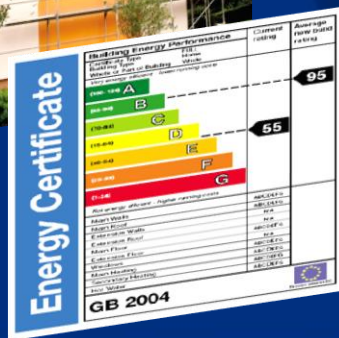


EUROSAI WGEA
SEMINAR ON BEST PRACTICE IN ENVIRONMENTAL AUDITING
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Implementation of GIS in the CR: Audit evidence and criteria – experiences from the audit

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Details on audit

- **Title of the audit:**

Trading of surplus Assigned Amount Units and use of such funds received from the trading

- **Auditees:** Ministry of the Environment (MoE),

State Environmental Fund of the CR (SEF)

- **Covering:** the period of 2009-2010

- **Launched:** September 2010

- **Concluded:** May 2011



Trading of AAUs

- **Background of emission credits trading:**
 - Kyoto Protocol
 - International Emission Trade
 - Green Investment Scheme (GIS)
- **Situation in the Czech Republic:**
 - 100 million of surplus AAUs, up to CZK 25 billion
 - Green Savings Programme (GSP)



Green Savings Programme (GSP)

- Launched in April 2009
- Administered by the State Environmental Fund
- Funded from gainings from the emission credits trade
- Originally focused on households, public sector buildings added
- Promotion of energy efficiency, heat production from renewable resources, passive energy buildings construction and capacity building



GSP – availability of support

Areas of subsidy	Available for the owners of
Energy savings in heating (thermal insulation)	family houses, multiple-dwelling houses, multiple-dwelling panel houses
Construction in the passive energy standard	family houses, multiple-dwelling houses
Renewable energy sources for heating and hot water preparation (low-emission biomass-fired sources and efficient heat pumps, solar thermal collectors)	family houses, multiple-dwelling houses, partially multiple-dwelling panel houses
Energy savings in heating (thermal insulation) – public sector buildings	public sector buildings

<http://www.zelenausporam.cz/sekce/582/about-the-green-savings-programme/>



Expected GSP benefits (compare 2013/2008)

- Reduction in CO₂ emissions (also the GSP target): 1.100.000 tons
- Reduction in local dust pollution: 2.200 tons
- Increase in heat generation from renewables: 3.7 PJ
- Increase in energy savings in heating: 6.3 PJ
- Creation or retention of 30.000 jobs
- Improvement of housing conditions for 250.000 households



Audit objective

The examination of:

- 1) the AAUs surplus trading and
- 2) the setting of The Green Savings Programme in the Czech Republic



Key audit questions (Issue analysis)

- 1) Did MoE set up the emissions trading scheme properly on the national level so it ensures maximum benefit for green savings activities?
- 2) Does SEF provide efficient utilization of time-limited funds received from the international emission trading scheme?



Findings 1

- Target values of CO₂ emissions savings were not defined as binding
- Criteria for assessing the efficiency of applications were not defined
- Target values of expected benefits were not monitored at all
- Timely and reliable information about the substantive and financial development was not available



Findings 2

- The administration of application was not monitored and assessed, it was delayed
- Tenders either failed to demonstrate economical benefits or resulted in uneconomical expenditure
- Programme's conditions were changed
- Monitoring Committee did not fulfil its obligation to oversee the implementation and assessment
- Management Committee did not take a timely action to suspend applications' submission



1) AAUs surplus trading

- Economy
 - costs of consultants.
- Efficiency
 - setting up and adherence to rules,
 - AAUs registering process,
 - financial management of received funds.
- Effectiveness
 - trading strategy,
 - monitoring and evaluation.



2) Green Savings Programme

■ Economy

- administrative issues and costs, incl. contracted partners.

■ Efficiency

- setting up and fulfilling of set indicators.

■ Effectiveness

- setting up and fulfilling of objectives – maximalization of greening effects and other benefits.



Sources of audit criteria 1

International agreements

- **The United Nations Framework Convention on Climate Change** (CZE ratification in October 1993);
- **UNFCCC Kyoto Protocol** (CZE signature in November 1998, CZE ratification in November 2001);
- **Bilateral arrangements on co-operation** regarding the implementation of the UN Framework Convention on Climate Change and its Kyoto Protocol in accordance with Articles 6 and 17 of the Kyoto Protocol.



Sources of audit criteria 2

National legislation

- Act No. 388/1991 Coll., on the State Environmental Fund of the Czech Republic
- Act No. 695/2004 Coll., on terms of trading with and handling greenhouse gas emission allowances;

Policies and programme documents

- Green Savings Programme (contracts of purchase, Programme documents, incl. Guidelines for Applicants, internal regulatory documents)
- National Energy Efficiency Action Plan; The National Programme for Economical Energy Management and Use of Renewable and Secondary Energy Sources;



Audit evidence

- **Documentary sources of evidence:**
 - unreliable managerial evidence (e.g. expenses reports, calculations),
 - confidentiality about AAUs purchases (contracts with purchasers, internal MoE communication).
- **Analytical sources of evidence:**
 - not ready/available data – provided access to Programme´s information system in order to verify evidence by SAO.



Obstacles

- Confidentiality of the AAUs surplus trading procedure
- The absence of information: high staff turnover, incomplete archives
- Changing situation: Programme was in the middle of its run during the audit
- Difficult assessment of efficiency: data on emission savings insufficient and incomparable
- Difficult assessment of effectiveness: no interim target values set for emission savings



Conclusion of the audit

Follow-up

- internal audit of MoE (spring 2011) confirmed audit findings

Final audit report

- published in May 2011, incl. recommendations

GSP time-schedule

- in operation until 31 December 2012



Thank you for your attention!

