



Impact of XX INCOSAI Recommendations to WGEA Work Plan

Agenda Item Overview

The secretariat is introducing the accords of the XX INCOSAI and discusses their potential impact to WGEA work plan in 2011-2013.

Background

The XX INCOSAI was held on 22-27 November 2010 in Johannesburg, South Africa and was attended by about 500 delegates representing around 152 SAIs, as well as 104 heads of SAIs and 54 observers.

The Johannesburg Accords

The Johannesburg Accords summarise the results of the Congress in the principal areas of „Value and Benefits of SAIs”, „Environmental Auditing and Sustainable Development”, and „International Standards for Supreme Audit Institutions”, and define the future direction of activities in these areas.

The following is the excerpt from the accords under the topic „Environmental Auditing and Sustainable Development”.

B.2 THEME II – SUMMARY AND RECOMMENDATIONS ON THE THEME OF ENVIRONMENTAL AUDITING AND SUSTAINABLE DEVELOPMENT INTRODUCTION

35. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It requires the world to take concerted action in the following three key areas: conservation of natural resources and the environment, economic growth and equity, and social progress.

36. The three pillars of sustainable development are environment, economy and society. The environmental pillar is the fundamental element that supports human subsistence and provides the basis for economic development and social progress. Environmental protection should be regarded as an integral part of the development process, rather than an isolated occurrence. While we are enjoying the planet left by our ancestors, we cannot sacrifice it since future generations depend on it. Therefore, protecting the environment means protecting the planet as well as future generations. Eradicating poverty, changing unsustainable patterns of production and consumption and protecting and managing the natural resource base of economic and social development are the overarching objectives of, and essential requirements for, sustainable development.

37. From a financial viewpoint, environmental and sustainable development issues are highly material. This includes direct expenditures by governments on domestic programmes, as well as various mechanisms for the transfer of financial assistance. For this reason it is important

that SAIs should ensure that such funds are properly accounted for and expended in a manner consistent with the principles of environmental protection and sustainable development.

38. The expectation that sustainable development and environmental protection should be subject to independent audit by SAIs has grown in the last decades. By exercising the highest values of professionalism, independence, objectivity and transparency, and through effective cooperation with fellow SAIs on environmental issues of common interest, SAIs can make significant contributions toward addressing sustainable development issues that are becoming increasingly regional, and even global, in nature. However, globally environmental degradation and unsustainable development practices remain a challenge, and SAIs have identified several areas that need to be addressed to increase the impact of audits being performed, namely:

- The role of the SAIs in the audit of sustainable development commitments by governments, and other commitments made through multilateral environmental agreements, and whether that role should be intensified.
- Increased international awareness of environmental auditing.
- The need for developments in environmental accounting and frameworks for reporting on sustainable development.
- Capacity building within SAIs.

HOW INTOSAI ADDRESSED THESE ISSUES

39. The National Audit Office of the People's Republic of China, as theme chair, compiled a principal paper, after which a total of 52 SAIs prepared country papers that addressed the questions raised in the principal paper. The theme chair analyzed the country papers and summarized and synthesized this information into the discussion paper on Theme II. Taking into account the outcomes of the discussions during XX INCOSAI on the discussion paper, the results and recommendations are reflected in these accords.

40. The discussion paper concentrates on the role of the SAIs in auditing environmental protection and sustainable development. The paper highlights the shared recognition across governments of the importance of sustainable development and environmental protection. The country papers demonstrated that some SAIs have played an important role in improving national sustainable development strategies and relevant international and national laws and policies through environmental audits. The paper also recognises the important contributions already made by some SAIs to the development of environmental auditing, through the work of the Working Group on Environmental Auditing (WGEA).

RESULTS AND FINDINGS

41. XX INCOSAI acknowledges the significant developments in auditing environmental issues demonstrated by SAIs and the WGEA since the working group's inception. The recommendations of XV INCOSAI, 1995 led to remarkable achievements – both by individual SAIs and through the excellent work of the WGEA. In encouraging knowledge-sharing and cooperative audits, and developing professional guidance, the WGEA has enhanced SAIs' capacity and their impact on better environmental governance, thus providing a strong basis for SAIs to make further progress.

42. The keynote speakers at XX INCOSAI generally confirmed and supported the importance and relevance of environmental auditing and sustainable development auditing. The first panellist¹ stated that the planet is in crisis and action needs to be taken. The days of “taking, making and wasting” are over and consumption patterns in the world are exceeding the biological capacity of the planet to sustain life. SAIs have an important role to play in terms of auditing sustainable development. The second panellist², amongst other things, supported the need for an integrated view when reporting on the implementation of commitments made by governments.

43. The XX INCOSAI delegates discussed a number of issues relating to environmental auditing and sustainable development extensively. The outcome of these discussions can be summarised as follows:

43.1 SAIs play an important role in auditing national and global environmental and sustainability governance, and in particular numerous comments were made in support of auditing implementation of multilateral environmental agreements and the extent to which governments are meeting their stated commitments. Where possible, SAIs should collaborate and communicate the results of such audits to interested international organisations.

43.2 Many interventions supported the increased use of cooperative audits of environmental and sustainable development issues on a global and regional basis as an effective tool to identify cross-boundary issues, knowledge sharing, capacity building, benchmarking, compliance with agreements, etc.

43.3 Many SAIs provided examples of individual and cooperative audits of environmental and sustainable development issues, highlighting their importance in addressing threats to natural resources and citizens. Such examples include climate change, water, waste management, forestry, protected areas, etc. Several SAIs, such as small island states, highlighted the special challenges they face. In addition, it is important to build consideration of the environment into audits of all government sectors. Many SAIs supported the need to follow up on audits in order to improve their impact.

43.4 There is a wide range of experience in undertaking audits of environmental and sustainable development issues among SAIs. There is also an ongoing need for capacity building through such means as identification of best practices, sharing of methodologies and audit findings, benchmarking, secondments/exchanges of staff, maintaining and upgrading of skills, and formal training and education.

43.5 Strong support was expressed for the role of INTOSAI regional working groups (and where they exist, regional environmental working groups) as a forum for capacity building, facilitating coordinated audits, and accessing financial and human resources.

43.6 SAIs highlighted the importance of “walking the talk”; in other words, ensuring that practices within SAIs are consistent with the objectives of environmental protection (for example, paperless meetings).

¹ Professor Mervyn King – Chair of the King Committee on Corporate Governance Chair of the Global Reporting Initiative

² Ms Sylvie Lemmet – Director: Division of Technology, Industry and Economics

43.7 Many SAIs acknowledged their important role in communicating the results of their work and the importance of the environmental and sustainable development issues. Audiences would include governments, parliamentarians and the public at large.

43.8 SAIs should encourage developments in environmental accounting as well as sustainable development reporting. Active engagements with international role players such as the World Bank, United Nations Environment Programme and Global Reporting Initiative also need to take place.

43.9 Several SAIs identified the lack of financial resources as a constraint on undertaking audits of environment and sustainable issues and participating in coordinated audits. INTOSAI/IDI should identify means to prioritize the support of coordinated environmental audits.

43.10 SAIs supported the need to focus on the reliability and accuracy of governments' environmental data and information.

43.11 SAIs supported the need to put more emphasis on auditing commitments made by the World Summit on Sustainable Development and reporting on areas where:

- sustainable development strategies need to be established or improved, and
- governance structures and reported information are inadequate.

44. There were a number of individual interventions regarding possible topics for environmental and sustainable development audits as well as issues of methodology. These have been referred to the WGEA for further consideration.

RECOMMENDATIONS

Given the deliberations during XX INCOSAI in Johannesburg, South Africa during November 2010, the INTOSAI members recommended the following:

45. Promote auditing, governance and relationships

- **Encourage** SAIs to commit to prioritizing the most relevant environmental and sustainable development issues for their countries and including such issues in audits of all government sectors where they are relevant.
- **Encourage** SAIs, the WGEA and INTOSAI regional working groups to increase awareness of the importance of environmental auditing and natural resource accounting among key international and regional organisations with responsibilities for environmental and sustainability issues, and build working relationships with them.
- **Encourage** the WGEA to prepare a high-level summary of the independent and evidence-based findings from audits by SAIs in relation to key multi-lateral environmental agreements and to make this available to international organisations.

46. **Standardisation**

- **Encourage** the WGEA to promote and actively participate in the development of sustainability reporting frameworks for the public sector and develop guidance for SAIs on how to audit sustainability reports.

47. **Improve impact**

- **Encourage** SAIs to focus their audit activities in the following areas:
 - The accuracy, reliability and completeness of environmental and sustainable development information provided by governments to inform decision-making and transparent reporting.
 - The implementation of commitments made by governments in multilateral environmental agreements.
 - Coordinated audits between SAIs relevant to environmental and sustainable development issues.

48. **Improve capacity and methods**

- **Encourage** SAIs to increase their capacity and make full use of existing WGEA guidance material and lessons learned. The WGEA should:
 - further improve methodologies and techniques,
 - support knowledge sharing and training, and
 - identify and promote the application of modern information technologies.

(Source: www.intosai.org)