

EUROSAI Working Group on Environmental Auditing  
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# AUDITING SUSTAINABLE ENERGY Case study

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- **Title of the audit:**

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

- **Year of publication: 2009**



# Audit steps

- **Step 1** – Understand the sustainable energy issue and its influence on society, economy, and the environment
- **Step 2** – Understand the governmental response to sustainable energy issue
- **Step 3** – How to choose audit topics
- **Step 4** – Design the audit
- **Step 5** – Audit execution and reporting



# Step 1



**What energy resources are used in my country?**



**What is the situation of energy distribution in my country?**



**Do I have basic information on energy consumption, energy savings and energy efficiency?**



# Step 2



**Are there any provisions following from international agreements that are obligatory for my country?**

- The United Nations Framework Convention on Climate Change
- UNFCCC Kyoto Protocol



## Step 2



How is the field of sustainable energy regulated by national legislation in my country?

- **EU Directive 2001/77/EC**, on the promotion of electricity produced from RERs in the internal electricity market
- **Act No. 180/2005 Coll.**, on the Promotion of the electricity production from RERs



# Step 2



**Does my country have policies / programmes regarding sustainable energy?**

- State Energy Policy
- The National Programme for Economical Energy Management and Use of Renewable and Secondary Energy sources



# Step 2



**What instruments does my country use to manage the energy policy/programme?**

- The State Programme in Support of energy savings and use of RERs – Part A, administered by Ministry of Industry and Trade
- The State Programme in Support of energy savings and use of RERs – Part B, administered by Ministry of the Environment
- EU-funded operation programmes





# Step 2



**Who are main players in the energy sector in my country and what are their roles and responsibilities?**

- Ministry of Industry and Trade of the CR;
- Ministry of the Environment of the CR;
- State Environmental Fund of the CR;
- CzechInvest, the Investment and Business Development Agency;
- Selected beneficiaries of financial assistance.



# Step 3



## How to choose an audit topic on sustainable energy?

- review the spending of funds earmarked for support of the use of renewable energy



## What to focus on when auditing energy generation instruments?

- e.g., when auditing the state programmes, a SAI may audit:
  - ◆ specification of the programme objective and their compliance with the strategic objective of the state energy policy



# Step 3

- e.g., when auditing the state programmes, a SAI may audit:
  - ◆ quantifying the needs, and the ways of satisfying such need
  - ◆ setting up steering documents for the programmes
  - ◆ quantitative and qualitative characteristics
  - ◆ setting up efficient internal control and audit systems by the administrators of the programmes ...

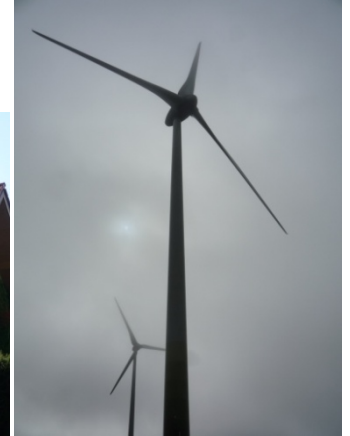


# Step 4



## What are the most relevant audit objectives?

- Review the spending of funds earmarked for support of the use of renewable energy



# Step 4



**Can the SAI in my country determine the framework scope of the audit?**

- The State Programme in Support of energy savings and use of RERs
- EU-funded operation programmes
- The audit covered the 2005 - 2008 period



# Step 4



**How does my audit team identify the auditees in my country?**

- Main players in the energy sector



**What are the most relevant audit questions to ask?**

- Is the state energy policy conducive to increasing the percentage share of RERs in the total final energy consumption?



# Step 5

## *Audit execution and reporting (1)*

- Verifying the existence of defined objectives of energy policies (programmes, projects, actions) and setting the ways to attain these objectives
- Verifying the existence, completeness, and veracity of preliminary analyses of the audited area
- Verifying the system of management and control of the progress of implementation of the national energy policy (programmes, projects, actions), and assessment of the internal control system



# Step 5

## *Audit execution and reporting (2)*

- Checking on the operability of the system employed in assessments of the implementation of policies (programmes, projects, actions)
- Audits at beneficiaries of support
- Elaboration of an audit report setting out the outcome of the audit
- Impact evaluation and monitoring





# Step 5

## ***Audit of grants on the side of grant provider:***

- **1** - Methodological and conceptual work in the field of grant provision for support of generation and savings of energy from RERs.
- **2** - Programmes in the field of grants for support of generation and savings of energy from RERs.
- **3** - Governance and administration of grant programmes for support of generation and savings of energy from RERs.



# Step 5

## *Audit of grants on the side of grant provider:*

- **4** - Organizational and supervisory activities regarding state funds which are allotted for measures to support of usage/generation and savings of energy from RERs.
- **5** - Ongoing monitoring from the side of grant provider and a level of final assessment.



# Step 5

## *Audit of grants on the side of beneficiaries:*

- **1** - Completeness and correctness of data presented in a grant request.
- **2** - Contractor and suppliers selection – a compliance with a law on public procurement.
- **3** - Project execution, a compliance with a grant agreement, an analytic project accounting.
- **4** - Achievement of planned parameters and fulfilment of stipulated objectives in the field of generation and savings of energy from RERs.



# Step 5



**Is the state energy policy conducive to increasing the percentage share of RERs in the total final energy consumption?**

- Have the programme objectives been set in compliance with state energy policy priorities?
- Would the implementation of the programmes fulfil the declared objectives?



# Step 5

- Has the system of state support been so adjusted as to ensure the maximum possible benefits to be derived from the implemented programmes?
- Has there been any disbursement (of public funds) from the state budget in support of science and research focused on the area of RERs?
- Is there any support available for projects geared to advance education and to raise awareness in the area of RERs?



# Step 5

- Has there been an effective use of tax instruments, price regulation, sales prices, and other potential instruments applicable to the area of RERs?
- Has there been sufficient coordination in this area among the ministries concerned?
- In the cases where the government has accepted a commitment to raise the percentage share of RERs has this commitment been fulfilled, or to what degree has it been met?



# Audit findings

- Inapproachability of the aim of 8% share of energy generation from RERs on gross domestic electricity consumption in 2010.
- Audited programme contributes only a little to increase of volume of energy production from RERs.
- Existing analysis reveal that biomass has the biggest potential in the Czech Republic.



# Audit findings

- The price regulation guarantees profitability of all kinds of RERs.
- When the support is provided for resources that require highest investments, the price of electricity for final consumers is increased significantly.
- State policy aiming at setting priorities for using RERs and at targeted funding is missing.





# Auditing the Sustainable Energy

Thank you for your attention!



What are your comments?

