

**EUROSAI WGEA SEMINAR  
AUDITING WATER MANAGEMENT  
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# **Experiences of SAO in auditing water management**

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# Auditing in water management

## **Finished:**

No. 08/22 - **Funds allotted for wastewater treatment**

No. 09/20 - **Funds spent on anti-flood measures and on prevention in areas endangered by adverse climate changes**

## **In progress:**

No. 12/27 - **Funds earmarked for anti-flood prevention programmes**

## **According to the Audit plan:**

No. 13/21 - **Funds of the Operational Programme Environment earmarked for wastewater treatment**



# Details on auditing operation No. 08/22

- **Title of the audit:** Funds allotted for wastewater treatment
- **Performance of the audit:** June 2008 – February 2009
- **Type of the audit:** regulatory compliance, performance
- **Audited bodies:**
  - ✓ Ministry of Environment („MoE“), Ministry Of Regional Development, Ministry of Agriculture („MoA“)
  - ✓ State Environmental Fund of the Czech Republic
  - ✓ Other selected beneficiaries of financial assistance (towns and water management operators)



# Details on auditing operation No. 08/22

- **Aim of the audit:**

Auditors aimed at investment ventures developed in the field of waste-water treatment within the period from 2004 to 2008 and their formal correctness and accuracy. The auditors focused also on the administration of European Union funds and the implementation of corrective measures, which had been taken on the basis of the previous audit.

- **Audit criteria**

- ✓ Act No. 218/2000 Coll., Budgetary Rules
- ✓ Act No. 137/2006 Coll., on Public Contracts



- **Audit findings:**

The objective of the Council Directive 91/271/EEC is to protect the environment from the adverse effects of urban waste water discharges and discharges from certain industrial sectors and concerns the collection, treatment and discharge of domestic waste water, mixture of waste water, and waste water from certain industrial sectors. The Czech Republic signed to implement the Directive before accessing to the EU and the Directive should be implemented by December 31, 2010.



# Details on auditing operation No. 08/22

- **Audit findings:**

Overall 314 agglomerations have not met the Directive conditions yet, 50 of them (including Prague) have not succeeded to prepare the necessary documents. It was clear that the implementation will not be accomplished by the end of 2010 because the preparation and realization stages usually last for certain periods.

As European Commission had not clearly defined some basic terms, the MoA and the MoE developed their own strategy, which may not be suitable for the Commission and there are doubts that the Commission would decrease the allotment from the EU funds.



- **Audit findings:**

According to the financing strategy from 2007, the water building projects would draw almost CZK 24 milliard from Operational Programme Environment. The MoE made an analysis, which concluded that the allotment from the EU funds would shorten by some CZK 8.5 milliard, because of the deals, which had been closed between the infrastructure's owner and the administrator and designated by the EU as violations of the best practice principles.



# Details on auditing operation No. 09/20

- **Title of the audit:** Funds spent on anti-flood measures and on prevention in areas endangered by adverse climate changes
- **Performance of the audit:** August 2009 – March 2010
- **Type of the audit:** regulatory compliance, performance
- **Audited bodies:**
  - ✓ Ministry of Environment („MoE“)
  - ✓ Czech Hydrometeorological Institute, Czech Geological Survey, T. G. Masaryk Water Research Institute
  - ✓ Other selected beneficiaries of financial assistance (towns and municipalities)





# Details on auditing operation No. 09/20

- **Aim of the audit:**

Auditors scrutinized the property's acquisition, modernisation, and reconstruction as well as the implementation of the anti-flood measures within the period 2004–2008.

- **Audit criteria:**

- ✓ Act No. 218/2000 Coll., Budgetary Rules
- ✓ Act No. 137/2006 Coll., on Public Contracts
- ✓ Act No. 563/1991 Coll., on Accounting
- ✓ Act No. 513/1991 Coll., Commercial Code



# Details on auditing operation No. 09/20

- **Audit findings:**

The strategy of anti-flood prevention measures in the Czech Republic, elaborated by the MoE, was not reviewed from 2003 till the end of the SAO auditing operation. This situation was partly caused by the fact that the MoE had not set measurable goals that could influence the existing principles and priorities of the strategy.

The goals were set improperly and were not factual. It was not possible to measure the achieved goals and an effective assessment of the audited programmes was hard to produce. Final assessments usually omitted analyses of the achieved goals and cost effectiveness regarding the state budget.



- **Audit findings:**

In violation of the programme financing principles, Czech Hydrometeorological Institute utilized the state budget funds for assistance toward operations because of the generalized definitions of the programme goals.

Flaws of the funding systems were mainly caused by poor definitions of the programmes objectives. Consequently, insufficiencies of the programmes final reports were found and the programmes were assessed only as a matter of form. Such a state deepens the acute need for effective allocations of public funds.



# Details on auditing operation No. 12/27

- **Title of the audit:** Funds earmarked for anti-flood prevention programmes
- **Performance of the audit:** October 2012 – July 2013
- **Type of the audit:** regulatory compliance, performance
- **Audited bodies:**
  - ✓ Ministry of Agriculture
  - ✓ Selected beneficiaries of financial assistance



# Details on auditing operation No. 12/27

- **Aim of the audit** - to scrutinize:
- the provision, expenditure, and utilisation of funds from programmes earmarked for anti-flood prevention
- the system for assessing the anticipated and achieved programme results
- evaluation of programmes
  - evaluation of process - Does the programme work as it was intended?
  - evaluation of outcomes - Does the programme reach its goals?
  - evaluation of impacts - What is the contribution of the programme to intended goals?



# Details on auditing operation No. 12/27

- **Audited bodies:**
  - ✓ Ministry of Agriculture
  - ✓ Selected beneficiaries of financial assistance
- **Audit criteria:**
  - ✓ Act No. 218/2000 Coll., Budgetary Rules
  - ✓ Act No. 137/2006 Coll., on Public Contracts
  - ✓ Act No. 563/1991 Coll., on Accounting
  - ✓ Act No. 513/1991 Coll., Commercial Code
  - ✓ Selected anti-flood prevention programmes



# Details on auditing operation No.13/21

- **Title of the audit:** Funds of the Operational Programme Environment („OPE“) earmarked for wastewater treatment
- **Performance of the audit:** May 2013 – January 2014
- **Audited bodies:**
  - ✓ Ministry of the Environment
  - ✓ State Environmental Fund of the Czech Republic
- **Audit criteria:**
  - **Efficiency** - setting up and performance of OPE management
  - **Effectiveness** - setting up and fulfilling of indicators and objectives of OPE



# Thank you for your attention!

