



New Zealand's Office of the  
Auditor-General

ACAG/PASAI  
RWGEA

Update for WGEA  
meeting, Guilin,  
China, June 2010

## 1 Introduction

1.1 This is to update the Working Group on Environmental Auditing (WGEA) on the activities of the ACAG<sup>1</sup>/PASAI<sup>2</sup> regional working group on environmental auditing (RWGEA).

1.2 The update covers:

- building audit capability in the PASAI region;
- the first cooperative performance audit in the PASAI region, on solid waste management; and
- the most recent RWGEA meeting in Brisbane, Australia, 20-22 April 2010.

1.3 This paper has been prepared by the SAI of New Zealand. The SAI of New Zealand is the regional coordinator for the ACAG/PASAI regional WGEA.

## 2 Building capability in PASAI

2.1 PASAI, in conjunction with donor agencies - the Asian Development Bank (ADB), AusAID (Australian Agency for International Development), the Pacific Islands Forum Secretariat and the INTOSAI Development Initiative (IDI), has been involved in a project over the last few years called the Pacific Regional Audit Initiative (PRAI). The PRAI has reviewed the capability of Pacific Island audit offices in the areas of financial and performance (including environmental) auditing.

2.2 Key features of the PRAI include:

- a new charter and governance arrangements for PASAI;
- a strengthened secretariat;
- a “sub-regional” approach to improve financial audit capability in small Island states (Kiribati, Tuvalu and Nauru); and
- greater cooperation between SAIs in the region, including cooperative financial and performance audits.

2.3 The revised PASAI charter establishes a governing body of several Pacific Auditors-General and the PASAI Secretary-General (currently the Auditor-General of New Zealand) to oversee and guide activities in the region.

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<sup>1</sup> Australasian Council of Auditors-General.

<sup>2</sup> The INTOSAI Pacific region was formerly known as SPASAI – referring to the South Pacific Association of Supreme Audit Institutions. In April 2008, at the 11th SPASAI congress in the Cook Islands, the name was changed from SPASAI to PASAI. The new name better reflects that group members come from both the North and South Pacific.

- 2.4 The PRAI provides for a strengthened PASAI secretariat, with several staff to work on capacity building initiatives in the Pacific. The secretariat has been established in Auckland, New Zealand, under the leadership of an Executive Director (the former Auditor-General of Fiji) who is recruiting staff.
- 2.5 The sub-regional audit approach involves financial audit experts from Australia and New Zealand providing 'on the ground' support to audit staff in the Pacific Islands of Kiribati, Nauru and Tuvalu, to build financial audit capability in those offices. This is part of the move to greater cooperation by SAIs within the region in the area of financial auditing.
- 2.6 The second aspect of greater cooperation in the region is to conduct cooperative performance audits. There is to be a rolling programme of cooperative performance audits in the PASAI region over the next few years, subject to funding being available.
- 2.7 At the 2008 PASAI congress, Auditors-General decided that the topic for the first cooperative performance audit should be an environmental one, and at the 2009 congress they agreed on the topic of solid waste management.
- 2.8 This was a very good fit with the goal in the WGEA work-plan for 2008-10 for each RWGEA to design and conduct a coordinated audit at the regional level.

### 3 Cooperative performance audit on waste management

- 3.1 The cooperative performance audit on solid waste management is supported by the IDI, the ADB, PASAI, and by the New Zealand SAI in our role as RWGEA coordinator.
- 3.2 We found the WGEA guidance on cooperative audits and on auditing waste management very useful in planning the audit.
- 3.3 Ten countries agreed to take part in a cooperative performance audit at the PASAI congress in Palau in July 2009 (Guam; Federated States of Micronesia; Marshall Islands; Palau; Tuvalu; Papua New Guinea; Fiji; Samoa; Cook Islands, Tonga).
- 3.4 The audit objective agreed at the congress is:

*To assess the effectiveness of the management of solid waste [in a selected location] within the audit jurisdictions of the participating Audit Offices by auditing:*

- *the existence of a legal and policy framework for solid waste management;*
- *the process by which the legal and policy framework is implemented, including whether risks to implementation have been considered; and*
- *compliance with the legal and policy framework, including monitoring arrangements.*

- 3.5 The IDI provided funding for a planning and a reporting meeting for the cooperative audit. The planning meeting was held in October 2009, and the reporting meeting in April 2010. The ADB has funded a consultant to lead the planning and reporting meetings and to support audit teams with in-country visits during their fieldwork. The meetings have been run on a peer support and review basis, with audit teams from each country peer reviewing the plans and draft reports of other audit teams with expert support as required.
- 3.6 Each country is to produce a report on its findings and an overview report will be produced for distribution to interested parties after each country report has been tabled.
- 3.7 The project will be reviewed at the next PASAI Congress in Kiribati in July 2010, with a report on lessons from the cooperative audit process and a draft report on audit findings. An update on progress will be given at the WGEA meeting in Guilin.
- 3.8 This is intended to be the first of a program of cooperative performance audits. Pacific Auditors-General agreed that the topic for the second cooperative audit will be freshwater. It is not yet clear when the second cooperative audit will begin, but this will be discussed at the PASAI Congress in July 2010.
- 3.9 In our view, the cooperative audit model will be the most effective way of undertaking performance audits in PASAI in the medium term.
- 3.10 The cooperative audit model requires considerable support and funding from donor agencies. We would welcome any greater support from the WGEA to our RWGEA for cooperative and collaborative work, and for opportunities to learn from the experiences of other regions who have undertaken cooperative audits.

## 4 RWGEA meeting

- 4.1 The New Zealand Auditor-General has been the chair of the ACAG/PASAI Regional Working Group on Environmental Auditing since it was formed in 2002 and leads and coordinates environmental auditing activities in the region. The RWGEA meets every 2 years.
- 4.2 The most recent RWGEA meeting was in Brisbane, Australia from 20-22 April 2010. The theme of the meeting was "auditing water issues". Our aim was to get PASAI Auditors-General thinking about water issues in their countries and for the RWGEA to discuss possible audit approaches for the second cooperative audit in the PASAI region. The meeting also included a presentation on WGEA achievements in the period 2008-10 and the draft work plan for 2011-13, and individual presentations from SAIs on current and planned environmental audits.
- 4.3 The meeting was well attended, with participation from New Zealand, the Australian National Audit Office, the Australian State offices of Tasmania, Queensland, New South Wales, Victoria

and Western Australia, and representatives from Pacific Islands of Kiribati, Cooks, Fiji, Tuvalu, Samoa, Papua New Guinea and French Polynesia.

- 4.4 The meeting also featured guest speakers from the Queensland Water Commission, on the use of information in managing demand for water, and an expert speaker from SOPAC (Pacific Islands Applied Geoscience Commission).
- 4.5 The SOPAC organisation is a non-government organisation involved in various water related projects and strategies in the Pacific, and a potential expert partner for the proposed cooperative audit on water management in the Pacific. There appear to be many water related projects in the Pacific, funded by a range of donors. The RWGEA had a useful discussion on possible approaches for the proposed cooperative audit on water management. Security of supply and drinking water quality are both significant issues in Pacific countries and a potential source of audit topics.
- 4.6 A second theme of the meeting was cooperative audits, with a presentation from Australia on the WGEA global climate change audit and on the PASAI cooperative waste audit. Some Australian States were keen to assist Pacific SAIs in practical ways such as through exchanges or mentoring.
- 4.7 The individual presentations from SAIs illustrated a range of approaches to planning and conducting environmental audits, with some emphasis on producing shorter and sharply focused reports in this area as a programme of work rather than major single audits.
- 4.8 Recurring themes at the meeting were:
- The scope of environmental auditing – whether to focus on systems and processes (as for audits in many other subject areas) or on the environmental effects of government programmes and expenditures. It was agreed that the latter can have more impact, but is more challenging;
  - The need to understand and engage with reasonably complex scientific information during environmental audits;
  - The lack of quality data about environmental effects often makes environmental auditing difficult, especially as environmental trends can take a long time to be established;
  - A shared desire for environmental audits to have a positive influence on government policies and actions (the ‘improver role’), rather than to “bayonet the wounded”
  - The willingness of more experienced SAIs to support less experienced SAIs with exchanges and mentoring support;
  - That SAIs can tackle complex environmental topics by a programme of work, involving a series of audits over several years rather than by undertaking very large single audits
  - Different countries have different water issues. In the Pacific the issues are focused on basic human needs - security of supply and drinking water quality. In Australia the focus is managing demand for a resource that is scarce in drought affected areas. In New

Zealand there are issues with managing demand from irrigators and the effect of land use practices on water quality in lowland rivers and lakes.

- Lack of coordination of donor funded environmental assistance projects in the Pacific.

**4.9** We have not yet had the opportunity to implement the biodiversity training course in the ACAG/PASAI region as our current focus is on the topic of solid waste and our next focus is on water. It is unlikely that we will implement the biodiversity training course in the near future given our current priorities.