



EUROSAI

Working Group on
Environmental Auditing

NEWSLETTER 2/2010

MESSAGE FROM THE CHAIR



Dear colleagues,

The annual meeting was a success with excellent keynote speakers from the United Nations Environmental Programme, the International Energy Agency and the Dutch Society for Nature and the Environment. I also appreciated very much the many contributions from several Supreme Audit Institutions who shared with us their experiences on the themes of sustainable energy and on the impact of environmental audits. It was a pleasure to see 70 participants from 33 SAIs or organisations busily engaged in discussions and group work. The Netherland's Court of Auditors was a most competent host, preparing and running the arrangement in a highly professional manner and providing relevant and interesting excursions.

As I stated in the report of the meeting, I am convinced that this year's meeting in the EUROSAI Working Group on Environmental Auditing, allowed us all to gain new knowledge and to be inspired both in our daily work and in identifying new audit approaches and to seek cooperation with colleges and across national borders.

Environmental auditing and sustainable development was one of the two themes at the XX INCOSAI in November in South Africa. I took the opportunity to express my concern for further cooperation among SAIs, particularly on climate changes issues pertaining to transfer of funds and technology among nations.

I am looking forward to welcoming you at the next EUROSAI WGEA events which will be the kick-off meeting for the cooperative audit on adaptation to climate change in February in Oslo, the seminar on auditing waste in May in Oslo, and next year's annual meeting in October in Sweden.

Finally I would like to wish you all a peaceful Christmas and a very happy new year.

Sincerely yours,

Jørgen Kosmo

Chair of EUROSAI WGEA
Auditor General of Norway

UPCOMING EVENTS

Kick-off meeting – the EUROSAI WGEA cooperative audit on adaptation to climate change, 1-2 February 2011, Oslo, Norway

A kick-off meeting, organized by the EUROSAI WGEA secretariat, will take place at the Office of the Auditor general of Norway, Oslo, 1 and 2 February 2011. The aim with this meeting is to discuss the content of the adaptation audit and identify common audit issues, share expectations and discuss project management issues. 8 SAIs have confirmed their participation in the meeting.

EUROSAI WGEA Seminar: Auditing Waste Management 3-4 May 2011 in Oslo, Norway

The EUROSAI WGEA secretariat is planning a seminar on auditing waste management issues, which will take place in Oslo, 3-4 May 2011. In the EUROSAI WGEA Survey 2010 waste came out among the top three topics for seminars and annual meetings.

It will be a one and a half day seminar where the focus will be on practical audit issues, lessons learned and best practice. We will have keynote speeches from among others the OECD and several SAI presentations. The objective of the seminar is to share experiences and knowledge among environmental auditors, as well as receiving input from external keynote speakers on challenges for European countries related to implementation, enforcement and goal-attainment in the waste sector. If you have experience with relevant audits and would like to contribute with a



presentation or your experience, please contact the EUROSAI WGEA secretariat. Invitations and a preliminary agenda will be distributed to all members in January 2011.

The 9th annual EUROSAI WGEA meeting, 11-13 October 2011 in Stockholm, Sweden

The 9th annual EUROSAI WGEA meeting will be held in Stockholm, 11 - 13 October 2011. The themes will be auditing transport related environmental issues and how to audit the three E's (economy, efficiency and effectiveness) in the environmental area.

NEWS FROM MEMBERS

Estonia

Producer responsibility system in collection and recovery of packaging waste not fully enforced

The National Audit Office of Estonia has analysed, whether State activities support the collection and recovery of packaging waste in a way, that the packaging producers would organise the collection and recovery of packaging waste according to the recovery targets set by the EU directive on packaging and packaging waste. The audit found, that the lack of State supervision of the packaging producers, of the producer responsibility organisations representing them and of waste recycling companies has allowed a situation, where the producer responsibility system has not fully been enforced in Estonia. This is illustrated by the fact, that the producer responsibility organisations representing approximately 90% of the packaging producers have declared that they have fulfilled the recovery targets, but the state in total does not meet the same criteria. This shows, that the producers have not declared all packaging placed on the market. Lack of proper supervision does not allow identifying the parties in fault and therefore the liability for the breach of the directive will lie within the state, not the producers.

The audit report in Estonian and a summary in English are available at the web-page of NAO of Estonia at www.riigikontroll.ee

For more information, please contact Ms. Tuuli Rasso at: tuuli.rasso@riigikontroll.ee

Netherlands

Start of a coordinated audit on the enforcement of the EU legislation on waste shipment

Based on the Basel Convention on international waste shipments, the EU has set up Waste Shipment Legislation to control international waste movements, in order to prevent illegal shipment or dumping of hazardous waste. The Contact Committee meeting of the presidents of EU SAIs recently accepted a proposal by the Netherlands Court of Audit (NCA) to conduct a coordinated audit on the enforcement of this legislation.

The main objective of the coordinated effort is to gain insight in (differences in) enforcement strategies and performances among member states regarding the EU waste shipment legislation.

Participating SAIs will audit their national enforcement agencies. Therefore, they will investigate the organization and effectiveness of the enforcement of the legislation. Possibly, in a later stage, this can result in a joint audit in which the enforcement of the legislation for a specific international waste stream through several countries is investigated.

At the moment six European SAIs are interested in participating. They will jointly, and in collaboration with the WGEA, develop a common audit approach which will be finalized in the beginning of 2011. Each SAI will publish its individual findings and conclusions. In addition a joint report with overall conclusion will be drawn up. The findings will be presented to a range of organizations, including EUROSAI WGEA.

For more information, please contact Mr. Jan Willem van de Wardt of the NCA at: j.vandewardt@rekenkamer.nl

Norway

Investigation into the operation and administration of Enova SF

The Office of Auditor General of Norway performed an audit to evaluate the efficacy of Enova's efforts to promote an environmentally friendly restructuring of energy production and consumption. Enova SF was established in 2001 as the key policy instruments in the Norwegian energy restructuring process. Enova shall trigger projects that result in new environmentally friendly energy production and energy saving corresponding to 18 TWh/year by the end of 2011. The investigation shows that the actual energy results will fall significantly short of the set targets. At the end of 2008, Enova's final reported results were 4.1 TWh/year. It is



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noted that the Ministry of Petroleum and Energy assumes that the targets are reached by achieving the contractual results. In the Office of the Auditor General's view, the target formulation requires the energy results to actually be realised, projects are not triggered when the contract is signed. On the contrary, the investigation shows that a large proportion of the projects are cancelled after a contract has been signed

The investigation also identifies weaknesses in the quality and validity of the reported energy performance and shows that the data on which the reporting is based are not archived.

For further information, please contact Ms. Hilde Solli at: hilde.solli@riksrevisjonen.no.

Start of an audit on hazardous waste management

The Office of Auditor General of Norway will in 2010 and 2011 investigate the national management of hazardous waste, with a main focus on electronic waste, oil waste, construction waste and dentist waste. Hazardous waste contains substances that are hazardous to health and the environment.

The national target is that practically all hazardous waste is to be dealt with in an appropriate way, so that it is either recycled or sufficient treatment capacity is provided within Norway. Norway is through the Basel convention committed to ensure an environmentally sound management of hazardous waste and to minimize and limit export of such waste.

The audit will consider the national authorities work to ensure a safe and efficient management of hazardous waste. The audit will include collection of waste, treatments of waste and export/import of waste.

For further information, please contact Ms. Kristin Rypdal at: kristin.rypdal@riksrevisjonen.no.

Poland and Denmark

EU Regional Fund projects

A coordinated audit on the EU Regional Funds projects focused on the environment and environmentally friendly energy for the programme period 2007-2013 was performed by National Audit Office of Denmark (Rigsrevisionen) and the Gdańsk Regional Branch of the Supreme Audit Office of the Republic of Poland (NIK).

The objective of the cooperation was to gain comparable knowledge about the regional fund and find out whether administration and management of regional fund projects

focused on the environment and environmentally friendly energy were adequate in the two countries.

Furthermore, the purpose of conducting the audit as a coordinated audit was to identify examples of 'good practice' on the basis of the audit findings to the benefit of both SAIs and the administrations in the two countries. Denmark was an audit coordinator.

Joint final audit report, signed in September 2010, contains information about programmes co-financed by the European Regional Development Fund (ERDF) including their administration, control follow-up, and how they are organised in Denmark and the Pomorskie Voivodship (region). The report is based on information gathered from national audits, the internet and other open sources.

For further information, please see: <http://www.nik.gov.pl/plik/id,2062,vp,2549.pdf>

Russian Federation

Parallel audit on the Azov-Black Sea fishery pool

Among its international collaborative activities, the Accounts Chamber of the Russian Federation (AC RF) reports completion of a parallel audit of the use of public funds and other financial sources for the regulation, protection, research, and reproduction of marine biological resources, and the maintenance of ecological safety, in the Azov-Black Sea fishery pool. The audit was performed together with the Accounts Chamber of Ukraine from September 2009 until July 2010.

This parallel audit was carried out pursuant to a Bilateral Agreement on cooperation between the Russian and Ukrainian SAIs, signed in September, 1998, and in conformance to the Special Decision on performing such audits concluded in December, 2009. The methodological approach used was consistent with INTOSAI and EUROSAI norms and principles.

The audit showed that populations of the main migratory and half migratory fish of the Azov Sea are depressed, with certain species decreasing to near-catastrophic levels. The sharp decrease in the bio-efficiency of the Azov sea has been caused by intensive economic activities, technogenic influences in the water, pollution draining from rivers flowing into the sea, and the negative influence of shipping navigation.

Co-ordinated parallel audit on Black Sea protection from pollution

From the beginning of 2010, the AC RF participates in international co-coordinated parallel audit on Black sea protection from the pollution. This multilateral event based on EUROSAI WGEA Working Plan has to be finalized in first of 2011. Apart from the AC RF this joint united SAIs of



Georgia, Romania, Turkey and Ukraine. The purpose of the specified audit consists in performance obligations estimation, following from the international agreements and joint projects on prevention of disasters and accidents and pollution of the environment of Black sea, and also in the control and an estimation of efficiency of use of the public funds directed on these actions.

The condition and perspectives of oil refining development in the Russian Federation and its influence on incomes of budgetary systems

The AC RF has completed above mentioned audit. The AC RF inspectors examined the Russian Power Strategy through 2030, focusing in large part on the petroleum-refining industry, and observing plans for the efficient use of investments for nature protection and environmental preservation.

The audit concluded that the funds reserved for protecting against the negative effects on environment are extremely insignificant in comparison to the general monetary streams associated with oil refining enterprises. Moreover, sanctions for violating nature protection laws are insufficient, and do little to encourage enterprises to adopt eco-friendly practices and technologies.

Start of audit on environmental and related impacts of the preparations of the Winter Olympic Games in Sochi in 2014

Also noteworthy, the AC RF has begun to examine the environmental and related impacts associated with preparations for the forthcoming Winter Olympic Games to be held in Sochi in 2014. In particular, the SAI performed two audits, whereby it examined the use of public funds allocated for nature protection, and the maintenance of the system for monitoring ecological safety during the preparation for Sochi's XXII Olympic winter games and XI Paralympics Winter games and APEC forum in 2012 in Vladivostock City.

For further information, contact Ms. Tamara Toloknova at: totam@ach.gov.ru.

Slovenia

Impacts of audits on management of industrial waste and management of end of life vehicles

In June 2010 the Court of Audit of the Republic of Slovenia (hereinafter: CARS) issued two audit reports on management of industrial and construction waste and on management of end of life vehicles. Both reports revealed numerous inefficiencies of all three waste management schemes.

The most important findings were that the polluter pays principle was not applied because removal of illegally disposed industrial and construction waste was financed

from the state budget although the polluters were identified, none of the existing disposals for industrial waste was managed properly, there was insufficient control over disposing construction waste and that only 10 percent of all vehicles in Slovenia were recycled properly at the end of their useful lives.

The CARS therefore demanded from the auditees to adopt corrective measures in order to improve management of all three waste management schemes. In November 2010 the auditees reported to the CARS that they started legal procedures against identified polluters, imposed controls over management of industrial waste, took actions to conduct programs to restore the polluted dump grounds, strengthened environmental inspection over dumping construction waste, strengthened controls over contracting recyclers of end of life vehicles and established monitoring over the costs of recycling.

The CARS assessed that corrective measures were satisfactory and will contribute to more efficient management of all three waste management schemes.

For further information, please contact Ms. Jerneja Vrabič at: Jerneja.Vrabic@rs-rs.si

United Kingdom

The new Government has completed its first spending review, committing to: fund a Green Investment Bank; invest in carbon, capture and storage; and support households to take up energy efficiency measures. In May 2010 it set a target to reduce central government carbon emissions by 10 per cent in 12 months. It has also confirmed that there will be a dry run of sustainability reporting by central government organisations in 2010-11, which if successful, will result in the inclusion of these reports in annual reports and accounts from 2011-12.

The NAO has recently completed work on: the electricity generating landscape in Great Britain, including the key policy and regulatory framework; departmental carbon budgets, the previous Government's approach to managing cross-departmental delivery of the UK's statutory carbon budgets; the Environment Agency's approach to tackling diffuse water pollution across England's water bodies; and the performance of Ofgem, the economic regulator of the electricity and gas industries in Great Britain.

Work is underway on the planned installation of smart meters in households, the delivery of the 10 per cent reduction in central government carbon emissions, and we expect to audit carbon capture and storage once the government has let its first contract.

For more information, please contact Mr. Marcus Popplewell at: Marcus.Popplewell@nao.gsi.gov.uk



Ukraine

The Black Sea Audit in progress

On October 19-22, 2010 in Istanbul, Turkey, the second Expert Team Meeting for Coordinated Parallel Audit of Protection of the Black Sea against Pollution was carried out. The meeting was attended by all participating SAIs' auditors and a specially invited guest Prof. E. Kideys, Executive Director of the Commission of the Protection of the Black Sea against Pollution.

The meeting was organized around reporting on preliminary national audits' findings, final approving the list of data for comparative analysis along with the Joint Report structure and addressees, as well as fixing the deadlines for its preparation.

During the meeting Prof. E. Kideys stated that the main Black Sea regional problems were still the same as ten years ago, in particular overfishing, eutrophication, loss of biodiversity and pollution. In addition, among the priority areas for the Black Sea countries' partnership were identified monitoring, potential hot spots, marine protected areas etc.

The meeting participants agreed December 2010 as the deadline for supplying the Audit Coordinator - the Accounting Chamber of Ukraine – with the completed data for comparative analysis and national audit summaries.

While closing the meeting the auditors reached an arrangement to hold another meeting early 2011 to approve the Joint Report before its formal signing.

Bilateral Fishery Audit completed

On 2 December 2010 in Kyiv the Chairmen of the SAIs of Ukraine and the Russian Federation signed the Memorandum on Parallel Audit of the state funds allocated to regulation, protection, research and reproduction of water biological resources and provision of environment safety in the fishing basins of the Black Sea and the Sea of Azov.

The given collaborative effort was carried out within the Work Plan of the EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes and under the national legislations of cooperating parties.

The audit covered the implementation of related international agreements, as well as monitoring and performance assessment of the funds allocated for these purposes.

Basins of the Black Sea and the Sea of Azov are of key importance for Ukraine because of their resource potential and a basic source of drinking water for the population living on 98 per cent of the territory.

That is why extensive water contamination, physical destruction of biotypes and natural imbalance of water bodies have detrimental effects for the structure of their industrial resources.

The auditors concluded that only coordinated efforts of neighbouring countries could bring a real added value and make the difference.

It was agreed that these issues would be further studied within the ongoing Coordinated Parallel Audit of Protection of the Black Sea against Pollution.

For further information, please contact Ms. Natalia Zagurska at: rp25@ac-rada.gov.ua

NEWS FROM SUB-TARGET GROUPS

Mediterranean group

Meeting of SAIs from Mediterranean Region

During the eight annual meeting of EUROSAI WGEA in Netherlands, 5 October 2010, the representatives of SAIs from the Mediterranean region: Cyprus, France, Malta, Slovenia, Spain and Turkey held their second sub-regional group meeting. The participants presented environmental audits that are being currently carried out, their plans for future environmental audits and discussed potential cooperative environmental audits in the Mediterranean region. As there is an initiative of EUROSAI WGEA to conduct cooperative audit on adaptation to climate change in 2011 and because negative impacts of climate change have been recognized as one of the major threats in the Mediterranean region, participants agreed it would be of great importance to participate in the proposed cooperative audit. Participants also discussed problems they are facing while conducting environmental audits and agreed that tighter cooperation among their SAIs might be very helpful. The Secretariat of the EUROSAI WGEA highly supports tighter cooperation and have therefore addressed a letter to all SAIs from the region to encourage them to constantly provide information about environmental audits in English on their web pages and to the EUROSAI WGEA, take advantage of sharing information on a separate area for subgroup on EUROSAI WGEA websites, participate in cooperative audit on adaptation to climate change and proposed next meeting of Mediterranean SAIs in spring 2011.

For further information, please contact Ms. Jerneja Vrabič at: Jerneja.Vrabic@rs-rs.si



Nordic group

Meeting of the EUROSAI WGEA Nordic Sub-group in Texel

On 7 September, the Nordic Sub-Group of the EUROSAI WGEA had a meeting. The attending SAIs were Finland, Norway and Sweden. Norway presented the plans for a cooperative audit between Denmark and Norway on carbon trading. After that, short presentations were made by Finland, Norway and Sweden on recently finished, on-going and planned audits for the near future. For the next meeting it was agreed that everyone should try to identify topics which could be useful for cooperation among the Nordic SAIs. The next meeting of the group will probably be held during spring 2011.

For further information, please contact Mr. Fredrik Engström at: fredrik.engstrom@riksrevisionen.se

FROM THE SECRETARIAT

The EUROSAI WGEA Strategy and Work Plan

The EUROSAI WGEA strategic period is congruent with EUROSAI's Congress' Cyclus. The current strategic period thus expires in 2011. The new plan for the calendar years 2012 -2014 is now being drafted and will be discussed during the EUROSAI WGEA Steering Committee's sitting in February 2011. The suggested amended plan will consist of two parts. The strategic part will apply for the full strategic period. The second part will be the work plan. It will be annual and therefore be updated every year during the EUROSAI WGEA annual meeting. The work plan will provide the basis for the EUROSAI WGEA Secretariat's work plan.

Annual Meeting, 5 - 7 October 2010, Texel, Netherlands

The 8th meeting of the EUROSAI Working Group on Environmental Auditing was held on the island of Texel in the Netherlands 5 – 7 October 2010. The presentations made are posted on the EUROSAI WGEA website and the report from the annual meeting will be posted by the end of December at :

<http://www.eurosaiwgea.org/Activitiesandmeetings/AnnualEUROSAIWGEAmeetings/2010TexeltheNetherlands/Pages/default.aspx>

Training seminar on sustainable energy, 4 October 2010, Texel, Netherlands

In connection with the 8th annual meeting there was arranged a one-day seminar on auditing sustainable energy. The presentations made are available

at:<http://www.eurosaiwgea.org/Activitiesandmeetings/OtherEUROSAIWGEAmeetings/Sustainable%20Energy/Pages/Trainingonsustainableenergy.aspx>

Survey

A brief summary of the 2010 survey is posted at the password protected area of our website:

<http://www.eurosaiwgea.org/Activities/Surveys/Pages/Surveys.aspx>

The 2009 - 2010 environmental audit reports

The audit reports from the EUROSAI members collected by the INTOSAI WGEA are now also posted on the EUROSAI WGEA website.

For further information please see:

<http://www.eurosaiwgea.org/Environmental%20audits/Pages/Environmentalaudits.aspx>

OTHER ISSUES

The European Environment Agency has newly published *European Environment – State and Outlook (SOER) 2010* which provides an overview of the European environment's state, trends and prospects, integrating the main findings of SOER 2010. It is available in many language versions.

For further information please see the EEA's website:

<http://www.eea.europa.eu/soer/synthesis/synthesis>

Contact information

We encourage all member SAIs to contact us if you have any questions, comments, or if you have news or information that you want to post on the EUROSAI WGEA website and/or include in the next newsletter.

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