



COLLABORATIVE ENVIRONMENTAL FOCUS

“INTEGRATING ENVIRONMENTAL RISKS IN AN AUDIT AT LOCAL GOVERNMENT LEVEL” AND “AUDIT ON THE CONSERVATION OF COASTAL AREAS” – AFROSAI-E INITIATIVE

17 'TH INTOSAI Working Group on Environmental Auditing : Fairmont Hotel, Jakarta, Indonesia : 24 – 27 October 2016

STATEMENT OF INTENT

Making a difference in the performance of SAIs

OUR MISSION

AFROSAI-E is, through innovation, committed to cooperate with and support its member SAIs to enhance their institutional capacity to successfully fulfil their audit mandates, thereby making a difference to the lives of citizens

VALUE STATEMENT

**Innovation
and
Creativity**

**Developing
Competence**

**Enhancing
Confidence**

**Improving
Credibility**



AFROSAI-E ENVIRONMENTAL INITIATIVES

PLAY VIDEO – CLIP: WELCOME TO THE ANTROPOCENE - HD

AFROSAI-E ENVIRONMENTAL INITIATIVES

Are we doing environmental audits or assessing environmental risk management?

Definition: Environmental Audit “ is a general term that can reflect various types of evaluations intended to identify environmental compliance and management system implementation gaps, along with related corrective actions. In this way they perform similar functions to financial audits”

Definition: Environmental Risk Management: “seeks to Determine what environmental risks exist and then Determine how to manage those risks in a way best Suited to protect human health and the environment”



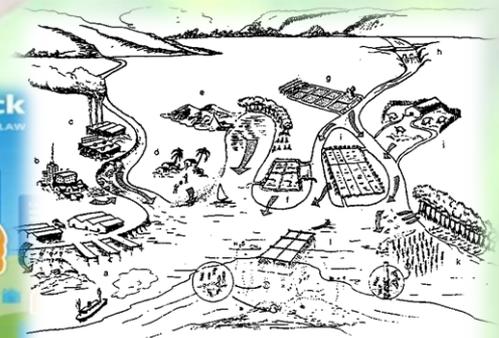
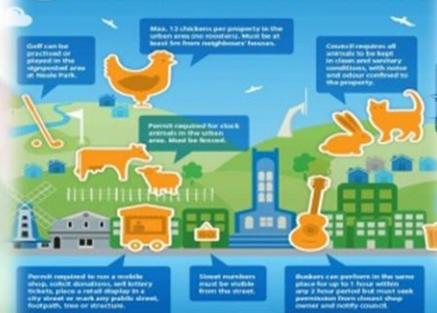
AFROSAI-E ENVIRONMENTAL INITIATIVES

❖ Integrating Environmental Risks in an Audit at Local Government

Other developments:

❖ Audit on the Conservation of Coastal Areas

Making our city tick AN OVERVIEW OF THE NEW URBAN ENVIRONMENTS BYLAW



Integrating Environmental Risks in an Audit at Local Government

It is envisaged that the outcome of this initiative will demonstrate that critical areas of environmental risk at Local Government level, can be considered **as part of existing regularity audit procedures**, enabling SAIs to report on matters that substantially affect the lives of citizens **without the need for significant additional resources**

*Note: SAI's can include significant environmental risks as part of their **day-day audit activities** (regularity) or particular towards a selected or identified theme (performance)*

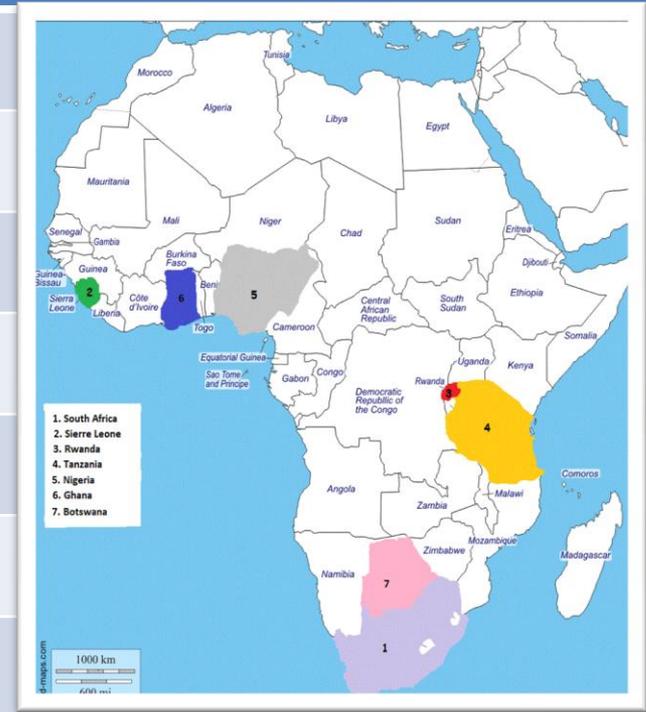
Background

COLLABORATIVE AUDIT AND JOINT PUBLICATION

“Integrating Environmental Risks in an Audit at Local Government Level”

Note: Joint Publication / Documentary-style film

Country	City / District
South Africa	Port Elizabeth (Metro)
Nigeria	Federal Capital City, Abudja
Ghana	Accra Metropolitan Assembly
Botswana	City of Francistown Council
Sierra Leone	Bo City Council
Rwanda	Huye District (Secondary City)
Tanzania	Mbeya City Council



SAI's MANDATES & AUDIT PROCESSES

- ❑ **Legal mandate** of SAI's restricted to **financial matters**;
- ❑ Many SAIs found a way to **focus on both financial and environmental** nexus?

There is consensus however on the fact that **financial performance depends** on the **natural environmental resource base** and that there is a world-wide trend towards conserving the environment and ascertain sustainability of its resource base.

- ❑ **Voluntary or internal environmental compliance audits** are not always initiated by the various organs of state nor always effective, monitored and enforced.

The result is that **sustained losses, degradation and / or adverse environmental impacts or risks** goes undetected and unrecorded.

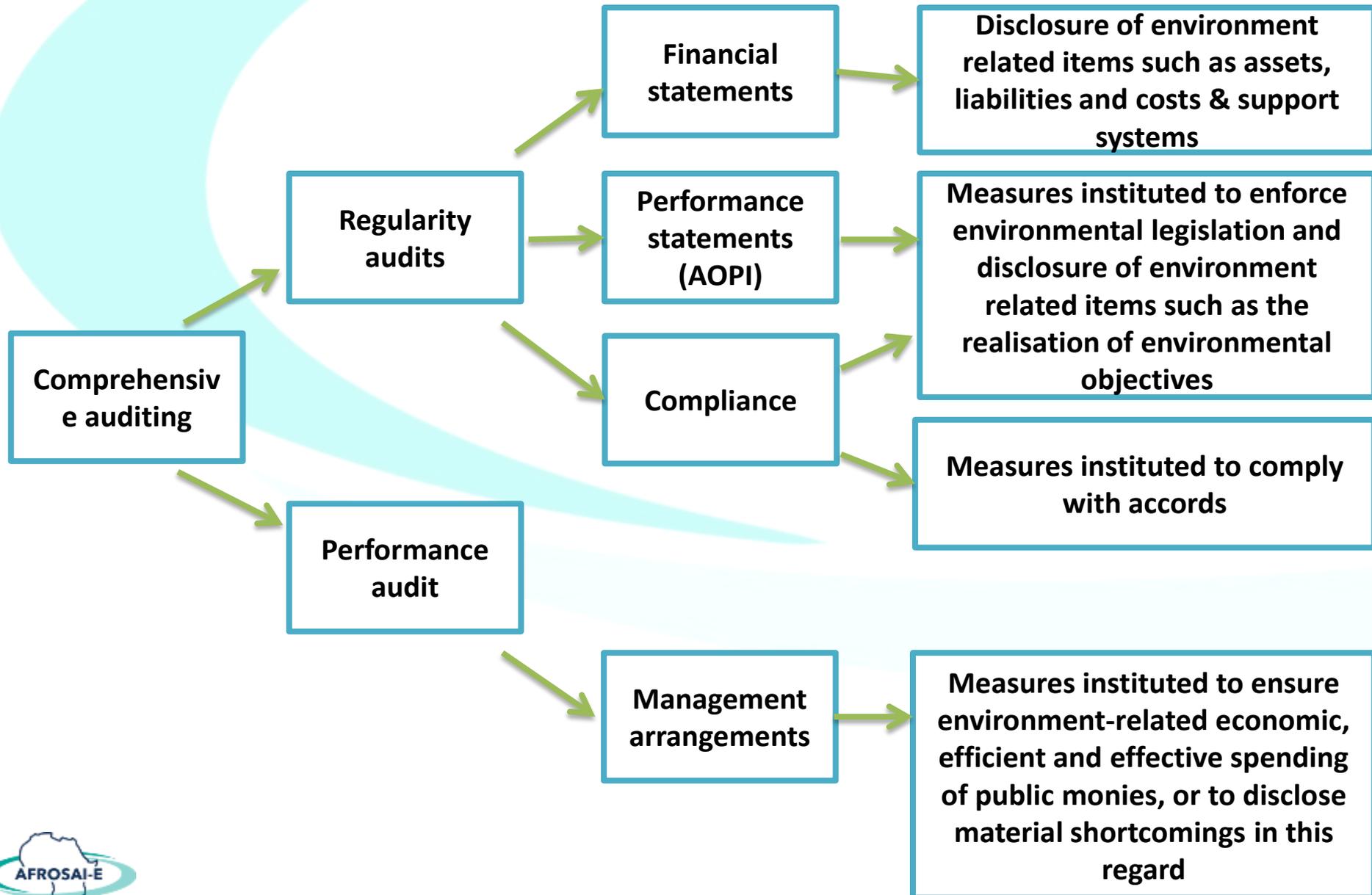
- ❑ SAIs can be **instrumental** in taking up the challenges, **expanding their mandates** to include **auditing/reporting on the environment**, within **current resource-base**.

ENVIRONMENTAL CONSIDERATIONS WITHIN SAIs MANDATES

Considering environmental matters within SAI mandate = not a different type of audit (rather a comprehensive audit approach) to audit:

- Financial statements reflect environmental costs & liabilities (**financial audit**);
- Compliance with relevant environmental authorities, laws, treaties and policies (**compliance audit**);
- The progress made in meeting environmental performance targets & objectives (**AOPI**)
- Reporting on selected environmental themes – E/E/E (**performance audit**)

COMPREHENSIVE AUDIT APPROACH



INTEGRATING ENVIRONMENTAL RISKS IN AN AUDIT AT LG

Regional Environmental Risks & Challenges

Environmental Main Risks	Focus Areas
Waste	Landfills/Licensing/Transfer Stations/Illegal dumping (rehabilitation) / EEE
Wastewater/Sewer Plants	Licensing /Effluent / Infrastructure
Water Purification Plants	Purification / Licensing / Quality / Availability / Losses / Infrastructure (management of rivers & dams) / Infrastructure
Overall Environmental Management	Capacity / Resources / King IV / Accountability / IDPs
Bylaws (Regulator)	Outdated / Monitoring / Enforcement
EIAs	New buildings / Developments / Infrastructure
Air pollution	Licensing / Monitoring / Enforcement
Hazardous Substances	Management of hazardous substances / processes
Asset management	Infrastructure/ Upgrading / Maintenance
Climate change	Policies & procedures to address
POPS	Stockholm Convention: Management of PCB's
Heritage Sites	Controls – RAMSAR Sites
Coastal Management	Coastal Management Plan – monitoring & enforcement
Wetlands	International duty to protect

SELECTED ENVIRONMENTAL RISKS & CHALLENGES

- Overall environmental management
- Environmental monitoring / enforcement
 - Water (availability and quality)
- Waste (management and illegal dumping)
 - Sewer treatment and pollution

Environmental Focus: MFMA (Environmental Management)

Why the focus / risk areas?

*Much like businesses, municipal governments have a complex system of organizational management and are subject to large number of regulatory requirements. However, unlike many businesses, municipalities typically have a very wide scope of activities that encompass power generation, **water and wastewater treatment, solid waste collection and disposal, maintenance of the local infrastructure, and enforcement of numerous federal, state and local codes.** Further, many of these operations interact directly with the environment and have a high potential for significant impact if a problem occurs. For these reasons, an EMS may in fact be more useful for protecting the environment in a municipal setting than in a business setting.*



AFROSAI-E E-LEARNING APPROACH



Part 1: Introduction of Environmental Risks and the Standards of JICA

Navigation: Home | Search | News

Overall Environmental Risks

Main environmental risks	Focus areas
Waste	Landfills / Licensing / Transfer Stations / (Legal dumping / Rehabilitation)
Wastewater / Sewer Plants	Licensing / Effluent / Infrastructure
Water Purification Plants	Purification / Licensing / Quality / Availability / Losses / Infrastructure (management of rivers & dams) / Infrastructure
Overall Environmental Management	Capacity / Resources / King IV / Accountability / IDPs
Bylaws (Regulator)	Outdated / Monitoring / Enforcement
EIAs	New buildings / Developments / Infrastructure
Air pollution	Licensing / Monitoring / Enforcement

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Audio Transcript

- INTRODUCTION
- SESSION 1: COURSE OBJECTIVES AND EXPECTED OUTCOMES
- SESSION 2: SA MANDATE
- SESSION 3: INTRODUCTION OF ENVIRONMENTAL RISKS
- Session 3: Start
- Overall Environmental Risks
- Overall Environmental Risks
- Overall Environmental Risks
- Overall Environmental Risks
- Environmental Risk Management
- Course Part 1 Complete

Overall Environmental Risks

- 1
- 2
- 3
- 4
- 5
- 6
- 7

Deforestation

AFROSAI-E giz

3. Wa

Audio Transcript

- ... and Risk Areas
- ... Background / Reasons for ... and Risk Areas
- Overall Environmental Management
- Overall Environmental Management
- Reasons for Focus / Risk Areas
- ... Section
- Environmental Management and Enforcement
- Environmental Management and Enforcement

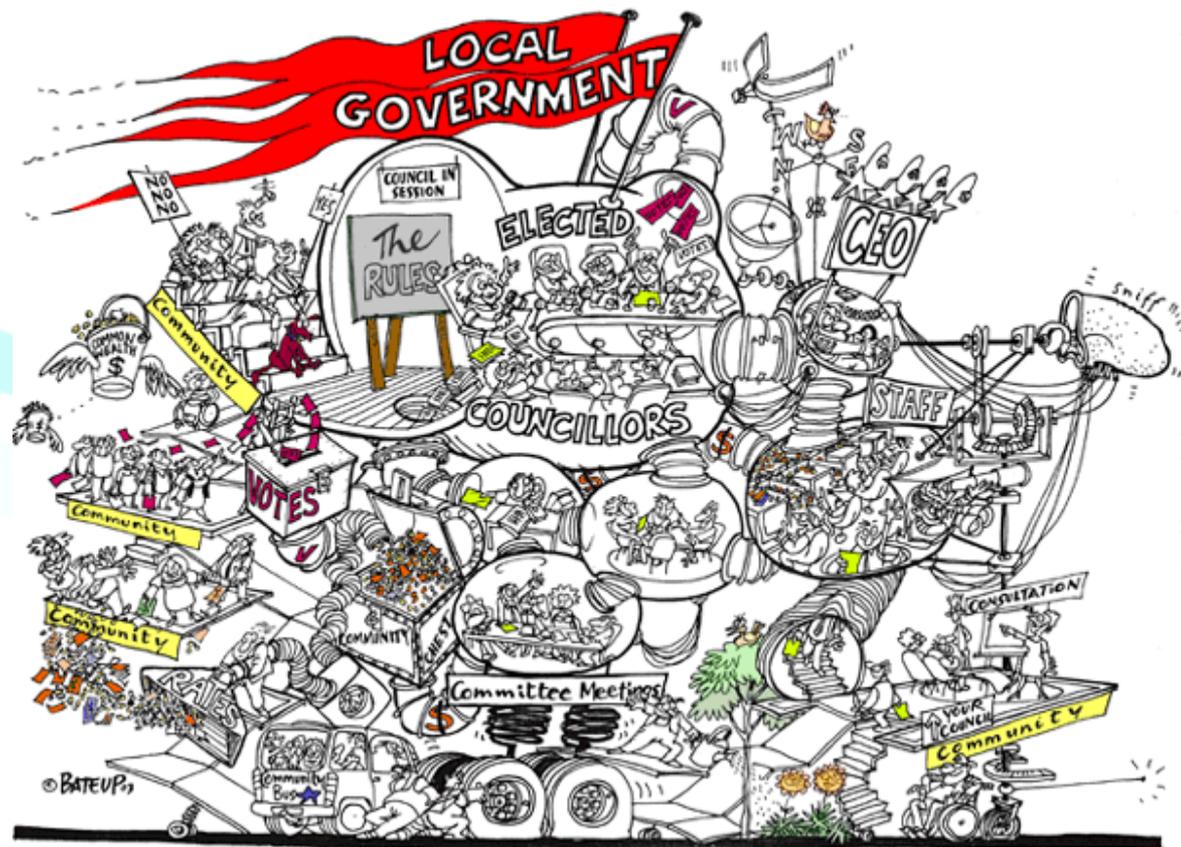
Speech bubble: "Serious water shortages in Africa are enhanced by droughts, pollution, wastage & improper management."

Thought bubble:

SELECTED ENVIRONMENTAL RISKS: OVERALL ENVIRONMENTAL MANAGEMENT

Municipalities have 3 core substantive local environmental governance duties:

- ❑ To render **services** to communities in sustainable manner
- ❑ Must fulfil a **developmental duty** (refer to latest 17 SDG's)
- ❑ Duty to act as **custodians** of natural, social & infrastructural assets.



SELECTED ENVIRONMENTAL RISKS: OVERALL ENVIRONMENTAL MANAGEMENT

Local ownership has increased since the new millennium – BUT still **uncertainty and challenges** in the implementation, **management, monitoring & enforcement** thereof:

- Unclear or limited **Accountability**
- **Capacity & Resources** (constraints)
- **Aligned and approved Policies / Plans / Strategies**
- **Not prioritised**
- **No or limited co-operative governance**

Audit Focus 1: Environmental Management Organogram, Policies, Strategies, Plans and co-operative arrangements

SELECTED ENVIRONMENTAL RISK: MONITORING & ENFORCEMENT

- ❑ Government must **implement, manage and enforce essential requirements** for environmental governance.
- ❑ **Local authorities must:**
 - enforce legislations, regulations, policies, plans, strategies to promote, protect and enhance the environment
 - align and carry out, manage, monitor and enforce their functions and responsibilities in accordance with all relevant governance policies, principles and objectives



.... Ascertain and affect **COMPLIANCE**

SELECTED ENVIRONMENTAL RISK: MONITORING & ENFORCEMENT

Empowering a local authority (or regulating authority) with the power to impose immediate action and penalties that truly reflect the cost of those violations to society – *is the only way to incentivise greater environmental compliance.*



Audit Focus 2: Monitoring and enforcement of environmental legislation, bylaws and related requirements.

SELECTED ENVIRONMENTAL RISK: WATER QUALITY & AVAILABILITY

Water = sustainable socio-economic development & eradication of poverty

- ❑ **Serious water shortages in Africa**
enhanced by droughts, pollution, wastage and improper management
- ❑ Untreated / **polluted drinking water** = dire consequences for public **health & safety**
- ❑ Municipalities = custodians / important role-players in **conserving and managing water sources & resources**



SELECTED ENVIRONMENTAL RISK: WATER QUALITY & AVAILABILITY

Municipalities can and should play a vital role in **conserving the water sources, fair allocation thereof, curb water losses and ensure a quality and sustainable source.**

Causes of water pollution:

- Urbanisation
- Potable Water Contamination and Depletion
- Environmental Degradation of Water



Audit Focus 3: Water quality / availability / losses and needs

SELECTED ENVIRONMENTAL RISK: WASTEWATER / SEWER MANAGEMENT

Sewer management- and infrastructure is mostly decentralised to local level for municipalities to implement, maintain, manage and monitor.

- ❑ **Improper sewer treatment and disposal = serious health and safety risks & pollute already depleted and scarce water resources**
- ❑ Local authorities **lacking skills and resources** to effectively **treat and dispose** household and other sewage.
- ❑ Oceans, rivers and dams are **polluted with raw, untreated sewage = significant negative impacts** and consequences **to public and environment.**



SELECTED ENVIRONMENTAL RISK: WASTEWATER / SEWER MANAGEMENT

- ❑ Current **sewer infrastructure** not being upgraded, maintained, properly managed or aligned to new development and needs relating = over-burdening the systems and causing **massive environmental pollution**

The Audit Focus 4 includes:

- Sewer infrastructure, treatment and disposal
- Other resources (and needs)
- Impacts to the receiving environment



SELECTED ENVIRONMENTAL RISK: SOLID WASTE MANAGEMENT

- ❑ Most **solid waste landfill sites** is **not managed** according to constitutional- and legal requirements (and or where applicable licenses & license conditions).
- ❑ **Improper waste landfill management and illegal waste dumping** results in:
 - serious health and safety concerns
 - underground water pollution
 - dust pollution
 - aesthetic concerns
 - smoke pollution
 - breeding grounds for pests, vector, insects and other unwanted elements



SELECTED ENVIRONMENTAL RISK: SOLID WASTE MANAGEMENT

- ❑ Most **solid waste landfill sites** are not managed according to constitutional- and legal requirements (and or where applicable licenses & license conditions).
- ❑ Some landfills are used or **provide a livelihood for the poorest** of the poor, who live and operate in appalling and adverse conditions.

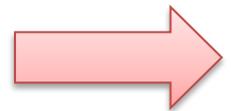


Audit Focus 5: Waste landfill sites, transfer stations & disposal, illegal waste dumping, waste management and resources (needs), waste pollution & other nuisances.

PRELIMINARY RESULTS (ENVISAGED)

Based on procedures performed (risk areas) – **not inclusive**

- Overall Environmental management in place at the larger Metro's / Municipalities – **not at smaller / rural municipalities;**
- Serious resource constraints** prevent proper environmental management;
- Limited or no environmental monitoring and enforcement** (LG level) – resource constraints;
- Water quality** (potable water) not always according to safe / healthy standards.



PRELIMINARY RESULTS (ENVISAGED) CONT.

- Accessibility to drinking water** – some limitations;
- Wastewater treatment not effective / Wastewater Treatment Plants** – not properly managed / maintained;
- Untreated effluent** pollute the immediate environment & its resources;
- Not all have **access to sanitation services**;
- Resource needs** – qualified personnel, funding, plant & equipment;
- Improper solid waste collection / disposal services** and / or facilities;
- Waste landfills not properly managed**;
- Pollution / degradation to the environment.**

AUDIT ON THE CONSERVATION OF COASTAL AREAS

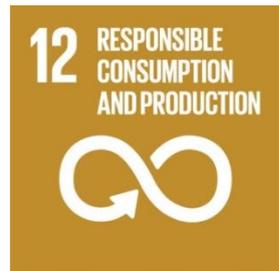
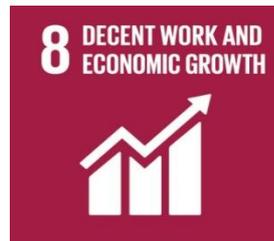
SAIs with coastline borders were invited to participate in this exciting project that will focus on the Coastal Management Plans and environmental protection of coastlines.



Why (this topic)?

- Major challenge for governments in region to secure sustainable food resources
- About 50% of AFROSAI-E member-countries are dependent on the harvesting of fish from the ocean to feed their citizens
- The conservation and sustainable management of our oceans has been incorporated as Goal 14.2 of the *Sustainable Development Goals* and is also recognised as Aspiration 2(15) in the African Agenda 2063

Sustainable Development Goals (to be included in environmental planning)



MANAGEMENT & CONSERVATION OF COASTAL AREAS

Proposed Compliance and Performance audit on the conservation of coastal areas In Africa.

Countries that already committed:

- Mauritius
- Seychelles
- Namibia
- Nigeria
- South Africa

.... **(to add) !!!**



MANAGEMENT & CONSERVATION OF COASTAL AREAS

- ❑ Supreme Audit Institutions (SAIs) can make an important contribution to the implementation of the Sustainable Development Goals (SDGs) = SDG 14: Life below water (*sustainable communities / climate action / life on land / partnerships etc.*)
- ❑ Concern to the international community is the conservation of coastal areas.
- ❑ The audit will be conducted in parallel in a number of AFROSAI-E member countries, ideally all AFROSAI-E members with a coastline
- ❑ Research being done to determine focus and the risks & procedures to be performed
- ❑ Supported by GIZ & junior researcher from North West University: South Africa
- ❑ Completion of Report / Joint Publication set for July 2017



CONCLUSION / QUESTIONS

To make a real impact in the Region, it is important to:

*Include environmental risks & impacts & sustainability threats within current audit mandates, processes and resources within SAI's **and**:*

- Expand the efforts
- Align the efforts
- Step-up the effort
- Mainstream the effort



QUESTIONS ?

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THANK YOU

