



EUROSAI

Working Group on
Environmental Auditing

NEWSLETTER 1/2010

MESSAGE FROM THE CHAIR



Dear colleagues,

It is my great pleasure sending you this edition of the EUROSAI WGEA newsletter. In its new design it carries interesting updates from our members. The new visual identity has been created in connection with the development of the working group's new website launched in June this year. I hope you will find the website relevant to your daily work.

In March this year we organised at the EEA' premises in Copenhagen a Climate Change Seminar. I would like to use this opportunity thanking all participants for their contributions to presentations, discussions and workshops. I'm grateful for all the thorough and extensive work done by the European Supreme Audit Institutions within this area and for the willingness to sharing experiences with colleagues. Climate change issues have and still will receive great attention among the SAIs. It is encouraging to take note of the interest expressed in my initiative for a cooperative audit on adaptation to climate change. In the coming months I hope we will be able to identify a common ground for the cooperation and consequently launch the project.

The Secretariat and the Netherlands Court of Audit are preparing for the annual meeting which will be held in the Netherlands this autumn. Among the interesting agenda items are sustainable energy and impact of environmental audits. I am pleased to inform you that keynote speakers from the United Nations Environment Programme and the International Energy Agency have confirmed their participation.

Finally, I want to wish you happy summer holidays and will be looking forward to seeing you in the Netherlands in October.

Sincerely yours,

Jørgen Kosmo

Chair of EUROSAI WGEA
Auditor General of Norway

UPCOMING EVENTS

The 8th annual EUROSAI WGEA meeting, Texel, Netherlands

The meeting will be held 5-7 October 2010. The main topics of the meeting are related to sustainable energy and impact of environmental audits. Experts from the United Nations Environment Programme (UNEP) and the International Energy Agency (IEA) are among the invited speakers.

Prior to the annual meeting, on 4 October, a training seminar based on the INTOSAI guide on how to audit sustainable energy will be organised. We are very grateful to our colleagues from the Supreme Audit Office of the Czech Republic who will carry out the training.

We encourage you to prepare information material, posters and/or handouts, to the Information sharing market to be organised on the last day of the meeting. This is an excellent opportunity to exchange information with your colleagues on recently conducted, ongoing or planned environmental audit activities.

Updated information about the meeting will be posted on the website.



NEWS FROM MEMBERS

Czech Republic

Financial means allotted to support programmes for energy production from renewable energy resources

The Supreme Audit Office of the Czech Republic performed in the year 2009 an audit with the title: “*Financial means allotted to support programmes for energy production from renewable energy resources*”. The scope of the audit was the State Program in Support of energy savings and use of RERs. Among the audited bodies were the Ministry of Industry and Trade, the Ministry of Environment, the State Environmental Fund of the Czech Republic, the Investment and Business Development Agency CzechInvest, the Pardubice Region, and four local municipalities. The audit identified findings such as:

- Inapproachability of an indicative objective of 8% share of energy generation from renewables on gross domestic electricity consumption in 2010.
- Audited programme contributes only to a little increase of the volume of energy production from RERs.
- The existing analysis mentions the fact that in our country biomass has the biggest development potential. Unfortunately, the State Energy Policy doesn't reflect such a potential of the biomass.
- The price regulation guarantees profitability of all kinds of RERs.
- The support of resources with the highest investment demands increases significantly the price of electricity.
- State conception for setting the priorities for utilization of individual RERs and for targeted funds direction is missing.

For more information, please contact Ms Helena Vorbova, Helena.Vorbova@nku.cz

Georgia

Coordinated parallel audit of protection of the Black Sea against pollution

The Chamber of Control of Georgia is taking part in the coordinated parallel audit of protection of the Black Sea against pollution.

This cooperation shall be based on the rules contained in the official publication by the INTOSAI Working Group on Environmental Auditing titled “Cooperation between SAIs, Tips & Examples for Cooperative Audits”.

The scope of the audit shall be:

- implementation of international agreements regulating pollution of the Black Sea marine environment, in particular, the Convention on the Protection of the Black Sea Against Pollution;
- organization efficiency of the national system for control, prevention and consequences of the elimination of marine environment pollution;
- utilization efficiency of the public funds allocated to protection of the Black Sea basin waters against pollution;
- implementation of international collaborative projects on protection, monitoring and assessment of the waters quality in the Black Sea catchment area.

The Cooperating Parties can decide on limiting or expanding their audit scope at the national level.

For further information, see news from the SAI of Ukraine on Black Sea experts meeting in Kyiv, or please contact George Kapanadze, kapanadze.ccg@gmail.com

Hungary

Water protection with wastewater management

The performance audits on environmental protection and the utilization of EU funds play a central role in the strategy of the State Audit Office of Hungary. As such we audited, beside other environmental audits, the wastewater management projects' realizations in 2009.

This audit's goal was to assess whether wastewater management projects co-financed by the Cohesion Fund (CF) have effectively and efficiently served the achievement of Hungary's wastewater management goals and the utilization of the relevant resources.

In Hungary, local governments of settlements received a total grant of HUF 591.5 billion (deriving from EU and national funds) under the budgetary title 'wastewater utility development' from the year 2000 till the end of 2008. ISPA (Instrument for Structural Policies for Pre-Accession)/CF grants and additional national co-financing accounted for 34.5% of the total funding for wastewater utility developments in the framework of 10 projects that totaled HUF 204.3 billion.

With an implementation of the initial plans, the projects would expectably create a total wastewater management capacity of 656 thousand m³/day (22% of the 2006 national capacity); establish new and reconstruct old drainages. In addition, it is also planned to establish and reconstruct mains to utilize an additional (sludge) composting capacity and renovate sheathings.



Our findings included that the 10 audited projects contribute to the improvement of wastewater management and promote compliance with EU requirements, but the planning practice lacked a single set of criteria. The projects started with a delay of one and a half year on average, and are expected to be completed two and a half years later than scheduled. The wide variance in actual costs of the projects compared to the initial budgets (even 50% lower or 43% higher than planned) draws attention to the shortcomings in the planning and budgeting systems and cost management.

For further information please visit [http://www.asz.hu/ASZ/jeltar.nsf/0/3609940ACDDBB8AEC12576EB0034E664/\\$File/0948_Wastewater_Management.pdf](http://www.asz.hu/ASZ/jeltar.nsf/0/3609940ACDDBB8AEC12576EB0034E664/$File/0948_Wastewater_Management.pdf) (English) or contact the International Department of the SAO of Hungary at international@asz.hu.

Latvia

Efficiency of operations of the Environmental and Agricultural Funds financed from the State Budget resources

The State Audit Office of the Republic of Latvia (SAO) has conducted a regularity audit “Efficiency of Operations of the Environmental and Agricultural Funds financed from the State Budget resources“, covering time period from 1 January 2008 up to 1 July 2009.

81.2 % of the total funding has been used to finance standard functions of public institutions and only 19.8 % have been allocated to non-governmental organisations and entrepreneurs for achievement of socially beneficial objectives.

Moreover, in SAO’s opinion, it is not acceptable that resources of public institutions are being inefficiently used to draft and submit project applications for calls for proposals on obtaining financing from funds for implementation of standard functions, if such functions are considered to be necessary.

The SAO indicates that operations of a number of similar funds performing the same function, namely - project administration, are currently being regulated by differing norms and regulations of different hierarchical levels and follow significantly different operational principles resulting in differing approaches to monitoring of utilisation of the state budget. For example, some funds check supporting documents for payments and perform on-the-spot checks while other funds do not perform any checks at all after contracts with beneficiaries are signed, etc.

The objectives of the audited funds are quite similar, therefore similar projects may obtain funding from a number of Funds, which embarrasses overall monitoring and coordination as well.

The SAO therefore indicates the need to re-assess institutional optimisation of several funds – Latvian Environmental Protection Fund, the Forest Development Fund, the Fish Fund and the Hunting Management Development Fund.

For more information, please contact Ms Daiga Goba, Daiga.Goba@lrvk.gov.lv

Netherlands

Large coastal defence programme

In the Netherlands, adaptation to climate change takes the form of protecting the Dutch coast and river regions against a rise in the sea level. The Netherlands Court of Audit has recently performed an audit on a large coastal defence programme, which involves strengthening the seawalls and making improvements in the spatial environment at the same time. We concluded that this approach led to 15% higher expenditures on coastal defences than is required merely to comply with the relevant safety criteria. Furthermore, we identified some points that should be taken into account in flood management projects undertaken in the future. Among them are the importance of providing clarity about the distribution of funding among local government bodies, cost control by regional water authorities, knowledge management and demand and supply for consolidation sand.

The letter and the poster with our audit results are available in English and can be found at our website <http://www.courtsofaudit.com/english>.

For more information, please contact Mr. Edward Elferink, e.elferink@rekenkamer.nl.

Norway

Investigation into target achievement in climate policy

In April 2010 the Auditor General of Norway published an audit report on the implementation of Norway’s mitigation policy. The goal of the investigation was to assess goal achievement in relation to Norway’s international climate commitments and the authorities’ work on implementing the climate policy decisions of the parliament.

The audit concludes that the Kyoto target most likely will be met through enterprises’ purchases through the emissions trading scheme, but in the Office of the Auditor General’s opinion, it will be necessary to intensify the efforts in order to achieve the Norwegian emission reduction target for 2020. The investigation shows that the carbon tax has contributed significantly to curbing the increase in emissions from the petroleum sector, but, all in all, this instrument has not contributed much to reducing emissions in other sectors. In the Office of the Auditor General’s opinion, the cross-



sectoral policy instruments, in their current form and given the present allowance prices, will not be sufficient to reach the national emission target for 2020.

The investigation found major weaknesses in the way in which the various ministries fulfill their sector responsibilities. The sector ministries have only to a small extent or not at all operationalised climate goals through working targets and specification of the use of policy instruments, or issued management signals about climate targets to subordinate agencies. The investigation shows that many targets that could help to reduce greenhouse gas emissions will not be achieved. In the Office of the Auditor General's opinion, this makes it more difficult to achieve the national climate targets.

A purchase programme has been established under the Ministry of Finance to help to achieve the target of strengthening the Kyoto Protocol commitments. The contracts signed so far for allowance purchases will not be enough to strengthen the commitment. However, the target can be achieved by purchasing more expensive allowances. The investigation shows that the actual emission reductions resulting from projects carried out via CDM are uncertain.

For more information, see the English version of the report: http://www.riksrevisjonen.no/SiteCollectionDocuments/Dokumentbasen/Dokument3/2009-2010/Documentbase_Doc_3_5_2009_2010.pdf

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

The efforts of the authorities to limit flood and landslide hazards

Large parts of Norway are naturally at risk of floods and landslides. The risks may increase with climate change. Prevention is an important task for the authorities.

The investigation shows a varying degree of national mapping of flood, quick clay and landslide hazards. At the end of 2008, there were nearly 66,000 buildings in the mapped hazard areas, and about 160,000 people lived in these areas. Some of these maps are not sufficiently known among the municipalities and county governors. None of the present national mapping projects take climate change into consideration.

A number of municipalities are unaware of their legal liability. Many of them lack flood and landslide expertise, and they have not received the help they need from government agencies. The investigation also shows that county governors and municipalities do not know how to take climate changes into consideration in their work on limiting flood and landslide hazards.

In the Office of the Auditor General's opinion, inadequate knowledge of maps, insufficient expertise in their use and unclear understanding of the municipalities' responsibility are serious matters that require targeted and active government efforts in parallel with the development of Norwegian Directorate of Water Resources and Energy (NVE) as the responsible agency in this field.

For more information, see the English version of the report: http://www.riksrevisjonen.no/SiteCollectionDocuments/Dokumentbasen/Dokument3/2009-2010/Documentbase_3_4_2009_2010.pdf

For further information, please contact Mr Yann de Caprona, yann-de.caprona@riksrevisjonen.no

Slovenia

Audits on radioactive waste disposal

Slovenia is one of few countries which operates a nuclear power plant, that has not established the permanent repository for low and intermediate level radioactive waste (hereinafter: LILW) yet. The site selection process for the repository should have been entirely completed by 2008 and the repository built by 2010. Due to delays that occurred during the site selection process it is unlikely that the repository will be established before 2013. This might cause safety problems at temporary disposal of the LILW. The Court of Audit carried out two audits in which it examined efficiency of the site selection process and efficiency and effectiveness of raising funds to establish the repository. The reports are expected to be published by the end of 2010.

The main audit questions were:

- was the site selection procedure of the LILW repository managed in a way that the most appropriate site would be selected in a due time;
- was the procedure to acquire and retain public acceptability of the LILW repository carried out transparently;
- were the terms of raising the funds to establish the repository set in a way to assure the required amounts when needed and were the objectives set for managing these funds fulfilled?

For more information, please contact Ms Jerneja Vrabic Jerneja.Vrabic@rs-rs.si

United Kingdom

Following the General Election in May, the UK now has a new Coalition Government. The Government's initial policy



statement put forward a number of new initiatives on environmental issues including: pushing the EU to increase its carbon reduction targets, introducing a floor price for carbon, and making efforts to persuade the EU to move towards full auctioning of ETS permits; increasing the UK target for energy from renewable sources; and measures to halt the loss of biodiversity.

The UK NAO will shortly be producing briefings for the new Parliament drawing on our work on the Departments of Energy and Climate Change and Environment, Food and Rural Affairs plus briefings on sustainable development, environmental protection and the energy market.

We published a report “Government funding for developing renewable energy technologies ” on 10 June. This report examined the delivery and performance of direct support using public funds for the development, demonstration and deployment of renewable energy technologies, focusing on electricity and heat generating technologies.

In March, we published “Defra’s organic agri-environment schemes”. This report looked at whether government financial support to farmers achieved environmental benefits and the quality and efficiency of Scheme administration.

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

Ukraine

Black Sea experts team meeting in Kyiv

On June 23, 2010 the Accounting Chamber of Ukraine as the Audit Coordinator organized the Expert Team Meeting for the Coordinated Parallel Audit of Protection of the Black Sea against Pollution. SAIs of Georgia, Romania, the Russian Federation and Turkey came to Ukraine to report on the status of their national audits and discuss issues related to the preparation of the Joint Audit Report.

This collaborative effort was officially presented by the SAI of Ukraine in 2009, Bulgaria, during the annual meeting of the EUROSAI Working Group on Environmental Auditing. So far the participating SAIs have already accepted the Common Position and started planning and carrying out their national audits. This Audit is to be finalized in 2011 by signing the Joint Audit Report.

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

EUROSAI Task Force reports on the progress of its projects implementation

On June 24-25, 2010, the Accounting Chamber of Ukraine hosted II Meeting of the EUROSAI Task Force on the Audit

of Funds Allocated to Disasters and Catastrophes. The event was attended by 15 member SAIs, the representatives of the Ukrainian authorities as well as international organizations.

The meeting agenda included discussion of the preliminary results of the Task Force projects set up under the 2009-2011 Work Plan, i.e. glossary of audit terms, disaster-related audits database, as well as presentation of the two audits initiated within the Task Force activities.

The meeting participants had an opportunity to share information and discuss common challenges on such topics as the early warning and disaster response systems and prevention and consequences elimination of man-caused disasters in an industrial sector. The meeting focused in more detail on auditing methodology for disaster-related issues; the vision and probable structure of the Methodological recommendations in this field are going were presented and discussed.

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

The European Court of Auditors (ECA)

Overcapacity of the fishing fleet

The European Commission is in the process of preparing proposals to reform the Common Fisheries Policy (CFP). One of the main problems facing the CFP, which should be addressed by this reform, is overcapacity of the fishing fleet. It’s no surprise therefore that the European Court of Auditors is currently auditing the EU’s measures to reduce overcapacity of fishing fleets. The audit results will contribute to the CFP reform process. This audit follows the Court’s Special Report 7/2007 which was highly critical of controls and inspections of the Common Fisheries Policy.

As well as visiting Member States, the Court’s current audit also included a visit in May 2010 to Norway. The purpose of the visit was to better understand Norway’s fisheries policy and in particular its fleet structure and fishing rights policy.

A delegation from the Court visited the Norwegian Directorate of Fisheries, the National Audit Office, and private sector stakeholders. The visit to the National Audit Office enabled auditors from both organisations to have a very useful exchange of views and experiences on the audit of fisheries policy.

For more information, please contact Mr Armando Do Jogo, Armando.Jogo@eca.europa.eu



NEWS FROM SUB-TARGET GROUPS

Nordic group

Meeting of the EUROSAI WGEA Sub-group in Stockholm

On February 25th, the EUROSAI WGEA Nordic Sub-group met in Stockholm for a working meeting. During that day, brief presentations from each SAI were made on recently finished audits. The presentations included audit questions, summary of findings and conclusions and recommendations. The representatives from the Nordic SAIs then presented and discussed planned audit activities for 2010 and ideas of possible future audits. In addition, it was decided that the members of the sub-group will inform each other when audits in this area have begun and also when such audit reports have been published.

For more information, please contact Mr Fredrik Engström
fredrik.engstrom@riksrevisionen.se

NEWS FROM THE INTOSAI WGEA

The INTOSAI Working Group on Environmental Auditing (WGEA) gathered for the 13th time from 7 to 11 June 2010 in Guilin, Guangxi Autonomous Region, People's Republic of China.

This was the first time we had an Assembly meeting in the ASOSAI region - 127 participants from 56 countries attended, including 11 Heads of Supreme Audit Institutions.

The main topics addressed at the working group meeting included the main topics of the current working period such as climate change, sustainable energy, fisheries, forestry, mining and environmental accounting. Interactive parallel sessions on projects with tutorials and SAI presentations from 22 countries were held. Additionally, a separate day was dedicated to the central theme – climate change. The feedback questionnaire showed that these kind of interactive sessions are much appreciated and are also one of the main learning parts of the meeting.

INTOSAI WGEA has looked forward to 2010 with great anticipation. It is the ending year of the current working period and it has been a productive one. INTOSAI WGEA 2008-2010 work plan has been the most extensive and ambitious one since the establishment of the Working Group

in 1992. During the work period from 2008 to 2010 INTOSAI WGEA has been dedicated to:

- Develop new audit guidelines on the following:
 - climate change (Norway)
 - sustainable energy (Czech Republic)
 - forestry (Indonesia)
 - mining (Tanzania)
 - fisheries (South Africa)
 - study on environmental accounting: current status and option for SAIs (United States)
- Premier the handbook for auditors on auditing multilateral environmental agreements in cooperation with the UNEP (United Nations Environment Programme)
- Conduct the global coordinated audit on climate change (Canada)
- Encourage regional cooperative audits
- Develop the biodiversity auditing training course and web page (Brazil and Canada)
- Conduct the annual collection of environmental audits and the sixth survey (Estonia)
- Publish Greenlines newsletter (USA)

During the WG13 meeting all new guidance materials were approved and other projects adopted. We thank all who have made contribution to it.

We would especially like to thank the projects' leaders of this work plan period - the SAIs of Brazil, Canada, Czech Republic, Indonesia, Norway, South-Africa, Tanzania and the United States. Those SAIs great merit is that today we have seven additional new documents as well as web applications and joint audits to share with you all. The projects' leaders, the UNEP and all Steering Committee members have worked selflessly engaging sub-committee members and experts to collect the best environmental knowledge and practice. And we owe special thanks to the SAI of New Zealand for proof-reading the documents.

While adopting the projects and finalizing the work plan 2008 – 2010 the Working Group developed a new work plan for 2011 – 2013 and SAIs signed up for the future projects. You can access the Work plan on our website www.environmental-auditing.org.

We believe that now that we have guidance documents and dedicated new projects' leaders we will surely have three interesting and important years ahead of us.

We are looking forward to meet you all in Buenos Aires, Argentina in November 2011 when the next Working Group meeting will take place.

For more information, please contact the INTOSAI WGEA Secretariat, Ms Kairi Raudsepp,

Kairi.Raudsepp@riigikontroll.ee



FROM THE SECRETARIAT

The EUROSAI WGEA website

We are very pleased to inform you that the new EUROSAI WGEA website has been launched and the new web-address is www.eurosaiwgea.org. The new website has public pages and password protected pages for members only. The username and password will together with information on the content of the website be distributed by email to the EUROSAI WGEA's members. All relevant information will be posted on the website and we encourage all of you to send us reports or news from your SAI to be published on the website. We also encourage you to give us your comments and would be very pleased if you have ideas of types of information that you would like to find on the website.

The EUROSAI Training Committee (ETC) meeting in Paris, May 2010

On May 10th and 11th the EUROSAI WGEA secretariat attended the XVIII EUROSAI Training Committee meeting. The secretariat made a report on activities carried out in the working group since last ETC meeting in January 2009. In addition we shared our experiences and lessons learned related to organising meetings and seminars.

For more information about ETC, please see the EUROSAI website: www.EUROSAI.org.

The EUROSAI WGEA meeting at the 13th meeting of the INTOSAI Working Group on Environmental Auditing, China, June 2010

During the 13th meeting of the INTOSAI WGEA, the EUROSAI WGEA secretariat organised a regional meeting among the participants from the EUROSAI region. 20 participants from 11 SAIs attended the meeting. The discussion topics were related to Goal 1 and Goal 2 - research projects and cooperatives audits - in the INTOSAI WGEA Work Plan for 2011-2013. The objectives were to reflect on added values, share experiences and to identify ideas and topics for cooperative audits. As an introduction to the discussion, Ms Airi Andresson from Estonia shared her experiences from cooperative audits. In addition, the participants discussed potential topics for research projects. The participants presented their SAI's near future priority areas within environmental auditing. We would like to thank all the delegates for their active participation and contribution to the meeting.

EUROSAI WGEA seminar on Auditing Climate Change, Copenhagen, 23-24 March 2010

This seminar was held in facilities provided by the European Environment Agency (EEA) in Copenhagen, and 58 participants from 26 SAIs participated. Altogether there were 30 presentations where two of them were held by speakers from the EEA. The focus was on practical audit issues such as scope, audit questions, methodology and criteria.

The first day of the seminar was devoted i.a. to presentations by external experts from the EEA, presentations of audits on climate change under EUROSAI and INTOSAI, and presentations of INTOSAI WGEA guides on climate change and sustainable energy.

During the second day of the seminar there were three separate workshops on flexible mechanisms, climate change adaptation and energy issues from a climate change perspective. Reports from the workshops indicate lively discussions and fruitful debates on common challenges audit institutions are facing within the three selected topics. The workshops were also great venues for audit institutions to present performed audits and findings for inspiration to others. The meeting must be considered a success based on positive feed-back from participants reflected in the evaluation of the seminar. The secretariat is very thankful that so many members of the EUROSAI WGEA made presentations and willingly shared their knowledge on the issue of climate change.

Survey

The EUROSAI WGEA secretariat is preparing a short survey about our members' needs and priorities in the year to come. This survey will be sent by the end of August.

Contact information

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

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