



EUROSAI

Working Group on
Environmental Auditing

NEWSLETTER 1/2018

MESSAGE FROM THE CHAIR

Dear Colleagues,



I have a pleasure to present to you the latest edition of the EUROSAI WGEA Newsletter – the first since my taking office as the Auditor General of Estonia and the Chair of EUROSAI WGEA in April 2018.

I am glad to greet you all in the capacity of the EWGEA Chair and I am looking forward to building a good working relationship with your offices within the EUROSAI WGEA community and beyond.

It is symbolic that while I am still gradually uncovering all the environmental auditing specifics along with its opportunities and challenges, the main article of the current newsletter focuses on experience. The interview with Dr Heinrich Lang, a long-serving audit professional of the Austrian Court of Audit is an excellent read for anyone interested in environmental auditing in the public sector.

The summer of 2018 has been exceptionally warm in many parts of Europe, reminding us about the need to be able to adapt to extreme weather. Climate will also be in focus at the upcoming Annual Meeting of EWGEA in Bratislava. Climate change related questions are increasingly important to citizens and their governments and, consequently, also relevant from the viewpoint of SAI

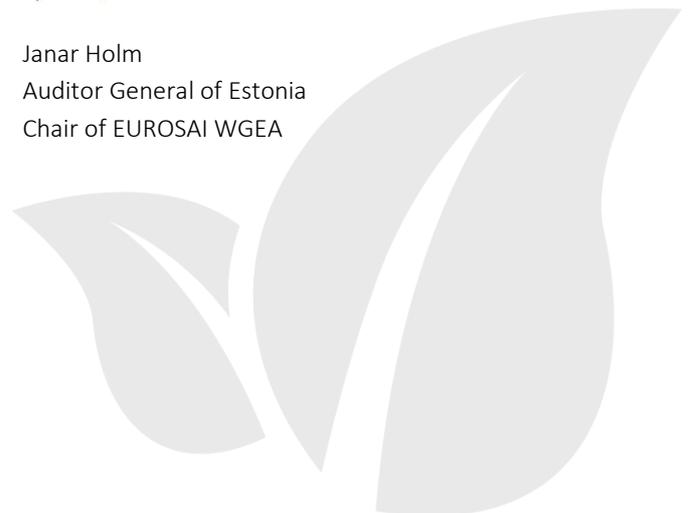
work. Hopefully the Annual Meeting will provide useful knowledge and inspiration, including ideas on how the audit work on climate change related matters could best be focused. Food for thought – already 6 years have passed since the EUROSAI WGEA cooperative audit on adaptation to climate change.

As always, the newsletter covers recent and upcoming EWGEA activities and events as well as selected news from regional WGEAs and SAIs related to environmental audits conducted in their offices.

Enjoy!

Yours sincerely,

Janar Holm
Auditor General of Estonia
Chair of EUROSAI WGEA





UPCOMING EVENTS

16th EUROSAI WGEA Annual Meeting

The 16th Annual Meeting of the Working Group will be held from 26 to 28 September 2018 in Bratislava, Slovakia.

Climate change and increasing the impact of environmental audits are the central topics of the event. On 25

September, a seminar *Climate Change: Focus on Data* will be held. Kindly refer to

<https://www.eurosaiwgea.org/meetings/Pages/16th-Annual-Meeting.aspx> for the materials of the meeting (presentations and report will be added post-event).



EUROSAI WGEA MOOC: Auditing Water Issues



The Secretariat has a pleasure to inform that the EUROSAI WGEA **Massive Open Online Course “Auditing Water Issues”** will run from 12 November to 16 December 2018.

Registrations will open in September via

<https://www.ut.ee/en/current-students/moocs>. An introductory MOOC “Environmental Auditing in the Public Sector” developed by the National Audit Office of Estonia (running from 10 Sept to 7 Oct 2018) provides a good basis for taking the water MOOC (registrations are open via the aforementioned link). MOOCs are accessible online and free of charge for everybody. *Contact Ms Kaire Kesküla at kaire.keskula@riiqikontroll.ee for more information.*

FOCUS ON EXPERIENCE

Environmental auditing demands skills, but also a patient and curious mind

Interview with Dr Heinrich Lang from the Austrian Court of Audit (questions by Ms Tuuli Rasso from the Secretariat of EUROSAI WGEA)*



How did you become an environmental auditor?

My path to become an environmental auditor was a slow, but steady one. I was interested in environmental issues already when I entered the service at the Austrian Court of Audit in 1986, although, at that time, environment did not exist as a stand-alone topic. It was therefore in the framework of my audited topics that I launched, first every now and then and later with increased regularity, own initiatives on environmentally relevant issues. Examples of that were the management of hazardous waste at the provincial administrations (a central collection of data did not exist at that time) or air pollution control in the steel and chemical industry. Then I moved to the department responsible for auditing the federal ministry of the environment. Since two or more different organizational entities were tasked with the comprehensive audit of



environmental issues (as a cross-cutting subject matter) both within the administration and within the ACA, and difficulties arose especially when it came to ensuring cooperation among those entities, the department for comprehensive environmental protection was created in the ACA in 2001, which I have been heading to date.

What has been your biggest success story in environmental audit?

This question depends on the method used to measure and evaluate the success of an audit. Of course, we published reports that prompted large-scale statutory amendments or mobilized money for important environmentally relevant plans. However, looking back at 32 years of auditing, the biggest success for me is that environmental protection, which was a matter of concern for only a few people, has grown to become a self-evident issue. From that I personally conclude that we succeeded in raising awareness, which, as such, was not there 30 years ago. Waste separation and recycling, for example, was a controversial issue at the beginning of my career. Today, it would be unthinkable for my grandchildren to throw all substances into the same waste container. I think that our reports also contributed to this development.

Another success is the growing interconnectedness of audit institutions. In the framework of INTOSAI we took part in the first and, so far, only worldwide audit and carried out numerous projects with colleagues from Europe. At the turn of the millennium, cross-border cooperation was a completely new and great challenge. Today, at least in Europe, it is at least almost natural to look beyond the borders and to entertain contacts with the colleagues in the neighboring states.

Looking at the developments in the E-WGEA, the main topics of concern after its establishment revolved around carrying out environmental audits, gathering expert knowledge and finding the right methods to attain the defined objectives. Today everything is self-evident and we can address special issues because SAIs have the necessary

know-how and environmental audits have become standard practice.

From my point of view, the most important success with regard to environmental auditing is therefore the fact that it contributed and still continues to contribute to raising and strengthening awareness for environmentally relevant issues among those in positions of responsibility in politics and administration, and among the public.



What would you recommend to somebody who takes first steps in environmental audit?

In general, it is fair to say that we cannot enforce quick progress by taking legal or similar steps. This concerns in particular environmental protection. Instead, we have to go the long way and raise awareness of the problems, identify problem areas and elaborate possible solutions. This is not only true vis-à-vis the audited entities, this often concerns the SAI itself. Auditors who want to work in the area of environmental protection therefore need to be – in addition to having the general traits and skills of an auditor – curious, tenacious and patient.

**Dr Lang participated in the EWGEA work since its establishment in 2001, after having been part of also the discussions for the formation of the group. Following a long successful career at the Austrian Court of Audit wherein he was involved in and led numerous audits related to environmental issues, Dr Lang retired in July 2018.*



PAST EVENTS

49th EUROSAI Governing Board

Dr Alar Karis, the previous Chair of EWGEA introduced the activities of the working group at the 49th EUROSAI GB meeting in Gdansk on 14 March 2018, concluding that the projects in the [EWGEA Activity Plan for 2017-2020](#) have proceeded in a timely manner. The GB also issued a resolution recognizing the participation of EWGEA in the high-level environmental compliance expert group established by the European Commission (see the story after the next).

EUROSAI WGEA Spring Session 2018: Environmental Governance

EUROSAI WGEA Spring Session on Environmental Governance was hosted by the National Audit Office of Finland in Helsinki from 26 to 27 April 2018. Almost 60 participants from 27 SAIs and other institutions attended. The concept of good governance was explored from an

environmental perspective, with the key themes of sustainable development, public interest and stakeholder engagement and the tools of environmental governance in mind. The report of the Spring Session available on the [EWGEA webpage](#) provides a good reference material on the topic.

Environmental Compliance and Governance Forum

[A high-level expert group](#) of EU Member States' officials and representatives of European environmental practitioner networks has been set up by the European Commission to promote the appliance of environmental rules across Europe. EUROSAI WGEA has also been invited to participate, by sharing the expertise of environmental auditors. The Secretariat has proposed the Steering Committee to consider the potential areas and format of this cooperation and the issue will also be discussed at the Business Meeting during the 16th AM in Bratislava.

NEWS FROM MEMBERS

ESTONIA: Audit on groundwater protection



Groundwater is the source of drinking water for 2/3 of Estonian population. Groundwater resources in Estonia are abundant, and most residents have clean drinking water available. While in general the groundwater quality in Estonia is good, there are regions where underground aquifers are in bad chemical and quantitative status. Out of 39 identified groundwater bodies eight are in bad and 10 are in vulnerable status.

National Audit Office of Estonia audited the state activities in managing the four main pressures which impose a threat to the quality of drinking water or affect groundwater-dependent ecosystems: use of fertilizers in

agriculture, underground mining activities, collection and treatment of urban waste water and water abstraction.

The audit indicated that the pollution of groundwater with nitrates has increased, the treatment of fields with fertilisers being the main source of nitrates. The status of groundwater has also not improved in Ida-Viru County which is significantly affected by the extraction of oil shale. As the extraction continues, the area with a bad status of groundwater will enlarge.

The National Audit Office found that although Estonia uses less fertilisers than European Union countries in average, reduction of diffuse pollution caused by agriculture still requires more attention. Restriction of diffuse pollution is particularly important in areas where groundwater is unprotected and therefore vulnerable to pollutants.



Pollution of groundwater is additionally caused by wastewater from settlements, which is not collected with the public sewerage system to the required extent.

In order to improve groundwater protection the National Audit Office recommended establishing and enforcing clear restrictions for the use of fertilisers in a nitrate-vulnerable zone accompanied by a compensation for the farmers for the loss of profit; establishing a system of guarantee funds in order to ensure that all households affected by the extraction of oil-shale have access to clean drinking water and establishing a reliable overview of private on-site treatment systems of wastewater.

For further information, please contact Airi Andresson at airi.andresson@riigikontroll.ee or Viire Viss at viire.viss@riigikontroll.ee.

ESTONIA: Audit of the energy efficiency of public sector buildings



The energy efficiency of the buildings owned and occupied by the public sector should be improved. Many public buildings are not energy efficient or their condition is unknown, because either energy performance certificates have not been issued or information about the certificates is not easily found. More attention should be given to the energy efficiency of public sector buildings upon developing and managing public property and during the drawing up of the state budget.

The National Audit Office of Estonia conducted a performance audit in which it assessed whether and how the state has guaranteed the achievement of the goals and the compliance with the obligations and recommendations set in the European Union Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED) in respect to public sector buildings' energy efficiency. NAO-E mainly looked at how the government is managing the 1) fulfilment of the EED requirement to renovate 3% of the total floor area of buildings owned and occupied by the central government to meet at least minimum energy performance requirements, 2) the

transition to nearly zero-energy buildings, and 3) the funding of energy efficiency renovations in both, the central and local government buildings.

The National Audit Office of Estonia concluded that it is unlikely that Estonia will be able to fulfil the annual 3% renovation target established in the EED for the central government buildings in the future. Investments to both, the buildings owned and occupied by the central government as well as by the local governments need to be better thought-through. Furthermore, the audit pointed to the risk that neither the building sector nor the local governments might be ready for the transition to nearly zero-energy buildings.

The National Audit Office of Estonia conducted this audit as part of the larger cooperative audit on the energy efficiency of public sector buildings initiated and facilitated by the EUROSAI Working Group on Environmental Auditing. The cooperative audit report will be published in the fall of 2018.

For further information, please contact Kaire Kuldpere at kaire.kuldpere@riigikontroll.ee or Kristiina Visnapuu at kristiina.visnapuu@riigikontroll.ee

NORWAY: Audit of the public authorities' initiative relating to bioenergy in order to reduce greenhouse gas emissions



In May 2018, the OAGN published the report on the public authorities' initiative relating to bioenergy in order to reduce greenhouse gas emissions.

In 2008, the Storting determined the government goal of increasing the production and use of bioenergy by up to 14 terawatt hours (TWh) by 2020. This is equivalent to approximately 10% of Norwegian electricity production in 2016. This emphasis on bioenergy is part of the work to change energy use from fossil fuels to renewable energy, reduce greenhouse gas emissions and curb global warming. The production and use of bioenergy can also exploit Norway's significant biomass resources, and thus



contribute to economic development in the regions and to increase the supply of energy.

The aim of the investigation has been to assess the authorities' contribution to the increased production and use of bioenergy in light of the need to reduce greenhouse gas emissions by 2020.

Audit findings

- A small growth in the use of bioenergy has a significantly smaller effect on the climate than the potential resources in Norway allow for: The annual consumption of bioenergy increased by 1.6 TWh between 2008 and 2016, while in 2007 it had been expected to increase by up to 14 TWh. Only the use of liquid biofuels has increased — within road transport and mainly involving imported fuel. In 2014, the potential resources in Norway were calculated to be 21 TWh per year, with forestry the largest source.
- Government measures to increase bioenergy have shown poor returns: Measures to promote the production and use of bioenergy are managed by a number ministries and organizations, and no overall assessment has been made of the effectiveness of the measures.
- The authorities do not have coordinated goals and strategies to increase the production of bioenergy: The ministries involved have not clarified how much emphasis should be placed on the goal of increased bioenergy production, in line with the energy supply and climate targets. Changes in measures and unclear signals may have impeded the increased production of bioenergy. The ministries have not assessed and adjusted their efforts in light of developments in the resource base and changing market conditions.

¹ "Reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries."

The full report in Norwegian and a summary in English is available on

<https://www.riksrevisjonen.no/en/Pages/Homepage.aspx>.

For further information, please contact Mr. Knut Matre, Knut.matre@riksrevisjonen.no.

NORWAY: Audit of Norway's International Climate and Forest Initiative



In May 2018, the OAGN published a report on Norway's International Climate and Forest Initiative. The Ministry of Climate and Environment manages the initiative, which is Norway's largest international climate initiative. Through the initiative, Norway has played a pivotal role in testing and establishing a framework under the United Nations Framework Convention on Climate Change (UNFCCC) on reducing emissions from deforestation and forest degradation in developing countries, known as REDD+¹.

The aim of the audit was to assess Norway's efforts to establish an effective instrument for reducing greenhouse gas emissions from deforestation and forest degradation in developing countries. The audit covers analyses of progress and results achieved to date in REDD+ countries which have been supported by Norway's International Climate and Forest Initiative. The audit covers the period 2008–2017, with an emphasis on the situation at the time of data acquisition. Data acquisition was carried out from March 2016 to October 2017 and included visits to Ethiopia and Brazil.

Audit findings:

- **The results of REDD+ to date are delayed and uncertain.**

Stimulating reductions in deforestation and degradation by the use of REDD+ and results-based payments has proven more difficult than initially assumed. Fluctuating political priorities and capacity to implement REDD+ in partner



countries hampers progress. This applies both to the initial phases of REDD+, with the aim of strengthening forest management and achieving emission reductions, and for the progress made after the initial payments for verified emission reductions.

- **Monitoring of the implementation and results of REDD+ is unsatisfactory.**

Monitoring of social and environmental safeguards is inadequate. Both cooperating partners and the Ministry of Climate and Environment have limited information on the promotion and support of the safeguards in undertaking REDD+. Measurement, reporting and verification of emission reductions are also only partly in place. Progress has been slow in developing systems that are more comprehensive.

- **Norway's contributions to REDD+ have not triggered sufficient financing from other donors.**

There is no complete overview of REDD+ financing globally. Still, Norway stands out as the largest donor in analyses of REDD+ financing. This contradicts a key condition to the budget allocations.

- **The Ministry of Climate and Environment is not sufficiently systematic in its acquisition and use of**

data concerning the results of Norway's Climate and Forest Initiative. The Ministry of Climate and Environment has prepared a strategic framework to assess progress against milestones and goals. Nevertheless, lack of a systematic approach to the acquisition and analyses of data concerning results weakens the Ministry of Climate and Environment's basis for management and building experience with REDD+.

- **The Ministry's follow-up of the risk of fraud is inadequate.** The audit shows specific cases where the actions taken by the Ministry of Climate and Environment do not follow relevant guidelines for the prevention and follow-up of possible irregularities. This includes lack of action when the risk profile of cooperating partners has changed.

The full report in English is available on <https://www.riksrevisjonen.no/en/Pages/Homepage.aspx>.

For further information, please contact Ms. Karine Thorsell Hansen, Karine-thorsell.hansen@riksrevisjonen.no.

NEWS FROM OTHER REGIONS

The 18th Assembly Meeting of INTOSAI WGEA



Around 100 participants from 42 SAIs gathered in Bandung, Indonesia for the 18th Assembly Meeting of INTOSAI WGEA held on 16-19 July 2018. Started with Environmental Excursion on 16 July 2018, participants

were presented with the Greening Cities Initiatives enforced by the City of Bandung, complete with a tour around the city to see the actual initiatives come to life.

On 17 July 2018, Chairman of SAI Indonesia as Chair of INTOSAI WGEA formally opened the 18th Assembly Meeting. The 3-day meeting consisted of plenary sessions and parallel sessions of the 12 projects under the 2017-2019 Work Plan. Themes discussed in plenary sessions were *How to Improve the Quality of Urban Environment*, *Sustainable Land Management*, and *Environmental Audit and Society*, bringing in Indonesian City Mayors, Ministries



officials and Auditor Generals of SAI Australia as guest speakers. The Chair of EUROSAI WGEA also attended.

SAI Indonesia also hosted an Official Dinner for participants on 18 July 2018, and a Farewell Reception on 19 July 2018 after the close of the meeting. The INTOSAI WGEA community plans to meet again next year in Thailand, while the Steering Committee Members will hold their annual meeting in the Czech Republic in October 2018.

ASOSAI WGEA 7th Seminar on Environmental Auditing held in Thailand

On 29 - 31 January 2018, the 7th Seminar on Environmental Auditing and 6th Working Meeting of ASOSAI WGEA were successfully held in Khao Yai, Thailand. 53 delegates from 22 member-SAls of ASOSAI and 4 observers from other regional working groups participated in the seminar. Among others, the Chairs of INTOSAI WGEA and EUROSAI WGEA attended.

On behalf of Ms. Hu Zejun, Auditor General of China and Chairwoman of ASOSAI WGEA, Ms. Qin Boyong, Deputy Auditor General of China addressed at the opening ceremony and delivered a keynote speech on the review and outlook on environmental audit in Asia. Participants from WGEAs of INTOSAI, AFROSAI, AROBSAI, ASOSAI and EUROSAI made respective work reports. The seminar was followed by two forums themed IT application in Environmental Audit and Featured Practices in Environmental Audit with heated discussions.



Closely preceded by the seminar, the 6th Working Meeting of ASOSAI WGEA was held on the afternoon of 30th Jan. Delegates to the meeting revised the Procedural Rules of

ASOSAI WGEA, approved to carry out parallel audit on water environmental protection, and launched research projects on Audit on Poverty Alleviation and Living Environment Improvement in Rural Areas and Application of Big Data Analytics in Environmental Auditing. The meeting also decided that SAI Bhutan and Kazakhstan would host the next seminars in 2020 and 2022 respectively.

10th meeting of the ACAG/PASAI Regional Working Group on Environmental Auditing

In May 2018, the ACAG/PASAI Regional Working Group on Environmental Auditing (RWGEA) met in Brisbane, Australia, for the 10th meeting. Twenty-four participants from 13 audit offices as well as representatives from ACAG, PASAI, and the INTOSAI WGEA secretariat attended.

The programme and discussion at the meeting focused on increasing audit impact and visibility, greening the SAls, sustainable development goals, water and the marine environment, and building capacity through co-operation



and knowledge-sharing, communication, and training.

The meeting heard from guest speakers on the topics of Sustainable Development Goals and protecting the marine environment and got an update on progress with the PASAI IDI cooperative audit on SDG implementation that is currently underway in the region. The meeting also discussed data analytics. This is a growing area of activity for offices. It has great potential for environmental audits, but there are often issues with data availability and reliability, and the long-term nature of some environmental outcomes. There is a need to be strategic to ensure that data analysis adds value to the audit and to link the data with the environmental context.



PASAI members have asked the RWGEA, ACAG, and PASAI to develop an environmental auditing training programme for the region to build capacity in this area. The programme would be specific to the identified needs of Pacific Island audit offices, based on a needs analysis by PASAI, and relevant to the Pacific context. The programme will draw on WGEA guidance and training resources, such as the online environmental training MOOCs. It could also involve one-on-one support through PASAI's twinning program. Building on a suggestion from the 2016 RWGEA meeting, PASAI and ACAG are working on a mentoring program for the region, for consideration at the 2018 PASAI congress in August 2018.

For more information please contact
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