



# EUROSAI

Working Group on  
Environmental Auditing

## NEWSLETTER 2/2013

### MESSAGE FROM THE CHAIR



Dear colleagues,

We are approaching a new year, with new possibilities for further enhancing the activities related to environmental auditing.

The EUROSAI WGEA *11<sup>th</sup> Annual Meeting* was successfully conducted in Prague, 15–17 October 2013. I would like to express my gratitude towards the Supreme Audit Office of the Czech Republic for their professional and generous hosting of the meeting. The two main topics were sustainable land use and assessing validity and reliability in qualitative and quantitative analyses. I would like to thank everyone that participated at the meeting with presentations and other valuable input.

As you know, the Office of the Auditor General of Norway has resigned from the Chair of the EUROSAI WGEA, effective June 2014. It has certainly been a great pleasure and very meaningful to Chair the working group through two periods. There is certainly a high interest and many possibilities for cooperating within the field of environmental auditing among European SAIs. I wish the new Chair success in taking over the working group and in their work in the upcoming strategic plan period.

I am looking forward to continued productive cooperation within the EUROSAI WGEA under the new Chair and I wish you all Merry Christmas and a happy New Year.

Sincerely yours,

Jørgen Kosmo

Chair of EUROSAI WGEA

Auditor General of Norway

### NEWS FROM MEMBERS

#### Albania

#### ***Improving waste management can sensibly curb pollution in Albania***

One of most important performance audits in environment protection conducted lately by the Albanian Supreme Audit Institution (AL-SAI) was the audit on waste management in the city of Fier (the city is the capital of the most polluted region of Albania).

Residues, because of their quantity, composition and negative impact on the environment and human health, are regarded as one of the main problems Albania faces today. Lack of management, of integrated system for waste treatment has caused an uncontrolled distribution of fertilizers, which cause major pollution related to soil, surface, ground water, air and wind.

The performance audit found many paradoxes of waste management. Waste was collected in open dumps in nature, nothing was done for adequate processing of urban waste; the waste was placed in deposits of schist and cropland, the collections resided near aquatic systems (rivers, pumping stations) and were



occasionally burned in air without any control of environmental conditions.

The audit report was distributed to various stakeholders in the region. It reached to inform the civil society and the wide public in the city of Fier and at national level on the state of waste management. It gave recommendations regarding the improvement of collection, treatment, reduction, recycling, composting and landfill placement of waste. The municipality of Fier and the Mayor appreciated the recommendations. The Mayor's administration started the work to improve the system.

For further information, please contact [fcocoli@gmail.com](mailto:fcocoli@gmail.com) or [dhuqi@klsh.org.al](mailto:dhuqi@klsh.org.al).

### Belgium

#### ***Reports of the Belgian Court of Audit on the Brussels-North waste water treatment plant***

The waste water treatment plant located in the northern part of Brussels is built with a view to purify Brussels waste water in compliance with the European Directive 91/271 and operates under a concession contract.

In its first report, the Court looks into the legality and regularity of the awarding and funding procedure.

The second report covers the period between the award decision and the end of the first building phase.

The third report focuses on the works completion and acceptance as well as on the start of the operations.

In its fourth report approved in October 2013, the Court states the facts it observed between February 2009 and April 2013. This report addresses the issues that were raised following the total closure of the plant and that were examined by an expert mission (disputes concerning the presence of debris, silting and effluent characteristics) as well as the procedures implemented for the payment of annuities, the changes in the funding of the concession holder and the measures taken by the Brussels Company for Water Management in its capacity of concession-awarding body.

For further information, please contact [bolcam@ccrek.be](mailto:bolcam@ccrek.be).

### European Court of Auditors

#### ***Completed field work for the audit of the EU's LIFE programme***

ECA completed the field work for its audit of the EU's LIFE programme. The audit examined that part of the programme which co-finances innovative or pilot environmental projects, intended to serve as catalysts for environmental development. From a methodological point of view, the audit included a mix of database analysis, project site visits in various EU countries, and an examination of the European Commission's management procedures. Audit results will be published in early 2014.

For further information, please contact Colm Friel, +352 439845023, [colm.friel@eca.europa.eu](mailto:colm.friel@eca.europa.eu).

#### ***ECA special report 17/2013 on EU climate finance in the context of external aid***

Climate change poses a fundamental threat to developing countries' economic development and their achievement of the Millennium Development Goals. The EU and its Member States are among the leading providers of international climate finance. This report concludes that the EU must step up coordination on global climate finance. While the Commission managed climate-related support funded from the EU budget and the EDF to developing countries well, considerable improvement in the coordination between the Commission and EU Member States is needed to maximise the impact of the EU's climate finance. This includes improving the complementarity of programmes; agreeing how to scale-up climate finance by 2020; strengthening monitoring, verification and reporting systems; and reducing the fragmentation of climate funds."

For further information, please contact Michiel Sweerts, [michiel.sweerts@eca.europa.eu](mailto:michiel.sweerts@eca.europa.eu).

### Estonia

#### ***The NAO of Estonia audited the reconstruction and sustainability of drinking water and urban waste water treatment systems***

The NAO of Estonia audited whether the EU investments in the waste water and drinking water



treatment systems have secured that waste water and drinking water is treated according to the quality requirements by the deadlines agreed with the European Commission, whether the long-term sustainability of the established infrastructure is secured, and whether the investments into the waste water treatment contribute the improvement of the ecological status of surface waters.

The NAO found that despite of the sufficient financing the state has not been able to reconstruct all necessary drinking and waste water treatment systems according to the time schedule agreed with the European Commission. Therefore additional 165 million euro's investments are needed for the period EU 2014–2020 financing period to meet the requirements on urban waste water and drinking water directives. NAO also concluded that the state has not paid enough attention to the long-term economic sustainability of the water infrastructure and therefore the cost for the water services will rise inevitably in the future. Sudden increase of water price may cause social problems. However, as a positive aspect of the findings, the investments to the waste water treatment have reduced the emissions of the phosphorous and nitrogen compounds to the environment about 34% during last seven years, which surely has a positive environmental impact.

The audit report with English summary is available online (in January 2014) at:

<http://www.riigikontroll.ee/tabid/206/Area/15/language/en-US/Default.aspx>

For further information, please contact Ms Viire Viss, [viire.viss@riigikontroll.ee](mailto:viire.viss@riigikontroll.ee).

### ***Impact of the European Fisheries Fund's support in Estonia***

The European Parliament published a report in 2012 where it is stated that natural fish stocks are declining everywhere in Europe. The main cause for that is overfishing, which is related to excess fishing capacity and poor economic sustainability of fishing fleets. This situation is reflected also in Estonia, where the quotas for the Baltic Sea have been reduced by 40 % compared to 2007.

The European Fisheries Fund (EFF) aims to support structural changes in fisheries. Due to the fact that fishing quotas have been reduced, there is no need for such a number of boats and fishermen any more. The tool for reducing the fishing capacity is to execute a plan to change the purpose or by scrapping the fishing fleet.

Audit conducted by NAO of Estonia found that fleet reduction targets are met: fishermen abandoned their vessels with public aid, and Ministry of Agriculture reported the reduction of active fishing capacity. However, hushed was the fact that the beneficiaries preferred to continue in an old way: the money, which was received from disassembling, was reinvested in the purchase of new vessels, the ministry maintained their fishing rights, and registered new vessels into the register. Some of the beneficiaries even used the ship scrapping support for buying the new ships!

The NAO of Estonia agrees with the conclusion of the European Court of Auditors (ECA) that most of the costly measures aimed to reduce fishing capacity have failed. It is important to implement more appropriate and effective measures which would help to achieve the balance between fishing capacity of the fleets and natural fish stocks.

The audit report with English summary is available online at:

<http://www.riigikontroll.ee/tabid/206/Audit/2300/Area/17/language/et-EE/Default.aspx>

For further information please contact Ms Viire Viss, [viire.viss@riigikontroll.ee](mailto:viire.viss@riigikontroll.ee).

## **Hungary**

### ***Audit on Task Performance and Property Management of National Park Directorates***

Protected natural areas have a special role concerning sustainable land use. There are strict rules regulating this field which try to ensure an elevated level of sustainability. A recent report of the State Audit Office of Hungary (SAO) on the national parks deals with these issues. The National Park Directorates (NPDs) are responsible for the environmental protection, nature conservation of the protected natural areas. The main objective of the audit was to evaluate the effectiveness



and efficiency of the task performance of the NPDs, as well as to assess the utilisation of the asset elements managed by them.

According to the findings, the task provision of the NPDs was suitable to meet their targets. There were however deficiencies in the system: The tasks could have been set out more specifically with concrete target values. There was a risk in the conduct of land leasing operations due to regulation shortcomings. The protected natural lands can represent significant potential for generating revenues. More focus should be given to the efficiency requirements in the field of environmental protection and nature conservation.

The SAO made recommendations to the auditees on basis of the revealed shortcomings. The recommendations were addressed by the auditees in action plans. The SAO is seeking partners for environmental audits having an international relevance.

For further information, please contact the Department of International Relations of the State Audit Office of Hungary, [international@asz.hu](mailto:international@asz.hu).

### The Netherlands

#### ***Dutch Food and Consumer Product Safety Authority: Merger didn't bring expected efficiency***

The Dutch Food and Consumer Product Safety Authority (NVWA) has, among others, important tasks in the protection of nature and the enforcement of the regulation concerning dung. This Authority has existed in its actual form since 2012 and results from a merger, decided in 2007. This merger, combined with new enforcement methods, was supposed to generate important efficiency gains: the organization should continue to work effectively with some 30% less money. In a report issued the 20th of November 2013, the Netherlands Court of Audit concludes that there was no real business plan for this merger, that up to now it did not bring the expected results and that it is improbable that the planned budget cuts can be realized in the near future without limiting the scope of the tasks, unless new possibilities emerge to save money without restricting the effectiveness of the work. The Court advises Parliament and the Ministers to pay much more attention to the argumentation underlying

such mergers, and to include cost and potential disadvantages of a merger into the decision making. Moreover, the Authority should make sure that the effects of new enforcement methods be empirically studied.

This call for careful argumentation and gathering of evidence (especially if public safety and the environment are at stake) seems to be understood: Parliament posed unusually critical questions concerning another planned merger, that might have important consequences for the carrying out of environmental policies.

The audit report is available on our website (in Dutch only):

[http://www.rekenkamer.nl/Publicaties/Onderzoeksrapporten/Introducties/2013/11/Toezicht\\_bij\\_de\\_Nederlandse\\_Voedsel\\_en\\_Warenautoriteit\\_na\\_de\\_fusie](http://www.rekenkamer.nl/Publicaties/Onderzoeksrapporten/Introducties/2013/11/Toezicht_bij_de_Nederlandse_Voedsel_en_Warenautoriteit_na_de_fusie)

For further information, please contact Marcoen Roelofs, [m.roelofs@rekenkamer.nl](mailto:m.roelofs@rekenkamer.nl).

### Norway

#### ***The Office of the Auditor General's investigation into the Norwegian State's work on Carbon Capture and Storage (CCS)***

It has been an objective for the Norwegian government to develop CCS technologies to mitigate climate change - both nationally and internationally. In the period 2007–2012 the Norwegian State has spent NOK 7.4 billion on CCS projects at Kårstø and Mongstad. A large scale test facility that can demonstrate and verify different types of CO<sub>2</sub>-capture technologies has been built. Substantial cost increases have occurred during the planning of the CCS projects and the construction of the test centre. The investigation showed that the complexity of developing CCS at the Mongstad site was underestimated when the capture objectives were established in 2006. Moreover, there have been few instruments in place for ensuring sound cost management and rapid progress in the investigated projects. High costs can entail a risk that the benefits will not be in proportion to the financial investment. A legal and organizational framework for transporting and storing captured CO<sub>2</sub> has not been determined. The Office of the Auditor General recommends that the Ministry of Petroleum and Energy step up its efforts to



put the framework conditions for transport and storage of CO<sub>2</sub> in place.

For further information, please contact Ms Kristin Rypdal, [kristin.rypdal@riksrevisjonen.no](mailto:kristin.rypdal@riksrevisjonen.no).

### Poland

#### ***The implementation of selected tasks by the General Director for Environmental Protection and regional directors for environmental protection with regard to nature protection, including the Natura 2000 sites***

In September 2013, NIK presented the results of an audit carried out in the General Directorate for Environmental Protection and 10 (out of 16) regional directorates for environmental protection. These institutions were established in 2008, in connection with the reform of the nature protection system in Poland.

The audit was conducted in order to assess the nature protection management of those entities.

Unfortunately, the audit revealed that the new system of nature protection management is neither fully effective nor efficient, and several irregularities in the activity of the audited institutions were found.

There were gaps in the information resources of the General Directorate concerning the nature protection forms in Poland, conducted environmental impact assessments and wildlife inventories, which, in NIK's opinion, hindered a proper nature management.

Although intense actions were taken in order to prepare conservation measures plans for the Natura 2000 (N2000) sites (983 such sites have been created in Poland), there were delays in establishing them as local law (in the form of regional directors' regulations). According to NIK, the supervision over the N2000 sites was also not sufficient.

The regional directors for environmental protection inspected the state of nature reserves located in their regions with various intensity. As they explained, the General Director for Environmental Protection did not set rules and frequency of the reserves auditing and did not request the directors to provide information on their state.

There were delays in the processes of decision making and complaints consideration in the General Directorate for Environmental Protection.

Although no irregularities in the management of financial resources were found, the attention was drawn to the lack of summarised data on annual resources used to fulfil tasks performed by various entities connected with the N2000 network. According to NIK, the systematic collection and analysis of data would be purposeful i.e. for the assessment of general costs of the N2000 network functioning, the planning of own expenses for those goals and their economic management.

In order to improve the effectiveness and efficiency of tasks implementation by the General Directorate for Environmental Protection and the regional directors for nature protection, NIK formulated 57 recommendations in post audit statements and 11 systemic recommendations, which were included in the report that summarises the audit results.

For further information, please contact Katarzyna Papińska, [katarzyna.papinska@nik.gov.pl](mailto:katarzyna.papinska@nik.gov.pl).

### Slovenia

#### ***Effectiveness of measures to promote efficient use of energy***

In summer 2013 the Court of Audit published an audit report on effectiveness of measures to improve efficient use of energy in the Republic of Slovenia. The Court of Audit expressed an opinion that there is a very high possibility that the overall goal of 9 percent energy savings in all sectors of the economy will be reached by the end of 2016. But this will mainly be the consequence of deep recession of Slovene economic activity after 2008 and less the result of effectiveness of government's measures. It was impossible to assess the contribution of the measures to the energy savings, because the criteria to measure the effects of measures were not established.

The audit report also revealed weaknesses in overall management of conducting the measures. The measures were not designed for all sectors of economy and in some cases the responsibility to conduct the measures was unclear. Widely dispersed responsibility would require a close cooperation among numerous



governments' bodies, but it was not established. Reports on effects of measures were mainly incomplete which made it difficult to monitor the progress of conducting the measures.

The Court of Audit recommended the auditees to adopt missing regulations to establish the bases to conduct and monitor the effects of measures and to clearly define the roles and responsibilities of all governmental bodies included in the process of conducting the measures.

For further information, please contact Ms Jerneja Vrubic, [jerneja.vrubic@rs-rs.si](mailto:jerneja.vrubic@rs-rs.si).

### Sweden

#### ***Final audit in the audit strategy Sustainable development – Climate has been published***

The Swedish National Audit Office published on December 5<sup>th</sup> the final audit in the audit strategy Sustainable development – climate. The audit is based on and supplements the eleven preceding audits that have been published within the strategy between 2009 and 2013.

The overall conclusion is that there is a risk that central government is not using its policy instruments to reduce emissions in accordance with the objectives at reasonable cost. The costs of reducing emissions vary substantially between different measures, which indicates that the total emission reductions by 2020 could be achieved at a lower cost by using another combination of policy instruments. The objectives are not clearly formulated, which creates considerable uncertainty. Coordination between various agencies is deficient, for example concerning the time horizon on which to base analyses of different measures. There is also a lack of coordination between measures at national level and at EU level.

The parliament, the Government, enterprises and the public need to have comprehensive and balanced bases for decisions on investments and different climate measures. The Government and agencies have improved reporting and implementation of some measures. However, further work is necessary to achieve effective measures and aggregate, transparent monitoring and reporting.

The report of the final audit will within short be published also in English at <http://www.riksrevisionen.se/en/Start/>.

Summaries in English of all audits in the audit strategy and some full audit reports in English are available at the same web address.

### United Kingdom

#### ***Levy Control Framework***

A number of the UK government's energy schemes are funded through levies on energy suppliers, who pass on the cost to consumers in energy bills. In 2011, the government established a Levy Control Framework to monitor and control the cost of such levy-funded schemes against annual caps.

A UK National Audit Office report in November 2013 reviewed the framework and concluded that it is a valuable tool for supporting control of costs to consumers arising from government energy policies, but it has not been fully effective in key areas.

#### ***Support for low carbon research and development***

The UK NAO has reviewed the landscape for public funding support for innovation in low carbon technology. This assessed the Department for Energy and Climate Change's programme of work to improve the coordination of public support, and the steps taken to improve the evaluation and reporting of results.

The UK NAO has also investigated and reported on carbon budget management, sustainability at the Department for Business Innovation and Skills, and food safety and authenticity in the processed meat supply chain. Work in progress includes a review of sustainability at the government department responsible for immigration, counter-terrorism, and the police service (the Home Office).

For more information please contact Jill Goldsmith, [jill.goldsmith@nao.gsi.gov.uk](mailto:jill.goldsmith@nao.gsi.gov.uk).

### FROM THE SECRETARIAT

#### ***11<sup>th</sup> Annual EUROSAI WGEA Meeting***

The 11<sup>th</sup> Annual EUROSAI WGEA Meeting was organised in Prague, the Czech Republic 15–17



October 2013. The main topics of the meeting were sustainable land use and assessing validity and reliability in qualitative and quantitative analyses. The session on sustainable land use was divided into three parallel sessions, including coastal management in the Mediterranean region, urban planning and infrastructure, and rural land use and sustainability. The report from the meeting is available from the EUROSAI WGEA website.

### ***Training seminar on Fraud and Corruption***

On Monday 14 October, a one day training seminar on fraud and corruption in the environmental and natural resource sectors was organized by the EUROSAI WGEA secretariat. 33 participants from 17 SAIs attended the seminar.

The seminar was conducted by the Office of the Auditor General of Norway (OAGN). Mr Kjell Kristian Dørum directed the seminar, together with Ms Camilla Constance Fredriksen, both from the OAGN.

During the INTOSAI WGEA 2011–2013 work plan period the OAGN developed a guideline on Addressing Fraud and Corruption Issues when Auditing Environmental and Natural Resource Management, which was published in September 2013. The seminar, which was a pilot exercise, was based on the most central parts of this guideline.

The main purpose of the seminar was to introduce the participants to the new guideline through various group exercises. The exercises included fraud and corruption risk assessments, identification of internal controls, suggestions on possible audit procedures, as well as communication with other authorities and reporting of findings.

Fisheries management had been chosen as a special focal point for the exercises, and a fictitious fisheries management scenario had been sent to the participants in advance of the seminar. The scenario described three different levels of the fisheries administration - the Ministry of Fisheries, the National Fisheries Agency and the Regional Fisheries Offices - and the participants were divided into six working groups in accordance with this structure, i.e. two working groups for each level of government.

The seminar consisted of lectures, group exercises and one key note speech on the core topic. There were five main sessions, of which the first two sessions provided an introduction to (i) the new guideline and (ii) the fisheries sector, whereas the three last sessions focused on, respectively, (iii) risk assessments, (iv) internal controls, and (v) procedures, communication and reporting.

The key note speech on fraud and corruption in the fisheries sector was given by Ms Eve de Coning, an independent researcher of transnational organized fisheries crime who inter alia assists INTERPOL as an advisor and consultant in this field.

For further information, please contact Mr Kjell Kristian Dørum,

[kjell-kristian.dorum@riksrevisjonen.no](mailto:kjell-kristian.dorum@riksrevisjonen.no).

### ***Participation at the YES! Congress***

The Netherlands Court of Audit arranged the Young EUROSAI Congress in Rotterdam, The Netherlands 2-22 November. The Congress assembled young professionals 35 and under, representing European. The topic of the Congress was tomorrow's innovation for SAIs. Parallel workshop session was a main part of the Congress' program. The EUROSAI WGEA secretariat, invited by the YES Congress, arranged the workshop Go Green: environmental auditing, focusing on methodology development and transfer through cooperative audits. The participants were given scenarios and took part in speed-dating in order to come up with common methodology and means for cooperation on the topic of water.

### ***Strategy and activity plan***

In the upcoming period a new EUROSAI WGEA Strategy and Activity Plan for 2015-2017 will be developed. An initial brainstorming session on future central topics was held at the Business Meeting at the Annual Meeting. The secretariat will take the input received by the members so far on board in the work of developing a new plan. A proposal for a new SAP will be developed in the upcoming months, and the plan is that a new SAP will be adopted at the 12<sup>th</sup> Annual Meeting in October 2014.



**Contact information**

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

**EUROSAI WGEA secretariat**

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