



Message from the Chair of WGEA

XIX INCOSAI in Mexico marks the 15th anniversary of the creation of the INTOSAI WGEA. Who could have imagined 15 years ago that it would become the largest, most productive, and most actively supported body in the INTOSAI family? This issue of *Greenlines*, coming on the heels of our most successful WGEA meeting ever (WG11 in Arusha, Tanzania), reflects our accomplishments and growth over the past years. Happy birthday WGEA!!!

This issue includes a Feature Story from the National Audit Office of Tanzania, which explains how environmental audits can be an important part of tackling such issues as poverty and resource degradation in developing countries. It also includes News Briefs from nineteen SAI, reflecting the breadth and popularity of environmental auditing within our community. In WGEA News, the WGEA Secretariat summarizes the most recent meeting of the WGEA, WG11, which took place in Arusha, Tanzania; the final minutes of the WG11 are now posted online.

In addition, this issue of *Greenlines* marks the publication of four guidance papers that the WGEA developed during the 2005–07 work plan and includes a brief description of each paper.

I am pleased to welcome the SAIs of Australia, Lesotho, Mexico and Thailand to the WGEA. The WGEA now has 62 members. All the new members were present at WG11.

The WGEA 2008–10 Work Plan, which is being presented to the XIX INCOSAI for endorsement, sets out ambitious and important goals and activities. Under the leadership of the SAI of Estonia (see Message from the incoming WGEA Chair), and with the ongoing support of member SAIs, I believe the future of the WGEA is bright.

It has been a privilege and pleasure to chair the WGEA for the past six years. I would like to extend my heartfelt thanks to our WGEA members—and to the steering committee. We have been rewarded with your friendship, dedication, and support.

Sheila Fraser, FCA
Auditor General of Canada

Feature Story

Tackling Poverty, Resource Degradation and Pollution: A Tanzanian Perspective on the Role of National Audit Offices

It was a pleasure for the National Audit Office of Tanzania (NAOT) to host the recent Eleventh INTOSAI Working Group Meeting on Environmental Auditing (WG11) in Arusha this past June. It was a very good opportunity for representatives from almost 60 Supreme Audit Institutions (SAIs) and other organizations to share experiences, and learn from able speakers, about the importance of environment in our day-to-day lives. It allowed our SAI to reflect on the pressures facing our country and reaffirmed our belief that we—and perhaps all national audit offices—have a key role to play in undertaking environmental audits. We are more convinced than ever that capacity building in this area needs to be given priority, especially in developing countries. (read more on the following page...)

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Feature Story

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From left to right: Tanzanian Vice President H.E. Dr. Mohamed Shein; Tanzanian Environment Minister Mark Mwandosya; Canadian Auditor General Sheila Fraser; and Tanzanian Auditor General Ludovick Utouh

Environmental and Development Pressures Facing Tanzania

Our world is facing many environmental challenges, and Tanzania is no exception. Like many African countries—and indeed many developing countries around the world—Tanzania is endowed with natural resources that could secure its future prosperity. Yet how we treat the environment and use our natural resources is central to alleviating poverty, improving the quality of life, and ensuring sustained economic and social development.

Tanzanians have always had a deep respect and concern for their natural environment, their natural endowment. This ethic is reflected in the Swahili phrase “*Yatunze Mazingira Yakutunze na wewe*”, which was adopted as the official motto for WG11 and which means, in English,

“Protect the Environment and it will protect you.” Prior to WG11, we were, of course, aware of the many threats and problems confronting Tanzania. For example:

- Forests are being reduced because of human activities which include clearing them for agricultural activities and “wood fuel”. Tanzania has 38.5 million hectares of woodlands and forests which, however, are being depleted at the rate of 3,226 km² per year.
- Tanzania has a total land area of about 945,000 km² of which 61 percent has been affected by desertification.
- Productivity of soil is being reduced daily due to land degradation.
- More than 50% of Tanzanians do not have access to good quality water.
- 60-70 percent of the population is now urbanized. Urbanization brings with it sanitation problems, lack of access to safe drinking water, and other problems associated with a social environment.

The Global Context

In Arusha, we learned a lot about the global context for the environmental and development pressures facing Tanzania.

Mr. Thierry de Oliveira, Programme Officer of the Global Environment Outlook Section of the United Nations Environment Programme (UNEP) described some of the international environmental problems, including global warming and greenhouse gas emissions, the ozone hole, water availability and the decrease in the world's species. He noted that in Africa, land degradation is a particularly serious issue.

From Dr. Chris Magadza, senior scientist with the Intergovernmental Panel on Climate Change (IPCC), we learned that Africa is the MOST vulnerable continent to climate change. In fact, no matter where you live, the science of climate change is sobering and its potential effects worrying.

For years, Tanzanians have been observing the decline of the snow-cap on Mount Kilimanjaro. Little did we know that it is only a small part of the story of climate change.



Changes in the Kilimanjaro Ice Cap, 1993 – 2000. Photo courtesy of the U.S. National Aeronautic and Space Administration's Earth Observatory

According to the projections contained in the IPCC 4th Assessment, Africa will suffer greatly:

- Atmospheric warming is very likely to be larger than the global annual-mean warming throughout the African continent and in all seasons, with drier subtropical regions warming more than the moister tropics.
- Sub-Saharan Africa is likely to experience large impacts from climate change, due to a heavy dependence on rain-fed agriculture, a propensity to drought, and relatively low levels of adaptive capacity.
- Millions of Africans will face increased water stress as precipitation patterns change. For example, annual rainfall is likely to decrease 25% in much of Mediterranean Africa and Northern Sahara, decrease in much of the winter rainfall region and western margins in southern Africa and increase in East Africa.

- Projected biodiversity losses in Southern Africa include:
 - 24-59% of mammals,
 - 28-40% of birds,
 - 13-70% of butterflies,
 - 18-80% of other invertebrates, and
 - 21-45% of reptiles.

What the Tanzanian Government is Doing

Clearly, Tanzania faces complex challenges in the development, use and protection of her resources, the environment being one of them. The interactions with international companies, particularly regarding the attraction of foreign investments, necessitate adoption of better environmental planning techniques which encompass focus on corporate social responsibility.

As Mr. Deodatus Mfugale, journalist with the *Guardian Ltd* reminded us at WG11, *"This requires not only good national and regional policies but also supportive global policies and practices, policies that capture the benefits of a complex relationship between health, development, poverty alleviation, water, land, forests, wildlife and human well-being (the interdependence of environment and development)."*

At the highest level, development in Tanzania is guided by The National Strategy for Growth and Reduction of Poverty (NSGRP)—the organizing framework for putting poverty reduction high on the country's development agenda. The NSGRP is informed by the aspirations of Tanzania's Development Vision ("Vision 2025") for high and shared growth, high quality livelihood, peace, stability and unity, good governance, high quality education and international competitiveness. It is reflected in the Millennium Development Goals (MDGs), as internationally agreed targets for reducing poverty, hunger, diseases, illiteracy, environmental degradation and discrimination against women by 2015.

On the environmental front, the government has taken various initiatives to confront these challenges. The country's supreme law, the Constitution of the United Republic of Tanzania of 1977, places responsibility on every person in the country to protect the natural resources of Tanzania.

The National Environment Management Council (NEMC) is one key government institution tasked with environmental management. NEMC continue to implement various environment conservation and management programmes, including preparation of strategies for environment conservation, education and sensitization.

To tackle environmental challenges, the government under the Vice President's Office has created a Ministerial portfolio on Environment charged with the responsibility of the day-to-day supervision of environmental matters in the country.

The Government has also established an independent Ministry of Natural Resources and Tourism, which manages the country's natural resources. This Ministry is responsible for developing and managing natural resources in order to ensure sustainable conservation of natural resources for the present and future generations.

The Tanzanian Government is aware that by promoting agriculture as the engine of growth, it could bring forth significant adverse impacts on natural resources and environment and, in turn, undermine further agricultural growth. To minimize this risk, the government is promoting environmentally sound use of agrochemicals, including promotion of integrated and holistic approaches through land use planning and management.

And so there is a lot to audit! We believe that our efforts will help the government to do a better job in protecting the environment. The government is spending significant public resources on managing environment problems in Tanzania, and so our SAI will provide necessary information to Parliament to ensure accountability for prudent financial management as well as environmental management in the country.

The Role and Importance of Environmental Auditing in Tanzania

For many SAIs—Tanzania's included—environmental auditing is becoming one of the mainstream activities. In Tanzania, Environmental Auditing has two aspects or dimensions: **Environmental impact auditing** involves comparing the impacts predicted in an Environmental Impact Statement (EIS) with those that actually occur after implementation, in order to assess whether the impact prediction performs satisfactorily.

Before the enactment of Tanzania's Environmental Management Act (EMA) of 2004, no project had ever been subjected to such an environmental impact audit. Following the enactment of this law, some projects have complied with it and have undertaken a self internal audit. For the financial year 2006/07, 5 ongoing projects were subjected to internal self-audits. The National Environmental Management Council (NEMC) is mandated to carry out environmental control audits. In 2006, NEMC carried out 7 environmental control audits of on-going projects.

Environmental management auditing, as practiced by the NAOT, focuses on public and private corporate structures and programmes for environmental management and the associated risks and liabilities. Environmental auditing is about the systematic, documented, periodic and objective evaluation of how

well organizations, managements and equipments are performing in conserving the environment.

Lessons learned from WG11

Ms. Sheila Fraser, the Auditor General of Canada and Chair of the WGEA, asserted during the meeting that "... as citizens of the world, our common concern is for the quality of our environment". This message resonated with Tanzanians.

WG11 also reinforced the message that as professionals in the INTOSAI Community, we have a common purpose of doing the audit work necessary to help Parliaments hold Governments accountable for their commitments. WG11 agreed on several important resolutions which are expected to guide SAIs in conducting environment audits in their countries. These include developing guidance materials on the topics of climate change, sustainable energy, and the management of natural resources; supporting cooperative environmental audits among SAIs; and fostering knowledge sharing and training.

The NAOT was assigned to lead the development of the guidance materials in the mining sector in Africa and globally. Mining is an area where environmental concerns need to be considered during each phase—before extraction, during actual mining, and after extraction. As a regional leader in the mining sector, the NAOT will share its experience with SAIs in Africa and across the world in order to come up with appropriate recommendations to governments regarding environmental problems related to mining.

It is also expected that from the knowledge obtained at the Arusha meeting, the NAOT will assist the Government in coming up with an achievable strategy of reviewing solid waste management in cities, industrial and consumer waste management, medical waste management, mining, environmental management and many other issues.

Concluding Remarks

The NAOT is very proud to have hosted the very successful 11th meeting of the INTOSAI WGEA. We hosted the meeting because we believed that it would serve as a forum for sharing knowledge about environmental auditing among SAIs from developed and developing countries. It accomplished that and more. At this juncture, the NAOT would like to register its appreciation to the Auditor General of Canada and Chair of the WGEA, Ms. Sheila Fraser, and staff from her office for their excellent cooperation as well as to the presenters and participants who made the meeting so successful.

WGEA News

Highlights of the 11th meeting of the INTOSAI WGEA

A resounding success!

From 25 to 29 June 2007, more than 150 delegates from 59 Supreme Audit Institutions (SAIs) and organizations gathered in Arusha, Tanzania for the 11th meeting of the INTOSAI WGEA (WG11). Organized by the Office of the Auditor General of Canada, and hosted by the National Audit Office of the United Republic of Tanzania, WG11 was the best-attended—and perhaps most successful—meeting in the history of the WGEA. SAIs benefited enormously from the expert presentations, interactive workshops, small group discussions, tutorials, professional networking, and cultural exchange.

The Tanzanians were superbly organized and their warmth and generous hospitality led to a successful meeting and the creation of memories for a lifetime.

Setting the tone: “Cause a Ripple”

The logo for WG11, an image of a drop of water causing ripples, symbolized our vision: WG11 would generate its own ripples—through actions, momentum, and a lasting impact—for years to come. We believe we succeeded.



To begin with, delegates were treated to an excursion in the famous Ngorongoro Crater—a chance to see the environmental resources entrusted to, and the development pressures faced by the people of Tanzania.

During the lively opening ceremonies, delegates were greeted by singers and dancers from Tanzania and girl guides, singing an environmental song. Delegates were officially welcomed by His Excellency Dr. Ali Mohamed Shein, the Vice-President of Tanzania. The ceremonies also featured remarks from Mr. Ludovick Utouh, Controller and Auditor General of Tanzania, Ms. Sheila Fraser, Auditor General of Canada and Chair of the WGEA, and the Honourable Professor Mark Mwandosya, the Minister of Environment of Tanzania.



Auditor General of Tanzania Ludovick Utouh welcomes all delegates and honoured guests to the meeting



The Auditor General of Thailand Khunying Jaruvan Maintaka, with Anwar Nasution, Chairman of the Audit Board of the Republic of Indonesia, and his wife, enjoying a photo with traditional Tanzanian dancers

Learning from external experts

A key goal of WG11 was to improve participants' knowledge of environmental and sustainable development issues. Several renowned experts gave speeches:

- Mr. Thierry de Oliveira, the United Nations Environment Programme, previewed the upcoming Fourth Global Environment Outlook (GEO4), which will outline disturbing environmental and development trends around the planet.
- Dr. Chris Magadza, the Intergovernmental Panel on Climate Change, presented the latest scientific findings on climate change—what we

know, and what the future might be, noting Africa is particularly vulnerable because of its low adaptive capacity.

- Mr. Deodatus Mfugale, an environmental journalist with the Guardian Limited in Tanzania, stressed the need for effective governance, accountability, and transparency and reminded us that today's conditions reflect decisions made in the last 30 years.
- Ms. Carman Lapointe-Young, Auditor General of the World Bank, discussed how environmental risk is being reflected in the overall audit planning process for the Bank, determining whether World Bank policies are suitably designed, consistent with best practices, and operating effectively.

Transferring knowledge and building capacity

A second goal was to exchange experiences and to help build capacity for environmental audits. Interactive workshops, featuring presentations by SAls about their environmental audits of climate change, hospital waste, wildlife management, disaster response, greening government operations and many more topics, were organized around the following themes:

- Global Environmental Challenges We Face Together—Canada, the Czech Republic, Mexico, Norway and the United Kingdom;
- Audits of Domestic Environmental Issues—Botswana, Egypt, Indonesia, Paraguay, and Sudan; and
- SAls' Approaches to and Emerging Topics in Environmental Auditing—Australia, Bhutan, China, Estonia, and India.

Small group discussions that followed each workshop gave delegates the opportunity to discuss matters of relevance to them.

There were also six tutorials—on Biodiversity, Cooperation Between Supreme Audit Institutions, Sustainable Development, Waste Management, the Evolution and Trends in Environmental Auditing, and First Time Environmental Auditors. These specially-designed teaching sessions were led by SAls, brought to life existing WGEA products, and were a big hit with participants.

WGEA business

A third goal was to discuss WGEA business. The Secretariat outlined key achievements made during 2005–07, including the organization of WGEA meetings and learning events, WGEA website improvements, the Fifth Survey on Environmental Auditing, relationships built

with international organizations, and the development and approval of 4 major new guidance documents for environmental auditors, which are profiled below in a separate WGEA News section.

Delegates also developed and approved the 2008–10 work plan, and many SAls volunteered to lead or support projects. Plan highlights include

- adopting climate change as the new central theme;
- developing audit guidance materials for climate change, sustainable energy, and natural resource sectors of fisheries, forests and mining;
- encouraging cooperative environmental audits regionally and undertaking a globally-coordinated audit on climate change;
- fostering information exchange and learning, including training in environmental auditing in French-speaking African countries; and
- strengthening the activities in Regional WGEAs.

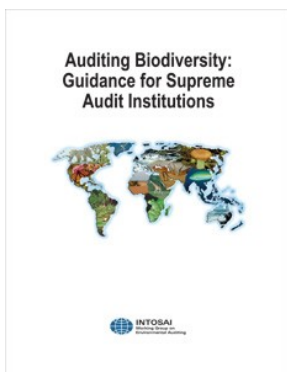
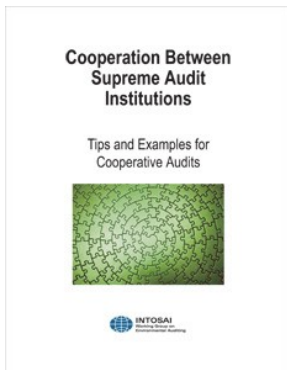
Members can access much of the information produced for and during WG11—including speeches, PowerPoint presentations, the *WGEA 2005–07 Progress Report*, the *Compendium of Workshop Papers*, and the WG11 meeting minutes—at www.environmental-auditing.org.

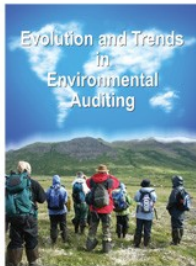
INTOSAI WGEA 2005-07 guidance papers: putting our best foot forward

Over the years, the WGEA has used its three-year work plan as the broad framework to develop guidance papers on environmental auditing. These documents have served as key guidance for auditors examining environmental subject areas with which they may have little familiarity. Work done in each three-year period builds on the knowledge from the previous periods.

The four papers from the most recent period—developed by volunteer SAls—have gone through rigorous peer reviews, better methods of research, and more strategic support and promotion from the Secretariat. The authors of the papers worked hard to obtain examples of audits from countries in all regions and with different income levels, and to gather information behind the scenes of the audit reports cited. Generally, they found the auditors they contacted to be more than willing to share their numerous challenges and successes. The following is a quick glimpse into the latest guidance documents from the WGEA.

All these papers are downloadable at www.environmental-auditing.org (go to: WGEA Publications). If you have any questions, contact Sylvie.McDonald@oag-bvg.gc.ca.

 <p>Auditing Biodiversity: Guidance for Supreme Audit Institutions</p>	<p>Auditing Biodiversity: Guidance for Supreme Audit Institutions</p> <p><i>Authors: SAIs of Canada and Brazil</i></p> <p>In recent years, biodiversity has been one of the most frequently audited subjects by SAIs. From 2003 to 2005, 114 audits have been conducted in the area of ecosystems. Specific issues included species at risk, protected areas, wetlands, and ecosystem management. SAIs have expressed their intention to conduct audits on biodiversity in the future.</p> <p>For this reason, the INTOSAI WGEA has created this timely and indispensable resource for audit practitioners. The guidance describes</p> <ul style="list-style-type: none"> • what biodiversity means, • why it's important, • what threatens it, and • what actions governments are taking. <p>The guidance includes an easy-to-follow, four-step audit process for choosing and designing audits of biodiversity. It is a rich resource of information that is full of practical suggestions, sources of criteria, relevant international environmental agreements, and case studies on audits of biodiversity.</p>
 <p>Cooperation Between Supreme Audit Institutions</p> <p>Tips and Examples for Cooperative Audits</p>	<p>Cooperation Between Supreme Audit Institutions: Tips and Examples for Cooperative Audits</p> <p><i>Authors: SAIs of the Netherlands and Poland</i></p> <p>Nature and ecosystems do not have political boundaries. National governments have worked together to protect shared ecosystems, such as rivers and forests. Resolving global environmental issues, such as ozone depletion, trade of endangered species, and transportation of toxic wastes, have involved international environmental agreements—which, in turn, require funding and action.</p> <p>Therefore, it is appropriate and necessary for SAIs to conduct cooperative audits of environmental issues, and more SAIs are taking on those environmental issues. This guidance responds to the ongoing demand for information. Ideas on how to conduct cooperative audits reflect the real-world experience of practitioners from some 29 SAIs.</p> <p>The paper provides 22 tips and practical advice for each phase of the audit cycle. While the examples in this paper are drawn from environmental audits, the tips are ideal for any cooperative audits (and, perhaps, cooperation with local or regional audit institutions). Tip 1—Communicate!—is essential advice that readers will find reiterated throughout the paper.</p>



Evolution and Trends in Environmental Auditing

Author: SAI of Canada

With over 2,000 environmental audits completed by SAIs—close to 400 in the past three years alone—environmental auditing is now mainstream in many audit offices. This paper takes stock of what auditors have learned, challenges they overcame, and differences they have made in government and on the ground—as they conducted environmental audits.

To invite discussion beyond the SAI community, this paper is intentionally written for a wider audience. Just to name a few, this paper will be of interest to environmental professionals, environmental litigators, and auditors outside of SAIs. The paper describes

- changes in SAIs environmental audit practice over time;
- reasons for the changes—including global trends inside and outside of the SAI community that influenced environmental auditing in the past;
- what may influence the environmental audit practice in the future; and
- opportunities to collaborate with external organizations.

The paper also includes a list of ten Frequently Asked Questions (FAQs) to guide auditors in their approach to environmental auditing. These FAQs are an excellent window for environmental professionals to gain insight into SAIs environmental auditing practices.

The World Summit on Sustainable Development

An Audit Guide for Supreme
Audit Institutions



The World Summit on Sustainable Development: An Audit Guide for Supreme Audit Institutions

Author: SAI of the United Kingdom

Our Common Future introduced the concept of sustainable development in 1987. It is a concept that brings together economy, environment, and society. In 1992, *Agenda 21*—which was supported by more than 178 governments—set direction for such issues as biodiversity, energy, poverty reduction, water, and waste. Twenty-five years after *Our Common Future*, in 2002, heads of state came together at the World Summit on Sustainable Development (WSSD) to develop united action for the future and more than 180 countries reaffirmed the commitments set out in *Agenda 21* and further supported the United Nations Millennium Development Goals to fight poverty.

SAIs have responded to the challenge of auditing these complex and comprehensive agreements. The INTOSAI WGEA produced *Sustainable Development: The Role of Supreme Audit Institutions* in 2004. This year (2007), the WGEA developed *The World Summit on Sustainable Development: An Audit Guide for Supreme Audit Institutions* guidance, which shows SAIs how to audit the implementation of WSSD commitments. The guidance uses actual experiences by SAIs and offers simple and practical advice in a field that seems abstract and complex. This guidance helps auditors hold their governments to account on WSSD—that is, to hold their “feet to the fire.”

Message from the incoming WGEA Chair

In November 2007, the WGEA Chairmanship will transition from the Office of the Auditor General of Canada to the National Audit Office of Estonia. First of all, I would like to thank the Steering Committee and all WGEA members for their trust in supporting the National Audit Office of Estonia's assumption of the Chair for 2008 and beyond. We are also gratified that we have gained internal political support from our Parliament and Government for our challenging new responsibilities.

As all environmental issues are of high priority in my country, the role of the WGEA Chair fits perfectly with Estonian trends and priorities. We have drafted a budget line in order to secure and enable the transition process, and have started to build the Secretariat's capacity during this year. This reflects a situation in which, step-by-step, Estonia is transitioning from a recipient to a donor country. We should also note that the cooperation of our Canadian colleagues has been extremely helpful. Together with Mr. John Reed, we have mapped all necessary activities the Secretariat needs to address to be fully effective. We also have a clear view as to which activities should be covered by the Secretariat, and which could benefit from assistance from the different departments within our National Audit Office.

We greatly appreciate the work done under the chairmanship of the SAI of Canada, and I would particularly like to thank Ms. Fraser for her readiness to support the Chair transition process with all necessary means. One of our greatest challenges now will be to continue meeting current obligations, and to continue the excellent initiatives launched under Canada's leadership. During these years, the WGEA's size and complexity have grown tremendously, as it relates to both the full Working Group and the individual Regional Working Groups. Consequently, one of the Secretariat's key challenges will be to help ensure good communication,

cooperation, and knowledge transfer between the Working Group and the Regional Working Groups, and to encourage more active involvement among those Regional Groups.

And so, in keeping with the common goals and commitments of WGEA members, we will strive to further develop the discipline of environmental auditing, to share our knowledge with the whole INTOSAI community, and to work toward securing a better environment for our children.

Mihkel Oviir
Auditor General of Estonia

What's new on the web

Keep yourself informed on environmental auditing by checking these important updates on our website:
www.environmental-auditing.org

- 2005–07 Guidance papers (go to: WGEA Publications)
- WG11 meeting material, including compendium of workshop papers and presentations (go to: WGEA Business, Meetings)
- Final minutes of the 11th WGEA Meeting in Arusha, Tanzania (go to: WGEA Business, Meetings)
- Results of the fifth survey on environmental auditing (go to: WGEA Business, Surveys)

News Briefs from Around the SAI World

ARMENIA: New law emphasizes the importance of environmental auditing

This was an important year for the Chamber of Control of the National Assembly of the Republic of Armenia. A new law was enacted on January 9, 2007 in which, for the first time, environmental auditing was stipulated as an individual type of audit covered by Armenia's state audit system. In particular, it was prescribed that environmental auditing is a type of control performed by the Chamber of Control to verify compliance concerning the utilization of budgeted funds and state-owned property, with the legal acts being practiced in the field of the natural environment protection aimed at assessing harmful environmental impacts.

In response to this new law, the Chamber of Control has already initiated environmental auditing in the Republic of Armenia. For example, the work program of the Chamber of Control for the year 2006 included the issue "The compliance with legislation concerning the utilization of the natural environment and safekeeping of eco-systems in the Republic of Armenia". Currently, we plan to include a more extensive issue in the 2008 work program in accordance with the new law. The subject is broad and significant, so it will need continuous attention in order to completely study the current environmental and ecological situation of our republic.

The Chamber of Control of the Republic of Armenia emphasizes the significance of environmental auditing as a new type of activity for the Chamber. Successful implementation of the law will require sub-legislative acts that specify the mechanisms detailing how it will be carried out. Clearly, this means that the Chamber has much work to do proceeding from the new law.

For further information, please contact Aram Mamikonyan, head of the legal service of the Chamber of Control of the Republic of Armenia.

AUSTRIA: Court of Audit demonstrates commitment to sustainability

The Austrian Court of Audit (ACA) understands sustainability as comprising all its services following its mission statement and the Austrian Strategy on Sustainability (only available in German at www.nachhaltigkeit.at). It considers the financial impact of sustainability measures when performing its auditing and consulting services, thus striving for sound financial management as basis for sustainable development. In 2006 and the first half of 2007, the ACA submitted the results of 40 audits on sustainability to the National Council and laender diets - 28 in 2006 and 12 in the first half of 2007. The ACA increases the sustainability of its

audits by conducting follow-up audits, by checking whether its recommendations were complied with, and by reviewing draft legislation where it draws on the results of its findings thus preventing unintended follow-up costs of draft legislation.

BANGLADESH: SAI uses an "Entity Wide Audit" approach to improve its environmental and other audits

The SAI of Bangladesh has embarked on a process to modernise its approach toward auditing environmental and other issues by adopting Entity Wide Audit (EWA). Among the key characteristics and advantages of the EWA approach are that the ministry or other entity is audited from the top down; the auditor is better able to understand the operations of the ministry or other entity audited; the auditor is in a better position to make informed judgments as to what areas should be audited; and the approach promotes greater management involvement in the audit. Thus far, four line ministries have been audited using this approach in the 2006-2007 timeframe, with an additional 4 in 2007-2008. A detailed EWA training program has also been put into place.

BRAZIL: Court of Audit releases booklet to help businesses understand environmental requirements

The Brazilian Court of Audit (TCU) has been trying to improve the performance of agencies and public entities in their management of natural resources, through educational programs oriented toward managers and toward society in general. It has also examined legal issues and the legitimacy of how these organisations use federal resources, and how their activities may affect the environment direct or indirectly.

In this context, in the first semester of 2007, TCU released the 2nd edition (revised) of the Booklet of Environmental Licensing, in collaboration with the Brazilian Institute of the Environment and Renewable Natural Resources – Ibama. Ibama is responsible for the execution of the Brazilian policy for the environment.

The booklet comprises, in detail, all phases of the licensing process, the current legislation in the country, as well as TCU deliberations on the subject. Such information will hopefully broaden the knowledge of environmental licensing tools among public managers. The information will also help businesses involved in activities that might degrade the environment to better understand the environmental licensing process and other legal obligations.

The booklet is available, in Portuguese only, at our website: www.tcu.gov.br

CHINA: CNAO completes audit on funds for the Natural Forest Resource Protection Project

In the later half of 2006, the National Audit Office of China (CNAO) conducted an audit in eight provinces on the funds for, and performance of, the Natural Forest Resource Protection Project (hereinafter as "Tianbao Project"). The Tianbao Project is one of six top-priority projects among China's forestry industries, and is listed as the key project to achieve sustainable development and protect ecological resources. The main tasks are to promote forestry planting, natural forest resources management, termination or reduction of logging of natural trees, and arrangements for surplus workforce in forestry enterprises.

The audit objectives are to examine project progress and funds management, and to evaluate implementation performance by analyzing the fulfillment of project tasks, management and utilization of funds, and implementation of relevant policies.

The CNAO reported its audit findings to the Central Government in March of 2007 and released the Audit Announcement to the public in May. The State Forestry Administration took the audit findings seriously and made seven specific changes. The eight audited provinces all made efforts to faithfully correct the problems found.

COLUMBIA: Contraloría General de la República finds problems with the government's 5-Year Plan to protect the Nation's environment

In its most recent annual National Environmental Report (2007), the Contraloría General de la República concluded that the government's environmental agenda, as reflected in its National Development Plan for the period 2006–2010, does not adequately reflect the nation's most pressing environmental priorities. The plan, called "Community State: Development for All", focuses attention on the nation's ability to meet its demands for environmental services (e.g., urban water supply and waste treatment). However, it does not address critical problems related to the protection of natural resources and to conservation activities. Overall, the Contraloría General de la República warned that the nation's future environmental policy landscape does not appear good, in terms of promoting sustainability. Finally, due to governmental inattention, the authority and capabilities of environmental institutions are growing weaker day by day.

ESTONIA: NAO is auditing government efforts to protect coastal areas affected by development

The National Audit Office of Estonia (NAO) is currently auditing the spatial planning of its coastline and its shores. Estonia has large coastal areas and a number of lakes and rivers. Much of the coastal and shoreline areas are still in a natural state and are open to the public. However, a growing building boom is threatening both the natural resources of these areas and their availability to the public. The aim of the audit is to evaluate whether the state and the local governments are conducting necessary spatial development planning and providing proper supervision over the building process. Both are needed to ensure effective protection of public interests, exclude harm to the environment, and preclude the possibility of illegal building activity. The audit report is expected to be published in October 2007.

INDONESIA: Audit Board demonstrates environmental commitment by completing several environmental audits

The Audit Board of the Republic of Indonesia has committed to increase the quality of the environment by conducting several audits with an environmental perspective. Specifically, at the moment, the Audit Board is nearing completion of three audits. The first audit addresses the forest and land rehabilitation program. Its objectives are to examine regulatory compliance as well as the economy, efficiency and effectiveness of the program. The second audit addresses the government's effort to control air pollutant from vehicles. This audit aims to evaluate the effectiveness of local governments' systems and regulations in mitigating air pollutant caused by the vehicles. The third audit focuses on local hospital waste management. The audit's objectives are to examine regulatory compliance by hospitals and their effectiveness in managing hospital wastes. All of the audits will be finished by the end of October 2007. The audit reports will be published the following month.

KUWAIT: State Audit Board completes a solid waste audit and undertakes an audit on oil spills

In May 2007, the State Audit Bureau (SAB) issued an audit report that assessed the extent to which the management of solid waste at certain locations was in compliance with previous SAB recommendations. The audit found non-compliance with the locations' initial rehabilitation standards and a lack of timely programs to implement the rehabilitation works. It therefore recommended compliance with the standards and the timely development of programs for rehabilitation works. It also found a lack of timely programs for the Municipality plan during the period of rehabilitation projects presentation procedures, and during the period of house & construction wastes treatment projects implementation

procedures. The SAB therefore recommended the timely development of programs to complete the presentation and implementations procedures for the locations' treatment and rehabilitation projects.

In September 2007, the SAB also began an audit focusing on the drainage of liquid waste from oil refineries into the sea. Specifically, the audit will evaluate the conditions and standards stated by the oil sector (presented by the Public Authority for Environment and the Public Authority for Industry) to minimize the effects of liquid waste from the oil refineries drainage into the sea. The audit is expected to identify the problem and its causes, its impacts on the marine environment, and to present recommendations on how best to address them.

NETHERLANDS: SAI audits implementation of the "Ecological Compensation Principle"

In 2006, the Netherlands Court of Audit audited the implementation of the ecological compensation principle. Projects such as road construction or the creation of an industrial area can cause ecological damage. The ecological compensation principle is a way to compensate for ecological damage and to avoid or reduce the impact that these kinds of projects have on the environment. This principle is based on European legislation (the bird and habitat directives) and Dutch legislation on nature protection and spatial planning.

Case studies have shown that the nature conservation policy, as applied, inadequately ensures the conservation of nature areas. Ecological damage occurred when it could have been avoided. In many cases, necessary ecological compensation was not made.

The Court of Audit recommended that the ministries should improve the way they control the implementation and effectiveness of the policy of conservation of nature areas. The ministries should also make information and training on the relevant laws and standards available, especially to those who must implement them (for example, municipal civil servants).

Part I of the report will soon be available in English.

NEW ZEALAND: OAG audits agencies' sustainable development efforts

The New Zealand Office of the Auditor-General (OAG) has completed its first "sustainable development" performance audit. In 2003, the New Zealand government released its *Sustainable Development Programme of Action*. This document stated that sustainable development must be at the core of all government policy, and identified four areas of focus for a three-year programme (freshwater, energy, sustainable cities, and youth). The OAG performance audit looked at the leadership, implementation and monitoring undertaken by agencies responsible for the *Programme*

to assess the extent to which it was effectively implemented.

The report, *Sustainable development: Implementation of the Programme of Action*, was published in June 2007 and is available at www.oag.govt.nz. New Zealand's Parliamentary Commissioner for the Environment is also reviewing progress with sustainable development in New Zealand, focusing on environmental sustainability. The Commissioner's report is due to be published later in 2007.

The New Zealand government has committed to sustainability as a core Government policy and has recently launched several new inter-agency sustainability programmes, including work on sustainable procurement and a move to a carbon neutral public service. The new sustainability work programme has similar governance arrangements to the work programme subject to the performance audit. The OAG hopes that the performance audit will provide timely information to those who are working in cross-agency collaboration on sustainability projects going forward.

For further information, please contact Janathan Keate at jonathan.keate@oag.govt.nz

NORWAY: OAG completes parallel audit with the Accounts Chamber of the Russian Federation on the management and control of the fish resources of the Barents Sea

On June 18th 2007, Norway's and Russia's auditor generals, Jørgen Kosmo and Sergey Stepashin, signed a memorandum that summarised the findings of the two audit reports. The two reports covered six topics: (1) The estimation of the amount of illegal fishing of cod in the Barents Sea; (2) The national implementations of decisions made in the Joint Norwegian-Russian Fisheries Commission; (3) The control of fish resources; (4) The sanctions made when fisheries regulations are broken; (5) The national regulations for the distribution of fish resources; and (6) The implementation of the Norwegian and Russian research programs. The two parties also agreed to follow up on a range of critical areas during the next three years.

The Norwegian report and the memorandum will be translated to English. For more information, please contact Guri Andrea Lowrie at guri-andrea.lowrie@riksrevisjonen.no.

PARAGUAY: Superior Audit Office develops manual on good environmental practices

Through its Environmental Management Control General Direction, the Republic of Paraguay's Superior Audit Office has developed a Manual on Good Environmental Practices, consistent with the Office's Ethics Manual. The

Manual will be applied to the operations of the institution, in order to contribute to the quality of life and environmental protection. The effort received the congratulations of the Millennium Challenge Threshold Program financed by the U.S. Agency for International Development.

PERU: SAI initiates cooperative audit with Columbia on the Putumayo River Basin

The SAIs of Colombia and Peru have initiated procedures to carry out a cooperative environmental performance audit in the Putumayo River Basin, "Cuenca del Rio Putumayo" (Amazonian frontier between both countries, with an extensive hydrographical network 160,500 km²). The terms of the cooperative audit, which are being drawn from the recent WGEA publication, "Cooperation Between Supreme Audit Institutions: Tips and Examples for Cooperative Audits" are characterized by "various work teams, coordinating to establish the general objectives of the audit; specific objectives and independent reports by each SAI according to their standards/regulations; and an additional final joint report." It is anticipated that this experience, programmed for the second semester as part of the OLACEFS-COMTEMA 2006–2008 Work Plan, will additionally enable an exchange of environmental audit methodologies and experiences between the two SAIs.

SLOVENIA and CROATIA: SAIs publish joint audit report on conservation of biodiversity in their common border area

Slovenia and Croatia are neighbouring countries with relatively high levels of biodiversity. Their combined territory still contains the largest conserved and sparsely inhabited forest in Central Europe, where some endangered European species, such as brown bear, wolf and lynx, still live. The SAIs of both countries believe that high levels of biodiversity are of great importance, and that only a joint endeavour by both countries can achieve long-term conservation and protection of the environment and wildlife on border regions. Therefore, on the basis of national environmental audit reports, which dealt with problems in managing protected areas, endangered species, and vulnerable ecosystems in both countries, the SAIs of the two countries issued a joint report. The report emphasized the importance of improving cooperation among authorities of both countries in their efforts to manage protected bordering areas.

Specifically, the SAIs recommended that the responsible institutions in both countries:

- Prepare and adopt joint management plans for protected border areas,
- Prepare and adopt joint management plans pertaining to all three large carnivores that will define measures to provide for stable

populations of each species, develop arrangements for joint monitoring of their populations, and share gathered data, and

- Adopt continuous monitoring of forest ecosystems and ensure regular exchange of gathered data between both countries.

The joint report was published in June 2007 and is available on the web site of the Court of Audit of the Republic of Slovenia:

[http://www.rs-rs.si/rsrs/rsrs.nsf/I/K3F3D6BB5C63EE98EC12572FE00263B35/\\$file/SneznikKolpa96-05_INT.pdf](http://www.rs-rs.si/rsrs/rsrs.nsf/I/K3F3D6BB5C63EE98EC12572FE00263B35/$file/SneznikKolpa96-05_INT.pdf)

SOUTH AFRICA: SAI works with AFROSAI-E secretariat to promote environmental auditing

From 25 to 29 June, the SAI of South Africa was represented at the 11th INTOSAI WGEA meeting by Mr. Wessel Pretorius, Ms. Tini Laubscher and Mr. Louis Heunis. The SAI actively participated throughout the meeting and also presented a tutorial for *First Time Environmental Auditors*.

The AFROSAI-E secretariat, which is hosted by the SAI of South Africa, gave a regional progress report that covered structural questions and regional environmental auditing issues in Africa, including the structure of AFROSAI-E; its approach to environmental auditing and achievements of the past two years; and observations on the way forward.

During November 2007, AFROSAI-E will launch an environmental auditing manual at the second AFROSAI-E technical update. Representatives from AFROSAI-F will also be invited to attend. This environmental auditing manual, along with existing training materials, will be made available to the SAI of Cameroon to be implemented in the AFROSAI-F region.

TUNISIA: Court of Accounts enhances its commitment to environmental auditing

Tunisia's Court of Accounts reports 4 news items concerning its efforts to more fully incorporate environmental auditing into its activities: (1) As part of the celebration in March 2008 of its 40th anniversary, the Court will be focusing much discussion on sustainable development, and how its activities can better promote sustainable development; (2) The Court is presently involved in a number of cooperative projects with France, India, and the Netherlands that each include training components on environmental auditing; (3) Since 2004, the Court has emphasized environmental auditing, ensuring that its work program each year includes at least one assignment involving environmental issues; and (4) In May 2007, a magistrate from the Court took part in the

control of the Global Environment Facility (GEF) in Nairobi–Kenya.

UKRAINE: Accounting Chamber undertakes cooperative environmental audits

This year, in addition to its ongoing involvement into International Coordinated Audit of the Chernobyl Shelter Fund, the Accounting Chamber is collaborating closely with SAls from neighboring countries in conducting several parallel audits including one on the protection of waters in the Bug River catchment area from pollution (SAls of Belarus, Poland and Ukraine); one on implementation of an agreement between the Government of Ukraine and the Government of the Slovak Republic on transboundary water issues (SAls of Slovak Republic and Ukraine), and one on the implementation of the Convention on the movement of dangerous wastes across state borders and their disposal (Basel Convention; SAls of Poland, Slovak Republic and Ukraine). Participating SAls have agreed to produce and sign 2 Joint Reports on the Basel Convention and Transboundary Waters Agreement audits by the end of this year.

UNITED KINGDOM: National Audit Office evaluates efforts to improve household energy efficiency

The UK National Audit Office is carrying out two reviews of government programmes which aim to improve household energy efficiency. One study is looking at the full range of programmes whilst a second focuses on the work of one organization (the Energy Saving Trust) which is central to these efforts.

Reducing domestic energy consumption is vital to the UK's achievement of domestic and international targets

on greenhouse gas emissions. Under the Kyoto protocol, the UK government has committed to a 12.5% reduction in greenhouse gas emissions by 2008-12 and has also set challenging domestic targets: reducing carbon dioxide emissions by 20 per cent by 2010 compared to 1990 levels with a 60 per cent reduction by 2050.

To meet the 2050 target, demand for grid based energy (i.e. non-microgeneration or renewables) needs to fall at 1.8% a year. However, energy consumption is rising. Some 42% of total UK carbon emissions are caused by the actions of individuals, with the rest generated by the private and public sector. The largest sources of individual emissions are space heating (30%) and car travel (29%). Between 1990 and 2005, UK energy consumption rose by 40 percent in the household sector.

The first study examines whether the various policies taken together will meet the targets that government has set; whether the policies have been selected to influence those households and behaviours where government intervention can make most difference; and finally whether each of the policies is cost-effective and warrants its place in the programme. If you would like to know more about this work, please contact Nicola Thomas at nicola.thomas@nao.gsi.gov.uk.

The second review looks in more detail at one of the main organizations involved in promoting domestic energy efficiency. The Energy Savings Trust promotes better insulation and heating efficiency for buildings and homes, the use of cleaner fuels for transport and small-scale renewable energy, such as solar and wind power. The study is likely to focus on the Trust's effectiveness in encouraging households to reduce energy consumption, and the efficiency of the organisation. If you would like to know more about this work, please contact Marcus Popplewell at marcus.popplewell@nao.gsi.gov.uk.