



**Message
from the
Chair of
WGEA**

Dear colleagues,

The year 2009 marks an important point in human history. The financial and economic crisis that has affected us all will certainly be remembered. Another, perhaps even more important event for me, is the attempt to agree on future global action on climate change. The upcoming meeting in Copenhagen may be a pivotal breaking point in managing human impacts on future ecosystems. I ask you all to follow the discussions and developments related to this meeting.

As a working group, we have acted to meet this challenge. We are developing environmental audit guidance documents, and are trying to establish better relationships with international organisations to make our work more visible and relevant. I would like to thank all the supreme audit institutions who have contributed to make these efforts successful.

Climate change is our central theme until 2010, but the INTOSAI WGEA also has many other important projects underway. I proudly presented our progress on behalf of you all during the INTOSAI Governing Board meeting on 17th November this year. I kindly ask you to visit that report on our website.

Dear colleagues, it was two years ago when the chairmanship was transferred to our hands. Honestly, it has been a challenge to keep up with expectations and to meet the high standard established by our predecessors. At the same time, it has also been a pleasure. In particular, we should all be proud of the following developments:

- Supreme audit institutions invest more resources on auditing environmental issues than ever before;
- The INTOSAI community has shown a growing interest in training on environmental auditing, and with great appreciation to our members, we have managed to provide it;
- Our aim has been to support regional environmental auditing working groups, and with better cooperation we can see increasing initiatives and activities in the regions.

This edition of Greenlines highlights a very interesting and successful bilateral audit involving the SAIs of Norway and the Russian Federation on efforts to control illegal fishing in the Norwegian and Barents seas. It also discusses recent meetings, upcoming events, and other issues of importance to WGEA members, and includes News Briefs from SAIs throughout the world. I hope you enjoy this latest edition of Greenlines!

Mihkel Oviir
Auditor General of Estonia

Feature Story

Cooperation Between Russia and Norway on the Management and Control of Fish Resources in the Barents and Norwegian Seas

Unregistered and illegal fishing in the Barents Sea and the Norwegian Sea, and the challenges this has posed for the fishing authorities' management and control work, was the starting point for a parallel performance audit conducted by The Accounts Chamber of the Russian Federation and the Office of the Auditor General of Norway. This story presents some of the findings and how the cooperation between the two institutions has developed methodologically since 2007. (*read more on page 2...*)

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Feature Story



Cooperation Between Russia and Norway on the Management and Control of Fish Resources in the Barents and Norwegian Seas



By Anne Fikkan, Yngvild Herje Arnesen and Bjørn Martin Ørvim, the Office of the Auditor General of Norway.

Unregistered and illegal fishing in the Barents Sea and the Norwegian Sea, and the challenges this has posed for the fishing authorities' management and control work, was the starting point for a parallel performance audit conducted by The Accounts Chamber of the Russian Federation and the Office of the Auditor General of Norway. This story presents some of the findings and how the cooperation between the two institutions has developed methodologically since 2007.

Background

According to the 1982 United Nations Convention on the Law of the Sea, coastal states that share one or more fish stock shall collaborate on the regulation and preservation of the stocks through appropriate organizations. The cooperation on fisheries between Norway and Russia has been formalized through two bilateral agreements of 1975 and 1976. In the 1975 agreement, Norway and the Soviet Union agreed to establish a joint fisheries commission. In the 1976 agreement, the two countries agreed to grant fishing vessels from the other party access to fish in their exclusive economic zones but outside their territorial waters.

Today, bilateral cooperation in the fisheries sector takes place largely within the framework of the Joint Norwegian-Russian Fisheries Commission. Management cooperation takes place within three fields: research, regulation and control. The Fisheries Commission meets at least once a year to fix total quotas for the three jointly managed stocks of north-east Arctic cod, north-east Arctic haddock and capelin.

In recent years, overfishing of cod and haddock has been one of the biggest challenges the two countries face in their fisheries management cooperation. Besides the fact that overfishing is an economic crime, overfishing represents a serious threat to the sustainability of fish stocks and may lead to extinction in the long term.

Parallel audit on the management and control of fish resources

Motivated mainly by the issue of overfishing, the two SAIs conducted a broad parallel audit covering six topics related to the management and control of the shared fish resources. The objective of the investigation was to assess goal achievement and the effectiveness and efficiency of implementing bilateral agreements targeted

at the conservation and rational utilisation of living marine resources.

The audit was based on common audit questions and criteria, but was conducted independently by each SAI within the frameworks of their respective national legislation. Two different national reports were produced on the basis of independently conducted audit operations. The SAIs agreed upon the main findings of the audit in a common memorandum.

Findings reported to the parliaments in 2007

The main findings of the two parallel audits drew attention to important dimensions of the management of the fish resources. The audit showed that there were considerable quantities of unregistered catches of cod in the Barents Sea. It also showed that there was great uncertainty attached to the estimates of these catches. This uncertainty represents a challenge in itself because flaws in the data on catches reduce the quality of stock estimates, on which the fish quota recommendations are based. The SAIs thus stated that it was necessary to develop a common method of acquiring precise data on how much fish is actually removed from the Barents Sea and the Norwegian Sea, including illegal, unreported and unregulated fishing.

Furthermore, the audit revealed that there were considerable differences between the Norwegian and Russian fisheries laws and regulations. This applied to what the legislation and regulations covered, where they applied and the sanction options they authorized. The audits also showed material differences between the systems for Norwegian and Russian authorities' control of fishing in the Barents and Norwegian seas. This included the scope of inspections, the orientation of control activities and the degree of cooperation between various national enforcement authorities.

The SAIs also pointed to problems that marine scientists from both countries encountered in carrying out planned research cruises. One reason for this was that applications from Norwegian researchers for access to the Russian Federation's exclusive economic zone to an increasing extent had been rejected.

A major element in the parallel audit was reciprocal learning, and emphasis was therefore placed on quite detailed descriptions of the organisation and working methods of the two countries' fisheries management.

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Follow-up: Closer cooperation and joint methodology

The first phase of the parallel audit was completed in 2007. The cooperation in the first phase proved to be so successful that the two SAIs agreed to follow up the audit over the following three years (2008-2010). The objective of the follow-up audit is to assess whether the parallel audit has contributed to a more effective and efficient management of the common marine resources and whether it has contributed to solving the problems related to illegal fishing and transshipment at sea.

The topics of the follow-up audit were decided on the basis of the common findings from the first parallel audit. The focus is on areas where weaknesses were identified:

1. The cooperation between the Norwegian and Russian fisheries authorities aimed at analysing information on the overfishing of cod and haddock quotas in the Barents Sea and the Norwegian Sea;
2. The implementation of the Fisheries Commission's decisions made at their 33rd and 34th sessions regarding the exchange of information related to satellite tracking, transshipment and landings in third-country ports;
3. The conduct of physical inspections of catches, trans-shipment operations and landings in third countries;
4. Legal challenges and challenges relating to criminal procedure legislation concerning the application of sanctions for infringements of the fisheries regulations;
5. The correlation between the national systems for quota allocation and the control of fish removal; and
6. Framework conditions for conducting Russian and Norwegian research expeditions.

Methodology and joint audit work

The cooperation on the follow-up audit was defined in a binding strategic plan which set down the common audit topics, audit questions and methodology. In addition, the SAIs have agreed on yearly operative plans, which in more detail describe the joint audit operations.

In this second phase, the audit has developed into a coordinated rather than parallel audit because some of the audit activities are performed jointly. Specifically, interviews with relevant government agencies in both countries are conducted by the two audit teams together on the basis of questions prepared in cooperation. Both groups participate equally in the interviews and also cooperate on the preparation of the interview reports, which are later verified by the respective agencies. The subjects of the audit include national executive authorities at various levels of government administration in both countries; fisheries authorities; and bodies involved with the protection of living marine resources.



Russian trawler in Norwegian waters in May 2009. The audit teams observed the Norwegian Coast Guard's inspection. Photo: Office of the Auditor General of Norway.



During an inspection of a fishing vessel at sea, it is important to establish that the catch is legally caught and within the quotas; inspectors thus check the total amount of fish on board, the composition of species and the size of the fish. Photo: Office of the Auditor General of Norway.

An innovation in the common work was the observation of fishing vessel inspections at sea in both countries. Even though general conclusions can not be drawn from the results of the three inspections the audit teams observed, they may serve as illustrations of how inspections are conducted and give the audit teams better insight into the work of the fisheries inspectors and the challenges they face at sea. Joint observation guides were developed in advance and the observation reports are to be verified by the inspection authorities.

Furthermore, the two audit teams have had working meetings where preliminary findings and future data collection have been discussed. Thus, the methodological

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cooperation has developed quite substantially from the first phase of the audit.

In 2010 each SAI will report independently to its respective parliament on the results of the follow-up audit. Common findings will be reported in a joint memorandum. According to the mandates of the institutions, each SAI is only responsible for its own report. Shorter status reports and a document with common findings were presented to the parliaments in 2009.

As illegally harvested fish may be landed in ports outside Russia and Norway, it would be of great value to look into the control activities of other countries as well. Therefore, the Accounts Chamber of the Russian Federation and the Office of the Auditor General of Norway are considering expanding the audit by inviting SAIs from other European countries to participate.



September 2009: Russian Coast Guard vessel and the audit teams on board. Photos: The Russian Federal Border Guard Service.

Recent events

- The 8th Steering Committee (SC8) meeting of the INTOSAI WGEA was held from 3 to 6 August 2009 in Bali, Indonesia. We would like to thank Dr. Anwar Nasution, the former Chairman of the Audit Board of Indonesia, for his extremely kind hospitality and the staff of the SAI of Indonesia for their superb organisation of the event. In Bali, we reviewed the first drafts of the working group guidelines we are planning to finalise and deliver to the INTOSAI community by next year's INCOSAI. These seven new documents, which address climate change, sustainable energy, forest, fisheries, minerals and mining, environmental accounting, and international agreements, represent a joint effort by 33 of our member countries who deserve our gratitude for their hard work.
- EUROSAI WGEA's 7th meeting was held in Sofia in October 2009, at which time the Biodiversity Training Course was also offered to participants. The Estonian NAO helped its Norwegian colleagues to conduct the course and the WGEA participated by giving a presentation about its activities.
- A joint seminar called "Raising awareness of ISSAIs" (*International Standards of Supreme Audit Institutions*), co-sponsored by INTOSAI's Professional Standards Committee and EUROSAI, was held in Warsaw in October 2009. INTOSAI WGEA gave a presentation on Environmental Auditing Guidelines and provided a brief overview of WGEA's current and future activities.
- INTOSAI WGEA participated in the 59th INTOSAI Governing Board meeting in November, giving a progress report and providing an overview of latest events.
- WGEA also participated in a meeting of the Steering Committee for the United Nations Environment Programme Project, "Review of the Implementation of Multilateral Environmental Agreements and their Effectiveness at the National Level" in late November 2009 in Paris.

Upcoming meetings

- The United Nations Climate Change Conference (COP15) is being held on 7 – 18 December 2009 in Copenhagen, Denmark. INTOSAI has been given admittance by the United Nations Framework Convention on Climate Change (UNFCCC) to participate in this conference as an observer organisation. WGEA has been appointed to represent

INTOSAI, and would like to thank the SAIs of Mexico and Austria for providing the opportunity.

- The INTOSAI WGEA's Steering Committee will gather for the 9th time from 15 to 18 February, 2010 in Dar es Salaam, Tanzania. Further discussions on the guidance documents and other projects, and plans to communicate them, will be the main purpose of the meeting, as well as the development of the 2011-2013 Work Plan. We aim to approve the final drafts of the guidance documents at this meeting. A meeting of the report drafting committee of the WGEA's global coordinated audit on climate change is being held in conjunction with the Steering Committee meeting, from 11 to 13 February 2010.
- The 13th Working Group meeting of INTOSAI WGEA (WG13) will be held in China in June 2010. The proposed timeframe of the meeting is 7 – 11 June 2010. We plan to focus the meeting around the themes of the 2008 – 2010 Work Plan, finalizing all the projects and developing the next Work Plan (2011 – 2013). Invitations to SAIs will be sent in due course.

Other important items

- We would like to express our gratitude to the SAIs of Austria, Germany, Mexico, Paraguay, Morocco and Canada for their kind help in reviewing the translations of the Principal Paper of INCOSAI Theme II, "Environmental Auditing and Sustainable Development," developed by the SAI of China. Their help and support is highly appreciated.
- The Secretariat conducted the Sixth Survey on environmental auditing this year and is currently drafting the final report. It will be presented during WG13 in June 2010, and posted to the WGEA website at <http://www.environmental-auditing.org>.
- Our website, <http://www.environmental-auditing.org>, has recently been enhanced. We are pleased to inform you that users can now have updates of the web pages for News and Events, Greenlines, and What's New, automatically sent to their mailbox. As another option, they can use the RSS feed to get the latest news on these pages. These tools will be particularly helpful in getting relevant information and the latest news about our activities once they have been uploaded to our website. If you would like to automatically receive WGEA-related news in your e-mail, please press the link "Subscribe to E-mail Updates" and follow the procedures described on this page. Should you prefer to receive updates using the RSS feed, please visit the link "Subscribe to RSS"

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and follow the procedure given there. We hope you find these new options useful!

- In early 2010, the Secretariat will launch the annual Environmental Audits Collection to keep the Environmental Audits Worldwide database up-to-date, and to provide users with the latest overview of relevant issues in environmental auditing. This time, we are going to request the information only electronically and will not send out paper forms. If you wish to receive the paper form instead of an electronic version, please notify the Secretariat by e-mail at info@wgea.org, or by calling +372 6400113. If your contact e-mail address differs from what we have on our website, (<http://www.environmental-auditing.org/Home/AboutWGEA/MembersList/tabid/109/Default.aspx>), please drop us a line.

News Briefs from Around the SAI World



ARGENTINA: COMTEMA Chair reports progress at last meeting during XIX OLACEFS General Assembly

As Chair since April 2009 of OLACEFS' environmental working group (COMTEMA), Argentina's Auditor General's office reported progress at a gathering of that group between the 5th and 9th of October of 2009, in the city of Asunción, Paraguay, during the XIX General Assembly of OLACEFS.

Argentina's General Auditor, CPN Oscar Lamberto, in his role as President of COMTEMA, presented the base document for one of the four subjects of the Assembly: "The Challenges of Climate Change and Energy Development for the SAIs of the Region." The document was widely accepted and received input from other SAI members of OLACEFS.

Also during the meeting, two declarations were approved with broad consensus. One of them, on the environment and the climate change, encourages OLACEFS member countries to develop public policies to enhance the quality of life of the population, with an emphasis on climate change and the use of alternative energy.

Finally, all members were invited to participate in the Joint Audit on Climate Change promoted by COMTEMA, to be carried out during 2010 in parallel by several countries of the region.

For additional information, contact Pablo E. Catalá at pcatala@agn.gov.ar



BRAZIL: Court of Audit completes four major climate change audits

The Brazilian Court of Audit, along with SAIs of 13 other countries – South Africa, Australia, Austria, Slovenia, United States, Estonia, Finland, Greece, Indonesia, Norway, Poland, United Kingdom and Canada (coordinator) – is participating in the WGEA's Global Coordinated Audit on Climate Change. In this work, each SAI could, according to its needs and national preferences, assess its own country's government performance in the areas of mitigation and adaptation to impacts, as well as science and technology regarding climate change. Based on a survey of experts in the area, the Court of Audit pursued 4 audits:

1. Public policies for the Amazon region and toward climate changes (mitigation area).
2. Governmental actions to guarantee the hydric safety in the Brazilian semi-arid region (adaptation area).
3. Governmental actions for coastal zones facing climate changes impacts (adaptation area).

4. Governmental actions for agriculture and livestock facing climate change scenarios (adaptation area).

The first audit assessed public policies concerning the mitigation of greenhouse gas emissions for the Legal Amazon Forest region. This choice took into account that 75% of carbon dioxide emissions come from the Land-Use Change and Forestry sector.

The second audit examined public policies affecting the hydric infrastructure of the Brazilian semi-arid region, taking into account the effects of climate change. That region is considered one of the nation's most sensitive and, therefore, most vulnerable to climate alterations.

The third audit assessed actions led by the federal public administration to adapt the Brazilian coastal zones to the impacts that may soon come from global climate change, and to propose relevant recommendations as appropriate.

The last audit examined the extent to which actions by the Federal Public Administration are helping the livestock and agriculture sector to adapt to various climate change scenarios. This sector is particularly sensitive to climate change, and its health has major implications for the nation's food supply and safety, balance of trade, and social stability.

Last month, the 4 audit reports were analyzed by the Ministers of the Brazilian Court of Audit, and will henceforth be consolidated to support the international report of the Global Coordinated Audit on Climate Change of WGEA/INTOSAI.

In concluding these audits, the Court of Audit held the seminar, "Public Policies and Climate Changes" on 10th and 11th of November, where their results were presented. Presentations were also made by federal and state government authorities, congressmen and climate change experts, and by the Ministers of Environment and of Science and Technology. The seminar was attended by approximately 300 participants in each day, consisting of public managers, embassy and the National Congress representatives, private sector workers, NGO representatives, and students.

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CHINA: CNAO issues guidance document on strengthening resources and environmental

auditing

In order to implement China's fundamental national policy of "conserving resources and protecting environment," and to give full play to the "immune system" function of governmental auditing in safeguarding the healthy operation of the national economy, the CNAO publicized a guidance document, "Recommendations on Strengthening Resources and Environmental Auditing," based on a wide array of feedback from various entities.

The document points out clearly the guiding ideology, main tasks, and goals of resources and environmental auditing in China, and requires audit institutions at various levels to be fully aware of the importance and urgency of conducting resources and environmental auditing. It also calls on audit institutions to take up the historical responsibility of promoting sustainable development in China. The document requires audit institutions of various levels to audit: the exploitation, management and protection of land resources, minerals, forests and water; the prevention and control of water, air, soil and solid wastes pollutions; the implementation of key eco-construction projects; and the protection of eco-fragile regions.

The document calls on audit institutions to keep exploring new audit approaches and methodologies for resources and environmental auditing, and to carry out pilot cooperative audits and whole-process tracking audits on cross-regional environmental issues, key resources exploitation and environmental protection projects, and the implementation of important resources and environmental management policies or strategic plans. The document also encourages audit institutions to carry out resources and environmental system audits with information technology and methodologies. Audit institutions shall also establish and improve their environmental auditing operational mechanisms, which is efficient both in internal and external communication and collaboration, so as to constitute an integrated auditing setup in China together with other specialized audit types, like public finance audits, monetary audits, enterprises audits, investment audits, accountability audits and foreign fund application audits. In the meantime, the document recommends that audit institutions further strengthen their audit teams for environmental auditing and their research on environmental auditing theories through various ways, like institutional improvement, audit capacity building, and the use of external experts.

The document exemplified important measures to be adopted for resources and environmental auditing, and will advance the development of environmental auditing in China.

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COLOMBIA: SAI Engages Neighboring Countries' SAIs in Cooperative Audits to Assess

Government Efforts to Protect Vital Ecosystems

As President of the Latin-American and Caribbean Organization of Supreme Audit Institutions (OLACEFS) and as a member of that region's Special and Technical Commission of Environment (COMTEMA), Colombia's SAI has a particular interest in promoting and conducting coordinated audits on government efforts to protect key ecosystems, and in using new methodological tools to achieve the best results. One such audit was a coordinated effort with Peru to address the "Colombo-Peruvian Integral Development of Putumayo's River Basin." The objective was to assess the role of the key public environmental entities from each country in managing and promoting sustainable development in this important region, and in improving the quality of life for both the Peruvian and Columbian people. The audit identified a number of environmental problems, focusing on activities related to natural resource development that pose a risk to public health, intensify social conflict, and result in economic stagnation. It called for developing a comprehensive strategy to address these issues; one that includes, among other things, strengthening the environmental functions of the appropriate authorities so that bilateral solutions can be devised for the Basin's sustained development and management.

Another major cooperative effort underway involves the conservation and protection of the Amazon region's natural resources and environment. This region, directly involving 8 countries, is a treasure trove of environmental wealth and biodiversity. It represents only 4 to 6 percent of the earth's surface but holds more than 56 percent of its tropical forests, 10 percent of the mammals, and 15 percent of its known vegetables species, and accounts for almost 20 percent of its fresh water supplies. This incredible source of natural and cultural wealth, however, is now threatened by over-exploitation and irresponsible management. And so, in light of its global and regional importance, the Columbian Controllershship is coordinating an audit of the region in collaboration with the SAIs of Brazil, Peru, Equator and Venezuela. The comprehensive effort represents a first of its kind, addressing the performance of all responsible entities in each country charged with environmental management. It is an ambitious but necessary audit, given the region's importance to hemispheric and global environmental equilibrium.

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CYPRUS: Audit Office reports on “Natura 2000” network, completes climate change audit

Cyprus’ Audit Office reports completion of an audit regarding the implementation of the country’s “Natura 2000” Network. The main finding concerned the inadequacy of the proposed areas catalogue to adequately protect the endemic and other endangered species, which led to the need for the inclusion in the catalogue of additional areas of environmental importance. The Audit Office also completed its national audit on climate change, the results of which will be incorporated into the European audit report on the subject.

For further information, contact Akis Kikas at akikas@audit.gov.cy



ESTONIA: NAO reports findings of its recent comprehensive audit of fisheries management and control

NAO’s audit was part of the parallel audit in Baltic Sea countries that focused on environmental monitoring and fisheries management and control in the Baltic Sea in 2005-2007.

The Baltic Sea fishery is facing the task of restoring its shrinking fish resources and achieving their sustainable management. Particularly important for fishery control is the enforcement of fishing requirements and the prevention of illegal fishing.

According to the NAO’s evaluation, it has been very difficult to discover illegal trawling efficiently because controls are not systematically planned, cooperation between different national control agencies is poor in some areas, and several regions of the country are not sufficiently inspected. NAO reported that in order to increase the efficiency of control, it is necessary to use existing information technology more extensively to detect violations and inspect landings by trawlers.

The NAO’s most important observations about the fisheries control were as follows:

- Several existing options for analysing fishing, landing and sales data (so-called cross-checking of data) and data from vessel monitoring system (VMS) are not used to promote efficient management and control of fisheries;
- Control over landings of trawled fish is insufficient in some regions;
- The state’s enforcement capability on the open sea, especially in the exclusive economic zone of Estonia, is limited; and
- Information required for the management and control of the entire fisheries sector is separated

into two fishery information systems, which makes data analysis and control more complicated.

The full report is available in English at the NAO’s website: www.riigikontroll.ee.

For further information, please contact Matis Mägi at Matis.Magi@riigikontroll.ee



KUWAIT: State Audit Bureau investigates causes of, solutions for, high levels of hydrogen sulfide gas

The State Audit Bureau has recently completed an audit seeking to better understand the causes of, and to find solutions for, unacceptably high levels of hydrogen sulfide gas (H₂S) in certain areas of the country. Although it does not cause disease, the presence of H₂S in water causes a particularly bad taste and smell that becomes apparent when contaminated groundwater is extracted. It is suspected that the reasons for the phenomenon are associated with recent and extensive urban development projects, and the irrational use of water for agricultural, industrial and residential purposes. Some construction companies are also believed to withdraw contaminated groundwater and dispose of it through the drainage network leading directly to the sea without treating it—a practice that adversely affects the marine environment in a way that causes suffocation of fish and marine organisms.

The SAB states that the purpose of its audit was to raise public awareness of the problem, particularly in light of its direct impact on individuals, its effects on society at large, and its financial impacts. Specific objectives of the examination were to (1) determine which areas are most vulnerable to the phenomenon of rising of underground water levels and the H₂S gaseous emissions associated with it, (2) assess the level of compliance with requirements and standards intended to reduce gas emission and to maintain citizens’ and workers’ health and safety in these areas, (3) assess the efficiency and effectiveness of the actions taken by the State (represented by the Environment Public Authority, Public Works Ministry, Kuwait Municipality and other relevant agencies) to reduce this phenomenon, and (4) assess the extent to which construction companies are draining underground water affected by H₂S gas, and then discharging it through rainwater and sewage pipes without treating the water. The audit scope did not include the impact of hydrogen sulfide gas emissions associated with drilling oil wells.

Among the audit report’s key recommendations were to (1) require sponsors of projects in the affected areas to treat contaminated groundwater and increase public awareness of the problem, (2) require contractors to install gas sensors for hydrogen sulfide and sulfur compounds at project sites and to periodically provide the Environment Public Authority with the recorded readings, (3) develop a mechanism to monitor and follow up on

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projects, in association with the obtaining of necessary permits from key authorities such as the Environment Public Authority and the Public Works Ministry, and (4) develop a mechanism to hold project investors accountable for treating the groundwater if the dissolved H₂S levels exceed the allowable limit.

For further information, contact the Bureau's International Organization Department at training@sabq8.org



MEXICO: Superior Audit Office applies its "three E" and "three C" approaches to environmental performance audits

Since December 2000, the Superior Audit Office (SAO) has implemented a performance audit practice that uses a methodology comprising a three "E" and three "C" analysis. The three "E" approach corresponds to the analysis of a program's **Efficacy** (i.e., an assessment of the objectives and goals accomplished, as well as of the coverage of the actions carried out), its **Efficiency** (an evaluation of the government's management or that pertaining to the goals' achievement-related processes); and **Economy** (the evaluation of application of resources to maximize the benefits obtained).

Likewise, the three "C" approach is related to service quality (*Calidad* in Spanish, and referring to the quality assessment of the offered products and services), the **Client-citizen** (referring to citizens' level of satisfaction with the provided goods and services), and **Competence** (referring to how well the pertinent institutions and public servants have performed in executing the relevant governmental policies and programs).

Applying this methodology to environmental matters, SAO has carried out 10 audits of government programs related to air, water and soil pollution; protection of sea resources; conservation of natural protected areas, and management of forest resources. In executing these audits, SAO has taken into account the fulfillment of international agreements endorsed by the Mexican Government. SAO has implemented the "three E" and "three C" approach when practicing these audits.

The "horizontal" approach is a particular characteristic of SAO's environmental audits. It means that these audits include actions carried out by more than one entity. This approach takes into account the regulatory entity (the one issuing the standards and guidelines for the public policy execution; the executing entity (the one responsible for fulfilling the corresponding standards) and the overseeing entity (the one that oversees whether regulated entities comply with established regulations). Thanks to this "horizontal" approach, SAO's audits are comprehensive, which means that any aspect related to the assessed public policy is audited.

Due to the results and impacts obtained from SAO's performance audits practice, the execution of this kind of audit was promoted to a constitutional level in May 2008.

For further information, contact Mr. Erwin Alberto Ramirez Gutierrez at earamirez@asf.gob.mx



THE NETHERLANDS: performance audit on environmental effects of road traffic

The Netherlands Court of Audit published a report on the effectiveness of the government policy to make road traffic cleaner, more fuel efficient, and quieter: cleaner in the sense of less air pollution, more fuel efficient in the sense of a lower emission of greenhouse gases, and quieter in the sense of less traffic noise.

The audit shows that the objectives to reduce air pollution and traffic noise have not been reached within the original timetable, and that it is still uncertain whether the objectives on greenhouse gases will be met in time. The results are explained by the disappointing effectiveness of policy measures, a lack of sufficient funds, a dependence on the European Union for more stringent emission norms for vehicles, and by the increased use of cars. The Court of Audit concluded that the Dutch law on the prevention of noise offers citizens insufficient protection against traffic noise, and that policy documents should reflect that the effects of policy measures are uncertain.

For further information, please contact Jan Willem van de Wardt at j.vandewardt@rekenkamer.nl



NEW ZEALAND: Cooperative environmental audit underway on solid waste management in the PASAI region

Ten SAIs in the PASAI region are taking part in the first cooperative performance audit to be undertaken in the Pacific region. The topic of the cooperative audit is solid waste management. It is the first performance audit for many of the participants. The audit is being conducted as part of the Pacific Regional Audit Initiative (PRAI), an initiative to increase the financial and performance audit capability of Pacific Island SAIs, with support from PASAI, the INTOSAI Development Initiative (IDI), and the Asian Development Bank (ADB).

Participating audit teams met in Fiji for a planning meeting for the cooperative audit from 19-26 October 2009. The teams developed audit work plans during the planning meeting, using a peer review approach and with help from experts. Prior to the meeting, the audit teams completed preliminary studies of the topic in order to obtain a good understanding of the subject and to collect information necessary to develop the audit work plans. By the end of the meeting, participants advised that their

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confidence levels had increased sufficiently so that they felt able to conduct the necessary fieldwork and assist others in their audit offices to develop work plans in the future.

The audit teams will now confirm their audit work plans with their Auditors-General and undertake field work over the next few months, with in-country support from Claire Kelly, the ADB subject matter expert, as required. Claire Kelly is an experienced performance auditor from the Australian National Audit Office.

The audit teams will reconvene for a reporting meeting in early 2010. The intention is that 10 cooperative performance audit reports on solid waste management in the Pacific will be completed in 2010 by the audit teams. In addition, an overview regional report will also be prepared by the ADB subject matter expert.

The audit is the first in a program of performance audits in the PASAI region under the PRAI initiative, and it is likely that future cooperative performance audits will include environmental subjects. Participants at the planning meeting in Fiji noted the links between effective solid waste management and the management of water resources; the management of air quality; and the effective management of the region's unique marine life.

It is likely that the topic for the second cooperative performance audit will be freshwater management. This will be considered further at the next meeting of the PASAI regional WGEA, to be held in April 2010.

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NORWAY: Progress report on recent activities of the EUROSAI Working Group on Environmental Auditing

As Chair of the EUROSAI Working Group on Environmental Auditing (EUROSAI WGEA), Norway reports that the Working Group arranged, in cooperation with the Bulgarian National Audit Office, for the 7th EUROSAI WGEA meeting to be held in Sofia this past October. Approximately 75 participants from 30 member countries and invited organisations attended the meeting. The meeting's main theme was water management and the EU's Water Framework Directive (WFD). The Chair indicated that it was very pleased to have three of the foremost experts on water management in Europe as invited speakers at the meeting. Ms Anita Kunitzer from the European Environment Agency presented the state of European waters, Mr Helmut Bloech from the DG Environment gave an overview of the Water Framework Directive, and Mr Sergey Moroz from the WWF gave a presentation on the future of EU's water. The SAIs exchanged experiences regarding auditing water issues through presentations of SAIs' work and group and panel discussions. Furthermore, the second theme for the

meeting was the use of external experts in audit activities and what the secretariat can do to facilitate identification of expert institutions.

In addition to delivering the progress report for EUROSAI WGEA and further plans regarding upcoming activities, two new proposals for cooperative audits were presented. One of the proposals, a cooperative audit regarding environmental issues of the Black Sea, will start at the end of this year and will be led by the Accounting Chamber of Ukraine. Interest regarding another proposal on climate change adaptation issues will be further explored.

Regional sub-group meetings were also arranged for two of the European regions, the Nordic and the Mediterranean regions. The aims of these meetings were to exchange information regarding environmental issues and ongoing and planned environmental audit activities within the regions, and to establish an informal network among the auditors.

In connection with the meeting, the EUROSAI WGEA secretariat organized the INTOSAI WGEA training course on auditing biodiversity issues. Audit experts from Estonia and Norway delivered a one-day training course attended by approximately 25 participants.

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PERU: New environmental audits underway on climate change and the Amazon Basin

The SAI of Peru has begun two important audits in Regional Environmental Management, both of which have arisen through its involvement in COMTEMA (a working group on environmental auditing established in 1998 by the 8th General Assembly of OLACEFS). The audits involve climate change and the health of the Amazon Basin. In initiating the efforts, the SAI underscores the obligations of SAIs to evaluate whether regional environmental management goals are being achieved by participating governments, noting in particular that each nation's environmental problems often have wider, regional impacts. The SAI expects that these audits will examine the activities of the Ministry of Environment, Ministry of Foreign Affairs, Ministry of Agriculture and certain Regional Governments. The planning phase of each audit is expected to be completed by the end of this year. Issued reports are anticipated by the end of the second quarter of 2010.

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GREENLINES



SLOVENIA: Court of Audit tackles a variety of solid waste management issues

Waste management is still the area where Slovenia is much behind established national and European Union's targets. The quantity of waste generated is rising rapidly, recycling is very limited, and land-filling is still the prevailing method of waste disposal. The Court of Audit of the Republic of Slovenia (CARS) carried out several audits, in which it closely examined the managing of different kinds of waste (e.g., municipal waste, packaging waste, organic kitchen waste, end-of-life tires and construction waste, and illegal waste disposal).

The main conclusions of completed waste management audits are:

- Slovenia depends heavily on land-filling, with about 90 percent of all municipal waste still going to landfills. In recent years, none of the projects to build incineration plants or to establish mechanical biological treatment before final disposal were completed, due to unclear determination of responsibilities between local and federal authorities;
- The financing system for municipal waste collection does not stimulate separate waste collection; the quantity of separately collected packaging waste is not rising as it was anticipated because none of the actors in the system is stimulated to increase efforts to achieve set goals. The functioning and financing system of packaging waste collection is not based on the "polluter pays" principle;
- The portion of biodegradable components in waste disposed is much too high because the functioning of the collection system has not been properly regulated and supervision of the system has not been established; and
- Illegal waste disposal is still a huge problem in some municipalities; responsibilities between local and federal authorities to finance and settle illegally-disposed waste are not well-defined and supervision is not established.

In progress are audits on managing end-of-life vehicles and hazardous waste. CARS is also conducting an audit on finding and deciding the proper location for radioactive waste disposal.

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SOUTH AFRICA: SAI tables performance audit report on the handling of confiscated abalone

The SAI of South Africa recently published a performance audit report on the handling of confiscated abalone. Branch Marine and Coastal Management (MCM) of the

Department of Environmental Affairs and Tourism is responsible for managing the development, sustainable use and orderly exploitation of South Africa's marine and coastal resources, as well as protecting the integrity and quality of the marine and coastal ecosystems.

Also, as project leader for the WGEA's pending guidance document, Audit on Sustainable Fisheries, Guidance for Supreme Audit Institutions, the SAI of South Africa reports that it is in the process of finalising the paper for submission to the WGEA Secretariat by 7 December 2009. The document will be discussed at the February 2010 Steering Committee meeting in Tanzania.

Finally, the SAI reports that from 18 to 20 November, a technical update session for AFROSAI-E took place in Cape Town, South Africa. During the session, a guidance document entitled, "Consolidated guidance on regularity audits with environmental focus: Updated guidance for AFROSAI-E region 2009, risks per government entities, risk identification, risk assessment and various examples of working papers," was discussed.

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TONGA: Audit Office participates in regional solid waste audit, announces new environmental department

Tonga's Audit Office announces its participation in the ADB-IDI-PASAI Cooperative Performance Audit on Solid Waste Management (SWM). (See *New Zealand's related News Brief.*) This Cooperative Performance Audit was endorsed during the 12th PASAI Congress that was held in Palau in July this year. Ten SAIs, including that of Tonga, are participating in this Cooperative Performance Audit. The first Audit Plan meeting was held in Nadi, Fiji from 19 to 26 October, 2009 and, according to the Audit Office, is expected to be completed by early March 2010. The Office reports this as a significant step for auditors in this region in that it will strengthen not only each SAI's individual performance audit capacities, but the audit capacities of the region as a whole.

The Audit Office further announces the recent appointment of the Honourable Ma'afu Tukuiaulahi in July 2009 as Minister for Environment and Climate Change, reflecting the significance that the government places on having an entirely separate department to oversee environmental issues—issues that have become a concern not only to Tonga's region, but to the international community as a whole. Previously, the Department of Environment had been under the Ministry of Land, Survey, Natural Resources and Environment.

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GREENLINES



UNITED KINGDOM: Climate change adaptation work completed, other environmental audits underway, and plans for public sector sustainability reporting under discussion

The National Audit Office indicates that since it discussed its climate change adaptation work in the May 2009 Greenlines edition, it has completed its report on the subject. NAO also has work in progress on air quality, business waste, government funding for the development, demonstration and deployment of renewable energy technology, the organic level entry scheme, and diffuse pollution and water quality.

The government has been consulting on its proposal to require public sector organisations to report on sustainability in their annual report and accounts with effect from 2011-12. This reporting will cover the

organisations' energy use and carbon emissions, water use, use of finite resources and their related expenditure. The consultation is also addressing whether this reporting should be subject to external assurance: the nature of the assurance assignment and the number of public bodies who will be required to seek assurance are points under discussion. The NAO has responded that if there is to be external assurance of sustainability reporting it should be provided by the external auditor, which in most cases is the NAO, to avoid the difficulties for the public bodies of having two sets of auditors engaged with them during the period of the finalisation of their Annual Accounts and Reports and to ensure no conflict in the messages on the sustainability assignment and the financial statements. The NAO is willing to take on the additional work, subject to funding being made available.

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