



EUROSAI

Working Group on  
Environmental Auditing

**Report from the 9<sup>th</sup> Meeting  
of the EUROSAI Working Group  
on Environmental Auditing**

Stockholm, Sweden

*11–13 October 2011*



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Photos: EUROSAI WGEA Secretariat

ISBN 978-82-8229-159-0



241 570

Trykk: 07 Gruppen 2011

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## PREFACE

The 9<sup>th</sup> meeting of the EUROSAI Working Group on Environmental Auditing was held in Stockholm, Sweden 11-13 October 2011.

The Working Group's meeting was a success.

Inspired by the sharing of several supreme audit institutions' experiences and introductions from the European Environment Agency, University of Gothenburg and the European NGO, Transport & Environment, the 76 participants from 31 countries or organizations busily engaged themselves in discussions and group work.

In order to develop and improve our work on environmental auditing, a young field of auditing, we all need to learn, to develop new methodologies; to receive support from experts and to be inspired by new ideas.

I am convinced that this year's Working Group meeting allowed us all to gain new knowledge and to be inspired both in our daily work and in identifying new audit approaches. Equally important was the opportunity to seek cooperation with colleagues across national borders. The Swedish National Audit Office was a most competent host, preparing and running the arrangement in a highly professional manner and providing relevant and interesting excursion. On behalf of the Working Group I extend warm thanks to our Swedish colleagues and friends.

Oslo, November 2011



Jørgen Kosmo  
EUROSAI WGEA Chair  
Auditor General of Norway

## WELCOMING ADDRESSES



Ms Gudrun Antemar, Auditor General,  
Swedish National Audit Office

*Ms Gudrun Antemar, Auditor General,  
Swedish National Audit Office*

Dear guests and colleagues,

First of all, let me congratulate you to the extraordinary timing of your visit to Stockholm. In Sweden, we never take nice weather for granted and most likely, after this week the sun will take a rest until April or so.

I am therefore very glad and honored to welcome you to Stockholm and to this 9<sup>th</sup> annual meeting of the EUROSAI Working Group on Environmental Auditing. Some of you started the working program already yesterday with the One-day

Seminar on Best Practice in environmental auditing, and many of you also had the chance to mingle at the reception yesterday evening, generously hosted by the SAI of Norway.

However, it is now time to formally open this annual working group meeting. And there are several reasons for me to be delighted to do so. I think I do not only speak for myself when I say that international contacts and exchange of experiences enriches you and your profession, and they give you opportunities to challenge routine perspectives and procedures. Therefore I would also like to encourage everyone to take this good opportunity for networking, through group discussions and during coffee breaks. Let yourself be inspired!

That so many of us are here today is also a recognition that Environmental Auditing is relevant, topical and growing as a field. Not only because challenges related to environment are some of the most urgent of our time. But also because governments' measures in order to address those challenges make a growing share of the public expenditures in many countries. As part of our strive to serve the citizens of our countries, by promoting good governance and effective and efficient use of public resources, we as SAIs therefore have an important task in devoting to environmental auditing.

The themes of this meeting, transports and the 3 Es, are essential elements in environment related auditing. Climate change is a global environmental problem and reducing greenhouse gas emissions from transports is vital for mitigation of climate change. Although Stockholm in 2010 was the very first city to be designated

European Green Capital, there is a need also here to find new sustainable solutions for transports and city planning. During the excursion on Wednesday we are going to see some examples of how this could be addressed.

I take this opportunity to thank the Office of the Auditor General of Norway and the secretariat of the working group on environmental auditing, for their diligent work in preparation for this annual meeting.

I hope the days ahead will highlight possible avenues for cooperation between SAIs and also come up with beneficial ideas of how to improve our work, always bearing the citizens legitimate expectations for good governance, within the environmental field, in mind. And with that, I declare the 9<sup>th</sup> annual meeting of the EUROSAI Working Group on Environmental Auditing open.



Ms Anne Fikkan, Deputy Director General,  
Office of the Auditor General of Norway

*Ms Anne Fikkan on behalf of Mr Jørgen Kosmo, Auditor General of Norway*

It is with gratification I thank Ms Gudrun Antemar, the Auditor General of Sweden, and her colleagues for hosting the 9<sup>th</sup> annual meeting of the EUROSAI Working Group on Environmental Auditing. We are very pleased that she opened this meeting. Their cooperation and hospitality leave me and my colleagues in the Secretariat a pleasant task when organising this event.

In this year's meeting 31 SAIs are represented. In addition, representatives of 3 external organisations and the European Court of Auditors will contribute to an interesting and fruitful meeting.

Last year's annual meeting in the Netherlands focused on sustainable energy and impact of environmental audits. This year the emphasis will be on transport related environmental issues and auditing of the 3Es. In today's session we will learn more about the challenges and options we have in order to facilitate for transport needs in a modern society, and the same time make sure that environmental friendly choices are made for us and future generations. I am very much looking forward to interesting sessions involving you and our visiting resource persons.

When the members of the EUROSAI Working Group on Environmental Auditing meet, a main purpose is to learn from each other. We all have enjoyed the power of

experiential learning; the sharing and reflection on experiences. This approach has been chosen also for this gathering, including yesterday's seminar on best practise in environmental auditing. I'm particularly pleased that the working group has also used the opportunity to address the ISSAIs. The ISSAIs are important tools to ensure that our work is of good and comparable quality. I feel confident that we all are prepared for some active and enriching days here in Stockholm.

Since we last met during the annual meeting a year ago, many of us have experienced the INCOSAI and the EUROSAI Congress. During the latter my chairmanship of the EUROSAI WGEA was extended for another three years. I am grateful for the trust you bestow on me and my colleagues in the Secretariat. We are all intent on serving you to the best of our abilities.

I would also like to express my sincere thanks for the fruitful cooperation with the Steering Committee members of the EUROSAI WGEA.

Our business meeting on Thursday will conclude the Annual Meeting. On the agenda will then be our new strategic and activity plan. It will provide the framework for our joint work the coming three years. I am very much looking forward to our discussion on this important issue.

I'm pleased to note all cooperative audit initiatives in Europe. For the period 2008-2011, 18 completed or ongoing cooperative initiatives have been reported. These activities are important tools to achieve our vision and goals. I also note with great pleasure that several new ideas are launched – and some of them will be shared during this meeting.

In conclusion, I once again wish you all a hearty welcome and good luck in your endeavour.

## BUSINESS MEETING



Mr Tom Næss, EUROSAT WGEA secretariat

### **EUROSAT WGEA Paper on Auditing Waste Management**

The Secretariat gave a brief presentation of the EUROSAT WGEA Paper on Auditing Waste Management. The final version of the paper will be published at the EUROSAT WGEA website in November.



Ms Herdis Laupsa, EUROSAT WGEA secretariat

### **EUROSAT WGEA progress report: October 2010-October 2011**

The EUROSAT WGEA Secretariat, reported on the activities of the EUROSAT WGEA for the period October 2010 – October 2011. The report is included in Appendix 3.

### **The 2012-2014 EUROSAT WGEA Strategy and Activity plan**

In order to ensure ongoing and effective functioning of the EUROSAT WGEA and to guide its efforts, the working group bases its work on a strategy and activity plan. For each triennial EUROSAT WGEA period a strategy and activity plan is adopted by the working group. The activity plan is updated annually by the working group.

The EUROSAT Congress decided to prolong the Norwegian Chairmanship of the EUROSAT WGEA. The Secretariat presented the Chair's proposal for the EUROSAT WGEA Work Plan for coming three-year period.

The proposed Strategy and Activity Plan was adopted with some lingual alterations. The activity plan will be reviewed and updated by the 10<sup>th</sup> EUROSAT WGEA Annual Meeting in 2012. The adopted document is included in Appendix 4.

## The EUROSAI WGEA Steering Committee

The Strategy comprises the structure and function of the EUROSAI WGEA Steering Committee. In the 2008-2011 work plan, the members' status has been permanent members, non-permanent members and observers. As there is no practical reason for discriminating between permanent and non-permanent members, the 2012-2014 Strategy and activity plan makes no distinction to that effect.

After considering the Steering Committee's composition, its functions and achievements as well as the current members' willingness to continue as members of the Committee, the EUROSAI WGEA Chair proposed to extend the current members' term of office. The proposal was adopted.

The term of office for the current members of the EUROSAI WGEA Steering Committee is extended till the end of 2014.

The 2012-2014 Strategy and activity plan in Appendix 4 contains the mandate and composition Steering Group.

## Group Work

In the subsequent group session on the 2012-2014 Strategy and activity plan the participants' discussion of two questions resulted in the following responses:

### Question 1

*Climate change is a priority topic in the EUROSAI WGEA Strategy and activity plan for 2012-2014. In the current work plan period many SAIs audited mitigation policy and some SAIs have looked into topics relevant to adaptation policy.*

*What do you think would be relevant climate related audit topics for your SAI in the years to come?*

- Oil-shale mining
- Flood management
- Standards in flood management
- Trade of Assigned Allowance Units (AAUs)
- Energy efficiency in buildings
- Future of nuclear plants
- Industrial pollution
- Sustainable energy – development of renewable policies
- Health issues
- Biodiversity
- Green savings program
- Public funds and impact on all environmental topics

## Question 2

*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Environmental, social and economic demands are the "three pillars" of sustainability. Sustainability is a major thematic priority area in the new plan.*

*How could environmental audits address sustainability in a broader context?*

- Adaptation (health, land-use change, mining)
- Education/population, Strategy for sustainable development
- Employment – polluting industries
- CDM projects – beneficial for receiving countries – employment/education
- Social/economic aspects, environmental crime
- How other sectors address the environment/sustainability
- Public behaviour and health issues (effect of biofuel production/use)
- Biodiversity (protecting wolves – conflict with local population)
- Infrastructure
- Polluter pays principle
- Values on environmental risk/damage from environmental problems
- Relevant for many audits
- Renewable energy
- Lack of sustainable development strategy

## European cooperative audits – information on selected activities



Ms Ewa Borkowska-Domańska, Supreme Audit Office of Poland

### **Proposal of a new cooperative audit on national parks**

*Presented by Ms Ewa Borkowska-Domańska, Supreme Audit Office of Poland*

A proposal of a new cooperative audit on national parks was presented by the President of the Supreme Audit Office of Poland during the annual meeting of Heads of Nordic and Baltic SAIs in September 2011.

National parks are one of the oldest forms of nature's protection and conservation. A number of key environmental assets are regulated and protected such as biodiversity, forests, endangered species, water bodies, etc. Even though national parks are strictly protected areas, they are subject to the pressures of climate change, changing water levels, or invasive species.

National parks are subject to regulation by national, European and International law. The UN has announced the period 2011-2020 as the Biodiversity Decade. Within the EU, a new Biodiversity Strategy has been adopted and is to be reached within 2020. A number of EU directives apply to this area including the Birds and Habitat directives amongst others. Natura 2000 sites are meant to be the mainstay of biodiversity among area-based form of nature conservation.

The strategic activities set out for Europe for 2011-2020 lack any references to the protection of biodiversity in national parks, although these operate across many of countries and have proved to be the most effective conservationist effort so far.

National parks currently face serious financial shortages in several countries. Scarce funding makes it difficult to achieve long-term planning and deliverance of desirable outcomes. Audits conducted so far have demonstrated a number of irregularities and shortcomings related to the operations of national parks. However, their role in the conservation of natural, homeostatic ecosystems, and thus biodiversity, is indisputable.

A cooperative audit can identify weak points the park management and assist in achieving more efficient operations. Based on international experience, it would be possible to define the appropriate organization and funding system. It would be also

beneficial to find out whether and to what extent national parks contribute to the protection of biological diversity, whether or not area-based conservationist efforts are necessary, and whether or not concentrating our efforts to halt the loss of biodiversity in Natura 2000 areas is reasonable. The audit is planned to be conducted in 2013 and SAIs interested in taking part in the audit are welcome to participate at a kick-off meeting in Warsaw in the beginning of 2012.

### **Proposal of a new cooperative audit on biofuels**

*Presented by Mr Tom Næss, EUROSAI WGEA Secretariat*

The EUROSAI WGEA secretariat presented a proposal of a new cooperative audit on biofuels. The EU biofuels policy contains several targets that are to be met in 2010, as well as targets for 2020. There is much controversy around the EU biofuels policy and the secretariat argued that the timing is right to initiate a cooperative audit in this area. An official invitation letter to all members of the working group will be sent after the meeting.



Ms Birgit Degnbol, National Audit Office of Denmark

### **Cooperative audit on CO<sub>2</sub> emission trading systems**

*Presented by Ms Birgit Degnbol, National Audit Office of Denmark*

At their meeting in Oslo, August 2011, the Nordic-Baltic-Polish auditor generals agreed to conduct a cooperative audit on CO<sub>2</sub> emissions trading. The audit will be conducted as a parallel audit. The sub-topics for the audit are:

- 1) The effectiveness of the Emission Trading System in reducing national emissions/fostering technology development;
- 2) Registry systems for emissions trading - operation, measurement and reporting; and
- 3) Efficiency of the Clean Development Mechanism and Joint Implementation programmes – organisation, criteria for purchase and progress.

The SAIs may contribute with results and experiences from recent audits addressing aspects of emissions trading or they may initiate and contribute with results from audits performed in 2011 up to summer 2012. The cooperation may include countries other than the Nordic-Baltic-Polish countries. A kick-off meeting will be held in Copenhagen in November 2011 for the participating SAIs, and the audit will be

finalised late 2012. The SAIs of Norway and Denmark are coordinating the cooperative audit.



Mr Jan Willem van de Wardt, the Netherlands Court of Audit

### **The cooperative audit on the Enforcement of EU Waste Shipment Regulation**

*Presented by Mr Jan Willem van de Wardt, the Netherlands Court of Audit*

This audit was launched by the Contact Committee of the heads of the European Union SAIs and is conducted in close cooperation with the EUROSAI Working Group on Environmental Auditing.

Before I discuss the cooperative audit I would like to say a few words on our plans for another audit in this field. As some of you already know the NCA is also making plans for a second audit in which we would like to audit the enforcement of legislation for a specific international waste stream through several countries on a global level.

I presented our plans at the WGEA-seminar on auditing waste management that was held this spring in Oslo. However since the Oslo-seminar we haven't made any real progress. Our plans are still in the phase of preliminary discussion with two SAIs that have expressed interest in the subject.

The EU Waste Shipment Regulation, or EWSR in short, is based on the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (1989) and on a decision of the OECD. The EWSR's objective is to prevent the illegal shipment or dumping of waste. Countries that are party to the European Economic Area, like Norway, have adopted the EU control procedures as well.

Recent studies of the environmental authorities of several European countries point to large differences in the enforcement of the EWSR among countries. It is also clear that there exists a compliance problem. In a recent study violations of the EWSR were discovered in 19% of the inspected waste shipments.<sup>1</sup> A third of the violations concerned illegal transport; half of the violations concerned administrative procedures.

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<sup>1</sup> The European Union Network for the Implementation and Enforcement of Environmental Law: IMPEL. IMPEL-TFS ENFORCEMENT ACTIONS II Enforcement of EU Waste Shipment Regulation "Learning by doing". Interim Project Report, October 2009.

The four most frequent categories of waste where violations have occurred are paper, plastic, scrap metal and waste of electrical and electronic equipment. Because these figures are based on target-oriented inspections they do not reflect the overall compliance level in Europe.

The following SAIs are participating in the audit: Bulgaria, Greece, Hungary, Ireland, Norway, Poland, Slovenia and The Netherlands.

The objective of the cooperative audit is to improve the enforcement of the EWSR by providing insight into differences in enforcement strategies and performance among countries.

The main audit questions are:

- How is the EWSR incorporated into national legislation?
- How are those infringing the EWSR punished?
- Which organisations are charged with enforcement and do they have enough resources' to fulfil their responsibilities?
- What sort of enforcement strategy is followed, how is this strategy put into practice and what are the results of the enforcement activities?

The participating SAIs will each audit their national enforcement agencies. The findings will be published in a national report. In addition a joint report will be drawn up.

The participants agreed upon a common audit approach during a meeting in Oslo last May. We used a so called design matrix that describes the problems to be addressed, their translation into nine audit questions, a set of standards that could be applied, the necessary information and an indication for the method of data analysis. The standards address good governance, cooperation, enforcement and quality of information. Of course, we will also use standards arising from the EWSR.

We will use desk research to collect statistical information, analyze laws and documents describing the enforcement strategy.

In addition we will collect information on the number and outcome of the inspections and imposed penalties. We will also interview staff members of relevant authorities to learn how the enforcement strategy is put into practice and to learn which improvements are possible.

Most national audits are now in the phase of data collection and analysis and the following show the situation for each participating SAI.

Bulgaria	Data collection and analysis
Greece	No information available

Hungary	Data collection and analysis
Ireland	Audit work begins autumn 2011
Netherlands	Data collection and analysis
Norway	Draft report ready
Poland	Audit work begins January 2012
Slovenia	Data collection and analysis

The participants will discuss the progress and an outline for the joint report at a workshop that will be held in The Hague on 7 and 8 November 2011. As this workshop still has to take place it is too early for most participants to provide preliminary findings.

Our Norwegian colleagues have finished their draft reports but as the Norwegian Ministry of the Environment has not yet given feedback on the draft report it is not appropriate to present their findings at the moment.

For the same reason it is too early to present the preliminary findings of my own audit. We are still busy collecting and analysing data and some of our conclusions might change.

The EUROSAT WGEA cooperative audit on adaptation to climate change  
Presented by Ms Herdis Laupsa, EUROSAT WGEA Secretariat

The EUROSAT WGEA Cooperative Audit on Adaptation to Climate Change had its kick-off in February 2011. Nine European SAIs have agreed to cooperate, i.e. the SAIs of Austria, Bulgaria, Cyprus, European Court of Auditors (ECA), Malta, the Netherlands, Norway, Russia and Ukraine. In addition, the SAI of Hungary is an observer to the project. A short update regarding the project framework, project implementation and further process was presented by the EUROSAT WGEA secretariat. In addition a separate project meeting was organised during the annual meeting.



**Coordinated parallel audit on protection of the Black Sea against pollution**

*Presented by Mr Denys Nikitin, Accounting Chamber of Ukraine*

The draft of the Common Position on Cooperation for the Coordinated Parallel Audit on Protection of the Black Sea against Pollution was introduced by the Accounting Chamber of Ukraine at the VII EUROSAT Working Group on Environmental Auditing meeting. The Joint Report on the Results of the Coordinated

Mr Denys Nikitin, Accounting Chamber of Ukraine

Parallel Audit on Protection of the Black Sea against Pollution was presented at the VIII EUROSAI Congress.

The participants of audit are SAIs of: Republic of Turkey, Republic of Bulgaria, Romania, Ukraine, Russian Federation and Georgia. The audit coordinator: SAI of Ukraine.

The audit objective was to assess the implementation of commitments resulting from international agreements and collaborative projects on prevention of disasters and catastrophes and pollution of the Black Sea marine environment as well as to monitor and assess the efficiency while utilizing the public funds allocated to this end. The audit has established that the determining factor in forming main environmental problems of the Black Sea is the river flow impact.

Therefore, the Accounting Chamber of Ukraine initiates a new Coordinated Parallel Audit of Protection of the Black Sea catchment against Pollution.



### **Joint and parallel audits of the Accounts Chamber of the Russian Federation in the field of environmental auditing**

*Presented by Mr Sergey Antonov, Accounts Chamber of the Russian Federation*

Mr Sergey Antonov, Accounts Chamber of the Russian Federation

For the past five years the Account Chamber of RF participated in 11 joint and parallel environmental audits, including 8 - with the European SAIs, 5 of them bilateral and 3 – multilateral. The multinational cooperation, the application of EUROSAI recommendations and the observation of the guidance of the Working Group for the environment audit in particular, allows to

provide complex measures for interstate legislation development, for experience exchange in the sphere of resolving trans border ecological problems and allows to create practical recommendations the field of environmental protection and safety.

Some questions after parallel environmental audits:

- How implement results of audits by governmental authorities?
- How are measures in case new problems are discovered during the audit?

### Methodology

Practice of international and multinational parallel audits shows that cooperation between SAIs after the conducted audits allows estimation of the effectiveness of the

joint work and gives the opportunity to continue interaction with the respective authorities. In any case the SAIs' cooperation is sufficient on a long term basis. In such cases any forms of cooperation between chambers of accounts may be undertaken: from parallel audit to co-audit; from audit of effectiveness to financial audit.

### Challenges

Our experience shows that while conducting parallel audits the working groups devote a lot of time and efforts to develop common understanding of the problems of the audit, and to generate common criteria. The results of the accomplished audits are the real basis for cooperation between chambers in various environment audit aspects. Nevertheless this fact is not often applied to build the platform of deeper intercommunication.

### Lessons learned

Cooperation between account chambers after the conducted audits allows estimating the effectiveness of the joint work and gives the opportunity to continue interaction with the respective authorities. In any case the SAIs' cooperation is sufficient on a long term basis. The result of joint audit is always reported to the respective operational institutions whose leaders participate in Memorandums development and signing. This is also a tool to demonstrate the control to the operational institutions and agencies. Cooperation on a long-term basis gives practical tools to implement internal audit using the international experience and international methodology. In such programs control cooperation within SAIs is more intense, while relation to problems and drawbacks discovered is more detailed and meticulous.

## **Presentations of activities in the INTOSAI WGEA and EUROSAI sub-groups**



### **Reporting on the INTOSAI WGEA activities**

*Presented by Ms Tuuli Rasso, the INTOSAI WGEA Secretariat*

Ms Rasso introduced current (2011-2013) work plan and recent activities of INTOSAI WGEA. In the current work plan period, 2011-2013, INTOSAI WGEA is preparing 5 research projects and 2 guidances:

Ms Tuuli Rasso, INTOSAI WGEA Secretariat

- Research project on **land use and management practices** (SAI Morocco)
- Research project on the topic of **environmental data** (SAIs Canada and USA)
- Research project on **environmental issues associated with infrastructure** (SAI UK)
- Research project on the **impact of tourism on wildlife conservation** (SAI Lesotho)
- Research project on **environment and sustainability reporting** (SAI Finland)
- Update of the 2004 guidance material *Auditing Water Issues: Experiences of Supreme Audit Institutions* (SAI USA)
- Guidance material on **how to integrate fraud and corruption issues into the auditing of environmental and natural resource management** (SAI Norway)

The progress of these research papers and guidance materials will be discussed at the upcoming INTOSAI WGEA WG14 meeting 6-10 November and the Steering Committee meeting 11 November in Buenos Aires.. Besides the presentations from SAIs there are scheduled presentations from the World Bank, Association of Chartered Certified Accountants (ACCA), Transparency International, INTERPOL and OECD at the WG14 meeting. The working group is also preparing a compendium to be submitted to Rio+20 Conference.

Ms Rasso also encouraged the participants to utilise more actively the online database of environmental audits and submit their own environmental audits to the database.



#### **INTOSAI WGEA activity - Environmental issues associated with infrastructure**

*Presented by Mr Marcus Popplewell, National Audit Office, United Kingdom*

The presentation outlines the ongoing INTOSAI WGEA project on the environmental issues associated with infrastructure. The presentation provided an overview of the project's objectives, scope and timetable, as well as the proposed outline for the paper. The presentation presented work completed so far: a structure for thinking about the common environmental and sustainability impacts associated with infrastructure development; a generic model

Mr Marcus Popplewell, National Audit Office, United Kingdom

showing the key stages and processes in the lifecycle of an infrastructure project; and an overview of the governance structures that can be put in place to manage these impacts. The presentation also included a high level overview of the case studies received from Working Group members and broadly categorised how SAIs have approached the challenge of auditing the environmental and sustainability impacts of infrastructure projects.



***INTOSAI WGEA activity - Environment and Sustainability Reporting***

*Presented by Ms Vivi Niemenmaa, National Audit Office of Finland*

Sustainability reporting has become more popular in recent years especially in the private sector. Public sector organizations have also started to produce sustainability reports. Sustainability as a concept is multifaceted, and sustainability reporting accordingly has many forms. The range varies from reports dealing exclusively with environmental issues to, for example, corporate responsibility reporting and integrated reporting that tries to combine

Ms Vivi Niemenmaa, National Audit Office of Finland

financial and non-financial information.

There are several international organizations that promote sustainability reporting and provide reporting frameworks. Alongside sustainability reporting, standards concerning assurance of sustainability reports are being developed. There seems to be widespread interest in creating a common standard for sustainability reporting and assurance.

The main goal of the project is to produce analyzed information about sustainability reporting for the needs of public sector auditors. The purpose is to give readers in SAIs an idea of what sustainability reporting is, to provide an outline of the usefulness of the topic from the point of view of SAIs and also discuss the role of SAIs especially in relation to the assurance of reports.

The methodology consists of a literature review (completed), contacts with organizations that develop sustainability reporting, contacts with regional WGEA organizations and the collection of best practices. The first outline of the research paper will be discussed at the INTOSAI WGEA Steering Committee meeting in November 2011, and the paper will be finalized in 2012.

Project partners: Finland (leader), Canada, Estonia, New Zealand and UK.

## Lessons learned from the EUROSAT WGEA Mediterranean and Nordic sub-groups

*Presented by Ms Jerneja Vrabič, Court of Audit of the Republic of Slovenia and Mr Fredrik Engström, Swedish National Audit Office*



Ms Jerneja Vrabič, Court of Audit of the Republic of Slovenia

The **Mediterranean sub-group** consists of SAIs from the following countries: Portugal, Spain, France, Malta, Italy, Slovenia, Croatia, Albania, Greece and Cyprus. The EUROSAT WGEA secretariat facilitated the first meeting of the group during the annual meeting in Bulgaria 2009. The objective is to raise the importance of environmental auditing throughout the Mediterranean SAIs. It is also an ambition to identify common environmental issues and to facilitate cooperative audits. Environmental topics of interest to all SAIs are for example marine pollution of the Mediterranean, consequences of mass tourism, managing coastal areas and tackle the consequences of climate change. Discussion of

common issues, issues related to the annual working group meetings, exchange of information, etc have been dealt with at the meetings. At the time being, the sub-group is planning to conduct a seminar on environmental issues pertaining to the Mediterranean Sea. An initiative to start a cooperative audit on pollution of the Adriatic/Mediterranean Sea has been taken by the SAIs of Croatia and Slovenia. Other SAIs will be invited to join the audit which will start towards the end of 2012/beginning of 2013.



Mr Fredrik Engström, Swedish National Audit Office

The **Nordic sub-group** consists of SAIs from the following countries: Denmark, Finland, Norway and Sweden. The group was founded during the annual working group meeting in Bulgaria, 2009. Annual meetings have been organised in association with the annual meetings of the EUROSAT WGEA. A separate meeting of the sub-group took place in Sweden in February 2010 on climate change related audit topics. Focus have remained on the exchange of reported, on-going and planned environmental audits. For the participants, the information shared is very relevant. Another positive side-effect is that a network of skilled environmental auditors has been established which can be exploited when initiating or planning environmental audits. It has

also been useful for some to get advice from colleagues in other Nordic SAIs during the undertaking of particular audits. At the time being, a cooperative audit on CO<sub>2</sub> emissions trading systems is on-going with participation from Denmark and Norway.

## SESSION ON TRANSPORT RELATED ENVIRONMENTAL ISSUES



Dr Peder Jensen, European Environment Agency

### **Environmental impact of transport**

*Dr Peder Jensen, Head of Energy and Transport Group, European Environment Agency*

**Dr Peder Jensen was responsible for the development of the TERM Report (Transport and Environment Reporting Mechanism). He has worked in several areas, including bio-fuels, transportation subsidies, transport-related emissions, road pricing and transportation telematics.**

The European Environment Agency (EEA) is dedicated to provide sound, independent information on Europe's environment. The EEA is a major source of information for stakeholders at the European level as well as Member States and the public at large. Dr Jensen covered relevant EEA activities and the environmental impacts of transport in his presentation. The EEA has since 2000 annually published the Transport and Environment Reporting Mechanism (TERM) report. These reports aim to highlight transport's impact on the environment and developments with respect to specific issues and have over the years covered the main environmental impacts related to transport; climate change, air quality, biodiversity and noise. Dr Jensen said that progress has been achieved in alleviating pressure on the environment from transport in some areas, but rather not in others. Emissions of major air pollutants have decreased, however the impacts of climate change, noise and biodiversity are growing. Other challenges mentioned in the presentation were:

- data quality (impact on biodiversity and noise in particular)
- biofuels (Member States far from meeting targets, greenhouse gas abatement potential highly questionable).



Professor Thomas Sterner,  
University of Gothenburg

## **Transport related environmental policy instruments**

*Professor Thomas Sterner, Environmental Economics, University of Gothenburg*

**Professor Sterner is a graduate from the University of Gothenburg, Sweden. He is currently professor in environmental economics at the same institution. At the University's School of Business, Economics and Law, Dr Sterner has established the Unit for Environmental Economics. Dr Sterner has published extensively with a main focus on environmental policy instruments with applications to energy and climate, industry, transport economics and resource management in developing countries.**

Professor Sterner made a presentation where he highlighted some of the challenges we face due to the increase use and demand for fossil fuels. Furthermore he presented what options policy makers have to in order to meet these challenges and discussed various policy instruments related to the transport sector. The most efficient policy instrument to reduce the emissions from the transport sector, is in his view, taxes on fuels.



Mr Jos Dings, Transport & Environment

## **Counting the carbon in transport – how we can get it right**

*Mr Jos Dings, Director of the European NGO, Transport & Environment*

**Mr Dings joined Transport & Environment as director in 2004, having worked previously as head of the transport division at CE Delft, a respected environmental policy consultancy. At CE, he focused on EU policy issues and transport pricing strategies, advising national governments and the European Commission.**

Transport & Environment is an independent pan-European association established in 1990. Transport & Environment is one of the principal environmental organisations at the EU level and the primary focus is on European transport and environmental policy. Mr Jos Dings presented several issues related to the carbon emissions challenges in the transport sector. Firstly, he touched upon the cost and cost effectiveness of reducing carbon emissions from vehicles, the second issue he raised was the European vehicle emissions standards and the third

one was related to the implementation of biofuels in transport sector. In the transport sector, according to his opinion, there is still a potential to reduce the emissions from the vehicle in a cost-effective manner and the vehicle emission standards are not that efficient in reality as in theory. Furthermore, Mr Dings presented some of the concerns related to Indirect Land Use issues in the implementation of biofuels in the transport sector.

## Group Work

In the subsequent group session after the keynote speeches, the participants discussed three questions resulting in the following responses:

### Question 1

*Based on this morning's keynote speeches, please name three relevant topics for environmental audits related to the transport sector.*

- Local air pollution
- Control of import of second hand vehicles
- Use of public transport
- Effect of tax measures (used cars)
- Taxes on fuel, cars (distance travelled, etc) – combination with modal shift
- Biofuels
- Emission reduction policies/measures
- Promotion of clean cars
- Costs of infrastructure, infrastructure development, landscape changes
- Reliability of data
- Integrated view on support for low emissions vehicles

### Question 2

*What do you think are the major challenges when auditing the transport sector?*

- Technical knowledge
- Quantification of emissions from maritime sector
- Decoupling economic growth – emissions
- Integrity of data
- Contradictory objectives/policy instruments
- Biased external expertise, lack of internal skills
- Must be careful to criticise political decision-makers
- Cross border issues
- Industry biased
- Auditing not prioritised in this area
- Price zones – high complexity

### Question 3

*Do you have any ideas on how to handle these challenges?*

- Cooperate with international institutions/external experts to get overview of data.
- Support for buying new cars (replace old, used)
- Cooperative audits, international cooperation
- Finding balance among experts
- Identify decision-makers behind policies
- Consider audit questions with auditee
- What makes an audit effective? If it attracts attention from people in general. Clear and simple messages.
- Compare best practices
- Narrow scope of audit
- Improve capability of auditors(technical)
- Raise awareness among public in general
- Stick to small areas
- Focus groups with experts
- Leave evaluations to policy-makers

## Transport infrastructure and the long term climate objectives

*Presented by Mr Petter Dahlin and Ms Anne Wisten, Swedish National Audit Office*



Mr Petter Dahlin and Ms Anne Wisten, Swedish National Audit Office

The transport sector accounts for the largest share of Swedish emissions and causes approximately half of emissions in the non-trading sector. The Swedish Parliament has established that the transport sector should contribute to the national climate objective of limited greenhouse gas emissions, but emissions from the sector have continued to increase over the years.

The transport sector is regulated by specific *transport policy objectives*, set by the Swedish Parliament. The objectives include the national climate objectives as well as the availability target. These are stated as equally important. The planning of infrastructure should also be guided by the “principle of four steps”.

The purpose of this audit is to examine the Government’s guidance with regard to the transport policy objectives. This is in order to conduct the long-term infrastructure planning efficiently with regard to the long-term climate objectives set by Parliament.

We are using qualitative methods, such as compilation of documents and interviews. Another crucial part of our work is to examine the cost-benefit analyses used in the infrastructure planning.

This audit is still ongoing and will be published in March 2012.

## Transport and the environment

*Presented by Mr Marcus Popplewell, National Audit Office of the United Kingdom*

The presentation considers how an SAI can analyse transport related environment issues. It describes firstly the main transport issues facing the UK, such as the change in transport habits, growth in road traffic use, changes in the cost of travel and the main sources of carbon emissions from transport. The presentation summarises the main environmental impacts from transport and the government bodies responsible for the sector. It then lists the different options available for an SAI to examine environmental issues related to transport. The presentation includes an example of

an NAO report which assessed air quality, and in particular the environmental impacts caused by traffic.

### **Auditing environmental effects of road traffic**

*Presented by Mr Jan Willem van de Wardt, the Netherlands Court of Audit*

The Netherlands Court of Audit conducted an audit on the effectiveness of the Dutch policy to make road traffic cleaner, more fuel efficient and quieter. Cleaner in the sense of less air pollution, fuel efficient in the sense of a lower emission of greenhouse gasses and quieter in the sense of less traffic noise.

The presentation focuses on the policy goals for air pollution and greenhouse gasses. The audit shows that the objectives to reduce air pollution are not reached within the original timetable and that it's still uncertain if the objectives on greenhouse gasses will be met in time. Large differences in cost effectiveness were found between the implemented policy measures.

### **Contradictory funding: Traffic, urban sprawl and climate targets**

*Presented by Ms Vivi Niemenmaa, National Audit Office of Finland*

The presentation is based on two audits: "Urban sprawl" (2010) and "The preparation and implementation of climate and energy strategy" (2011, forthcoming). These audits asked e.g. whether the state is aware of the economic impacts of the physical urban structure and whether the state operates in a coherent manner in different sectors to promote a sound urban structure.

Greenhouse gases in the transport sector are affected by the choice of traffic mode (e.g. supporting public transport), fuel efficiency (renewing the car fleet) and fuel emissions (increasing the share of biofuels). These measures have, however, been offset by the increase in the volume of traffic.

The physical urban structure largely determines possibilities to reduce traffic in urban areas. There is a trend for people in urban areas to move to the suburban fringes of cities. This is at odds with the objective that the state has set for a more compact physical structure. Urban sprawl is expensive as it increases the costs of municipal engineering and producing welfare services. It also increases private motoring since preconditions for effective public transport are poor. As traffic increases it also becomes more difficult to reach climate targets (in the transport sector a 15% decrease by 2020). The audit found that there is not enough knowledge about direct or indirect costs related to urban structure.

The audit also found that there are several financial support systems, some of which tend to make the urban structure more compact while others increase urban sprawl. For example, there is a tax subsidy system that allows citizens to deduct commuting costs from income tax. The system particularly benefits people using private cars and living on the outskirts of cities. In 2008 these subsidies amounted to € 300 million in lost taxes for the state. This exceeded all the climate funding in the state budget that same year. This is an indication of a clear coherence problem. The audit pointed out that for climate funding to be effective, not only climate funding but also contradictory funding needs to be scrutinized.

## **The bonus-malus system for the purchase of cars and the emission of the cars**



Mr Cyrille Schott, Cour des Comptes of France

*Presented by Mr Cyrille Schott, Cour des Comptes of France*

The bonus-malus scheme was created in 2007: the French State pays an ecological “bonus” (from 200 € to 2600 €) for the purchase of a clean car (emission of less than 110 g/km of CO<sub>2</sub>) and a “superbonus”, when the destruction of a vehicle older than 15 years is linked to the purchase (in 2009-2010, the “prime à la casse”, a scraping subsidy, took the place of the “superbonus”); the buyer pays a “malus” (also from 200 € to 2600 €) for the purchase of a “non clean” car and a yearly malus for a vehicle whose emissions exceed 245 g/km (240 in 2012).

The system had to be financially balanced, but within three years, it has cost 2.5 billion €, an expense difficult to face in a time of financial difficulties for the State. The system has positive results on the emissions of CO<sub>2</sub>; the private cars in France have the lowest average emissions in Europe. But the system disregards the emissions of other air pollutants like fine particles, NO<sub>x</sub>, NO<sub>2</sub>.

The recommendations of the Cour des Comptes were to take the other air pollutants into account and to balance financially the system.

## Group Work

In afternoon group session participants' discussed three questions resulting in the following responses:

### Question 1

*Based on the morning session and the SAIs presentations, what are the most relevant audit topics for your SAI?*

- Biofuels (ECA, Latvia, Estonia, France)
- Infrastructure (ECA)
- Promoting clean cars (Estonia)
- Local air pollution (Netherlands)
- Effect/impact/effectiveness of tax measures/subsidies (Netherlands, Estonia)
- Use of public transportation/motivation for using (Hungary)
- Air pollution – road traffic (Bulgaria)
- Control of second-hand vehicles (Poland)
- Reconstruction/infrastructure (Moldova)
- Modal shift
- Cost-effectiveness of policies and use of public funds (Belgium)
- Contradicting policies
- Introduction of electric cars
- Broad review of policies
- Lack of coordination between environment/transport sectors

### Question 2

*What do you think the impact of these audit(s) could be?*

- Recommendations accepted/acknowledge by EP/National Parliament (ECA)
- Raise awareness among stakeholders
- Information on side-effects of policy
- Improvement of policies
- Improvements in monitoring system
- Audits must include safety aspects
- Waste of resources
- Increase the effectiveness of local agencies enforcing emission control systems
- Raise the awareness and benefits of potential users of clean vehicles
- Cost-effectiveness of expenditures used to subsidise grants
- Transparency (public/parliament)
- Stimulate public debate/agenda-setting

### Question 3

*Which factors influence the likelihood of initiating an audit on the topics you identified?*

- Importance for budget - EU
- Level of implementation of the corresponding budget
- Period since last audit on this topic
- Political sensitivity
- Available resources
- Is the topic of importance to the public
- Higher likelihood if cooperation among SAIs
- Risk/materiality - high in this area

## Final reflections from keynote speakers

**Dr Peder Jensen, EEA:** The important work done by SAIs is not very well known at the EEA. There is an overlap between the EEA and SAIs in terms of activities performed and I think it would be in the interest of both to cooperate more closely and share information. As you all know, the EEA is required to report to the EU Commission on selected topics. One part of the mandate has to do with reporting on the environment as required by EU environmental policies and by the Commission. The other task is to identify relevant areas for research and assessment which is similar in nature to what SAIs are doing. The SAI focus on the national and local level, i.e. how EU directives are implemented, taxation, etc is very interesting. SAIs have a financial focus which the EEA is not occupied with. In that sense, the two institutions complement each other. That is why we should emphasise closer cooperation in the future. If we could come together in evaluating selected pieces of EU legislation on the environment, I think that would have benefited both the European institutions and the Member States greatly.

**Professor Thomas Sterner, Environmental Economics, University of Gothenburg:** As we all know, SAIs play an important role in evaluating their countries' environmental policies. In the future, my view is that SAIs need to continue addressing the most important environmental topics, such as climate change. This is a difficult area where a certain amount of "corruption of policies" has taken place by vested interests. Thus, it is important to strengthen the provision of unbiased information from scientists and SAIs. I also think that environmental topics today are even more transboundary of nature. This is also why I would recommend even more cooperative audits among SAIs.

**Mr Jos Dings, Director of the European NGO, Transport & Environment:** My impression is that transport issues even more important to SAIs than I thought before attending this meeting. I also think that transport deserves more attention than what is given to the subject from other stakeholders. This is why I would like to invite SAIs to focus their attention on this issue for the future. The obstacle for SAIs is that you will have to develop technical knowledge of the subject at hand. NGOs and scientists are ready at hand to provide this knowledge, do not forget that. Transport is an area where public sentiments and behaviour are important. This is important to keep in mind when initiating audits in this area. There are a lot of stories to be told which I think SAIs are the right actors to address in audits. The position of vested interests such as industry is very important to how policies are defined at the European level. These vested interests distort the policy-making process. This is why I would invite SAIs to emphasise industrial interests, data, etc in higher detail in their audits. I also hear all the time Member States claiming that "This is an issue that must be solved at the European level". SAIs should consider such remarks with a critical mind. Go to Brussels and see whether your governments have raised the

issue at the European level. What governments say at home and in Brussels often differ a lot. There is no doubt that SAIs perform important and relevant work. The challenge as I perceive it is the visibility of this work. This is a challenge to all of you – you must publicise your work in English and make it available to the relevant stakeholders. I would also like to propose more cooperative audits and cooperation between SAIs and European level NGOs such as Transport and Environment.

## SESSION ON AUDITING THE 3Es IN ENVIRONMENTAL AUDITS

### Examples of evaluating the 3Es in waste and water management audits in Slovenia

*Presented by Ms Jerneja Vrabič, Court of Audit of the Republic of Slovenia*

The Court of Audit conducts environmental audits mainly as performance audits, which means that audit objectives are: economy, efficiency and/or effectiveness. The audit objectives are determined and elaborated in the phase of detailed audit planning when audit criteria for each audit objective are set. The main criteria when evaluating "economy" is analysis of costs and benefits. The emphasis is on evaluation of possible environmental impacts of audited project and consideration of them in the cost/benefit analysis. This criterion was used in the audit on economy of decision of waste disposal in one region. One of the most important criteria when evaluating "efficiency" is "polluter pays principle" (PPP). Our goal is to define PPP as a criterion of efficiency in each environmental audit. It was used in several waste management audits and in audit on sustainable water usage. Upon the audit findings PPP is widely overlooked. This leads to non-transparent and costly systems in which the set objectives are generally not met. The burden of causing pollution doesn't affect the polluters but all participants in the system which is just the opposite of PPP. As the main criterion of effectiveness the evaluation of set environmental objectives is used.



Dr Martin Koci, Swiss Federal Audit Office

### **Exhaust emissions inspection and maintenance for motor vehicles – Evaluation of the effectiveness and efficiency**

*Presented by Dr Martin Koci, Swiss Federal Audit Office*

In Switzerland, all motor vehicles are subject to two types of periodic checks: compulsory emissions testing / maintenance and periodic official inspections. As far as air quality is concerned, the purpose of both checks is to ensure that the exhaust system components continue to function correctly over the vehicle's entire service life.

Audit questions were: Is the system of exhaust emission testing in Switzerland coherent and consistent to legal acts? Is the implementation of exhaust emission

testing in garages and in the cantons homogeneously? Are state controls sufficient? Value for money of the actual system?

The results show that many garages do not perform the compulsory inspection of vehicle exhaust systems thoroughly, and this is reflected in the generally low prices charged and short average times taken to complete the work. Moreover, compulsory inspections are redundant in 95% of cases and produce no (additional) environmental benefit. The SFAO recommends therefore that the current inspection interval stipulated could easily be extended (savings potential of 15 to 22 million Swiss Francs). Other recommendations address an improvement of the actual system, achieving a better value for money.



Ms Mathilda Fält Zaar, Swedish National Audit Office

## **Biofuels for a better climate – How does the tax relief work**

*Presented by Ms Mathilda Fält Zaar, Swedish National Audit Office*

Sweden started with tax reliefs and tax exemptions for biofuels in 1995. This means that there is no energy or CO<sub>2</sub> tax for biofuels.

Supporting biofuels is a central part of the Swedish Government's politics to decrease greenhouse gas emissions from the transport sector. Tax exemption is the most important tool to support biofuels.

The Swedish National Audit Office has examined the tax exemption for biofuels. The audit was completed in March 2011. The purpose of the audit was to examine the extent to which the tax exemption for biofuels contributes to achieving the climate objectives and at what cost.

The audit is an example of how a cost and benefit analysis can be used in environmental performance audit.

In the presentation Ms Mathilda Fält Zaar will present how she and the project group have analyzed the costs and benefits from the tax exemptions for biofuels. She will also give her reflections on what was challenging with this methods.



Ms Madeleine Nyman, Swedish National Audit Office

## Efforts abroad to mitigate climate change – the Central Government’s acquisitions of CDM and JI credits

*Presented by Ms Madeleine Nyman, Swedish National Audit Office*

The Swedish National Audit Office, SNAO has audited the central-government sector’s acquisitions of CDM and JI credits from other countries. The purchases of emission credits are important for whether Sweden will be able

to reach the national milestone target on emission reductions with 40 per cent in the non-trading sector by the year 2020 compared to 1990. A third of the emission reductions shall be achieved with the purchases of CDM and JI credits.

One of the audit questions was to estimate the central-government sector’s costs for purchasing emission credits. This was partly done by using the Swedish Energy Agency’s financial system and time reporting system as well as auditing all the central-government sector’s purchase agreements and fund reports. Another question was to audit if the acquisitions were done efficiently and effectively enough. This was done mainly in form of document studies and interviews.

The SNAO’s general conclusion is that the Government has not determined *how many* emission credits are to be bought and *when*. The central-government sector’s purchases of emission credits have not been done efficiently, effectively and transparently enough, but the costs could be lower than for other measures.



Ms Jana Vašičková, Supreme Audit Office of the Czech Republic

## Financial means provided for the improvement of nature and landscape

*Presented by Ms Jana Vašičková, Supreme Audit Office of the Czech Republic*

**Aim of the audit:** The aim of the audit was to scrutinize the provision, expenditure, and utilisation of funds earmarked for the nature and landscape improvement, including the system for assessing the anticipated programme results and those achieved.

The audit period was from 2006 – till 2009 and the type of audit was compliance/performance.

**Audit criteria:**

- Act No. 114/1992 Coll., on Nature Conservation and Landscape Protection;
- Act No. 218/2000 Coll., on Budgetary Rules and on Amendments of Some Related Acts (Budgetary Rules);
- State Programme of Nature Conservation and Landscape Protection of the Czech Republic;
- State Environmental Policy of the Czech Republic for 2004–2010;
- Report on the State of Czech Nature and Landscape for 2000;
- **EFFICIENCY** (setting up and performance of programme management);
- **EFFECTIVENESS** (setting up and fulfilling of indicators and objectives of national and operational programmes).

**Findings:**

- High proportions of funds were used for renewal and construction of water reservoirs at the expense of other measures. State organisations then fall short of realising the actions that are unattractive to other applicants, such as riverside revitalisation.
- The *Programme for the Revitalisation of River Systems* was not systematically evaluated from the material perspective (or in terms of its benefits).
- Some parts of the non-investment *Landscape Care Programme* lack specific goals and indicators and the benefit has never been evaluated.
- The target values of some of the operational programme *Environment* indicators had been set so low that these have already either been met or exceeded many times over. Therefore, they cannot fully be used to evaluate the programme's success.



Mr John Sweeney, European Court of Auditors

## **Challenges of auditing Economy, Efficiency, and Effectiveness**

*Mr John Sweeney, Head of Unit, Audit methodology and support, European Court of Auditors*

**Mr Sweeney is a chartered accountant and psychologist. He is Head of Audit Methodology and Support Unit at the European Court of Auditors – ECA. He has worked with ECA since 1991. Prior to joining ECA he worked at the Office of the Comptroller and Auditor General of Ireland. He has in particular worked with**

**performance auditing and evaluation; development of expertise in audit through standard and guidance setting. Mr Sweeney's interests also include career coaching, team development and occupational psychology.**

In his presentation, Mr Sweeney addressed challenges related to auditing the 3Es (economy, efficiency and effectiveness) in environmental audits. He gave an interesting and creative introduction to what recognizes these three concepts and how they can be understood. He went on to present examples of environmental audits performed by ECA where the 3Es have been addressed. The audits covered the performance of sewage plants and spending on water for domestic consumption.

Based on his experience with environmental auditing, his observation was that challenges are equal to those experienced in performance auditing in general. To overcome these challenges auditors should:

- Emphasise audit planning
- Break down the audit into specific audit questions.
- Obtain adequate data
- Use external experts
- Use international standards as audit objectives and criteria
- Conduct physical site inspections
- Collect photographic evidence
- Use results-based observations

Environmental auditors are often confronted with the challenges of data validity and reliability. Mr Sweeney presented following advices to overcome this challenge:

- Be receptive to **alternative views** and arguments and seek data from different sources and stakeholders
- Performance audit requires **significant judgement and interpretation** in concluding against audit questions

- Look for **comparative data** in other countries or jurisdictions as criteria and benchmarks.
- We shouldn't aim to be "**conclusively correct**" but "**persuasively believable**".

Mr Sweeney concluded his presentation with saying that audits presented during the meeting gave interesting glimpses into how the 3Es are applied in environmental auditing. The advice given to participants was that performance audits should always strive to address room for improvements. In these times with a looming financial crisis, environmental audits should try "to put the environment into economic equations", i.e. to address side-effects and the costs of in-effective environmental policies.

## Group Work

In the ensuing group session, participants' discussed three questions related to the 3Es resulting in the following responses:

### Question 1

*What are the benefits and drawbacks from using the 3Es classification when doing environmental audits?*

*Drawbacks:*

- Difficult to measure efficiency and effectiveness
- Some parameters difficult to measure – not conclusive conclusions/recommendations
- May lose qualitative aspects
- Difficulties in measuring costs of environmental effects
- May overlook compliance aspects
- Difficult to collect data/evidence and check reliability

*Benefits:*

- 3Es will give allround picture of the subject matter
- 3Es comprehensive view, brings in the financial perspective
- Adds value
- 3Es help to develop sound criteria
- Raising the awareness of citizens
- Making reports more understandable for the public
- Estimation of costs compared to another expense priority

### Question 2

*Can a high impact environmental audit be delivered when there is no government funding involved?*

- Depend on national circumstances
- Depend on SAI mandate
- Yes, f.ex. where cofinance exist between private/public and where the public part is low
- Parliamentary decisions must be respected
- Funding by state owned companies
- Waste shipments
- Where government plays limited role, dependent on private funding
- The Swiss audit on exhaust emissions
- Absence of data
- Licensing/permitting processes

### **Question 3**

*Are there special considerations concerning audit evidence when carrying out environmental audits?*

- Environmental audits have to rely on experts more than for example financial audits
- Reliance on scientific data
- Funding by state owned companies
- Waste shipments
- Gov limited role, dependent on private funding
- The Swiss audit on exhaust emissions
- Absence of data

# INFORMATION SHARING MARKET

During the EUROSAI WGEA meeting, an information sharing market was organised. Its purpose was to allow participating SAIs to exchange information on past, current or planned environmental auditing activities. Posters prepared by participating SAIs were put on display together with hand-outs and other forms of documentation. The INTOSAI WGEA had prepared posters presenting guides on environmental auditing.



# **TRAINING SEMINAR ON BEST PRACTICE IN ENVIRONMENTAL AUDITING: AUDIT EVIDENCE AND AUDIT CRITERIA IN RELATION TO ISSAIS**

On Monday 10 October, the EUROSAI WGEA secretariat organised a one day seminar on "Best practice in environmental auditing with focus on audit evidence and criteria in relation to the International Standards of Supreme Audit Institutions (ISSAIs)". 42 representatives from 22 SAIs participated.

The aim of the seminar was to address and share experiences on issues related to audit evidence and audit criteria in environmental auditing in light of the new ISSAIs. Several presentations were given and two separate group sessions were organised. In the group sessions participants shared experiences and discussed practices related to audit evidence and audit criteria in environmental auditing.

## **Background**

One day seminars have been organised since 2008 in association with the annual meetings of the working group. Biodiversity and sustainable energy have been topics at former seminars. This year, the secretariat was inspired by the new ISSAIs, the request by SAIs for more methodological and practical audit issues and interest for sharing knowledge and good practice to organise a training seminar on audit criteria and evidence.

At the same time, the secretariat took notice of the call for awareness raising of the new ISSAIs. The ISSAIs were adopted at the 2010 XX INCOSAI in South Africa. In the South Africa Declaration, Auditor Generals generally called upon the INTOSAI members to use ISSAIs as a common frame of reference for public sector auditing, to measure their own performance and auditing guidance against the ISSAIs and to raise the awareness of the ISSAIs globally, regionally and at the national level.

A short introduction covering the purpose of the seminar was presented by Mr Tom Næss of the EUROSAI WGEA secretariat

**Introduction to best practice in auditing and the ISSAIs** Ms Mona Paulsrud, Senior Auditor at the Office of the Auditor General of Norway and head of the INTOSAI Compliance Audit SubCommittee Secretariat introduced the participants to the contents of the standards. Her message to the participants was that the standards provide practical guidance to auditors and have been adopted in order to raise the bar of quality and transparency in public sector auditing.

**Trends and developments in environmental auditing regarding audit evidence and audit criteria. Experiences from Sweden** Mr Fredrik Engström gave the participants a brief overview of trends and developments in environmental auditing as perceived by the Swedish SAI. There has been a development from narrow scoped to broad scoped performance audits in Sweden. Initially, topics such as waste incineration, supervision of manufacturers and importers of chemicals, etc were chosen as topics for audits. In later years, the audits have become broader covering different aspects of for example fisheries and climate change policies. This has also affected the selection of audit criteria, the gathering of audit evidence and the type of findings and conclusions made in the Swedish performance audits.

**Audit criteria in environmental auditing: Audit approaches based on ISSAIs** Ms Paulsrud introduced the participants to audit criteria in relation to the compliance and performance standards. In essence, the standards say that criteria need to be suitable and relevant to the subject matter and the objectives of the particular audit being performed. What is notable for environmental auditing is that sources of audit criteria can be found at international, regional and national levels. Ms Paulsrud presented examples of criteria from the area of air pollution to demonstrate the different sources of criteria. The presentation also covered challenges related to the development of criteria.

**Audit evidence in environmental auditing: Audit approaches based on ISSAIs** Mr Jonas Hällström, from the Swedish National Audit Office and director of the INTOSAI Financial Audit Subcommittee, made a presentation on audit criteria in relation to the standards. The presentation contained information on what audit evidence is and what kinds of methods/procedures are applied to gather evidence. Mr Hällström emphasized that the auditor is required to apply professional skepticism in evaluating gathered evidence. According to the standards, audit evidence must be appropriate, sufficient, relevant and reliable. The sources of audit evidence are also important to consider when conclusions and findings are to be made.

**Audit evidence and criteria – experiences from the audit: Trading of surplus Assigned Amount Units and use of such funds received from the trading. Presentation by Supreme Audit Office of the Czech Republic**  
Ms Jana Zahradničková presented an audit of the trading of surplus Assigned Amount Units (AAUs) and the use of funds received from the trading. The Czech Republic has 100 million AAUs available for sale with an expected income up to 25 billions of Czech Crowns (approximately 1 billion Euros). The Czech government has

set up a programme (Green Savings Programme) for managing the trading of AAUs which was audited.

The presentation covered audit criteria and evidence included the audit. The sources of audit criteria were taken from the international level (United Nations Framework Convention on Climate Change and the Kyoto Protocol) as well as national legislation. Audit evidence included both documentary and analytical sources. The presentation also included information how aspects of 3Es had been included in the audit. The presentation also included a number of interesting findings related to efficiency and effectiveness of the operations of the Green Savings Programme.

### **Group sessions**

Two group sessions were organized; one on audit criteria and one on audit evidence. The questions had relevance for both environmental auditing and the ISSAIs.

In the first session the groups were given the task of ranking a set of audit criteria and to decide a main audit question based on the discussion of relevant audit criteria. The second session covered questions related to sufficiency/appropriateness of audit evidence, exercising professional judgment/skepticism as well as a discussion of the use of normal vs. innovative audit evidence in environmental audits.

## **APPENDIX 1: PROGRAMME**

### The 9<sup>th</sup> annual EUROSAI WGEA meeting

Stockholm, Sweden, 11 - 13 October, 2011

#### **Venue**

Norra Latin - City Conference Centre

#### **Accommodation**

Clarion Hotel Sign

#### **Participants**

Representatives of EUROSAI WGEA-members and invited guests

#### **Chair**

The Office of the Auditor General of Norway

#### **Host**

The Swedish National Audit Office

#### **Main topics**

Transport related environmental issues

Auditing the 3Es (Economy, Efficiency and Effectiveness)

#### **Language**

English

## Monday 10 October

09:00 – 16:00 **Seminar on *Best practice in environmental auditing: Audit evidence and audit criteria in relation to ISSAIs***

19:30 **Welcome reception**  
Clarion Hotel Sign. Hosted by the Office of the Auditor General of Norway

## Tuesday 11 October

09:00 **Opening**  
Chaired by the Swedish National Audit Office

**Group Photo**

**Session on Transport related environmental issues**  
Chaired by the Office of the Auditor General of Norway

09:30 **Keynote speeches on Transport related environmental issues**

**Dr Peder Jensen**  
Head of Energy and Transport Group, European Environment Agency

*"Environmental impact of transport"*

**Professor Thomas Sterner**  
Environmental Economics, University of Gothenburg

*"Transport related environmental policy instruments"*

**Mr Jos Dings**  
Director of the European NGO, *Transport & Environment*

*"Counting the carbon in transport – how we can get it right"*

10:55 *Coffee break*

11:15 **Group session** followed by reflections from resource persons and participants

12:15 *Lunch*  
*Lunch meeting for the Mediterranean sub-group*

- 13:30     **Auditing Transport related environmental issues**
- Mr Petter Dahlin and Ms Anne Wisten**  
          SAI of Sweden
- "Transport infrastructure and the long term climate objectives"*
- Mr Marcus Popplewell**  
          SAI of the United Kingdom
- "Transport and the environment"*
- Mr Jan Willem van de Wardt**  
          SAI of the Netherlands
- "Auditing environmental effects of road traffic"*
- Ms Vivi Niemenmaa**  
          SAI of Finland
- "Contradictory funding: Traffic, urban sprawl and climate targets"*
- Mr Cyrille Schott**  
          SAI of France
- "The bonus-malus system for the purchase of cars and the emission of the cars"*
- 14:45     *Coffee break*
- 15:10     **Group session** followed by reflections from resource persons and participants
- 16:30     Adjournment
- 19:00     **Official dinner**  
          Clarion Hotel Sign. Hosted by the Swedish National Audit Office

## Wednesday 12 October

### Session on auditing the 3Es

Chaired by the Swedish National Audit Office

- 09:00     **Approaches in auditing 3Es in environmental audits**

**Ms Jerneja Vrabič**

SAI of Slovenia

*"Examples of evaluating the 3Es in waste and water management audits in Slovenia"*

**Dr Martin Koci**

SAI of Switzerland

*"Exhaust emissions inspection and maintenance for motor vehicles – Evaluation of the effectiveness and efficiency"*

**Ms Mathilda Fält Zaar**

SAI of Sweden

*"Biofuels for a better climate – How does the tax relief work"*

**Ms Madeleine Nyman**

SAI of Sweden

*"Efforts abroad to mitigate climate change – the Central Government's acquisitions of CDM and JI credits"*

**Ms Jana Vašičková**

SAI of Czech Republic

*"Financial means provided for the improvement of nature and landscape"*

10:15 **Keynote speech on auditing the 3Es**

**Mr John Sweeney**

Head of Unit, Audit methodology and support, European Court of Auditors

*"The challenges of auditing Economy, Efficiency, and Effectiveness"*

10:45 *Coffee break*

11:00 **Group session** followed by reflections from all resource persons and participants

12:00 *Lunch*

*Lunch meeting for the Nordic sub-group*

13:30 **Excursion on clean vehicles and sustainable travelling**

*Presentation by Environment and Health administration of the City of Stockholm (Stockholm City Hall) and city walk in the sustainable district Hammarby Sjöstad.*

17:30 **Adjournment**

Thursday 13 October

09:00 **Experience and Information-sharing market**

### **Business meeting**

Chaired by the Office of the Auditor General of Norway

09:45 **Progress report and other issues of the EUROSAT WGEA Secretariat**

*"Paper on auditing waste management in Europe"*  
*"Progress report: October 2010- October 2011"*  
*"The 2012-2014 EUROSAT WGEA Strategy and Activity plan"*

10:30 **Group session**

11:00 **European cooperative audits – information on selected activities**

#### **Ms Ewa Borkowska-Domańska**

SAI of Poland

*"Proposal of a new cooperative audit on national parks"*

#### **EUROSAT WGEA Secretariat**

*"Proposal of a new cooperative audit on biofuel "*

#### **Ms Birgit Degnbol**

SAI of Denmark

*"Cooperative audit on CO<sub>2</sub> emission trading systems"*

#### **Mr Jan Willem van de Wardt**

SAI of the Netherlands

*"The cooperative audit on shipment of waste "*

#### **EUROSAT WGEA Secretariat**

*"The EUROSAT WGEA cooperative audit on adaptation to climate change"*

#### **Mr Denys Nikitin**

SAI of Ukraine

*"Coordinated parallel audit on protection of the Black Sea against pollution"*

#### **Mr Sergey Antonov**

SAI of Russia

*"Joint and parallel audits of the Accounts Chamber of the Russian Federation in the field of environmental auditing"*

- 12:30 *Lunch*  
*Lunch meeting for the EUROSAT WGEA Cooperative audit on adaptation to climate change*
- 13:45 **Presentations of activities in the INTOSAI WGEA and EUROSAT WGEA sub-groups**
- Ms Tuuli Rasso**  
INTOSAI WGEA Secretariat  
*"Reporting on the INTOSAI WGEA activities"*
- Mr Marcus Popplewell**  
SAI of the United Kingdom  
*"INTOSAI WGEA activity - Environmental issues associated with infrastructure"*
- Ms Vivi Niemenmaa**  
SAI of Finland  
*"INTOSAI WGEA activity - Environment and Sustainability Reporting"*
- Ms Jerneja Vrabič and Mr Fredrik Engström**  
SAI of Slovenia and SAI of Sweden  
*"Lessons learned from the EUROSAT WGEA Nordic and Mediterranean sub-groups"*
- 15:00 **Official closing of the EUROSAT-WGEA meeting**  
The Swedish National Audit Office and the Office of the Auditor General of Norway

Departure of participants

## Friday 14 October

Departure of participants

09:00 – 11:00 **EUROSAT-WGEA Steering Committee meeting**

## APPENDIX 2: LIST OF PARTICIPANTS

### *Chamber of Accounts of the Republic of Azerbaijan*

Mr Azim Abasov  
Mr Ali Verdiyev

### *Court of Audit of Belgium*

Mr Xavier Dubois

### *The National Audit Office of Bulgaria*

Ms Rossena Gadjeva  
Ms Tania Konstantinova

### *National Audit Office of People's Republic of China*

Dr Jixiang Chen

### *Audit Office of the Republic of Cyprus*

Mr Akis Kikas

### *Supreme Audit Office of the Czech Republic*

Mr Michal Rampír  
Mr Karel Sehor  
Ms Jana Vašičková  
Ms Jana Zahradničková

### *National Audit Office of Denmark*

Ms Birgit Degnbol  
Mr Anders Helmuth Knudsen

### *National Audit Office of Estonia*

Ms Airi Andresson  
Ms Krista Jansen  
Ms Kaire Kesküla  
Ms Tuuli Rasso

### *European Court of Auditors*

Mr Armando do Jogo  
Mr Francois Osete

### *National Audit Office of Finland*

Dr Vivi Niemenmaa

### *Court of Accounts of France*

Mr Cyrille Schott

### *The Chamber of Control of Georgia*

Mr Giorgi Kapanadze

### *State Audit Office of Hungary*

Ms Eszter Dürr

### *State Audit Office of the Republic of Latvia*

Mr Jānis Salenieks

### *National Audit Office of Lithuania*

Mr Antanas Aliulis  
Ms Vaida Bariziene

### *National Audit Office of Malta*

Mr William Peplow

### *Court of Accounts of the Republic of Moldova*

Ms Olesia Djurenco  
Mr Viorel Miron

### *The Netherlands Court of Audit*

Mr Jan Willem van de Wardt  
Ms Lieke van der Sanden

### *Office of the Auditor General of Norway*

Ms Anne Fikkan  
HE Anne K. Lund, Norwegian  
Ambassador to Sweden  
Mr Helge Strand Østtveiten  
Ms Herdis Laupsa, WGEA Secretariat  
Mr Tom Næss, WGEA Secretariat

### *Supreme Audit Office of Poland*

Ms Ewa Borkowska-Domańska

### *The Court of Auditors of Portugal*

Mr António Marques do Rosário  
Mr José Rosário Silva

*Romanian Court of Accounts*

Mr Sandu Marin, Director  
Mr Gheorghe Vlascanu  
Ms Irina Brates

*Accounts Chamber of the Russian Federation*

Mr Sergey Antonov  
Mr Mikhail Odintsov  
Mr Sergey Shkurkin

*Supreme Audit Office of the Slovak Republic*

Mr Igor Blasko

*The Court of Audit of the Republic of Slovenia*

Ms Jerneja Vrabcic

*The Court of Audit of Spain*

Mr Manuel Lagarón

*The Swedish National Audit Office*

Ms Gudrun Antemar  
Ms Lena Björck  
Mr Petter Dahlin  
Mr Eirikur Einarsson  
Mr Fredrik Engström  
Ms Gina Funnemark  
Ms Magdalena Hansson  
Mr Gert Jönsson  
Mr Claes Norgren

Ms Madeleine Nyman  
Mr Peter Rostedt  
Ms Ann-Marie Skorpen  
Ms Helena Braun Thorn  
Ms Anki Turesson  
Ms Annelie Jansson Westin  
Mr Jan Vikström  
Ms Anne Wisten  
Ms Mathilda Fält Zaar  
Mr Ingvar Önnhage

*Swiss Federal Audit Office*

Dr Martin Koci

*Turkish Court of Accounts*

Ms Berna Durusu  
Mr Kemal Turan

*Accounting Chamber of Ukraine*

Mr Denys Nikitin

*National Audit Office, United Kingdom*

Mr Marcus J Popplewell

*Invited speakers*

Dr Peder Jensen, European  
Environment Agency  
Professor Thomas Sterner, University  
of Gothenburg  
Mr Jos Dings, Transport &  
Environment  
Mr John Sweeney, European Court of  
Auditors

## **APPENDIX 3: EUROSAI WGEA PROGRESS REPORT OCTOBER 2010 - OCTOBER 2011**

Completed and ongoing activities are actions for implementing the EUROSAI WGEA work plan and to achieve the five strategic goals of EUROSAI WGEA. These are:

1. Facilitate concurrent or coordinated environmental audits by SAIs in Europe
2. Encourage the SAIs in Europe to initiate and implement audits within the area of climate change
3. Develop methodology in the area of environmental auditing, and build the capacity of SAIs in terms of new methodology for environmental auditing
4. Identify and develop governance practices and organisational structures to ensure the ongoing and effective functioning of EUROSAI WGEA
5. Establish coordinated and effective processes in the area of environmental auditing between EUROSAI's working groups, INTOSAI's working groups and other relevant organisations and institutions.

The activities are reported according to the strategic goals.

### **Members of the EUROSAI WGEA**

Goal 4 Identify and develop governance practices and organisational structures to ensure the ongoing and effective functioning of EUROSAI WGEA

Goal 5 Establish coordinated and effective processes in the area of environmental auditing between EUROSAI's working groups, INTOSAI's working groups and other relevant organisations and institutions

As of October 2011, the EUROSAI WGEA comprises of 44 member SAIs.

### **The EUROSAI WGEA Work Plan**

Goal 4 Identify and develop governance practices and organisational structures to ensure the ongoing and effective functioning of EUROSAI WGEA

A revised version of the EUROSAI WGEA Work Plan for 2008-2011 was approved during the 2010 annual EUROSAI WGEA meeting.

The secretariat has drafted, with support from the Steering Committee, a new strategy and activity plan for 2012-2014. It will be presented to and finally adopted by the 9<sup>th</sup> EUROSAI WGEA meeting in Sweden in October 2011.

## **The EUROSAI WGEA Steering Committee**

Goal 4 Identify and develop governance practices and organisational structures to ensure the ongoing and effective functioning of EUROSAI WGEA

Since October 2010 two Steering Committee meetings have been organised, one in connection with the annual EUROSAI WGEA meeting in the Netherlands, October 2010, and one teleconference in February 2011.

## **EUROSAI WGEA Annual Meeting**

Goal 3 Develop methodology in the area of environmental auditing, and build the capacity of SAIs in terms of new methodology for environmental auditing  
Goal 5 Establish coordinated and effective processes in the area of environmental auditing between EUROSAI's working groups, INTOSAI's working groups and other relevant organisations and institutions

### *The 8<sup>th</sup> EUROSAI WGEA meeting in the Netherlands, October 2010*

The secretariat has followed up the 8<sup>th</sup> EUROSAI WGEA meeting. Approximately 70 people from 30 SAIs attended and discussed among inter alia sustainable energy and impact of environmental auditing. A meeting report is made and distributed. Event documentation and the meeting report are available at the EUROSAI WGEA website: <http://www.eurosaiwgea.org/Activitiesandmeetings/AnnualEUROSAIWGEAmeetings/2010TexeltheNetherlands/Pages/default.aspx>.

### *The 9<sup>th</sup> EUROSAI WGEA meeting in Sweden, October 2011*

In close collaboration with the host SAI, the Swedish National Audit Office, the Secretariat is preparing the Annual EUROSAI WGEA Meeting in Stockholm. The main environmental topic will be transport related environmental issues while the 3 E's (Economy, Efficiency and Effectiveness) in environmental auditing will be the audit related topic.

## **EUROSAI WGEA Website**

Goal 5 Establish coordinated and effective processes in the area of environmental auditing between EUROSAI's working groups, INTOSAI's working groups and other relevant organisations and institutions

The EUROSAI WGEA website ([eurosaiwgea.org](http://eurosaiwgea.org)) is being maintained through continuous website postings of information from members and the secretariat. The website was upgraded in early 2011 and an RSS-feed has been added as a new functionality.

## EUROSAI WGEA Cooperative audits

Goal 1 Facilitate concurrent or coordinated environmental audits by SAIs in Europe  
Goal 2 Encourage the SAIs in Europe to initiate and implement audits within the area of climate change  
Goal 3 Develop methodology in the area of environmental auditing, and build the capacity of SAIs in terms of new methodology for environmental auditing

### *Cooperative Audit on Protection of the Black Sea against Pollution*

In October 2010 the second Expert Team Meeting for Coordinated Parallel Audit of Protection of the Black Sea against Pollution was held in Turkey. Representatives of all participating SAIs attended together with an invited guest from the Commission of the Protection of the Black Sea against Pollution. The Joint Audit Report was launched during the VIII EUROSAI Congress in Portugal in June 2011.

### *The cooperative audit on Adaptation to Climate Change*

The Secretariat has followed up on the initiative regarding a cooperative audit on adaptation to climate change. A first meeting, with participants from interested SAIs, was organised during the 2010 Annual EUROSAI WGEA Meeting. In February 2011 a kick-off meeting was organised and in June 2011 a second project meeting. 9 European SAIs participate, i.e. the SAIs of Austria, Bulgaria, Cyprus, European Court of Auditors (ECA), Malta, the Netherlands, Norway, Russia and Ukraine. In addition, the SAI of Hungary serves as an observer. The project's final product will be a joint report based on the participating SAIs' individual national audit reports. The final joint report is planned released in December 2012/January 2013.

## EUROSAI WGEA activities on lessons learned

Goal 1 Facilitate concurrent or coordinated environmental audits by SAIs in Europe  
Goal 3 Develop methodology in the area of environmental auditing, and build the capacity of SAIs in terms of new methodology for environmental auditing

### *Surveys*

In order to document environmental auditing priorities among its members and thus identifying topics to be followed up in activities, the Secretariat carries out annual surveys and posts the results on the password protected area of the website. The 2011 survey is in progress. Preliminary findings will be shared at the upcoming Annual EUROSAI WGEA Meeting.

### *EUROSAI WGEA Paper on Auditing Waste Management*

Waste management is mentioned by SAIs to be one of the most important environmental challenges and audit topics. The EUROSAI WGEA Secretariat has therefore made a review of waste management audits reported by EUROSAI WGEA members in the period 2004-2010. The purpose of the paper is to provide an overview of waste management auditing and an inspiration for SAIs who want to launch an audit on the subject. It supplements the INTOSAI WGEA paper "Towards

Auditing Waste Management", published in 2004. The EUROSAT WGEA paper will be presented at the 9<sup>th</sup> Annual EUROSAT WGEA Meeting.

### **Governance, communication and cooperation strategy**

Goal 4 Identify and develop governance practices and organisational structures to ensure the ongoing and effective functioning of EUROSAT WGEA

Goal 5 Establish coordinated and effective processes in the area of environmental auditing between EUROSAT's working groups, INTOSAT's working groups and other relevant organisations and institutions

#### ***EUROSAT Governing Board***

The EUROSAT WGEA Chair presented EUROSAT WGEA progress reports during the EUROSAT Governing Board meetings in November 2010 and June 2011.

#### ***EUROSAT Training Committee (ETC)***

The EUROSAT WGEA Secretariat has shared updates of the working group's activities and experiences with the EUROSAT Training Committee.

#### ***The III Meeting of EUROSAT Task Force on the Audit Of Funds Allocated To Disasters And Catastrophes***

In March 2011 the III Meeting of the EUROSAT Task Force on the Audit of Funds Allocated to Disasters and Catastrophes was held. The aim of the meeting was to summarize and report on performance during 2009-2011, as well as results from conducted cooperative and national audits of the funds released by governments for the prevention and consequences elimination of disasters and catastrophes. The SAI of Norway, as chair of the EUROSAT WGEA, attended the meeting as an observer of the Task Force.

#### ***Sub-target groups – the Nordic countries and the Mediterranean region***

Two sub-target group sessions, one for the Mediterranean and one for the Nordic region, were organised during the 8<sup>th</sup> Annual EUROSAT WGEA Meeting. The purpose of the groups is to share experiences and information, and to allow for networking. As a follow up of the decisions made at the Mediterranean meeting, a letter to the heads of SAIs in the Mediterranean region was dispatched. The letter was meant to encourage SAIs to participate in activities resulting in increased cooperation and exchange of knowledge with other SAIs in the region. A meeting was also held for the Mediterranean countries attending the EUROSAT WGEA Auditing Waste Management Seminar in Oslo in May 2011. Both sub-target groups are planning new meetings in connection with this year's annual EUROSAT WGEA Meeting.

## **XX INCOSAI**

The EUROSAI WGEA Secretariat contributed with information to the EUROSAI WGEA Chair's preparation for the XX INCOSAI session on "Environmental Auditing and Sustainable Development". The information provided was based on inputs and reflections from EUROSAI WGEA members on future challenges in environmental auditing, globalisation of environmental policy and the SAIs' roles in auditing climate change issues, and impact of environmental audits at the international level.

## **VIII EUROSAI Congress, 2011**

In May 2011 the VIII EUROSAI Congress was organised in Portugal. The EUROSAI WGEA Chair presented the working group's activities since the previous EUROSAI congress in 2008. A booklet containing information on performance, overview of conducted environmental audits in Europe, ongoing and conducted cooperative audits, and a separate chapter on climate related activities, the main thematic topic in the work plan period was distributed.

## **INTOSAI WGEA**

The EUROSAI WGEA Secretariat has worked closely with the INTOSAI WGEA Secretariat and attended the INTOSAI WGEA Steering Committee meeting in March, 2011.

## **Seminars**

Goal 3 Develop methodology in the area of environmental auditing, and build the capacity of SAIs in terms of new methodology for environmental auditing  
Goal 5 Establish coordinated and effective processes in the area of environmental auditing between EUROSAI's working groups, INTOSAI's working groups and other relevant organisations and institutions

### ***Training seminar on sustainable energy (Goal 1, Goal 2 and Goal 3)***

On the day prior to the 8<sup>th</sup> EUROSAI WGEA meeting in the Netherlands, the EUROSAI WGEA secretariat organised a training seminar for its members on auditing sustainable energy. The Supreme Audit Office of the Czech Republic delivered the training course based on the INTOSAI WGEA guide on auditing sustainable energy. Approximately 40 persons attended the seminar. Seminar presentations are available at the EUROSAI WGEA website:

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

### ***Seminar on auditing waste (Goal 1, Goal 2 and Goal 3)***

The Office of the Auditor General of Norway hosted a seminar on auditing waste management in May 2011. 51 participants from 25 SAIs, including three external subject matter experts, participated. Altogether there were 21 presentations, including three delivered by representatives of the EU Commission, the OECD and

the Bellona Foundation. The seminar focus was on practical audit issues associated with auditing waste management. During the second day of the seminar there were two separate workshops on general waste management issues and hazardous-/radioactive-/medical waste. Presentations and seminar report are available at the EUROSAT WGEA website:

<http://www.eurosaiwgea.org/Activitiesandmeetings/OtherEUROSATWGEAmeetings/waste2011/Pages/EUROSATWGEAseminaronauditingwaste,2011.aspx>

### ***Seminar on Best practice in environmental auditing: Audit evidence and audit criteria in relation to ISSAIs***

The Secretariat has, together with the Office of the Auditor General of Norway and the Swedish National Audit Office, prepared a one-day seminar on *Best practice in environmental auditing with a focus on audit evidence and audit criteria in relation to the ISSAIs*. The seminar will take place on 10<sup>th</sup> October 2011, one day prior to the annual meeting. The aim of the seminar is to address and share experiences on issues related to audit evidence and audit criteria in environmental auditing in light of the new ISSAI standards, adopted at the INCOSAI last year.

## **Communication**

Goal 5 Establish coordinated and effective processes in the area of environmental auditing between EUROSAT's working groups, INTOSAI's working groups and other relevant organisations and institutions

### ***EUROSAT WGEA Newsletter***

Two issues of the EUROSAT WGEA Newsletter have been prepared and distributed to members (December 2010 and June 2011).

### ***Articles and news briefs***

During the reporting period, the Secretariat has contributed to the EUROSAT Magazine, the INTOSAT WGEA Newsletter (Greenlines) and the EUROSAT Newsletter.

## **Conducted and ongoing audits**

Goal 1 Facilitate concurrent or coordinated environmental audits by SAIs in Europe  
Goal 3 Develop methodology in the area of environmental auditing, and build the capacity of SAIs in terms of new methodology for environmental auditing

Audits reported by European SAIs to INTOSAT WGEA during the second half of 2010 and to EUROSAT WGEA are uploaded on the EUROSAT WGEA website.

## **Upcoming activities**

### *INTOSAI WGEA*

The EUROSAI WGEA secretariat will attend the 14<sup>th</sup> meeting of the INTOSAI Working Group on Environmental Auditing (November 2011). During the meeting the performance report from the EUROSAI WGEA will be presented and a regional meeting among the EUROSAI WGEA's members will be organised.

### **Members of the EUROSAI WGEA Steering Committee**

The Office of the Auditor General of Norway (The Chair of EUROSAI WGEA)

The European Court of Auditors

The Accounts Chamber of the Russian Federation

The Accounting Chamber of Ukraine

The Netherlands Court of Audit

The Supreme Audit Office of the Republic of Poland

The Office of the Auditor General of Sweden

The Court of Audit of Slovenia

INTOSAI WGEA (The National Audit Office of Estonia)

## **APPENDIX 4: THE 2012-2014 EUROSAI WGEA STRATEGY AND ACTIVITY PLAN**

This 2012 – 2014 strategy and activity plan for the Working Group on Environmental Auditing (WGEA) of the European Organisation of Supreme Audit Institutions (EUROSAI), the EUROSAI WGEA, sets out the working group's vision and goals, and the proposed activities for its Secretariat. While the EUROSAI WGEA strategy is reviewed – and if necessary revised – every three years, the Secretariat's activity plan will be updated annually and approved by the EUROSAI WGEA Annual Meeting.

### **The EUROSAI WGEA Organisation**

The EUROSAI WGEA Secretariat is hosted by a member SAI and led by a Chair. The Secretariat is supported by a Steering Committee (SC) consisting of up to 10 member SAIs. The SC members' term of office coincides with the duration of the EUROSAI WGEA strategy period, *i.e.* three years' duration. The SC's composition for the strategy period is rendered in Appendix 1. The International Organisation of Supreme Audit Institutions' Working Group on Environmental auditing - INTOSAI WGEA - is as an observer in the SC. Since 2008 the Office of the Auditor General of Norway has hosted the Secretariat. The Auditor General of Norway is the EUROSAI WGEA Chair.

In general, the operational responsibility for EUROSAI WGEA activities rests with its Secretariat. When EUROSAI WGEA members assume operational responsibility for activities, the Secretariat will facilitate management processes relevant to activity implementation.

### **Vision**

The EUROSAI WGEA and its members share a commitment to use the power of public sector audits to leave a positive legacy for future generations by improving the sustainable management of natural resources and the environment, and the health and prosperity of the people of Europe.

The EUROSAI WGEA's vision will contribute to Europe becoming a leading region in public sector management of natural resources and environment. Through its activities, the EUROSAI WGEA aims to promote a spirit of cooperation based on integrity, open communication and professional excellence. The EUROSAI WGEA's vision corresponds to that of the INTOSAI WGEA.

## EUROSAI WGEA's Strategic Goals for the Activity Period

In order to achieve its vision, the EUROSAI WGEA will encourage European SAIs to pursue the following four strategic goals:

6. Encourage concurrent or coordinated environmental audits by SAIs in Europe.
7. Encourage the SAIs in Europe to initiate and implement audits within the area of climate change and sustainability.
8. Encourage development of environmental auditing methodologies and SAIs subsequent capacity building.
9. Ensure effective processes among EUROSAI and INTOSAI working groups as well as other organisations and institutions relevant to environmental auditing.

## 2012–2014 STRATEGIC GOALS AND ACTIVITIES

### Goal 1: Encourage Concurrent or Coordinated Audits

*The goal is to encourage European SAIs to initiate and implement concurrent or coordinated environmental audits and facilitating them at their efforts.*

#### *Rationale*

Environmental challenges are transnational. Coordination of environmental audits will allow cooperating SAIs synergies of efforts and added quality assurance.

#### *Activities*

Activities	Timing	Responsibility
Contribute to the utilisation of the INTOSAI 2007 paper, Cooperation Between SAIs: Tips and Examples for Cooperative Audits. A case in point will be the Secretariat's utilization of the Paper in its management of the EUROSAI WGEA Cooperative Audit on Adaptation to Climate Change.	2012 - 2014	The EUROSAI WGEA members in general.
Promote new cooperative initiatives	2012 - 2014	The EUROSAI WGEA Secretariat

### Goal 2: European Audits of Climate Change and Sustainability

*The goal is to encourage the SAIs in Europe to initiate and implement audits within the area of climate change and sustainability.*

## Rationale

At the EUROSAT WGEA meeting in Luxembourg in 2006, it was agreed that the WGEA should relate development of methodologies to a thematic focus area. In line with the INTOSAI WGEA's adoption of climate change as a central theme for its 2008 - 2010 work plan, the EUROSAT WGEA selected climate change as a focus area in its corresponding plan. Climate change will continue to be a thematic strategic issue in the EUROSAT WGEA 2012 – 2014 strategic plan, as climate change will be an issue of concerns in coming years, its crosscutting nature and as well as its severe impact, on the environment , economy and society. In addition emphasis will also be on sustainability. This reflects the XX INCOSAI's recommendations<sup>1</sup> on encouraging SAIs to commit to prioritizing the most relevant sustainable development issues for their countries and including such issues in audits of all government sectors when relevant.

## Activities

Activities	Timing	Responsibility
The EUROSAT WGEA Cooperative Audit on Adaptation to Climate Change.	2011 – 2012	The Secretariat and the project partners
Contribute to the utilisation of the INTOSAI WGEA guidance on Auditing the Government Response to Climate Change in Europe. A case in point will be the Secretariat's utilization of the guide in its management of the EUROSAT WGEA Cooperative Audit on Adaptation to Climate Change.	2012 – 2014	The EUROSAT WGEA members and Secretariat
Contribute to the utilisation of the INTOSAI paper "Sustainable Development: The role of Supreme Audit Institutions"	2012 – 2014	The EUROSAT WGEA members and Secretariat

## Goal 3: Capacity Development

*The goal is to encourage development of environmental auditing methodologies and SAIs relevant technical capacities.*

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<sup>1</sup> XX INCOSAI, The Johannesburg Accords, 27 November 2010, pp. 20-21

### *Rationale*

Central to the EUROSAT WGEA activities are contributions to SAIs' development of relevant technical environmental auditing capacities. This could be pursued by utilizing various learning channels and the exchange of information. WGEA meetings and seminars are key means for SAIs to exchange information, build capacity and network with other SAIs and with external organisations.

### *Activities*

Activities	Timing	Responsibility
Organise the 10 <sup>th</sup> environmental seminar of EUROSAT WGEA in 2012	Autumn 2012	The Secretariat in cooperation with the host, the Court of Audit of the Republic of Slovenia
Organise the 11 <sup>th</sup> environmental seminar of EUROSAT WGEA in 2013	Autumn 2013	The Secretariat in cooperation with the hosting SAI
Organise the 12 <sup>th</sup> environmental seminar of EUROSAT WGEA in 2014	Autumn 2014	The Secretariat in cooperation with the hosting SAI
Maintain a list of EUROSAT WGEA members' expertise	2012-2014	The Secretariat
Maintain lists of external experts	2012-2014	The Secretariat
Adapt and utilise INTOSAT WGEA guidances and papers in the European context	2012-2014	The EUROSAT WGEA members
Annual surveys of members' needs	2012-2014	The Secretariat

### **Goal 4: To establish coordinated and effective processes in the area of environmental auditing**

*The goal is to establish effective processes among EUROSAT and INTOSAT working groups and their members as well as other relevant organisations and institutions germane to environmental auditing.*

### *Rationale*

Due to the transborder nature of environmental challenges, it is imperative to ensure coordination of EUROSAT and INTOSAT working groups and their members as well as with other relevant organisations and institutions. EUROSAT WGEA recognises the need to draw on the strengths and expertise of external resource institutions and organisations, and it will endeavour to further develop relations with them and act as a facilitator.

### Activities:

Activities	Timing	Responsibility
Manage the EUROSAT WGEA webpage	2012-2014	The Secretariat
Publish the EUROSAT WGEA newsletter bi-annually	2012-2014	The Secretariat
Dissemination of the Working Group's activities in the European SAIs' respective publications and mass media	2012-2014	The Secretariat and the EUROSAT WGEA's members
Progress reports to EUROSAT	2012-2014	The Secretariat
Reporting of activities and exchange of experiences and lessons learned between the EUROSAT WGEA and the EUROSAT Goal 3 Knowledge-sharing Team	2012-2014	The Secretariat
Cooperation between EUROSAT WGEA and the INTOSAT WGEA	2012-2014	The secretariats of the working groups
Exchange of work plans, audit plans, methodologies and findings between the EUROSAT Task Force on the Audit of Funds Allocated to Disasters and Catastrophes and EUROSAT WGEA	2012-2014	The Secretariats of the working group and task force
Exchange information and facilitate communication and learning between EUROSAT WGEA and relevant organisations and institutions in Europe	2012-2014	The Secretariat
Through sub-target groups facilitate cooperation, sharing of know-how and dissemination of information	2012-2014	The sub-target groups leaders in cooperation with the Secretariat

## Appendix I

### EUROSAI WGEA membership (as of January 2012)

<b>Chair and Secretariat:</b>	The Office of the Auditor General of Norway
<b>Steering Committee:</b>	
<i>Members:</i>	The Chair of EUROSAI WGEA (The Office of the Auditor General of Norway)
	<b>European Court of Auditors</b>
	The <b>Netherlands</b> Court of Audit
	The Supreme Audit Office of the Republic of <b>Poland</b>
	The Accounts Chamber of the <b>Russian Federation</b>
	The Court of Audit of <b>Slovenia</b>
	The Office of the Auditor General of <b>Sweden</b>
	The Accounting Chamber of <b>Ukraine</b>
<i>Observer:</i>	The Chair of the INTOSAI WGEA

### Working Group Members:

Albania	State Supreme Audit
Andorra	Court of Audit
Armenia	Control Chamber
Austria	Court of Audit
Azerbaijan	Accounts Chamber
Belarus	State Control Committee
Belgium	Court of Audit
Bulgaria	National Audit Office
Croatia	State Audit Office
Cyprus	Audit Office
Czech Republic	Supreme Audit Office
Denmark	National Audit Office
Estonia	National Audit Office
ECA	European Court of Auditors
Finland	National Audit Office
France	Court of Audit
Georgia	Chamber of Control
Germany	Supreme Audit Institution

Greece	Court of Audit
Hungary	State Audit Office
Ireland	Office of the Comptroller and Auditor General
Israel	Office of the State Comptroller and Ombudsman
Italy	Court of Audit
Kazakhstan	The Accounts Committee
Latvia	State Audit Office
Lithuania	State Control
Luxembourg	Court of Audit
Malta	National Audit Office
Moldova	Court of Accounts
The Netherlands	Court of Audit
Norway	Office of the Auditor General
Poland	Supreme Chamber of Control
Portugal	Court of Audit
Romania	Court of Accounts
Russian Federation	Accounts Chamber
Slovak Republic	Supreme Audit Office
Slovenia	Court of Audit
Spain	Court of Audit
Sweden	National Audit Office
Switzerland	Federal Audit Office
The former Yugoslav Republic of Macedonia	State Audit Office
Turkey	Court of Accounts
Ukraine	Accounting Chamber
United Kingdom	National Audit Office

## *Appendix II*

### *EUROSAI WGEA Steering Committee*

#### *Structure and function*

#### EUROSAI WGEA STEERING COMMITTEE *Structure and function*

##### *Object*

The EUROSAI WGEA Steering Committee's object is to provide strategic direction and operational support to the work of the EUROSAI WGEA.

##### *Composition*

The EUROSAI WGEA Steering Committee may consist of a total of 10 members and observers.

##### *Members*

The EUROSAI WGEA Steering Committee members should represent a variety of methodological approaches to environmental auditing and represent a wide variety of countries or areas in Europe. The SAI acting as Chair of the EUROSAI WGEA should serve as Chair of the Steering Committee.

##### *Observers*

Observers are included for the benefit of maintaining good relations with relevant organisations and with SAIs in charge of major projects. The SAI chairing the INTOSAI WGEA is an observer in the Steering Committee.

##### *Term of office*

The EUROSAI WGEA Steering Committee members' term of office coincides with the duration of each EUROSAI WGEA Strategy and Activity Plan.

## **APPENDIX 5: RESULTS OF THE MEETING EVALUATION**

On a scale from 1 to 5, the participants in the 9<sup>th</sup> Annual EUROSAI WGEA Meeting awarded the meeting an overall score of 4.9. The rating for relevance to participants' daily work was 4.6, quality of group work 4.5 and the quality of presentations 4.7. The rating for information received prior to the meeting was 4.9 and the quality of the meeting facilities stood at 4.9.

