stuetz, Canada

Mr Stuetz informed the Committee that the recommendation that had been made by India at the Morocco meeting regarding the top ten concerns had been taken onboard. A survey had been conducted with a response rate of 37 members, but he was hopeful that up to 50 WGEA members would eventually reply.

He let the Committee know that before November 1 a joint document had been submitted to the UN preparatory committee, based on the executive summary that the SC had seen, plus some pages from INTOSAI itself.

The project subcommittee had gained three new members: Argentina, India and Panama.

Mr Stuetz indicated that further plans included a thorough review process: the subcommittee would get the draft first and then WGEA or INTOSAI (depending on what the WG would like to do) and all six regional groups.

He assured the SC that each person/country mentioned in the paper had to sign off on it, in order to avoid any mistakes and make sure that everything was checked thoroughly.

Mr Stuetz described the parallel session of the day before:

- New case studies would come from Argentina and Bhutan;
- Argentina had pointed to the need to avoid losing the focus on MEAs, as was agreed in Morocco and the need to add good examples;
- More links had to be made to other guides, in addition to the ones already referred to in the document;
- The communication plan had also been discussed at the parallel session. Part 1 of the plan had been achieved, with the executive summary sent to the UN preparatory committee in New York. Part 2 involved some further work on the executive summary, translation thereof into English, French, Spanish and Portuguese. It would then be sent to all members of WGEA to be forwarded to the relevant key individuals in government and NGOs, to see if the messages caught on somewhere. If a SAI was not comfortable doing that, it did not matter;
- Mr Stuetz invited volunteers to make translations into other languages, e.g. Arabic.

Discussion

The Chair's only concern was time, whether everything could be done within the very tight timeframe. He was however certain that Canada had a lot of experience in consulting with the stakeholders to assure the correctness of data and encouraged all subcommittee members to respond as early as possible.

Rafael Torres, Brazil gave an update of their efforts related to the event itself. He indicated that they had been in touch with the Ministry of Foreign Affairs and the organisers and felt that there was not much that could be done at this time. Mr Torres assured the SC that the SAI Brazil would assist whenever help was needed for RIO+20.

Steven Elstein, US appreciated the process and the contribution that the document was to make on behalf of WGEA. He thought that given the type of audience the document was addressing, in fine tuning the summary it would be made a little punchier but not pushy. He had a specific recommendation for some passages on page 4.

Jill Goldsmith, UK pointed to the tight timeframe and emphasised the plans for the coming month. She advised sending the executive summary to SAIs very soon, to enable them to talk to the governments prior the preparatory meeting in December.

Ms Goldsmith also wanted to know if focus would also be on the other originally planned item, the green economy.

George Stuetz, Canada responded that focus would be on governance issues, given the uncertainty about the other item.

Ms Jill Goldsmith, UK recommended adding a cover note stating that focus was on governance but that SAIs were also doing audits of green economy.

George Stuetz, Canada said that the executive summary had to be done in the following two weeks while the translations would take a little longer. He informed the SC that the plan was also to draft short statements and/or a two-sentence summary of the WGEA position to be added to the executive summary.

Nameeta Prasad, India proposed to trace the impact of audits on changes in governance structures or policies, which she felt would really add value to what the paper was trying to say.

Vivi Niemenmaa, Finland thought it a good idea to reach out to the countries with the executive summary before the Rio+20 meeting. She thought that the SAIs could add their own, country-specific agenda as well. She noted that the SAI Finland could issue a press release and put a link to the executive summary.

George Stuetz, Canada spoke about Mr Elstein's comment: some of the punch had been removed because senior managers had concluded that this was appropriate. He felt that, having been supported by the arguments from the SC, it was the moment to re-introduce some of the punch. Regarding Ms Prasad's proposal, he offered to add more detail in the main body of the paper. He expressed the intention to approach some countries for cases, and to use material from Greenlines and the WGEA web site.

Mr Stuetz also considered adding a list of possible actions that SAIs could take for reference when sending the executive summary to the SAIs.

He thought that as only countries could negotiate at meetings like Rio+20, and international organisations could not speak out there, this was one way of influencing the process. All governments would be interested in good governance.

The Chair was certain that the issues in the executive summary would not lose their relevance in the following 5, 10 or 15 years. He expected the document to be very interesting to look back at in future years, during Rio+40.

New Chair of INTOSAI WGEA

Presentation of Candidates

The Chair introduced the process of selecting the WGEA Chair.

The plan had been to discuss the candidacies and to let each SC member provide its support for the preferred candidate. The chair noted that communication with INTOSAI Secretary General had resulted in an indication that the Governing Board was not going to debate the candidates put forward. He pointed out that while according to the INTOSAI rules the ultimate decision about the future chair lied within the hands of the WGEA Chair, the latter was not going to make the decision alone, since the future WGEA Chair had to work with the SC and the process had to be transparent. By the time of WG14, 2 candidates had been left: India and Indonesia. After long discussions it had appeared that there was a lot of support for both candidates.

Jagbans Singh, India (verbatim):

Thank you, Tönis. Let me start by stating the obvious: the WGEA is not only one of the largest working groups but it is also the most vibrant. It sets an example for others. And a large part of this is attributable to the way this WG has been nurtured by the past chairs. Starting from the Netherlands Court of Audit, our colleagues from the Office of AG of Canada and now the current chairs, our colleagues from SAI Estonia who have in fact raised the bar even higher. We were aware that whichever SAI takes over as the chair of this WG, it had its work cut out. And it would be very difficult for the new chair to even sustain the momentum, which this WG has obtained. Having said that we also believe that SAI India has the capacity and the commitment to live up to the standards which have been set up by the previous chairs. We do also recognise that there are other SAIs who have similar aspirations. We also know that INTOSAI in general and the working groups in particular are very close-knit communities and a very large part of their success is attributable to their natural ability to work together and work together in harmony. And we would not like to do anything which would in any way cause any disruption in this harmony. We are loathe to put this group in a situation where they have to make a choice or to choose one over the other. Therefore in true INTOSAI spirit we would not be pressing our candidature any further. This does not in any way imply that this would dilute our commitment to this WG. We continue to be very loyal foot soldiers and continue to march side by side with the new chair and with this WG. In the end I'll take this opportunity to wish the new chair the very best. Thank you.

The Chair thanked Mr Singh for that agreement and for providing the support. He stressed that India was very much needed, both for the training facility project and for the SC work.

Ali Masykur Musa, Indonesia began by thanking the host, Argentina and SAI Estonia for organising the meeting. He expressed special thanks to the Indian colleagues for the honourable decision to give the chance for Indonesia and for placing their trust in Indonesia. For him it was an indication of the harmony of WGEA.

Mr Musa spoke about the commitment of the Audit Board of the Republic of Indonesia to protect the environment and to be an active member of WGEA. He said that the obligation of the government to manage the natural resources sustainably derived from the constitution and it was the duty of the Audit Board to see that the government did that. Mr Musa then described the operations of the Audit Board in more detail, paying special attention to the professional skills and expertise of the staff and the various audits undertaken. The Audit Board had become member of WGEA in 1998 and of SC in 2004. After 7 years in the SC Indonesia was very glad to have been trusted the task of chairing the working group. Mr Musa assured that the Audit Board fully supported the chairmanship.

Mr Musa presented a video clip about Indonesia, the Audit Board and its work in WGEA as well as intentions as the next chair.

SC members expressed their support to Indonesia as future chair of WGEA and looked forward to excellent continuation on the Global Training Facility project under the leadership of the SAI of India.

The Chair was looking forward to working with the Indonesian team and individuals. He was certain that SAI Indonesia had already had the required resources set aside and approved by the parliament.

Information on the progress of training modules

The progress made concerning the training modules was presented by the project leaders. No discussion round followed.

Training Module on Mining

Robert Cheyo, Tanzania

Mr Cheyo presented the contents of the training binder for the mining module:

The Binder contained an introductory sheet and session materials.

A brief overview was given about the session materials: the session at a glance, participants notes and instructor's aids.

Session 1 would be devoted to background on mining for auditors, session 2 would contain the 4-step approach and session 3 case studies and exercises on some of the mining topics.

Mr Cheyo assured that most of the work had been completed; the instructor's aids were in the process of finishing. The project was on schedule, the remaining materials would be ready in 2 months.

The Chair wanted to know what would be available by the next SC meeting in August or September 2012.

Mr Cheyo promised that the whole binder would be ready.

Training Module on Forestry

Esther Indriaty Simanjuntak, Indonesia

Ms Simanjuntak first spoke about the role of forests, unsustainable forest management, the role of SAIs in ensuring better forest management, prior WGEA and IDI work in this field and explained the need for training in the field of auditing forestry.

He then discussed the project objectives and outcomes and dwelt on the substance and structure of the course material (8 chapters) and methods of delivery.

The proposed timetable was presented and progress discussed. In cooperation with IDI the audit manual had been piloted by 15 SAIs, who had also given their feedback at a recent audit report meeting.

The next steps included:

By the end of March 2012 the first draft would be finalised and sent out for comments;

March 2012 - revision of the first draft in line with comments received;

March 2012 - the second draft sent out for comments;

Mid 2012 - revision of the second draft;

October 2012 - submission of final draft;

April 2013 - editing, translating and printing the final version;

June 2013 - training materials ready to be delivered.

The Chair thanked the presenters and recalled the decision taken in Morocco that not the whole material had to be sent for comments but just the "at a glance" sections and some highlights. He hoped to have a thorough discussion of the training modules at the following SC meeting, which would be hosted by India, most likely in September 2012.

Concluding Remarks

The Chair spoke briefly about the items covered during SC11, on the 11th day of November of the year 2011. All project leaders had pledged to meet the agreed timelines and some projects would be finished even sooner. The SC had rendered its approval to all projects.

The Chair invited SC members to provide comments to the project leaders, and asked any written comments to be also sent to the Secretariat so that it can keep track of the developments.

The Chair thanked everybody for contributing to the meeting and once again congratulated Indonesia and India for their constructive spirit. He pledged his support during the transition period and hoped to soon share the WGEA's chairing experience with its successor.

The Chair then declared the meeting closed.