



## INTOSAI WGEA

For a common sustainable future  
- Innovative environmental auditing



The **International Organization of Supreme Audit Institutions (INTOSAI)** operates as an umbrella organization for the external government audit community. “Mutual experience benefits all” is the motto of INTOSAI.

The **INTOSAI Working Group on Environmental Auditing (WGEA)** supports SAIs in their audit activities in the environmental and climate policy fields. It was founded in 1992 and today has 80 Member SAIs around the world. WGEA develops audit approaches, provides training and a platform for exchange of information among peers. The main topics of WGEA’s current Work Plan are climate finance, plastic waste and sustainable transport, and WGEA links the work to the UN Agenda 2030 framework and Sustainable Development Goals. The Work Plan also aims to develop collaborative relationships with relevant external stakeholders, as it relates to government accountability in environmental issues. The INTOSAI WGEA has six Regional Working Groups.

### Audits on environmental and climate policies

SAIs conduct audits on various public policy areas, including the environment. Audits provide information on good governance and responsible spending of public budgets, to support decision-making. Since 2010, WGEA has worked increasingly with climate topics to support the economic, efficient and effective implementation of climate policies and the accountability of public administration.

### WGEA and the Sustainable Development Goals

In line with the INTOSAI Strategic Plan, WGEA aims to contribute to the follow up and review of the UN Sustainable Development Goals by:

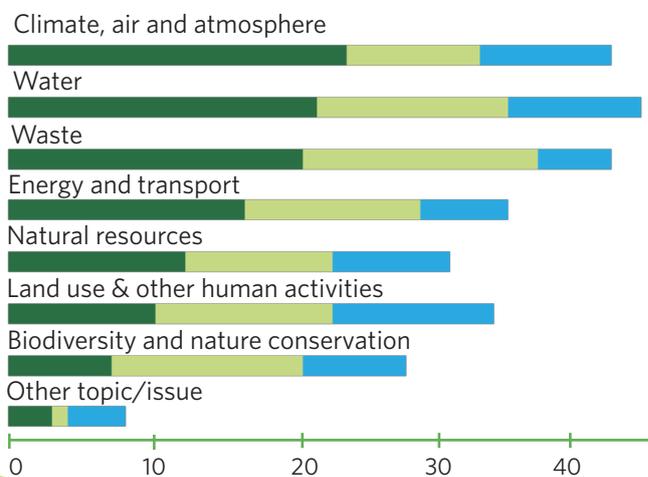
- developing guidance, tools and training for auditing environmental SDGs
- developing understanding on policy coherence among the SDGs
- compiling SAI audits related to environmental SDGs
- piloting collaborative audits on environmental issues

**The WGEA paper** on resilience and adaptive capacity (2019) provides audit guidance for SAIs assessing the national preparedness to achieve SDG 13.1. It is based on the SDGs and the Sendai Framework for Disaster Risk Reduction, which can be used to assess government level actions. The paper also develops a performance audit approach for the assessment of government specific initiatives.

**WGEA research** (2016) on climate change in marine environments and ocean acidification (SDG 14 on life below water) addresses the role of SAIs in supporting government efforts to respond to climate change and acidification issues in marine environments. It describes the effects of climate change on marine environment, previous SAI audits and challenges SAIs have experienced in auditing these issues.

### Top ten audit topics in 2021-2023 according to global survey

1. Climate change adaptation
2. Protected areas and natural parks
3. Forestry and timber resources
4. Drinking water: quality and supply
5. Agriculture
6. Climate change mitigation
7. Municipal solid waste
8. Municipal hazardous waste
9. Environmental taxes, charges, fees, levies, deposit-refund systems
10. Circular economy



## Most important environmental issues, according to 68 SAIs

- Most important
- 2nd important
- 3rd important

According to the global INTOSAI WGEA survey conducted in 2021, the most often mentioned environmental issue facing individual countries was related to climate, air and atmosphere. The most popular audit topic in the next few years will be adaptation to climate change.

In global WGEA stakeholder interviews, climate change was also considered the most important future environmental risk area. Long-term perspective and the nexus areas between climate, biodiversity, land, water, health and disaster resilience, are key issues.

All SAI regions plan to consider audits related to SDG13 on Climate Action in the next two years. Many other SDGs are also crucial from the climate perspective.

### Mitigation

Reduction of greenhouse gases was the most audited area of climate in 2019-2021. SAIs have audited the economy, efficiency and effectiveness of climate mitigation policies for instance regarding the energy, transport and housing sector, and assessed the central coordination of mitigation measures. SAIs have found among other things:

- ineffective measures and subsidy systems
- poorly planned taxation systems
- lacking data and monitoring systems
- missing innovations for new technologies

SAIs call for better assessments, more careful planning and monitoring, as well as increased cost-consciousness. SAIs have also pointed out the need for long-term thinking to support well-informed decision-making.

The INTOSAI WGEA published its first guidance and training on auditing climate change in 2010. In 2016, WGEA published guidance on auditing energy savings and renewable energy (SDG 7), and in 2019 guidance on air pollution and health as well as urban planning. WGEA has emphasized linking these topics to climate change, in order to maximize global benefits and equity across and within countries and generations.

In 2021, the **European Court of Auditors** reported that €100 billion of common agricultural policy funds attributed during 2014-2020 to climate action had not contributed to reducing greenhouse gas emissions from farming. Supported measures have only low climate-mitigation potential and the system does not incentivise the use of effective climate-friendly practices.

In 2017 and again in 2019, **Canada's SAI** audited progress towards fulfilling the G20 commitment to phase out inefficient fossil fuel subsidies. Overall, the audits found that there was no clear definition of what could be considered an inefficient fossil fuel subsidy, and that there was no consideration of economic, social, and environmental sustainability in subsidizing the fossil fuel sector over the long term.

### Adaptation

Adaptation to climate change is one of the growing areas of WGEA's work. In 2019-2021, SAIs have audited overall risk management and resilience systems, as well as targeted audits on adaptation in sectors such as water infrastructure. SAIs have found for instance:

- poor strategic planning
- inadequate risk management
- lack of concrete measures
- inefficient measures

SAIs have recommended better overall planning and coordination across government, better risk management and building resilience by supporting biodiversity.

WGEA has also produced other guidance materials for example on auditing biodiversity and for using environmental data to monitor and model climate change. Resilience and adaptive capacity are an emerging category in the work of many SAIs along with risk management funds and the resilience of investment schemes.

In 2019, **SAI USA found** that the federal government does not strategically identify and prioritize projects to ensure they address the nation's most significant cli-

## Finance

SAIs are increasingly auditing the financial and fiscal tools related to climate. In their audits, SAIs found in 2019-2021 for example:

- finance and investment risks arising from climate change risks
- slow progress and poor monitoring of international climate finance
- missing information on cost-effectiveness

An ongoing project on international climate finance (to be released in 2022) provides audit approaches for SAIs from donor and recipient countries—specifically, by identifying potential audit criteria and developing a roadmap for designing a series of audits to paint a picture of climate finance progress in an individual country. Common challenges across SAIs include lack of a formal definition of climate finance, as well as objectives associated with climate finance contributions and receipts; insufficient climate finance tracking data in individual countries and globally; and the lack of country-specific indicators.

WGEA has also published a study on market-based environmental policy measures (2016). The WGEA paper discusses the need for governments to intervene in markets to make sure environmental priorities and risks are being addressed sufficiently. SAIs have evaluated the efficiency, effectiveness and economy of domestic financial climate policy and development funds.

In 2021, **SAI Finland reported** that despite the government's intention to scale up climate finance and direct half of it to climate change adaptation, there was no published plan for how these policies will be implemented nor strategic objectives for climate finance. The audit recommended that the Ministry for Foreign Affairs should draw up a public plan for how it will increase and allocate Finland's international climate finance, justifying the choices and priorities.

## Collaboration

Especially smaller SAIs can face difficulties in finding sufficient expertise or defining audit criteria. INTOSAI WGEA guidance and training can help SAIs tackle these problems. Cooperative audits, in collaboration with different countries' SAIs, can enhance learning and exchange of best practices among peers. They are also potentially effective in fostering stronger climate policy. A common benchmark is the Paris Agreement, replacing earlier the Kyoto Protocol as the source of audit criteria.

Climate-related audits often garner a lot of interest from politicians, experts and citizens. In recent years, SAIs have produced reports sharing their climate-related audit experiences globally and regionally and engaged in bilateral audits on cross-border issues. Climate change requires a whole-of-society response and SAIs can explore how collaboration between all levels of government and the rest of society can be most effective and efficient.

Ten Pacific area SAIs concluded in a **cooperative audit** (2015) that the Pacific Island states are not well placed to respond effectively to the threats and challenges arising from climate change. Short-term and long-term activities and cross-sectoral management of climate risks are needed.

In 2019, SAI Egypt conducted an audit on desertification. It points out that it is important to assess the performance of national environmental programmes and the environmental impacts of other national programmes, which may have direct or indirect impact on desertification.

According to the WGEA Work Plan, SAI Indonesia is developing a training package on auditing climate action and finance in the context of the SDGs. SAI India host an international training centre (iCED) and provides training on various environmental topics, including the climate.

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