



## Message from Associate Chair of WGEA

My message is a message of gratitude.

Our initial year of accomplishments in the 2005–07 work plan has given us an exceptional first year. During the fall of 2005, we held our most successful meeting ever in Moscow. The WGEA Secretariat has many people to thank for making the meeting a success. We start by congratulating our gracious host, the Accounts Chamber of the Russian Federation, for selecting the excellent venue with an inspirational backdrop. Our hats are off to Fyodor Shelyuto, Vladimir Kuleshov, and their team for their hard work. We also want to thank SAIs who submitted papers and made presentations. We learn the most through sharing our experiences.

In addition to contributing to the meeting, many project leaders have been hard at work on our 2005–07 projects: sending questionnaires, collecting data, working with their subcommittees, producing communication tools, and running workshops in Moscow. Project leaders from Brazil, Poland, Netherlands, Norway, the United Kingdom, and the United States were major contributors to the 10th meeting of the WGEA (WG10) in Moscow and to our recent year of success. Their leadership is essential to the success of the work plan. I look forward to discussing the 2005–07 projects and sharing the first drafts of project papers at our fifth Steering Committee meeting in Indonesia in June 2006.

We are also grateful to the SAIs for answering the project-related questionnaires and giving thoughtful input to the projects.

**Johanne Gélinas**  
Commissioner of the Environment  
and Sustainable Development  
Canada

## Highlights from Moscow

[Highlights of the 10th Meeting of the INTOSAI Working Group on Environmental Auditing, Moscow, Russian Federation, 27 October - 1 November 2005](#)

The most successful meeting ever! Participants at the meeting sat in awe as they watched and listened to a special video-taped message from the two crew members aboard the International Space Station, Commander William McArthur and Flight Engineer Valery Tokarev: ([more...](#))

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In preparing for the last WGEA meeting in Moscow, SAIs were invited to submit papers describing the challenges confronting them in their efforts to pursue environmental auditing. This article summarizes the papers submitted by the eight SAIs responding to this invitation. ([more...](#))

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## Highlights from Moscow

### Highlights of the 10th Meeting of the INTOSAI Working Group on Environmental Auditing, Moscow, Russian Federation, 27 October – 1 November 2005

By: John Reed  
Office of the Auditor General of Canada

**Moscow, Russia—The most successful meeting ever.** Participants at the meeting sat in awe as they watched and listened to a special video-taped message from the two crew members aboard the International Space Station, Commander William McArthur and Flight Engineer Valery Tokarev:

“Looking at the Earth from space, we have the opportunity not only to see how beautiful our planet is but also to detect and warn about the wounds incurred to the Earth as a result of mankind’s rash activities. Your work is very important and useful for people.”



Commander William McArthur and Flight Engineer Valery Tokarev aboard the International Space Station

It was a thrilling end to the opening morning of what turned out to be the most well-attended and successful meeting in the history of the INTOSAI Working Group on Environmental Auditing (WGEA) – its 10th Meeting held in Moscow, the Russian Federation. Organized by the Office of the Auditor General of Canada and hosted by the Accounts Chamber of the Russian Federation, 124 participants from 62 supreme audit institutions benefited from the expert presentations, interactive workshops, small group discussions, and networking that took place.



INTOSAI WGEA meeting is set in a backdrop of the Moscow skyline

**Building awareness of environmental issues.** A major goal of the 10th Meeting was to enhance participants’ knowledge of environmental issues. To this end, the meeting featured speeches by renowned experts on the topics of biological diversity (Mr. Hamdallah Zedan, Executive Secretary of the Secretariat on the Convention of Biological Diversity), of climate change (Mr. Feng Gao, Coordinator, Implementation Programme of the United Nations Framework Convention on Climate Change), and the recently released United Nations *Millennium Ecosystem Assessment*. The Assessment, with contributions from over 1000 scientists around the world, describes the alarming deterioration of global and regional ecosystems as well as the consequences for economic development and human prosperity. As noted by Dr. Marcus Lee of the United Nations Environment Program, the Assessment concluded:

“Human activity is putting such a strain on the natural functions of the Earth that the ability of the planet’s ecosystems to sustain future generations can no longer be taken for granted.”

**Exchanging experience and building capacity:** Another major goal of the meeting was to exchange experiences and build capacity within SAIs to undertake environmental audits. In her keynote address to the Meeting, Ms. Carman Lapointe-Young,

Auditor-General of the World Bank, strongly endorsed the role and work of SAIs as an important part of global environmental governance. She stressed in particular the need to focus on significant risks, including environmental risks, during audit work. Mr. Christian Avérous, Head of the Environmental Performance and Information Division of the Organization for Economic Co-operation and Development, outlined the process and methods used in undertaking “country environmental reviews” and the similarities to auditing practises.



Mr. Hamdallah Zedan, Executive Secretary of the UN Secretariat for Biological Diversity kicks off the first Interactive Workshop on Biological Diversity

To facilitate information exchange, the 10th Meeting featured four interactive workshops and numerous presentations by SAIs organized around the following themes:

- **Biological Diversity** – Austria, Czech Republic, Macedonia, Mongolia, Paraguay, and the Russian Federation
- **Climate Change** – Australia, Canada, Estonia, Netherlands, United States
- **Facing the Challenges** – Denmark, Indonesia, Kenya, Libya, Russian Federation, Turkey, and Ukraine
- **Increasing the Impacts** – India, Korea, Norway, Russian Federation, United Kingdom, and United States.

These presentations demonstrated that through financial, regularity, and performance audits, SAIs around the world are examining their governments’ management of environmental issues, funds, and programs. Moreover, it is clear that such audits are having a significant impact in their countries. For instance, environmental audits have led to:

- new legislation and better enforcement of existing regulations;

- enhanced protection of national parks, wetlands, marine and freshwater ecosystems, forests, and ocean resources;
- improved compliance with international and regional environmental treaties;
- strengthened handling of municipal and hospital wastes; and
- improved targeting of public funds for environmental protection.

**WGEA projects will provide more help for SAIs.** A

third major goal of the meeting was to discuss and contribute to the many projects underway as part of the working group’s 2005-07 Work Plan. To this end, the 10th Meeting featured several working sessions, small group discussions and project updates. These projects include

- guidance on auditing biological diversity,
- tips and examples for undertaking cooperative audits,
- guidance on the evolution and trends in environmental auditing,
- exploring SAI experiences related to the World Summit on Sustainable Development,
- tools to keep the former WGEA themes of water and waste “alive”,
- the Fifth Survey on environmental auditing,
- enhancements to the WGEA Web site, and
- improved communications with SAIs and international organizations.



Parag Prakash from India presents findings on audits concerning water and flood regulation

**What participants said.** At the conclusion of the workshops, participants shared with others what they had learned during the course of the meeting. Selected comments follow:



“We have a great responsibility and opportunity to push our governments to ensure they stop dangerous trends in environment.”



Representatives of the Czech Republic, Netherlands, the Russian Federation, South Korea, and Ukraine discuss experiences with understanding cooperative agreements with other countries

“The conference opened our eyes about how we are doing things in comparison to other SAIs. It will help us to address the most important programs of government, to make the best use of resources, and to employ the most efficient communication.”

“An important first step in doing audits is training auditors on the environment using the WGEA/IDI training course. Then, environmental aspects can be introduced as part of larger audits that are not environment only.”

“Parallel or co-ordinated audits are a great way to build capacity, share audit practices, and learn from one another. Plus we can audit larger issues that way.”

“If we humans continue to live recklessly, we shall bequeath a lifeless and a more dangerous planet to our children. We should embark on impacts/results-based audits if we want to have our environment preserved for future prosperity.”

“We are now convinced of the need to act and are confident in our ability to undertake environmental audits.”

## Feature Story

### Environmental Auditing: Facing the Challenges

*In preparing for the last WGEA meeting in Moscow, SAIs were invited to submit papers describing the challenges confronting them in their efforts to pursue environmental auditing. This article summarizes the papers submitted by the eight SAIs responding to this invitation. While the articles illustrate diversity in the challenges SAIs face, they also reveal several common themes--particularly a strong desire to build environmental auditing capacity and an equally strong desire to work cooperatively with other SAIs to address problems of mutual interest.*

#### **Chile: Developing Innovative Strategies to Oversee the Government's Environmental Activities**

The Contraloría General de la República de Chile reports that, since the 1990s, the Chilean government has made environmental protection a major priority, and has made significant strides toward this end through new laws and regulations, new public agencies with environmental responsibilities, and through international environmental agreements. To support this effort, the SAI notes that it has adopted innovative strategies to accomplish efficient and

effective oversight of the government's environmental activities. Among other things, it plans to use an “Integrated Audit Information and Control System,” to develop new audit methodologies, improve its technical capacity, train personnel, and foster cooperation with external stakeholders. When fully implemented in September 2006, the SAI says the system will provide a structured and standardized audit methodology, improve reporting transparency, and increase the level of performance of its audit staff.

#### **Denmark: Conducting a Multinational Parallel Audit to Combat Baltic Sea Pollution**

In 2004, Denmark's SAI conducted a parallel audit with the SAIs of Estonia, Finland, Germany, Latvia, Lithuania, Poland, and Russia of their governments' preparedness to combat pollution from ships in the Baltic Sea. This audit addressed the implementation of the Convention on the Protection of the Marine Environment of the Baltic Sea Area, a multinational agreement concerning pollution from ships. The Convention requires participating countries to prevent pollution from ships and respond to pollution incidents

threatening the marine environment of the Baltic Sea. As a parallel audit, each of the participating SAIs audited the same objectives in their respective countries with mutually agreed upon audit criteria and methods. The effort follows a previous parallel audit in 2000 concerning pollution from land-based sources.

Among the audit's key findings were that: (1) participating countries have not sufficiently planned, supervised, and controlled the implementation of requirements for an effective "first-response" to a pollution emergency; (2) comprehensive and realistic risk assessments are needed because of the dramatic increase in oil shipping in the Baltic Sea; and (3) greater cooperation is needed among participating countries, particularly regarding research and the sharing of good practices. According to Denmark's SAI, lessons learned in conducting this type of cooperative audit include the need for high quality comparative data as well as mutual agreement on such critical audit issues as scope, objectives, audit criteria, methodology, and report format.

### **Indonesia: Auditing the Rehabilitation of Mangroves and Coastal Forests of Aceh**

The coastal ecosystem of Aceh, a special territory on the northern tip of Sumatra, is dominated by mangroves in the east coast and coastal forests in the west coast. These extraordinary trees and shrubs are not only important to the coastal ecosystem, but are also important in protecting coastal populations from weather-related disasters such as hurricanes and cyclones. Evidence also suggests that the damage to Aceh's coast from the December 2004 tsunami was more severe in areas where mangroves and coastal forests had been removed. The Indonesian government's Master Plan to rehabilitate and reconstruct Aceh includes strategies and targets for rehabilitating mangroves and coastal forests, with key roles outlined for both national and local government agencies. With this in mind, Indonesia's Board of Audit set out to assess how well these agencies are carrying out their missions. Among the Board's key findings was a risk of overlapping and duplicative activities by participating agencies, due in part to the lack of a comprehensive database of rehabilitation and reconstruction activities. Additionally, the Board concluded that because mangrove experts were not sufficiently consulted, many replanted mangroves may fail because certain technical requirements and standards were not followed.

The audited agencies accepted the Board's findings and recommendations and agreed to take corrective actions. Nonetheless, the audit team cited a number of lessons learned from the audit, particularly on the need for sufficient time to plan such a complex audit. It noted that more attention to planning would allow

auditors to better define audit criteria and develop better research questions.

### **Kenya: Participating in a Pilot Cooperative Audit on Solid Waste Issues**

With assistance from the WGEA, Kenya's SAI undertook an ambitious collaborative audit with Ethiopia, Ghana, Mauritius and South Africa to examine each country's efforts to address urban solid waste issues. Specifically, the audit sought to determine each country's progress in 15 areas of inquiry that bear on its ability to manage its waste problems. While the detailed results of the audit have not been made public, the overall results showed wide variation among the five countries.

The Kenyan paper reported both successes and challenges arising from the SAIs' experience. Among the positive outcomes was the SAIs' successful use of electronic workpapers, and the completion of the fieldwork in only 2 months. The latter was a particularly noteworthy accomplishment since it involved meetings at the municipal level in each country. In addition, the feedback about the experience from the Auditors General of the participating SAIs was quite positive. Among the key challenges was the difficulty of incorporating environmental concerns into the audit methodologies of SAIs, a problem attributed largely to the SAIs' limited experience with environmental issues, and limited time and resources.

### **Libya: Assessing Legislative Constraints on the SAI's Role in Environmental Auditing**

According to the Libyan paper, the country's 6 million people are concentrated largely within the major cities along its northern coastline, a growth pattern that defines many of its environmental problems. Among these problems are agricultural practices that include a heavy reliance on chemical fertilizers with few regulatory constraints, and the discharge of untreated wastewater into drainage channels which has damaged marine life.

Libya's Financial and Technical Control Authority has come to recognize the importance of environmental protection to the welfare of its citizens, and believes it can provide independent and reliable information to help strategic decision-makers in this field. According to the paper, the country's limited environmental legislation has thus far made this difficult. For example, the law provides few legal standards to identify what practices affecting the environment are allowable or prohibited. To achieve a regulatory framework that can more effectively protect the environment, the paper calls for "supporting institutional frameworks," including the issuance of a national strategy document articulating the need to

protect the nation's environment, and the establishment of environmental bureaus with a mandate to protect the environment. It also calls for: (1) the country's comprehensive development plan to reflect environmental issues; (2) legal provisions that would punish violations of environmental standards and encourage protective behaviours; and (3) international standards in relevant national laws and authorities.

### **Russian Federation: Auditing Vast Forest Resources and Participating in Multiple International Audits**

As the Russian Federation's state financial control body, the Accounts Chamber is not only responsible for revenue and expense items of the state's budget, but also for ensuring the efficient use of federal property. According to the Russian Federation's paper, this mandate empowers the Chamber to audit the use of the nation's forest, water, and other environmental resources. Forest resources are a particular priority, occupying over 1 billion hectares and covering almost 70 percent of the nation's territory. Not surprisingly, the Accounts Chamber has made audits of forest resources a high priority—conducting ten efficiency audits of Russian forest reserves over the past 5 years. Among its key findings, the Accounts Chamber has found that the prices sets for forest resources often do not reflect their actual market value. It also reported that participation in the export market for forest resources is below the nation's potential, and that the price of exported forest products is too low. The Accounts Chamber has made a number of recommendations to improve both the efficiency in which this valuable resource is exploited for economic purposes, and the way in which it is protected. According to the Accounts Chamber, the recommendations are being implemented by the Russian government.

Among the Accounts Chamber's other notable activities, it has participated in a number of international parallel environmental audits with other SAIs. Two involved audits of the financial, legal, and ecological implications of participating nations' activities under the Helsinki Convention to protect the Baltic Sea. The Accounts Chamber also recently concluded a parallel audit to examine compliance with the Convention on the Protection of the Black Sea (Bucharest Convention) and an efficiency audit of funds allocated to protect the Kaliningrad Region and the Neman River Basin.

### **Saudi Arabia: Building Environmental Audit Capacity Through Intensive Training**

Having joined the WGEA in 1998, Saudi Arabia's General Auditing Bureau (GAB) has shown an increasing interest in environmental auditing. It has

recently built upon this interest by taking concrete steps to improve its own environmental auditing capacity, along with that of other SAIs in its region. In 2001, for example, it participated jointly with other SAIs in the Cooperating Council for the Arab States of the Gulf (GCC) to deliver a course on auditing seashore pollution. In 2002, it also delivered internal training on environmental auditing to GAB staff, and in 2005, participated in several courses with SAIs of neighboring states, including an environmental auditing course under the sponsorship of the INTOSAI Development Initiative for GCC members, a course focused on waste management issues (also for the SAIs of the GCC states), and a course for the states of the ARABOSAI region on methods and techniques of environmental auditing.

The Bureau has applied these training sessions to several recent environmental audits, including a performance audit of chemical and hazardous waste safety in the Presidency of Meteorology and Environmental Protection, and a performance audit of a Rehabilitation Program for a lake polluted by sewage. The Bureau has also demonstrated its commitment to environmental issues by working with other ARABOSAI states to develop a General Manual of Environmental Auditing, establishing and updating a database of environmental laws and regulations, and evaluating whether to establish a Department of Environmental Auditing within the Bureau.

### **Turkey: Developing a Comprehensive Plan to Improve Environmental Auditing Capacity**

The paper submitted by the Turkish Court of Accounts (TCA) notes that the increased importance of environmental issues to the nation has mirrored the growth of its economy. Turkey's goal of joining the European Union has also heightened the importance of achieving consistency with European environmental policies, regulations, and standards. To that end, the TCA has become aware that it will need to assess its role in auditing environmental issues, and has assigned a core group for this purpose. The paper cites a number of challenges in meeting this ambitious goal, particularly a legal framework that constrains the TCA's ability to undertake environmental audits. It notes, however, that changes are underway that will address this problem and augment the TCA's environmental audit responsibilities.

Reflecting on these trends, the TCA's paper discusses the key steps it will need to take to develop an effective environmental auditing program. These include (1) a strategic plan that identifies environmental audit priorities, including their projected scope and timelines, (2) a training program that builds on the knowledge of auditors (including those of other SAIs) with environmental auditing experience, (3) a

systematic process of “benchmarking” to examine the practices of other institutions facing similar challenges, (4) guidelines that detail the key steps of an environmental audit, and (5) the acquisition of reliable data to support key audit findings. The paper concludes with a “vision for the future,” which cites as its main goal the ability to perform environmental audits in a manner that “earns the respect and

appreciation of the public.” Other goals include establishing a specialized audit unit devoted to environmental issues; performing cooperative audits with audit institutions of other countries; and acquiring the data, best practices, and audit standards that will help it to conduct environmental audits efficiently and successfully.

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## WGEA News

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### The fifth survey on environmental auditing is coming!

Every three years the WGEA Secretariat conducts an environmental auditing survey in the INTOSAI community. SAIs can expect to receive the survey in May 2006. This time, we are sending an innovative survey that you can answer using the internet.

- We made it quicker for you! The electronic survey will be more convenient to open, save, and close and will be more convenient for several colleagues to alternate answering the questions. Overall, the technology will increase the efficiency of the survey and the analysis of the results.
- Why a survey? The survey is an important tool for the WGEA, to analyze trends in environmental auditing and to identify new developments in this field. In addition, it is a useful tool to gather data on the SAIs environmental auditing needs and an essential resource to shape our 2008–10 work plan.
- Share your environmental audits with colleagues around the world! We will collect the environmental audit reports that your SAI produced from 2003–06 and post them on the WGEA Web site at: <http://www.environmental-auditing.org/intosai/wgea.nsf/viewAuditsCountry1>.

We hope your SAI will take the time to answer this survey. It is important for us and it is important for you. Even if you have not conducted any environmental audits, please take the time to fill out the questionnaire and share what you will need to get to your first environmental audit underway. For more information on the previous surveys, please consult the WGEA Web site at <http://www.environmental-auditing.org/intosai/wgea.nsf/viewSurveys!OpenView&nav=surveys>

### Final minutes of the 10th Meeting of the WGEA are on-line

Throughout the meeting, participants asked if the Secretariat would be recording minutes during many of the discussions. In particular, participants wanted to follow-up on the concurrent discussions in the smaller sub-groups that occurred after the interactive workshops. The Secretariat is pleased to provide the final minutes of the 10th WGEA Meeting on their Web site at <http://www.environmental-auditing.org/intosai/wgea.nsf/viewMeetings>.

### Steering Committee gets down to business in 2006–07

The Audit Board of the Republic of Indonesia is hosting fifth Steering Committee meeting in Yogyakarta, Indonesia from 27 June to 1 July 2006. The main purpose of this meeting will be to discuss various projects:

- Steering Committee members will review and comment on the first drafts of WGEA papers on Biodiversity; Evolution and Trends in Environmental Auditing; Cooperation between SAIs: Tips and Examples; and the World Summit on Sustainable Development.
- The Steering Committee will be given updates by the project leaders on the Fifth Survey, WGEA Web Enhancements, the WGEA Communication Plan, and the Expand Tools to Keep Water and Waste Alive project. A lot of planning is required before 2007.
- The WGEA Secretariat and the Steering Committee will plan for finalizing and publishing project papers for the next WGEA meeting in June 2007 and for INCOSAI XIV in Mexico in the fall of 2007.



The Steering Committee will review the papers and continue planning at the sixth Steering Committee meeting that the Office of the Auditor General of Ethiopia will host in January 2007 in Addis Ababa, the Federal Democratic Republic of Ethiopia.

Committee meeting in Prague, Czech Republic (go to: WGEA Business, meetings) at: <http://www.environmental-auditing.org/intosai/wgea.nsf/viewMeetings>

## What's new on the Web

Keep yourself informed on environmental auditing by checking these important updates on our [Web site](#):

- 2005–07 project progress reports in Project Related Material (go to: WGEA Business, projects) at: <http://www.environmental-auditing.org/intosai/wgea.nsf/viewProjects>
- Final minutes of the 10th WGEA Meeting in Moscow, the Russian Federation (go to: WGEA Business, meetings) at: <http://www.environmental-auditing.org/intosai/wgea.nsf/viewMeetings>
- Final minutes of the 9th WGEA Meeting in Brasilia, Brazil and the 4th Steering

## Recent Death of Swaziland's Auditor General

It is with great sadness that we report the death on 5 March, 2006, of Robert J. Dlamini, the Auditor General of Swaziland. Mr. Dlamini sent representatives to the 2004 WGEA/IDI-sponsored training on environmental auditing in Nairobi, Kenya, and attended the last WGEA meetings in Brazil (June 2004) and in Moscow (October 2005). He remarked that he had become convinced, following their audit on "medical waste", that SAIs around the world can make a difference in protecting the environment by auditing their government's environmental commitments. His presence in our community will be greatly missed.

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## News Briefs from Around the SAI World

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### AUSTRIA: New MBA training for auditors

To face the challenge of dynamic development in the public sector, the Austrian Court of Audit starts - in cooperation with the Executive Academy of the Vienna University of Economics and Business Administration - a new training for Public Auditing in Vienna. The Professional MBA Public Auditing lasts four semesters, two of them focused on General Management and two of them focused on professional specialization. During the two semesters focused on professional specialization, participants take part in an actual audit. In doing so, one of the knowledge blocks is "international cooperation and cooperation with other audit institutions," which for several years has been a key priority of the WGEA. To participate in the training, applicants must hold a university degree or possess several years of adequate work experience. The first course is held in German, graduates are awarded the degree "Master of Business Administration" (MBA) by the Vienna University of Economics and Business Administration.

### BRASIL: TCU monitors implementation of the SÃO FRANCISCO RIVER BASIN Transportation Project

In 2005, Brasil's SAI, the Tribunal de Contas da União (TCU), began monitoring implementation of one of the most important projects of the Brazilian Government, involving 10 ministries and with an initial budget of 2 billion dollars: the transposition of the São Francisco river basin. The project consists of transposing part of the river water to other hydrographic basins, whose rivers are not perennial, with the objective of supplying drinking water to millions of people who live in the Northeast region of Brasil and who are frequently affected by large periods of drought.

The TCU has carried out audits focusing on the environmental, legal, financial, and budgetary aspects of the project, as well as on the performance of the environmental agencies in charge of licensing the enterprise, in order to ensure compliance with the environmental norms in all project stages. Aside from this, the agencies in charge of executing the project are also being audited with the purpose of ensuring the legality and economy of the project.

Accordingly, several audits are being performed concurrently and, in some cases, even before the



actions are taken as a way of identifying and proposing to the government the necessary adjustments.

More information on these audits are available on the TCU website: [www.tcu.gov.br](http://www.tcu.gov.br).

### **CANADA: A new "4th E" Guide and training course integrates environmental risks into performance auditing**

New guidance and tools to help auditors identify and evaluate environmental risks are now available to auditors with the Office of the Auditor General of Canada. In addition to considering the "3 Es" related to economy, efficiency, and effectiveness, the Office's mandate also explicitly provides for consideration of a "4th E" — due regard for the environmental effects of expenditures. The 4th E Practice Guide was approved by the Office in December 2005 and is now being used. It provides guidance that is helpful for long-term audit planning and for planning/scoping individual performance audits. The Office is also developing a new training course to help auditors apply this new methodology. This guide and training course fulfill a core commitment in the Office's Sustainable Development Strategy (2003–2006). For further information, contact Adrienne Scott at [adrienne.scott@oag-bvg.gc.ca](mailto:adrienne.scott@oag-bvg.gc.ca) (tel: \*1-613-952-0213 ext. 6239).

### **CHINA: Cooperative Audit on Dust and Sandstorms Prevention Projects between the SAIs of the People's Republic of China and the Republic of Korea**

In line with the consensus between Mr. Li Jinhua, Auditor General of China's National Audit Office (CNAO) and Yun-Churl Jeon, Chairman of the Board of Audit and Inspection (BAI) of the Republic of Korea, the two SAIs reached an agreement to conduct a Cooperative Audit on Dust and Sandstorms Prevention Projects between the two SAIs. The objectives of the audit are to further promote cooperation and exchange between the two SAIs, and to provide recommendations for better implementation of Dust and Sandstorms prevention projects. The cooperative audits will be concurrent in nature, meaning that the audits will be conducted independently during roughly the same period by the two SAIs, with a separate audit team from each SAI, and in accordance with the mandate of each SAI. According to the agreement, both SAIs will complete the audit by the end of 2006 and present their respective audit reports no later than end of June 2007. A joint work report will also be presented on the

basis of the two audit reports. During the audit process, the two SAIs will cooperate with each other as much as possible to meet each others requirements for data and information about the audits.

### **CZECH REPUBLIC: SAO assesses the government's State programmes of energy saving and renewable energy resources support**

The Supreme Audit Office (SAO), the Czech Republic (CR), recently assessed the government's "State programmes of energy saving and renewable energy resources support" in accordance with the objectives of "National programme of economical energy treatment and utilization of renewable and secondary energy resource." The SAO has identified a number of problems with the management of funds earmarked for the purpose of energy savings and renewable energy resources promotion. First, it found that there was no determination to base the CR efforts (under their State Programmes) to promote energy savings and renewable energy resources, on economic potential and capital intensity. Also, the link between the objectives of the National Programmes and the State Programmes in particular years was not consistently ensured. The SAO also noted that the system of supporting the State Programmes appeared to be too fragmented and not transparent enough. Additionally, about 70% of total funds stated as used for implementation of the State Programmes were spent in the projects, where actual improvements in the use of renewable resources and in energy savings were relatively minor.

The SAO concluded that as a consequence, the National Programme's goal, that from 2002 to 2005 electricity produced from renewable energy resources would reach 5.1% of gross electricity consumption, was not fulfilled. As a further consequence, the objective of EC Directive 2001/77/EC that the amount of electricity produced from renewable energy resources will reach 8% of gross electricity consumption by 2010, is also endangered.

### **ESTONIA: Exploitation of peat resources**

The State Audit Office (SAO) of Estonia audited the activities of the State in planning the use of peat resources and managing their extraction. The audit established that: (1) peat resources were not used in a sustainable way as they were overexploited 5 times; (2) little attention was paid to abandoned peat extraction areas, which cause environmental pollution by emitting CO<sub>2</sub>; (3) an environmental impact assessment was not carried out in most necessary cases, when extraction permits were issued; and (4)

the taxation right for peat extraction was not established on the basis of an analysis, and was too low according to the resource rent method of the World Bank.

As a result of audit, the Ministry of the Environment has taken the first steps to improve the situation: the issuance of new peat extraction permits has been stopped temporarily, the taxation rate for peat extraction has been examined and raised 3 times, and the Ministry has ordered that an inventory be developed of abandoned peat extraction areas.

The audit report is available in English at:  
[http://www.riiqikontroll.ee/audit\\_en.php?lang=en&audit=443](http://www.riiqikontroll.ee/audit_en.php?lang=en&audit=443)

### **NEW ZEALAND: Office of the Auditor General awarded for demonstrating responsible environmental practices**

In 2005, the New Zealand Office of the Auditor-General changed the design and printing of its reports to eliminate unnecessary use of ink and paper. The office's reports are now printed on environmentally responsible paper stocks manufactured under the environmental management system ISO 14001 using Elemental Chlorine Free (ECF) pulp sourced from sustainable, well-managed forests. Vegetable-based inks and water-based sealants are used.

The office's efforts were recognised by the New Zealand Minister for the Environment when it was nominated for and won an award for new initiatives in sustainable printing.

### **NORWAY: SAI evaluates impact of its environmental audits**

The Office of the Auditor General of Norway's (OAG) has addressed the impact of environmental audits in Norway by exploring the lessons learned from environmental performance audits published over the past five years. The OAG concluded that the governmental administration clearly takes both the signals, premises and resolutions from the Parliament's debates, and the OAG documents themselves, very seriously, and they improve their efforts and practices as a consequence of the audits. In general, there seem to be three factors that make audits particularly valuable from the ministries point of view: new knowledge about an area, increased focus on an important but possibly neglected area, and guidance on improved management by objectives and reporting. The OAG will continue to insure impact of the environmental audits through good dialogue with the government administration, strengthening the risk assessment phase to identify the most vulnerable and

possible mismanaged policy area, and continuing to scope audits that give new knowledge in key policy areas.

### **PAKISTAN: Recent activities to deal with earthquake damage and biodiversity losses**

Pakistan's OAG will be engaging experts to train auditors of its newly established Field Audit Office for Earthquake Relief Operations in the country. Apart from human misery and suffering caused by recent earthquakes, there has been large-scale devastation and degradation of the environment and the ecosystems in the Earthquake-hit regions. It was therefore felt necessary that special attention be paid towards the restoration and rehabilitation of the environment and the ecosystems as a part of the rehabilitation and reconstruction strategy, since the livelihood of the affected population would be intricately linked to the regenerated ecosystems.

Since 1998, Shisham (*Dalbergia sissoo*), which has been one of the most economically important and environmentally-friendly timber tree species in Pakistan for over a hundred years, is now seen dying all along roadsides, canal sides and in the plains and agricultural fields throughout the country. An Environmental Audit Study is being carried out jointly by the SAI Pakistan and the R&D Wing of the Forest Department of the NWFP to see if there has been any real success in the Government's effort to combat the scourge of Shisham dieback.

### **PERU: News of recent key activities by the Contraloria General de la Republica**

*Issuance of Environmental Internal Control Standards:* To help promote a culture of prevention, protection and conservation of the environment, and to fortify governmental environmental management, Peru's Contraloria General de la Republica has developed Standards of Environmental Internal Control and has incorporated them into the Standards of Internal Control for the Public Sector.

*Improving Citizen Participation in Environmental Management:* To help raise citizen awareness of environmental issues, the SAI held workshops in diverse communities, educating participants about the integrated nature of natural resource problems and the roles of audited organizations in dealing with them.

*E-learning:* Using e-learning, the SAI conducted remote training on environmental performance auditing for a number of audiences in the country's

interior, which generally have few opportunities to benefit from traditional training programs.

*Heritage area audits:* This past year, the SAI carried out audits regarding a number of declared Natural Heritage and Humanity Cultural Heritage areas, issuing environmental management reports on the “Parque Nacional Huascarán”, “Paracas Bay” and “Nazca Geoglyphs.” All three are considered World Heritage sites by UNESCO. The results revealed weaknesses in the sites’ environmental management for which a number of recommendations were made.

### **UNITED KINGDOM: National Audit Office reviews sustainable development in policy appraisal**

The UK National Audit Office is completing an audit of how sustainable development features in policy appraisal. This is in response to a request from the Parliamentary Environmental Audit Committee. The Committee has concerns that the UK Government’s main policy appraisal tool (Regulatory Impact Assessment, or RIA) may be ill-suited to consider some sustainable development issues, despite the fact that it now explicitly requires consideration of environmental and social, as well as economic, costs and benefits. We have reviewed a sample of RIAs to assess how they consider relevant sustainable development issues, the results of which will be published in May. For more information contact Katy Losse [Katy.Losse@nao.gsi.gov.uk](mailto:Katy.Losse@nao.gsi.gov.uk).

We are also finalising a briefing on the UK Government’s Climate Change Programme which opens up lines of debate about the adequacy of current policy and the recent review of climate change policy. For more information contact Laura Helm [Laura.Helm@nao.gsi.gov.uk](mailto:Laura.Helm@nao.gsi.gov.uk).

### **UKRAINE: SAI initiates cooperative audits with other SAIs on nuclear safety issues**

The Accounting Chamber of Ukraine has initiated the establishment of a “Special Subgroup on the Audit of Natural, Man-caused Disasters Consequences and Radioactive Wastes Elimination.” The Subgroup plans to start its activity in 2007, with a parallel audit concerning the Chernobyl Shelter Fund. So far, two meetings have been conducted in Ukraine (in September 2005 and January 2006), during which the Subgroup’s Terms of Reference and a draft Action Audit Plan were agreed upon. Currently, 12 European SAIs expressed their interest in the Subgroup’s activity, including Austria, Belarus, Denmark, the European Court of Audit, Georgia, Hungary, Lithuania, Poland, the Russian Federation, Slovakia, Switzerland and the Ukraine. For further information, see [www.eurosai.nik.gov.pl/en/site](http://www.eurosai.nik.gov.pl/en/site) or contact: [rp@ac-rada.gov.ua](mailto:rp@ac-rada.gov.ua).