



# EUROSAI

Working Group on  
Environmental Auditing

## NEWSLETTER 1/2015

### MESSAGE FROM THE CHAIR



Dear Colleagues,

It has now been a year since the National Audit Office of Estonia was appointed the chair of EUROSAI WGEA. We are certainly utmost proud of the high level on environmental auditing in Europe and the good cooperation within this

network so far. However, we cannot rest on our laurels and thrive for further growth – both in quantity and in quality.

In the first half of this year, the working group has placed a great emphasis on energy issues. In order for the European Energy System to work, it needs to transform according to consumers' needs and technical innovations. Just now, the European Commission is discussing the redesign of the European electricity market, to update energy efficiency labelling and to revise the EU Emissions Trading System.

It is the same kind of mentality that we should to keep within EUROSAI WGEA. Always aim to move, change, and develop.

Therefore, I wish you continuing enthusiasm in your professional endeavours. I am very much looking forward to welcoming you to the upcoming EUROSAI WGEA 13<sup>th</sup> Annual Meeting!

Yours sincerely,

Alar Karis

Chair of EUROSAI WGEA

### Reflections on Spring Session on Auditing Energy Issues

The EUROSAI WGEA Spring Session was dedicated on one of the most audited topics within the EUROSAI community – **energy issues**. The seminar was focused on three main aspects of the energy field – energy efficiency, savings and renewable energy.

The energy issues were addressed by key note speeches, various SAI presentations and group discussions. As a result, a few potential energy related fields of interest were identified, that SAIs might consider cooperating on. Such topics include the EU 2020 energy goals, energy efficiency in public sector, energy security, EU common electricity market, energy innovation etc.

During group discussions participants weighed energy related issues to find topics of common interest. Discussions revealed that auditing energy efficiency in public sector could have significant wide scale positive effect as public sector (e.g. buildings, public procurement) is a role model for other sectors. Measuring effectiveness was mentioned as major difficulty and, therefore, benchmarking with other countries could add value.

A number of SAIs pointed out that the EU 2020 goals provide excellent foundation for audit cooperation and several goals fall in the domain of environmental audit.

Energy innovation was discussed as another area where cooperative audit could bring additional value as auditors can discover cross-sector failures, which often remain unnoticed by decision-makers. How successful governments are in their attempts to stimulate innovation, e.g. for developing green energies, storing technologies for solar or wind energy, storing carbon?

EU common electricity market was mentioned as a topic, which calls for cooperation of SAIs.



*Spring Session on Auditing Energy Issues, April 2015*

The seminar was held in Tallinn, Estonia, 23-24 April 2015. The Spring Session was attended by 52 participants from 23 SAIs and 4 external organisations. The report of the meeting will be issued in the end of summer 2015.

The next Spring Session will also be held in Tallinn, 28-29 April 2016. The topic for the 2016 Spring Session will be decided after the next EUROSAI WGEA Steering Committee meeting in October 2015.

### **Reflections on EU Common Electricity Market Seminar**

The EU Common Electricity Market Seminar was an event co-organised by the SAI of Estonia and the EUROSAI WGEA secretariat.

Common electricity market was introduced by a number of presenters from various organisations, e.g. World Energy Council, Nord Pool Spot, Finnish Energy Authority, Estonian Competition Authority.

Participants studied the functioning of EU common electricity market and discussed where SAIs should contribute with audits.

Several countries mentioned that insufficient capacity is the key obstacle for participating in the EU common electricity market. Building new grid is expensive and usually involves participation in support schemes. Lacking strategic decisions slow down the development of energy market. However, in some places where energy market functions well, consumers can enjoy lower prices at times of abundant renewable energy production.

Another issue that raised discussion was formation of tariffs - what makes end-tariff for consumers, are investments included in the price etc. It was noted that benchmarking would add value for audits in this area.



*Seminar participants visiting the ESTLINK2 substation, June 2015*

The seminar was held in Vihula, Estonia, 9-10 June 2015. It was attended by 28 participants from 10 SAIs, ECA and 5 external organisations.



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## UPCOMING EVENTS

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### **INTOSAI WGEA International training on forestry audit 2015**

The Audit Board of the Republic of Indonesia (BPK) in cooperation with INTOSAI WGEA will conduct the training on auditing forest **on 14 – 18 September 2015 at the BPK Training Centre in Jakarta.**

The training aims to support the capacity building of auditors from SAIs in auditing forest using the INTOSAI WGEA Auditing Forest: a Guidance for Supreme Audit Institutions.

*For further information, please contact international cooperation Division of BPK at [international@bpk.go.id](mailto:international@bpk.go.id).*

### **13<sup>th</sup> Annual Meeting**

**The 13<sup>th</sup> Annual Meeting will take place in St. Julian's, Malta, on 6-8 October 2015.**

The 13<sup>th</sup> Annual EUROSAI WGEA Meeting will be dedicated to the topic of **industrial waste and chemicals**. We will also have a cross-cutting audit topic under discussion – this time it will be **reaching the stakeholders**. A training seminar on **auditing environmental impacts of agriculture** will be held one day prior to the annual meeting.

*For further information, please see the EUROSAI WGEA webpage [www.eurosaiwgea.org](http://www.eurosaiwgea.org) or contact the secretariat.*

### **3rd GTF at iCED**

**The 3rd GTF is scheduled to be held 17-30 November 2015.**

The course is titled "Introduction to Environmental Auditing" and consists of modules on environment auditing, sustainable development, biodiversity, climate change, waste issues and water issues.

For SAIs who wish to send participants for this course, the invitation materials can be downloaded at [http://iced.cag.gov.in/?page\\_id=419](http://iced.cag.gov.in/?page_id=419).

*For further inquiries, please contact iCED at [iced@cag.gov.in](mailto:iced@cag.gov.in) and [prasadN@cag.gov.in](mailto:prasadN@cag.gov.in).*



## NEWS FROM MEMBERS

### ENERGY

#### Security of power supply in Poland

##### SAI of Poland

In April 2015, the Supreme Audit Office of Poland (NIK) published a report on the security of power supply based on the audit that took place between May and October 2014. The most important findings relate to the lack of a general incentive system for investments in new generating capacities. This system should be based on the market rules and applied to all entities operating in an electricity market independently of their ownership.

Electricity consumption and the demand for power are gradually rising in Poland. Demand for power will increase to 40GW in 2035 and 41-42GW in the following 10-15 years. According to NIK the production of electric energy will increase from 159TWh in 2015 to about 230TWh in 2030, at an annual rate of about 2.5%. This forecast seems to be overoptimistic as the currently observed increase of electric energy consumption oscillates around 1% per year.

NIK points out that in 2050 only 5GW of existing capacity will be in operation – mainly hydro power stations. In Poland practically all power stations will reach the end of their service lives within the next 40 years.

In 2014, a group of Polish power stations, in cooperation with the Power System Operator (PSE SA) designed a market for power in Poland.

In the long-term perspective, the lack of a systematic instrument which could be used by the state authorities to influence energy producers threatens the security of power supply. Between 2010 and 2014 power companies in Poland cancelled construction of 10 new entities producing energy to be connected to the national network because of high regulation and price risks.

The Minister of Economy, the President of Energy Regulatory Office and the Polish Power System Operator have correctly monitored the power supplies, analysed plans of power providers and assessed the security of supplies. Due to a proper monitoring and analysis of the network functioning it was found out that there is a risk of

temporary power shortage in peaks of demand between 2015 and 2018. NIK assessed as advisable the actions taken by the Polish Power System Operator in order to mitigate the risk of temporary power shortages.

*For further information, please contact Sławomir Grzelak, Director of Department of Economy, Public Assets and Privatization ([Slawomir.Grzelak@nik.gov.pl](mailto:Slawomir.Grzelak@nik.gov.pl))*

#### Sustainable energy production support scheme (SDE+). Feasibility and affordability of policy goals

##### SAI of the Netherlands

In this audit report the Netherlands Court of Audit concluded that it is not realistic to expect the Netherlands to achieve its targets of producing 14% of its energy from renewable sources in 2020 and 16% in 2023 under the current policy. Amending the main policy instrument, the Sustainable energy production support scheme (SDE+), will not be effective because in broad lines it already works relatively efficiently. It is possible to achieve the 2020 and 2023 objectives by reinforcing the SDE+ scheme, but only at the price of a supplementary expenditure. This amounts to € 12,8 billion with Netherlands-based projects only or €9,3 billion if SDE+ is opened up for projects abroad. Other policies, outside the SDE+ scheme, are also imaginable, including not reaching the objectives completely. But anyhow, decisions must be taken now. The Minister of Economic Affairs needs to take a decision on how the Netherlands will achieve the targets agreed internationally with other EU member states and nationally in the Energy Agreement. This report is available in English.

*For further information please contact Ms Willemien Roenhorst at [w.roenhorst@rekenkamer.nl](mailto:w.roenhorst@rekenkamer.nl) at the Netherlands Court of Audit.*



## WATER AND COSTAL AREAS

### **Audit on the protection and recovery of groundwater supplies in the Flemish Region**

#### SAI of Belgium

In the course of 2014, the Belgian Court of Audit examined the way the Flemish authorities used the legal instruments aimed at improving the groundwater such as permits, taxation and the Greywater Decree.

#### *Policy*

The Flemish region is not richly endowed with groundwater supplies. In 2010, groundwater shortages were noticed in 14 out of 42 Flemish groundwater bodies. By the end of 2010, the Flemish Government adopted River Basin Management Plans as well as a Programme of measures 2010-2015 in line with the European Framework Directive and the Decree on Integral Water Policy. However, Flanders requested a postponement until 2021. Flanders implemented the 2010-2015 programme at a rather slow pace. For the Sokkel system alone, the most endangered of all six groundwater systems, it drew up a water extraction run-down scenario. The draft new River Basin Management Plans 2016-2021 conclude that 8 out of 42 groundwater bodies are in poor condition. As from 2016 Flanders will draw up area-specific policies for these groundwater bodies. It will request a further European postponement until 2027.

#### *Instruments*

According to the River Basin Management Plan 2010-2015 the most important measures to improve the groundwater were differentiated permits and taxation along with measures for a rational use of groundwater such as greywater subsidies. The permit policy seems to be fruitful, but it does not cover all groundwater extractions, nor does it provide sufficient legal certainty. The taxation has since 2010 gradually brought about better attuning to groundwater body quantity. Greywater policy on the other hand was far less successful. All three instruments decreased the use of groundwater, especially in the most vulnerable Sokkel system.

*For further information, please contact Mr Christian Leflere ([leflerec@ccrek.be](mailto:leflerec@ccrek.be))*

### **Protection of the Seashores of the Hel Peninsula and the Vistula Split**

#### SAI of Poland

The Supreme Audit Office of Poland (NIK) has audited the effectiveness of the seashore protection against erosion and unjustified human interference in the natural environment. The audit included, among others, the areas protected within the Natura 2000 programme, located in the northern Poland by Puck Bay.

The audit revealed that due to human activity the shoreline of the Hel Peninsula, which is an area of extraordinary natural value, has been changing beyond control. Shallow water, its temperature and strong winds make the Hel Peninsula one of the best water reservoirs for windsurfing and kitesurfing in Europe. This, together with other assets of the Hel Peninsula shoreline, results in an increasing pressure to use the area for tourist purposes.

The serious and still unresolved problem is the conflict between economic goals, aimed to develop touristic infrastructure, and environmental goals, connected with the protection of the natural environment. On the other hand, the lack of consistent activities taken up by public authorities and local government did not allow for sustainable spatial development of the coastal zone along the shoreline.

The audit also showed that people running campsites in the Hel Peninsula lawlessly disturbed the shoreline from the side of Puck Bay. They heaped up beaches to expand their surface without complying with any procedures and beyond control. As a result, the shoreline moved from a few to several dozen metres into the sea on the shoreline section of nearly 4 kilometres.

The lawless expansion of the beaches (by more than 70,000 m<sup>2</sup> between 1997 and 2013) ended in environmental damages, such as destroying the habitats of protected species being part of the Natura 2000 network. Another consequence was devastation of reed beds and dunes which are natural barriers protecting seashores against erosion and floods.

As a result of NIK's audit, the above processes have been stopped. Additionally, the audit recommendations referred to closer co-operation between the central and local government in order to improve protection of the seashores.



For further information, please contact Michal Thomas, Economic Advisor at NIK Regional Branch in Gdańsk ([Michal.Thomas@nik.gov.pl](mailto:Michal.Thomas@nik.gov.pl)).

## Information on conducted audit in the sphere of environmental protection

### SAI of Kazakhstan

In 2014 the Accounts Committee for Control over Execution of the Republican Budget of the Republic of Kazakhstan conducted performance control (audit) of budget funds use and public assets management in “Kazhydromet” RSE under the Ministry of Environment and Water Resources of the Republic of Kazakhstan during which the issues of environmental situation were considered.

Kazhydromet is a large scientific and industrial enterprise which makes short-term and long-term meteorological, hydrological and agrometeorological forecasts, systematic hydrometeorological observations and environment monitoring.

According to the Accounts Committee’s evaluation activities of the National Hydrometeorological Service have a number of system problems and shortcomings.

In particular, despite of the growth of observation stations and posts, coverage of the country’s territory by the observation network is only 59 % of the minimum and is not enough for qualitative and complete assessment of environmental situation, climate changes and to get forecast information as well.

In the south-east region of Kazakhstan hydrological and hydrochemical posts at transboundary rivers, which price is 1.2 bln tenge (6.5 mln USD), collect and process data only by 3 of 25 stipulated indicators of water composition. Inadequate ecological water monitoring does not allow taking complex measures to reduce degree of transboundary rivers pollution.

Local executive bodies do not take mandatory measures to prevent construction of living and office buildings and facilities at the territory of hydrometeorological stations.

According to the control (audit) results the Accounts Committee ordered the Ministry of Environment and Water Resources of the Republic of Kazakhstan and

“Kazhydromet” RSE to take measures to eliminate detected violations, consider responsibility of officials who admitted violations of the current legislation and gave other orders as well.

## WASTE MANAGEMENT

### SAO of Latvia evaluates municipal waste management system

#### SAI of Latvia

The State Audit Office of the Republic of Latvia (SAO) has recently completed an audit examining municipal waste management compliance with objectives and legal requirements.

The SAO concluded that during 01.01.2012 - 30.06.2014 waste producers (including households) in 44 local governments have overpaid **3.6 million euro** for waste management service:

- about 2 million euro were overpaid, as a result of “artificial increase” of weight of the waste collected from the waste producers;
- about 1.6 million euro were overpaid due to illegal collection of the natural resource tax for the waste, which was not actually disposed in landfill sites; instead – it was re-covered and re-used as a result of installation of waste treatment (sorting) lines (according to the national law, the natural resource tax should be imposed ONLY on the waste disposed).

*Waste Manager* issues an invoice to waste producers (including households) IN CUBIC METERS, while *Landfill Sites* receive, weigh and accept waste TONS and their tariffs are calculated as euro per accepted tons. Therefore, in order to issue a final invoice to waste producer, **the Waste Manager converts the amount of waste from tons to cubic meters**. The final price to be paid by waste producers (incl. households) depends on the calculation (conversion) methodology and MANIPULATION with the conversion methodology is possible, thereby making the “artificial increase” of weight of the waste collected from the waste producers.

Contracts signed by local governments with *Waste Managers* in most cases fail to protect interests of local



governments; similarly contracts signed by *Waste Managers* with waste producers (including households) include a number of unfair provisions.

Local governments have not performed sufficient actions to ensure that waste producers sign waste management contracts – 56% of individual households of local governments included in sample have not signed waste management contracts with *Waste Managers*: this means that the households having not signed contracts either (1) pollute environment or (2) dispose their waste in containers of other households; this consequently means that the households having signed contracts are forced to pay also for the households having not signed contracts.

For further information please contact Mr Jānis Salenieks at [Janis.Salenieks@lrvk.gov.lv](mailto:Janis.Salenieks@lrvk.gov.lv).

## NATURE CONSERVATION

### NAO audited the nature conservation management of the valuable semi-natural grasslands

#### SAI of Estonia

The loss of biodiversity and destruction of valuable habitats is a global environmental problem. The European Union has set itself the goal of stopping the decrease in biodiversity by 2020 and created the network of conservation areas called Natura 2000 to achieve the favourable conservation status of valuable natural habitats and species.

One of the richest in biodiversity and valuable group of habitats for many endangered species in Estonia are semi-natural grasslands like coastal meadows, wooded meadows, alvars and floodplains, which are listed also in the annex of EU Habitat Directive. These valuable grasslands need consistent human “intervention” – mowing or herding – for preserving specific conditions necessary for the species depending of these habitats. The ecological condition of these grasslands has deteriorated in recent decades due to the weakening of traditional sustainable and extensive agriculture. As the maintenance of these grasslands is not economically viable for farmers, the restoration, maintenance and establishment of the necessary infrastructure is financially supported by EU

funds (mainly from CAP) and Estonian state budget – ca 40 million euros in 2007-2013.

The NAO found that irrespective of European Union funding, the state has still not managed to maintain the semi-natural grasslands in protected areas to the planned extent. The Ministry of the Environment has not organised the maintenance and restoration of semi-natural communities effectively, as the area that was actually maintained was a one third less of the planned one for 2013 (25 000 ha instead of 35 000 ha). Moreover, it is unlikely that the goals for 2020 and 2030, 45 000 ha and 60 000 ha respectively, will be achieved if the management of these areas will continue in the same manner. There are also problems with the quality of maintenance work and the state has not established adequate supervision over these works.

The NAO of Estonia is of the opinion that the desired goals have not been achieved, as the support schemes of maintenance works do not motivate the farmers sufficiently, the management of nature conservation is split and fragmented between different governmental agencies depending on land ownership which does not guarantee the achievement of environmental goals in protected areas.



Picture: Sheep are used to maintain the semi-natural coastal meadows

For further information, contact Viire Viss at [viire.viss@riigikontroll.ee](mailto:viire.viss@riigikontroll.ee). The full audit report with a summary in English is available on the NAO's website at [www.riigikontroll.ee](http://www.riigikontroll.ee).



<http://www.riigikontroll.ee/Suhtedavalikkusega/Pressiteat ed/tabid/168/557GetPage/1/557Year/- 1/ItemId/804/amid/557/language/en-US/Default.aspx>

## Results of the international cooperative audit of national parks

### SAI of Lithuania

The cooperative audit of national parks was performed in 2013–2014 and involved the SAIs of Bulgaria, Croatia, Denmark, Lithuania, Norway, Poland, and Ukraine.

The main objectives were:

- to assess if national parks are managed appropriately;
- to address the challenges regarding the conservation and protection of biodiversity;
- to evaluate whether public funds are being spent in the best way, allowing the goals of national parks to be achieved.

The audit results show that national parks, in most of the countries, are performing their functions. The countries have employed different models of governance, but they all need an appropriate management plan as a precondition for the administration of each national park; this is in order to have specific guidelines for their work and for the conservation of nature and use of the national parks.

There is a potential conflict of interests between the use of national parks and the protection of nature against threats to the national parks.

The majority of funds allocated to national parks come from the state budgets of the respective countries. Some national parks depend on other sources of income as well. Raising additional income from the economic activities on parks' premises may be in conflict with the protection and conservation of nature.

### Recommendations:

To ensure that the national parks work towards achieving specific goals, all national parks should have operational and measurable management plans.

To ensure that each park reaches its objectives and specific targets, the authorities should monitor the

performance of the national parks more closely, and evaluate whether the objectives of the parks are being met.

To carry out their functions, public financing should be based on a needs' assessment of each national park.

The audit report is available in English at [http://www.vkontrolle.lt/en/docs/JOINT\\_REPORT\\_2015\\_02\\_24\\_FINAL.pdf](http://www.vkontrolle.lt/en/docs/JOINT_REPORT_2015_02_24_FINAL.pdf)

For further information, please contact Ms Lina Balėnaitė at [Lina.Balenaite@vkontrolle.lt](mailto:Lina.Balenaite@vkontrolle.lt)

## ENVIRONMENTAL POLICIES AND TAXES

### Effectiveness of environmental policies in Albania under the focus of a performance audit

#### SAI of Albania

Although the institutional structure of environment in Albania is well-organized, environmental problems are phenomena that cannot be taken lightly or even worse, to be overlooked. Destruction of natural parks, pollution of rivers and seas, soil pollution, deforestation and rapid disappearance of biodiversity and ecosystems, may be irreversible if the current pace continues and could result in a serious threat to life of the population in the long run, as well as an obstacle to the successful integration of Albania into the European structures.

The environmental policies of the EU, which Albania's institutions are more and more seeking to approach, aim to promote sustainable development and environmental protection for current and future generations, trying to prevent, rather than fight, costly mitigation of environmental pollution results.

Recently, the environmental issue has been in the focus of ALSAI, referring not only to the compliance framework, but has also expanded to the assessment of policies effectiveness for environmental protection.

A performance audit conducted by ALSAI to the Ministry of Environment, throughout 2014 aimed at: **evaluating the implementation of government policies on air quality protection according to EU standards, as well as raising awareness of population about the problems caused by air pollution and its negative impact in people's health.**



**The results of this audit highlighted the following issues:**

The Ministry of Environment supported by foreign funded projects, has designed a complete vertical legislation, aligned with the EU, which represents as a necessity, the fulfillment with horizontal legislation and its harmonization, in particular with the Directives on Environmental Impact Assessment and Environmental Crime.

Although the public has a constitutional right to be informed on the state of the environment in which it lives, it's informed and advised incompletely. Implementing environmental legislation remains a problem that is conditioned by factors related to the culture of "environmental crime" impunity. Albanian society has the ability to perceive the proper concern of a social problem, but it still does not have proper legal awareness to solve the problem correctly and according to the law.

Audits of this type are intended to increase the impact and the usefulness of ALSAI audits in such important and delicate issues, related to the sustainable development in Albania.

**Some tax expenditure schemes are harmful to the environment**

**SAI of the Netherlands**

In a letter to the House of Representatives and a related web dossier, the Netherlands Court of Audit draws attention to the amount of information available on tax expenditure. The 86 tax expenditure schemes in the Netherlands are worth €18.5 billion every year. These tax subsidies reduce the tax that citizens and companies pay to the authorities. The Court of audit found that central government does not know whether or not many of these arrangements are effective. Thirteen of them – which cost the public purse €5.6 billion a year – may even be harmful to the environment. Internationally, the Netherlands and other countries called several years ago for schemes that harm the environment to be gradually phased out. The letter is only available in Dutch.

For further information please contact Ms Willemien Roenhorst at [w.roenhorst@rekenkamer.nl](mailto:w.roenhorst@rekenkamer.nl) at the Netherlands Court of Audit.

**Audits conducted by the Chamber of Accounts of the Republic of Azerbaijan in 2014 in the environmental areas**

**SAI of Azerbaijan**

According to the article 12 of Charter of the Chamber of Accounts of the Republic of Azerbaijan, the Chamber has conducted financial and budgetary control through audit and according to INTOSAI standards.

Audits on the use of money allocated from the state budget and non-budgetary funds in 2014 to the entities responsible for the development of forests, geological exploration, environmental protection, environmental monitoring, environmental expertise services, hydrometeorology and water resources as well as compliance of counting and payment of state duties with legislation were conducted by the Chamber of Accounts of the Republic of Azerbaijan, conducting the external financial control. Audits of the state budget expenses covering both local and centralized sources were conducted in effective cooperation with appropriate public authorities.

During the audits, recommendations were given on increasing the efficiency of funds allocated for measures towards environmental balance restoration and environmental protection, as well as, its efficient use, the use of non-budgetary funds for current issues as well as for sustainable development of the field, more intensive implementation of appropriate measures, taking full advantage of potential opportunities for intentionally increasing of the revenues of budget funds regarding the preservation and reproduction of forests, environmental protection, improvement of collection rates, as well as improvement of legislative acts on formation and use of non-budgetary funds of appropriate institutions according to the requirements of modern times, increasing the level of accountability, application of new accounting standards, compiling of financial reports, regulation of receivables and payables, effective use of state property, improvement of the identification rules of water losses (as well as natural losses).



## Audit of the use of budgetary funds, allocated to prevention and elimination of natural fires

### SAI of Ukraine

The Accounting Chamber of Ukraine conducted the audit of the use of budgetary funds, allocated to prevention and elimination of natural fires, which was held in the framework of the international audit of the same name according to the Action Plan for 2015-2017 of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes.

The audit results proved that financial support measures for the prevention and elimination of natural fires were insufficient. As the result execution of corresponding activities in the planned volumes was not ensured. Inadequate logistical support for the fire-protection structural subdivisions influenced timely response in case of fire and effectiveness of its liquidation. The main factors to influence fire hazards in natural ecosystems were: insufficient and dilapidated fire-fighting fleet as well as deliberate disregard of demands of public safety by the society.

By the results of the audit the Board of the Accounting Chamber of Ukraine recommended public authorities of Ukraine to foresee activities aimed at dealing with the public during development of the action plans; strengthen control over adherence to established fire safety rules by forest users; consider possibilities for attracting additional sources of financing and increasing expenses for the purchase of fire equipment and construction of roads of fire-fighting purposes.

## SUSTAINABLE DEVELOPMENT

### Actively contributing to Sustainable Development

#### SAI of the Netherlands

Since 2006, the NCA has been committed to making a positive contribution to sustainable development. We see this as our responsibility as an employer, procurer of services and a public sector institution leading by example. Setting targets, developing concrete action plans and monitoring and reporting on results has led to progress. For example in terms of reducing our CO2 footprint and

increasing the number of women in management positions. In March 2015 our operational goals and key performance indicators were updated.

However, we know that our greatest impact lies in following ISSAIs 12 and 5130 and further integrating the concepts of sustainable development within our core business – auditing government finances and policies. To explore the possibilities, we engaged in a dialogue with experts and stakeholders, which has led to a rich harvest of new ideas, insights and recommendations. Key themes identified include working on long-term public financial sustainability; providing insight into the ‘true price’ of policies, products and services (including the social and environmental costs and benefits) and promoting greater transparency and accountability on sustainable development issues. In the second half of 2015, our new policy proposals will be finalised and incorporated into the new NCA strategic plan and audit programme.

For suggestions or further information please contact Ms Andrea Connell at [a.connell@rekenkamer.nl](mailto:a.connell@rekenkamer.nl) or Ms Willemien Roenhorst at [w.roenhorst@rekenkamer.nl](mailto:w.roenhorst@rekenkamer.nl) at the Netherlands Court of Audit.

### The National Health Service (NHS) and sustainability

#### SAI of UK

In March 2015 the NAO provided parliament this summary of publicly available information on the NHS and sustainability in England. We prepared it in response to a short-notice request from the House of Commons Environmental Audit Committee to help inform its proposed single session inquiry.

The briefing identified potential good practice, opportunities and challenges, drawing on our good practice criteria for sustainability within an organisation. It showed that the NHS has a Sustainable Development Strategy for the health and social care system in England. The strategy is high level and outlines a vision for sustainable health and social care, strategic goals, and what success would look like in 2020. Its emphasis is on encouraging and supporting organisations to adopt good practice. The Strategy set a target of a 34% reduction in greenhouse gas emissions by 2020 (1990 baseline) across



the health and social care system. The strategy did not introduce new mandatory sustainability requirements for health organisations, but there were already some pre-existing requirements.

The NHS' estate is large and has significant environmental impacts including carbon emissions, water use and waste generation. The NHS has calculated its carbon footprint across its operations. In 2012, the NHS footprint was 6% below the 1990 baseline for the greenhouse gas emissions target. 34% reduction in greenhouse gas emissions by 2020 would require an average of 4% reduction per year between 2013 and 2020 and transformational change would be needed for this. Procurement was the largest contributor to the NHS' footprint, accounting for 61%, with the largest component of procurement emissions arising from pharmaceuticals and medical instruments.

The government's 2012 Climate Change Risk Assessment identified a number of health risks and impacts of climate change. The NHS' Sustainable Development Unit is currently preparing a report on how the health and care system is adapting to climate change.

*For further information please contact Katy Losse, at [katy.losse@nao.gsi.gov.uk](mailto:katy.losse@nao.gsi.gov.uk)*

<http://www.nao.org.uk/report/nhs-and-sustainability/>

## INTERNATIONAL COOPERATION

### One size does not fit all — auditing climate change in the Pacific

#### PASAI RWGEA

PASAI has published the regional overview report for its fourth cooperative audit on an environmental topic.

The [Report of the Coordinated Pacific Region Performance Audit: Climate Change Adaptation and Disaster Risk Reduction Strategies and Management](#) contains the audit findings from eight published audit reports clustered around the key themes of governance arrangements, project implementation, and monitoring and reporting.

The countries of the Pacific are among the most vulnerable to the effects of climate change. Rising sea-levels,

cyclones, tsunamis, food security, and coastal erosion are real threats. Pacific governments also face challenges in recovering from natural disasters and extreme weather events. In response to these threats and challenges, PASAI Auditors-General undertook a cooperative audit. The audit was the fourth in a program of cooperative audits on environmental topics undertaken by PASAI Auditors-General, which have had ongoing support from the Asian Development Bank, the IDI, the Australian and New Zealand Governments, and the PASAI RWGEA.

While all countries in the Pacific are exposed to the threats of climate change, their vulnerabilities are not uniform — one size does not fit all. The approach adopted under cooperative audit enabled the SAIs involved to develop country-specific audit objectives and lines of inquiry.

The regional overview report, issued in April 2015, found that, overall, the audited Pacific Island governments are not sufficiently prepared for current or future impacts of climate change and do not have adequately funded or planned responses in place to adapt to the short-term and long-term negative effects of climate change. Progress of vulnerability and risk assessments to identify climate change risks is slow, and strategies to respond to these assessments yet to be developed. Coordination across the many government agencies responsible for climate change adaptation policies and actions, including funding coordination, is fragmented and project management skills need improving.

The SAI of New Zealand supported the audit through its leadership of the PASAI RWGEA.

*For more information please contact [Jonathan Keate](#), coordinator of the PASAI RWGEA. For more about PASAI go to [www.pasai.org](http://www.pasai.org).*

### Multilateral Audit on the Challenges and Opportunities in the Arctic and National Authorities work with the Arctic Council

#### SAI of Norway

The Supreme Audit Institutions of Denmark, Norway, Russia, Sweden and the United States of America finalized in the spring of 2015 a Joint Memorandum on The Arctic Council - Perspectives on a Changing Arctic, The Council's Work and Key Challenges. Each SAI has submitted



respective national reports and the memorandum highlights the results of the cooperative effort among the SAIs of these five Arctic nations to better understand the Arctic Council - an intergovernmental forum to promote cooperation on Arctic issues - during a time of increased interest and changes in the Arctic. The multilateral audit was carried out in accordance with a strategic plan signed by the participating SAIs.

The content of the memorandum represents the collective findings of individual audits conducted by the five SAIs where they are similar in scope, and does not necessarily represent the views or conclusions of each SAI. The key findings include the following:

- Changes in the Arctic have elevated the importance of international cooperation in the Arctic;
- The Arctic Council has contributed to enhanced cooperation, governance and scientific knowledge ;
- The Council faces key challenges related to its organizational structure, establishing priorities, funding its work, and ensuring the effective implementation of voluntary recommendations adopted by member states;
- Indigenous groups make important contributions to the council, but face challenges participating.

### 3rd GTF at iCED, Jaipur

The International Center for Environment Audit and Sustainable Development (iCED) was set up in the picturesque city of Jaipur, India, in 2013. iCED seeks to harness India's experience in conducting environment audits in the last 20 years to provide extensive training and a forum for experience sharing in this field to auditors and government program managers. Its vision is to be a global Centre of Excellence for improving accountability and governance in the area of environment and sustainable development. iCED is also the Global Training Facility (GTF) for training of auditors for INTOSAI WGEA in environment auditing. A fully residential training center, it is equipped with state of the art training facilities, comfortable hostel accommodation, well-equipped gym, library, conference halls etc. Details about iCED can be found at [www.iced.cag.gov.in](http://www.iced.cag.gov.in).

During 2013-2014, iCED conducted more than 15 national training programs on environment and sustainable development issues, apart from 4 international programs which include 2 GTF programs (in conjunction with INTOSAI WGEA). The GTF programs were developed by a sub-committee of WGEA and the faculty also comes from countries which have developed the modules or those who wish to contribute to the training. So in the 2 GTFs held so far, faculty were from SAI Estonia, SAI Brazil, SAI Indonesia, SAI Norway, SAI India and SAI Indonesia.

The 1st GTF program was held in 2013 and had a total of 25 participants from 13 countries across the world. The 2nd GTF was held in 2014 and had participants from 13 countries. The feedback from both these GTFs was very positive with the participants stating that they would be able to apply the skills learnt to their jobs back home.

The 3rd GTF is scheduled to be held 17-30 November 2015. Invitation letters for nomination of participants have already gone to SAIs across the world, along with nomination forms and a brochure about iCED. The course is titled "Introduction to Environmental Auditing" and consists of modules on environment auditing, sustainable development, biodiversity, climate change, waste issues and water issues. Each of these modules is spread over 2 days and consists of giving participants a background and introduction as well as steps to audit these effectively. The classroom training is a mix of presentations, study groups and hands on activities. The course also includes study trips to illustrate the concepts discussed during training as well as evening/week-end activities to experience the cultural diversity of India. The faculty for the course will be from different SAIs. For SAIs who wish to send participants for this course, the invitation materials can be downloaded at [http://iced.cag.gov.in/?page\\_id=419](http://iced.cag.gov.in/?page_id=419).



For further inquiries, please contact iCED at [iced@cag.gov.in](mailto:iced@cag.gov.in) and [prasadN@cag.gov.in](mailto:prasadN@cag.gov.in).



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## INTOSAI WGEA International training on forestry audit 2015

### INTOSAI WGEA secretariat

The Audit Board of the Republic of Indonesia (BPK) in cooperation with INTOSAI WGEA will conduct the training on auditing forest on 14 – 18 September 2015 at the BPK Training Centre in Jakarta.

The training aims to support the capacity building of auditors from SAIs in auditing forest using the INTOSAI WGEA Auditing Forest: a Guidance for Supreme Audit Institutions. By using performance audit approach, the training provides skills to assess the 3E aspects (Economy, Effectiveness and Efficiency) in forestry sector. The training also provides a hands-on experience in utilizing geo spatial technology (remote sensing, geographic information system and Global Positioning System) to help collect audit evidence in forestry audit. The training is also a media for knowledge sharing as well as for establishing international network among forestry auditors.

The training methods covers classroom activities such as Lecture, Exercise, Case Study, Presentation, and Discussion and field trip related to the practical application of geo-spatial technology that will take place in nearby National Park.

The first training was conducted on 15 – 19 September 2014 and attended by 20 participants from 9 SAIs. The participants gave positive response to the first training as they found it was well structured and well translated knowledge into practical know how.



INTOSAI  
Working Group  
on Environmental  
Auditing

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