MESSAGE FROM THE CHAIR

Dear Colleagues,

Another busy year is coming to an end and we have many activities to look back on.

We had a Spring Session, focusing on recycling and the transition towards circular economy. A training seminar on auditing sustainable development was held only a few months ago, just before the 14th Annual Meeting, which was dedicated to market based instruments for environmental protection and the ISSAs of environmental auditing. These have all been challenging, yet interesting topics, but there is one that perhaps stands out as the most far-reaching and horizontal issue.

Of course it is sustainable development (SD) – a subject that has long been discussed and approached in the environmental audit community, and is now finally making its way also to other auditing fields. It is in the centre of attention of the global SAI community, as well as on regional levels.

The EUROSAI WGEA training seminar on auditing sustainable development was held in September. The seminar well assured that environmental auditors are keen on learning more about the issue, as well as discovering new ways for incorporating sustainability aspects in audits. Nevertheless, a healthy environment, and environmental audits, is merely one piece of the puzzle.

I see sustainable development as an overarching topic, as an umbrella that should cover all audits, not only those with an environmental focus. However, there is one more important aspect to bear in mind – the decision to consider sustainable development and the sustainable development goals (SDGs) in audits should to be taken at the top management level of each Supreme Audit Institution (SAI).

I am looking forward to fruitful discussions on different approaches for auditing SDGs at XXII INCOSAI in December. It is important that sustainable development reaches beyond the environmental auditing field and becomes an integral part of SAIs’ work in general.

As the Chair of EUROSAI WGEA, I would personally like to encourage all head of SAIs to regard this issue as a strategic priority and consider SD aspects in all audits.

Yours sincerely,

Alar Karis
Chair of EUROSAI WGEA
Auditor General of Estonia
FOCUS ON SUSTAINABLE DEVELOPMENT

Conclusions from the EUROSAI WGEA training seminar

Sustainable development (SD) emerged to the international debate almost 30 years ago. The Agenda 2030 and especially Sustainable Development Goals (SDGs) from 2015 have once again given the concept strong international impetus. One reason is that they combine the more development policy oriented Millennium Development Goals and environmental concerns, such as climate change or clean water. Among 17 SDGs the goal number 16 deals with accountable and inclusive institutions. As a consequence, SDGs are not only a useful audit topic for SAIs, but the sub-target on developing effective, accountable and transparent institutions in all levels in fact address directly SAIs.

EUROSAI WGEA conducted a training seminar on approaching sustainable development in audits on 26 September 2016 in Skopje, the former Yugoslav Republic of Macedonia. Over 60 participants shared experience, and discussed the opportunities and challenges of auditing SD. Dr Vivi Niemenmaa from SAI Finland, currently seconded to ECA, guided the participants through the concept of SD and the milestones of SD towards the SDGs. A panel of head of SAIs from Bosnia and Herzegovina, Kosovo¹, Montenegro, Serbia, Slovenia the former Yugoslav Republic of Macedonia and Estonia agreed on the relevance of including SD consideration in audits. It was emphasised that SD should entail a cross-sector approach not only in the government but also in the SAIs. Therefore SD cannot be considered only as a responsibility of environmental auditors, but requires attention of all auditors.

Looking at previously conducted audits in the EUROSAI region, it appears that several of them have analysed sustainability issues. However, often the audits were initially not designed to focus at sustainable development.

Covering SD in audits requires a cross-cutting approach; usually auditors simultaneously consider at least two pillars of SD, e.g. social-environmental or economic-social aspects. For example audits related to prices of everyday commodities often include strong social messages, and are also linked to the environment. For instance energy inefficient housing contributes to energy poverty, while energy-efficiency measures reduce both GHG emissions and energy bills. As another example, polluted water increases the waste water treatment costs and this hits most the poorest. Consequently, one possibility would be integrating SDGs in all audits whenever there is a link with audited area. This would bring to an end common misunderstanding that SD is same as nature protection.

Benefits of covering SD in audits

Sustainable development helps to broaden audits’ scope both by sectors and by time scale.

Governments are structured into silos of ministries and often the horizontal overview is lacking. Auditing from SD perspective enhances obtaining the birds-eye view as SD is about connecting the economic, social and environmental dimensions.

SAIs could also pay more attention at which time-scale to use in audits and recommendations. SD stresses the intergenerational equity. Taking into account SD gives strong emphasis on long-term perspective, thus strengthening the message of SAIs. Sometimes the long-time scale is evident, as is the case with nuclear decommissioning, where the perspective reaches over century and beyond. But also in other audits the long-term perspective might be useful. As an example, if the infrastructure that is built today “locks-in” regions to a fossil-dependent structure, it is not only harmful for the

¹ This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICI Opinion on the Kosovo Declaration of Independence.
environment, but also for the economic competitiveness of these regions in the long term.

**Using sustainability lens for audits**

Considering SD could be integral part of audit planning. SD could be a “lens” that is used for programming audits for coming years and consequently for planning audit questions for each and every audit.

SD can be useful:

- as an analytic tool to identify future audit topics
- as an audit approach, where basically any topic can be scrutinized through a sustainable development "lens"
- as audit criteria, where attention could be e.g. in the integration of economic, social and environmental perspectives; long-term analysis or global justice
- or finally as an audit topic itself, e.g. audit on government SD strategy or programme

The participants of the seminar agreed that there is a lot of potential as well as need for considering SD and SDGs in audits.

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**UPCOMING EVENTS**

**Kick-off Meeting for the Mediterranean Cooperative Audit**

A kick-off meeting for the Mediterranean Cooperative Audit on Marine Parks will be held in Nicosia, Cyprus during 14th and 15th December 2016.

**Planning Meeting for the Cooperative Audit on Energy Efficiency**

The SAIs interested in participating in the cooperative audit on energy efficiency in public buildings, will have the official kick-off meeting on 2-3 February 2017 in Tallinn, Estonia.

**Meeting for the cooperative audit on air quality**

The next meeting for the cooperative audit on air quality will be held on 26-27 January 2017 in Kraków, Poland.

**Spring Session on Water Quality and Management**

The next spring session will be focused on auditing water quality and management. The seminar will be hosted by SAI Slovenia and take place on 25-26 April 2017. Further information regarding the event will be posted on the EUROSAI WGEA webpage and sent to members by e-mail in due course.

**Training Seminar and 15th Annual Meeting**

The next training seminar and annual meeting will be held on 10-13 October 2017 and hosted by SAI Albania.

The one-day training seminar on 10 October will be dedicated on Environmental Data and Information Systems. The 15th Annual Meeting will be held on 11-13 October. The main topics for the annual meeting will be Auditing Land Use and Development and Greening the SAIs.
NEWS FROM THE SECRETARIAT

Conclusions from the 18th EUROSAI WGEA Steering Committee Meeting

The EUROSAI WGEA secretariat is supported by a Steering Committee (SC), which currently consists of 9 SAIs: Cyprus, Estonia, Lithuania, Malta, the Netherlands, Poland, Slovenia, Ukraine, and European Court of Auditors.

The 18th SC meeting was held on 29 September 2016. The main issues under discussion were reflections from the annual meeting, EUROSAI WGEA Strategy and Activity Plan, and upcoming meetings and seminars.

As a result of the discussion, and based on the results of the EUROSAI WGEA Annual Survey, the topics for forthcoming seminars and meetings were decided. The spring session, which is a 1.5-day knowledge sharing event, will be focused on auditing water quality and management.

The session will be hosted by SAI Slovenia, which is also a member of the EUROSAI WGEA Steering Committee.

As questions regarding the quality, reliability, availability and analysis of various environmental data have risen in many working group’s events in recent years, it was decided that the next training seminar should be dedicated on environmental data and information systems.

The one-day training will be followed by the 15th Annual Meeting. The main topics of the annual meeting will be auditing land use and development and greening the SAIs.

The next annual meeting and training seminar will be hosted by SAI Albania.

In addition, the SC supported the secretariat’s idea to stop the separate collection of European SAIs’ environmental audits into the EUROSAI WGEA database. Instead, use of the general EUROSAI database and INTOSAI WGEA environmental audits database would be encouraged. The secretariat will keep the database with its current content accessible at the website.

EUROSAI Audit Database

The EUROSAI database of audit reports has been designed as a database containing basic information and links concerning audit reports issued by the EUROSAI members. The database was launched in 2015 and its maintenance has been entrusted to EUROSAI Goal Team 3 ‘Knowledge Sharing’ (chaired by SAI Czech Republic).

To date, the database contains over 800 audit reports from 23 SAIs and the number is constantly growing. In order to avoid duplication, the EUROSAI WGEA secretariat has decided to stop updating the separate environmental audits database. Instead, we strongly encourage all SAIs to upload their audits to the EUROSAI database of audits.

In the EUROSAI webpage, there is also a video tutorial on how to add new files to the database.

Access the database of audits here:

See also the EUROSAI database of products:

And the EUROSAI database of training events and outputs:

UPDATE ON COOPERATIVE AUDITS

Cooperative Audit on Air Quality

The Netherlands Court of Audit (NCA) has initiated a cooperative audit on air quality. For this cooperative audit the NCA has teamed up with their co-coordinator the Supreme Audit Office of Poland (NIK).

On the 21st and the 22nd of June a kick-off meeting was held at the NCA premises and 18 SAIs attended the meeting. During these two days the meeting participants delivered presentations, worked in brainstorm sessions and had plenary discussions. The goal of the meeting was to set up a common audit framework for the cooperative audit on air quality and discuss project management.
issues. The end result of these two fruitful days was an audit framework consisting out one main audit question, six audit topics and sub-questions per topic. After the kick-off meeting, 14 SAIs (including the NCA and the NIK) decided to join the cooperative audit. The second meeting will be held on the 26th and 27th of January 2017 in Kraków and hosted by the NIK. At the second meeting the coordinators hope to continue the success they had at the kick-off meeting. The goal is to have a finalised audit framework including norms and indicators at the next meeting. Different audit approaches, milestones, quality control and the use of external reviewers will also be discussed. For this joint audit there will be two reports, a national report and a joint report. The national audit activities should start at the beginning of 2017 and be finalized by the end of 2017. The joint report should be finalized at the end of the first quarter of 2018.

Cooperative Audit on Energy Efficiency in Public Buildings

The three Baltic States – Estonia, Latvia and Lithuania – are leading a cooperative audit on energy efficiency in public buildings. The main goal of the cooperative audit is to determine how member states have implemented the EU Energy Efficiency and Energy Performance of Buildings directives, how different states are funding energy efficiency renovations and how efficient the monitoring and supervision systems are. As an addition, SAIs are given the option to go even further and look at the local government level as well – whether there is a strategy for renovating local government buildings to meet minimum energy efficiency targets, whether local governments have sufficient funds to carry out this strategy and whether the local governments have an overview of how much energy has been saved and how. The purpose of the cooperative audit is to both give an overview of the state of fulfilling energy efficiency targets for public buildings in each participating country, as well as, benchmarking the different approaches used by member states and how effective they have been. Presently the SAIs of Bulgaria, Portugal and Slovakia have confirmed their participation in the cooperative audit. The cooperative audit is still in the planning phase and thus still open for potential participants to join. At this point the audit leaders have developed a preliminary set of audit questions and potential criteria for each sub-question. In December the preliminary questions and criteria will be sent to potential participants for input, remarks and comments. The aim is to finalize the audit questions and criteria by the beginning of February next year when all the SAIs participating in the cooperative audit will meet in Tallinn to agree on the audit framework and activities and give a green light to the audit. For further information regarding this audit, please contact the secretariat at eurosaiwgea@riigikontroll.ee

Mediterranean Cooperative Audit on Marine Protected Areas and Marine Parks

During the 14th EUROSAI WGEA annual meeting held in Skopje, Mediterranean SAIs confirmed their interest in participating in a cooperative audit in the area of Marine Protected Areas and Marine Parks. This subject portrays common regional interests since countries within the Mediterranean basin face challenges to balance the conservation of the marine biodiversity with commercial interests, mainly emanating from the tourism and fishing industries. This project has so far attracted the interest of nine SAIs, of whom six will be carrying out their national audits during 2017. The other SAIs, who have either recently completed or are currently in the process of auditing this topic are considering the possibility of sharing their audit findings for inclusion in the joint report of the proposed cooperative audit. The SAIs of Cyprus and Malta are jointly coordinating this cooperative audit. A Kick-Off meeting is being planned during which the participating SAIs will determine the common audit scope and objectives. All Mediterranean SAIs, including those who have not yet expressed their willingness to participate in this project, are invited to this meeting which will be held in Cyprus in December 2016. Further information on this cooperative audit can be obtained through: akikas@audit.gov.cy and william.peplow@gov.mt
Audit on deforestation and compensation in the Flemish Region

Flanders is one of the least forested regions in Europe. Therefore, the Flemish government has banned deforestation on principle. Exceptions to this ban are only possible given a building permit and, as a rule, compensation of the sanctioned deforestation.

Permission and compensation

In the course of 2016 the Belgian Court of Audit examined if the ANB (Agentschap voor Natuur en Bos), a Flemish agency aiming to protect nature, fulfils its advisory role effectively and follows up properly the obligation to compensate when it comes to deforestation.

The Court found that the internal guidelines regarding their advisory duties were not up to date and that there was a lack of quality checks on compliance with the guidelines. The registration in the deforestation database is not done meticulously enough, resulting in a risk of inaccurate overviews and practical problems during their follow-up of compensation duties.

The compensation of deforestation can be executed in-kind or by monetary payment, which is much more frequent. For its accounts monitoring the ANB uses two software applications: the deforestation database and an accounting system. It is uncertain whether the deforestation database, which serves as the basis for the accounting system, in fact contains all the files it is supposed to contain.

Forest Compensation Fund

The Court also determined whether the Forest Compensation Fund (Bossencompensatiefonds), where the monetary compensation payments go to, is used efficiently. The Court assessed that the received forest conservation contributions are not enough to buy sufficient compensational land. Also the ANB can only provide an approximation of the afforestation level of the lands that were purchased using the Fund.

The Court now recommends that the minister seeks other measures or more comprehensive ones in order to achieve an actual deforestation compensation. The ANB must harmonise or integrate its databases as much as possible, which would give it a better view of land purchases and deforestation.

For further information, please contact Mr Christian Leflere at LeflereC@ccrek.be

Development of plans for managing flood risk

In August 2016 the Bulgarian National Audit Office completed a performance audit on procedure "Development of plans for managing flood risk" under the Operational Programme "Environment".

Main audit question: Is “Procedure BG161PO – Development of plans for managing flood risk” implemented effectively?

Audit scope: Issues related to the established conditions for successful implementation of the procedure and the effectiveness of developing plans to manage flood risk. The audited organization was the Ministry of Environment and Water as well as the four regional basin directorates as beneficiaries for the period from 01.01.2012 to 30.06.2015.

The procedure is carried out in application of Directive 2007/60/EC which concerns the implementation of long-term planning to reduce flood risks in three stages: a preliminary assessment of flood risk, threat and risk maps, and plans for managing flood risk.

Conclusions from the audit:

- Major project activities have not been completed and are significantly delayed, therefore it is necessary to provide additional financial resources from the State budget for their completion.
Failure to complete the management plans could lead to increased flood occurrences and higher threat levels for the population.

Main challenges:

- Late start of the procedure. Although the procedure was included in the Indicative Annual Work Plan for 2011, it actually started in April 2012.
- Insufficient administrative capacity. There was a lack of expertise in the four basin directorates needed for such a complex design.
- Frequent changes in management. During the audited period there were six new Ministers of Environment and five new heads of the Managing Authority.
- Ineffective coordination. Interaction between the Managing Authority and the four basin directorates was not sufficiently effective and timely.
- An environmental impact assessment was not carried out by the four basin directorates.

Audit of water resources management

The Audit Office of the Republic of Cyprus has completed an audit on the management of water resources.

Despite the construction of important infrastructure (mainly dams and desalination plants) over the years, in order to ensure sufficient water supply, water scarcity remains a key issue in Cyprus, with adverse effects on growth, the environment and agriculture, while the situation has been deteriorating in recent decades as a result of climate change.

The main objective of the audit was to evaluate the national strategy and policies, in terms of the economy, effectiveness and efficiency of the way water is managed by the public sector, local authorities and statutory bodies. The main issues targeted include the management of dams, desalination plants and groundwater bodies, with emphasis on the measures taken to safeguard public health, the sufficiency of supply and water quality for all uses of water, and cost recovery for water services. Flood risk management and the use of alternative water sources, such as tertiary wastewater treatment and rainwater harvesting, were also among the issues examined.

The audit revealed numerous weaknesses, the most important of which relate to the preparation of the annual water distribution strategy without taking into account the measured drought indicators, the operation of desalination plants in a manner that is not the most cost-effective, the safety of water dams, the monitoring of the use of groundwater and, in certain cases, the quality of groundwater used as drinking water.

Furthermore, we noted a particularly low rate of tertiary treated wastewater usage, due to the absence of the necessary infrastructure, a delay in applying a pricing policy that will contribute towards cost recovery for water services, a high rate of non-revenue water in local distribution networks and an absence of a flood risk management plan.

The full report in Greek, as well as a summary in English, will soon be available on the website of the Audit Office, www.audit.gov.cy

For more information, please contact Mr Akis Kikas, Senior Principal Auditor at akikas@audit.gov.cy
Finalized audit on the Ministry of Environment and Food’s management of biodiversity in the Danish state forest

Denmark

In May 2016 the report on the Ministry of Environment and Food’s management of biodiversity in the Danish state forest was published. The ministry owns most of the Danish state forests. The purpose of the study is to assess whether biodiversity in the state forests is managed in a satisfactory manner by the Ministry of Environment. The report answers the following questions:

- Are state forests designated for conservation and increase of biodiversity managed cost-effectively by the Ministry of Environment and Food?
- Is the Ministry of Environment and Food’s management focused on achievement of the objectives defined for biodiversity in near-to-nature forestry?

A summary of the report is available in English: [http://uk.rigsrevisionen.dk/media/2104307/18-2015.pdf](http://uk.rigsrevisionen.dk/media/2104307/18-2015.pdf)

For further information, please contact Mr Jan Østergaard at joe@rigsrevisionen.dk

Finalized audit on energy savings in the public sector

Denmark

In June 2016 the report on energy savings in the public sector was published. The report concerns the government’s effort to save energy in government institutions. In 2008, the Danish parliament entered a broadly based political agreement in order to strengthen the effort to save energy in the public sector and achieve a reduction in energy consumption. The European Union (EU) issued an energy efficiency directive in 2012, which imposed energy-saving requirements on the member states with effect from 2014. The purpose of the study was to assess if the government has strengthened the effort to achieve energy savings in the public sector adequately. The report answers the following questions:

- Has the Danish Energy Agency supported the ministries in their work to strengthen the energy-saving effort?
- Have the ministries with the highest energy consumption managed the energy-saving effort adequately?
- Have the largest public property owners implemented profitable energy-saving projects?

A summary of the report is available in English: [http://uk.rigsrevisionen.dk/media/2104315/20-2015.pdf](http://uk.rigsrevisionen.dk/media/2104315/20-2015.pdf)

For further information, please contact Mr Jan Østergaard at joe@rigsrevisionen.dk

Auditing economic instruments in environmental performance audits – a decade of experience

Estonia

The National Audit Office (NAO) of Estonia was a leader of an INTOSAI WGEA research project on market-based environmental policy instruments1; the project was recently finalised and presented at the INTOSAI WGEA Assembly Meeting in October 2016.

In connection to the research project, the NAO of Estonia decided to analyse its audit reports from 2005–2016 to find out to which extent had the economic instruments (environmental taxes/charges, trading schemes, pricing of environmental services) been covered in environmental performance audits. In addition, the most common conclusions and methods in relation to economic instruments, as well as the impacts of these recommendations were analysed.

The results presented that more than half (17) out of the 29 analysed environmental performance audits

1 INTOSAI WGEA research project „Market-based instruments for environmental protection and management“. [http://environmental-auditing.org/](http://environmental-auditing.org/)
incorporated auditing an economic instrument. These audits can be divided into three groups by the extent of covering the economic instrument:

1. Audit’s main focus (incl. main question) is on the instrument and its impact. Audit conclusions and recommendations are dedicated to improving the whole system of implementing the instrument(s), e.g. *Impact of pollution charges on reducing environmental pollution* (2009).

2. Audit pays significant attention to the instrument – one of the audit report’s sub-questions/sub-chapter is dedicated to instrument’s design, enforcement and/or impact. Conclusions and recommendations are made in relation to the instrument, e.g. *Exploitation of peat resources* (2005).

3. There is information about the instrument in the report, but no conclusions or recommendations are made in relation to it, e.g. *Supervision over use of pesticides and mineral fertilisers* (2010).

The extent to which the economic instruments were audited in many environmental performance audits indicates that these instruments have been recognized as important tools in achieving environmental objectives. Moreover, the NAO of Estonia has made several critical conclusions on the implementation and performance of economic instruments and referred to the need to improve/revise the use of economic instruments.

To read more about the results of this analysis – the most common conclusions made and methods used in auditing economic instruments, as well as examples of impacts – please have a look on paper at [http://www.eurosaiwgea.org/meetings/Documents/14%20AM/INTOSAI_WGEA_paper_Auditing%20EIs_EST.pdf](http://www.eurosaiwgea.org/meetings/Documents/14%20AM/INTOSAI_WGEA_paper_Auditing%20EIs_EST.pdf)

For further information, please contact Ms Viire Viss, viire.viss@riigikontroll.ee

**MOOCs on environmental auditing**

The National Audit Office of Estonia, in cooperation with University of Tartu (Estonia), has developed 2 Massive Open Online Courses on environmental auditing. Massive Open Online Courses, or MOOCs, are freely accessible online and free of charge for everybody. The first MOOC entitled ‘Introduction to Environmental Auditing in the Public Sector’ was held 31 October – 27 November 2016 and had over 200 registered participants from more than 30 countries.

This course describes the main ideas in environmental good governance and the tools that governments use to regulate the environmental behaviour of both companies and citizens. It also goes through the whole audit cycle, from selecting an appropriate topic for an environmental audit to drafting an Audit Design Matrix and compiling an audit report. All this is complemented with examples from the audit experience at NAO of Estonia.

The second course will be on ‘Auditing Environmental Impacts of Infrastructure’. The pilot will be launched on 9 January 2017 and the registration to the course is open.

Both courses rely on the ISSAIs and publications of INTOSAI WGEA and are complemented with audit cases from NAO Estonia. The courses consist of reading materials, short video lectures, cases, some exercises and tests. After passing the tests, the participants will receive a certificate from Tartu University on successfully completing the course. The duration of each course is 4 weeks.

For further information, please contact Ms Krislin Kivi at Krislin.kivi@riigikontroll.ee or go to webpage [https://www.moocs.ut.ee](https://www.moocs.ut.ee)
The audit of the environment at the European Court of Auditors

European Court of Auditors

Over the years ECA has produced many audit reports dealing with environmental and climate change issues. There have been a number of recent developments in how we organise and perform our work that should further improve our coverage of these important topics.

In 2016, as part of a major organisational reform process, lead responsibility for the audit of environmental, energy and climate change issues was assigned to a specific Chamber of ECA (Chamber I). This should improve audit focus and facilitate knowledge management.

At Court level, responsibilities for international contacts were also streamlined, and Mr Jereb, the Member from Slovenia, is responsible for relations with both EUROSAI WGEA and INTOSAI WGEA.

ECA’s recently adopted work programme for 2017 includes an impressive mix of ongoing and planned tasks touching on environmental issues – these include audits of Natura 2000, greening the Common Agricultural Policy, renewable energies, flood management, and financing climate actions – as well as our cooperation with the planned EUROSAI air quality audit.

We are also in the process of a landscape review of the EU’s energy and climate strategy. “Landscape reviews” are relatively new products at ECA, which deal with broad themes based on ECA’s research and accumulated experience. We will examine the main EU climate and energy policies, consider our past audit work, and also the existing extensive body of audit work performed by other SAIs. We intend to assess some of the main challenges and issues affecting energy and climate strategy, and also to highlight the key questions and challenges for auditors going forward.

For further information, please contact Mr Colm Friel at colm.friel@eca.europa.eu

Game Management

NIK audited game management, because the model implemented years ago, which authorises the monopoly of the Polish Hunting Association, creates a great deal of controversy. It does neither consider the current relation between the hunters, the state and the owners of properties, nor the present environmental and ecologic awareness.

The audit was supposed to show whether there are any problematic issues regarding the legal regulations in force, if yes then what kind of problems occur and what potential changes should be introduced.

NIK audited 27 entities that prepare and conduct game management, including: 12 units of the Polish Hunting Association, nine units of the National State Forests and six authorities of the local administration. The following issues were analysed:

- setting and categorising of hunting districts
- leasing hunting districts to the Polish Hunting Association
- preparation and implementation of the annual hunting plans,
- documenting the carried out hunting
- safeguarding the interests of the State Treasury and the citizens related to damages resulting from the implementation of game management
- financial results of game management
- supervision over hunting activity

picture taken by the NIK audit team
The audit revealed many irregularities, also in the hunting documentation, due to which it was not possible to establish the actual state and the number of hunted animals. Hunting was also incorrectly documented. For instance in several cases hunters did not provide documents concerning results of an individual hunting, culled animals on the basis of authorisations issued for different persons or included animals hunted in other districts in the records. At times hunting permits were not verified, including firearms licence. The leasing rent was incorrectly calculated and paid; moreover, the model according to which hunting districts were set did not protect rights of property owners. Compensation for hunting damages was not paid in a timely manner and did not encompass forest owners. Revenues and expenditure were recorded in such a manner and scope that improperly reflected the finances of game management. The auditees did not classify costs according to a unified pattern, making it impossible to compare the gains and losses between particular districts.

More information may be found at https://www.nik.gov.pl/kontrole/D/14/508/

For further information, please contact the Supreme Audit Office of Poland at wsm@nik.gov.pl

NIK on strategic environmental impact assessments

The strategic environmental impact assessments of documents were incorrectly conducted by the provincial and municipal local government units. The implementation process of an activity by the public authorities planned as a policy or programme may be divided into two basic stages: regulatory stage and technical and implementation stage. The regulatory stage is aimed at identifying the environment and determinants, as well as at setting boundaries and conditions of the activity, enabling for sustainable development. The above is conducted by means of strategic environmental impact assessments, which set out procedures ensuring that the environmental protection requirements are taken into consideration by the preparation and adoption of strategic documents. Furthermore, the society participates in the procedure and potential social conflicts may be identified.

Strategic documents encompass spatial development plans, studies of determinants and directions of the municipal spatial development, as well as development strategies, plans and programmes for particular sectors (industry, energy, transport, water management, waste management, forestry, fishing, tourism, land development)

The Supreme Audit Office of Poland examined whether the strategic environmental impact assessments were correctly conducted in selected 24 municipal offices and six marshal’s offices. It was stated that the audited local government bodies did not comply with all the requirements concerning strategic environmental impact.
EUROSAI Working Group on Environmental auditing

assessments – in particular related to the preparation and submitting of documents, as well as providing comprehensive information on the implemented procedure. This was caused by selected application of regulations or their incorrect interpretation and unreliable conduct of persons responsible for the implementation of activities.

It was also revealed that only 1/10 of the auditees provided comprehensive annual information on the conducted assessments to the General Director of Environmental Protection. Furthermore, almost none of the offices included the information on documents concerning strategic environmental impact assessments in the publicly available data catalogue of documents including information on the environment and its protection. As a result citizens were deprived of their right to the information on the environment and its protection.

In order to implement tasks related to the strategic environmental impact assessments more effectively, NIK submitted recommendations to the bodies that conduct the strategic environmental impact assessments and conclusions concerning the amendment of the law to the Prime Minister and the Minister of Environment.

More information may be found at https://www.nik.gov.pl/kontrole/P/15/052/

For further information, please contact the Supreme Audit Office of Poland at wsm@nik.gov.pl

Performance audit on the use of Climate Change Fund resources

Slovenia

The Court of Audit of the Republic of Slovenia issued in 2015 the audit report on the effectiveness in achieving the objective of allocating funds for mitigation and adaptation to consequences of climate change. The auditors reviewed the preparation and implementation of the public invitation to tender by which the ministry responsible for environment and Slovenian Environmental Public Fund in 2013 distributed grants in the amount of almost EUR 4 million for the purchase of environment-friendly heavy goods vehicles and buses.

As assessed by the Court of Audit, the concerned ministry was not effective when preparing the programme regarding the use of the Climate Change Fund resources, namely in the part pertaining to granting non-repayable financial aid for the purchase of environment-friendly vehicles, since the objective as specified in the programme was not fully relevant, specific and measurable. Moreover, it could not be assessed whether the goal was achievable. The ministry also failed to monitor the implementation of activities financed from its budget and was not actively involved in the preparation and implementation of the public invitation to tender in order to be able to timely identify and prevent weaknesses and irregularities.

Theme picture on the cover of the audit

The Court of Audit assessed that the public invitation to tender did not have incentive effect, since the already purchased vehicles were merely co-financed by it. Furthermore, the conditions provided in the public invitation were not fully appropriate, the bid assessment criteria were not defined, and the public procurement procedure was not in line with the demands of the legislation and the public invitation to tender.

Following the assessment of the Court of Audit the ministry and Slovenian Environmental Public Fund were not effective in achieving the objectives, namely allocating funds for mitigation and adaptation to consequences of climate change, since they did not provide for necessary conditions to be able to select those applicants who would most effectively contribute to achievement of those objectives.

For further information, please contact Mr Miroslav Kranjc at Miroslav.Kranjc@rs-rs.si
Audit report: The State’s contaminated areas (RiR 2016:25)

**Sweden**

There is a large number of contaminated or potentially contaminated areas in Sweden. Their size varies, as does the risk to human health and the environment. The total number of contaminated or potentially contaminated areas was in a survey 2016 estimated to be about 81,500. The number of contaminated areas owned by the State or contaminated by central government activities is unclear. However, the numbers involved are large. For example the Swedish Transport Administration estimates that it may be responsible for up to about 8,000 areas. The corresponding number for the Swedish Armed Forces is estimated to be about 2,200.

There are also areas with risks other than contamination. This applies for example to the Swedish Armed Forces’ closed-down training areas and firing ranges where unexploded ammunition (unexploded ordnance, UXO) can be found, which can pose a direct hazard to human life and health. The number of areas with UXO is unclear.

It is costly to remEDIATE contaminated areas. For example, in 2007 the Swedish EPA estimated the costs of remediating the most contaminated areas as about SEK 45 billion up to 2050. It is also costly to clear areas of UXO. This probably involves billions of kronor.

The Swedish NAO’s overall conclusion is that there are considerable deficiencies in surveys of contaminated areas owned by the State or contaminated by central government activities. Consequently, it is also true that few cost estimates for remediation have been carried out. This makes it more difficult to assess the order and pace at which remediation or clearance of contaminated or high-risk areas should take place in order to be effective. Assessments of risks to human health and the environment are also more difficult, as well as reporting of previous and expected expenditure for remediation and clearance.

*The audit report was published in October 2016. A summary in English will be available in December 2016 at the Swedish NAO’s website*  

**Experience of the Accounting Chamber of Ukraine in conducting audits of the use of budgetary funds allocated to prevention and consequence elimination of disasters**

**Ukraine**

Ukraine’s significant areas with unfavorable natural conditions and its predisposition to demonstrate dangerous natural phenomenon determine the necessity to find ways to improve the state policy on preventing and eliminating consequences of natural disasters.

Given the urgency of the problem, the Accounting Chamber of Ukraine permanently conducts audits in this area both nationally and internationally.

Analyzing the experience of the Accounting Chamber of Ukraine in conducting such audits a number of conclusions can be drawn.

First, the prevention of natural disasters and effective response to their consequences should be subject of audits to the supreme audit institution on permanent basis. This is due to their socio-economic sensitivity, the international nature of the possible consequences, which in some cases are emerging as national security issues.

Second, the use of public funds for the prevention and consequence elimination of natural disasters has high risks of fraud. Such risks actualize the role of regulatory authorities, including audits of SAIs, as one of tools for prevention and counteraction to possible abuse.

Thirdly, significant capital intensity of protection systems requires the use of significant resources. Due to the consequences of global financial crisis and unfavorable economic situation of individual countries, one of the main sources of financial capital may be international investments.

In this case, the SAI audits of such funds will add to investor confidence and facilitate increase of aid.
The main results of the audits of the Accounting Chamber of Ukraine are:

- concentrating focus of the highest authorities of the country on the existing problems
- identifying the most significant and characteristic problems of formation of appropriate public policy and its implementation
- improving the regulatory and legal support
- increasing the involvement of international technical and financial assistance

Summarizing it should be noted that the effective prevention of natural disasters requires coordinated efforts of all concerned authorities, both within individual countries and the international community in general.

One of the ways to provide support of this matter is for SAIs to conduct international coordinated audits on prevention and consequences elimination of natural disasters.

National Audit Office briefs the UK Parliament Environmental Audit Committee (EAC)

This year the NAO has published two briefings for the EAC.

Departmental Sustainability Overview: Department for Transport

In April we published our fourth Departmental Sustainability Overview, this time looking at the Department for Transport. Our overviews give a high level perspective on a department’s contribution to achieving environmental targets and mitigating environmental harm.

In the UK the transport sector contributes 22% of our carbon emission and uses 38% of our energy. By assessing the department against our good practice framework we found it has taken many positive steps to meeting the challenge of sustainability in the transport sector, particularly in respect of its internal processes and interactions with other parts of government. However, there’s an opportunity to go further and be a leader for sustainability in the transport sector, and to ensure that the environment is fully considered across all decisions.

The EAC used our briefing along with other written and oral evidence in its Inquiry into Sustainability in the Department for Transport. It concluded the Department needs a clear strategy to increase the use of ultra-low emission vehicles, reduce air pollution and deal with the VW cheat device scandal so that it can meet decarbonisation and air quality targets. We are awaiting the Government’s formal response.

Sustainability in the Spending Review

In July we published Sustainability in the Spending Review which looked at how well carbon emissions, air quality, and biodiversity were considered when the Government reviewed its future spending plans in November 2015. This spending review allocated almost £2 trillion in departmental spending, and another £2 trillion in welfare and benefits payments, over five years. It also set out £12 billion of net budget savings through cuts in department’s resource spend. We found there had been improvement in the presentation and use of environmental information by both the bidding departments and HM Treasury, but there remained a need for greater cross government co-ordination on environmental issues.

Treasury analysed the spending reviews likely impact on meeting medium term carbon emission targets (carbon budgets). At the time this showed the total of all bids received would narrow the gap between target and actual emissions less than the policy assumptions in previous emissions forecasts. Since the spending review government has further progressed policy design. More recent analysis suggests the carbon savings from spending review bids may be greater than previously assumed. However, a substantial gap remains.

The UK Government announced cancellation of its Carbon Capture and Storage (CCS) competition as part of the spending review. CCS is a process to avoid the release of carbon dioxide (CO₂) into the atmosphere by capturing it from sources such as power stations and factories and storing it, usually underground. We concluded the cancellation would delay large scale deployment of this technology and may affect the cost of reaching long term carbon budgets.
Again, our briefing formed part of the evidence at an EAC Inquiry into Sustainability in HM Treasury. The Committee has yet to publish its Inquiry report, but the Chair has commented “It is critical that government establish a new strategy for supporting large-scale deployment of CCS, as without it, the eventual bill for cutting our carbon emissions could be up to £30 billion more”.

UK NAO study on controlling the consumer-funded costs of energy policies through the Levy Control Framework

In October 2016 the UK National Audit Office published a report on the Levy Control Framework (LCF). The LCF was introduced in 2011 and aims to manage some of the tensions between the government’s three objectives for energy policy: ensuring a secure energy supply; to reducing carbon emissions; and to keeping energy bills as low as possible. The LCF covers three schemes: the Renewables Obligation (RO), Feed-in Tariffs (FiT) and Contracts for Difference (CfD). These subsidise the cost of new low carbon generation, with RO/CfD schemes targeted at large scale projects and FiT supporting domestic or small business generation.

The LCF sets a cap on the forecast costs of these schemes which are funded through levies on energy suppliers and ultimately paid for by consumers. The energy department is required to take early action to reduce costs if forecasts exceed this cap, with urgent action required if forecasts exceed a 20% ‘headroom’ above the cap. The cap in 2020-21 is £7.6 billion (in 2011-12 prices).

Government forecasts in 2013 anticipated that LCF schemes would cost £6.9 billion in 2020-21. By June 2015 forecast costs had risen to £9.1 billion, exceeding the cap and just below the headroom limit. Our findings included that:

- The UK government is on track to ensuring that 30% of electricity comes from renewable sources by 2020, which has partly been made possible by the three schemes in the LCF. The LCF has been a valuable in making the costs to consumers of these scheme clearer.

- Government’s forecasting of LCF costs has been poor as has its allocation of the Framework budget:
  - Weaknesses in the Department’s forecasting approach before April 2015 contributed to a delay in discovering that forecasts needed updating.
  - The energy department fully allocated the Framework budget at an early stage and without price competition. It awarded eight early contracts for large renewable projects in 2014 before it had established the full regime for auctions. The Competition and Markets Authority has estimated that the early contracts may have cost £300 million a year more than if they had been subject to price competition.

- The positive effect the Framework could have on investor confidence has been limited by the decision not to extend it beyond 2020-21, and by a lack of transparency. A wider lack of transparent reporting on the impact of policies on bills has also undermined accountability to Parliament.

We will soon publish an accompanying briefing on low-carbon electricity supported by the Framework, which highlights the significant variation in costs per megawatt hour between the different schemes, and which may prove interesting for international comparisons. It shows average generation weighted costs of £58 per megawatt hour for RO, £188 for FiT, £77 for early award CfDs and £50 Auction round one CfDs.

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