

INTOSAI



INTERNATIONAL
Journal
of GOVERNMENT AUDITING

Special Issue
on Environmental Auditing



July 2012



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Given the *Journal's* use as a teaching tool, articles most likely to be accepted are those that deal with pragmatic aspects of public sector auditing. These include case studies, ideas on new audit methodologies, or details on audit training programs. Articles that deal primarily with theory would not be appropriate.

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SPECIAL SECTION ON ENVIRONMENTAL AUDITING



Environmental Auditing in INTOSAI: 20 Years Later

An interview with Mihkel Oviir, Auditor General of Estonia and Chairman of the INTOSAI Working Group on Environmental Auditing (WGEA). Tõnis Saar, Secretary General of the WGEA, interviewed Mr. Oviir in May 2012 to discuss the importance of environmental auditing and the WGEA's work and progress to date.

Question: *This year the WGEA has reached its 20th anniversary. Would you consider this a short or long time in the life of an organization?*

Mihkel Oviir: INTOSAI has established working groups in different sectors that require serious analysis. By nature, such working groups have been designed to last not forever but for a determined time. In this regard, 20 years is a considerably long time. On the other hand, considering the topic—the environment—we realize that 20 years is just a short time. During these 20 years, the WGEA has undergone an impressive evolution. Under the chairmanship of the Netherlands, then Canada, and now Estonia, the working group has produced over 1,600 pages of guidance materials and conducted numerous smaller and major meetings, workshops, and trainings. Yet there remain many untouched fields, as environmental issues are so wide-ranging, tangled, and interrelated. As natural resources are not infinite, I am certain that in our explosively developing world the environmental questions will remain on the table of decision makers for a long time to come.

Question: *What was your vision when you became the Chair of the WGEA?*

Mihkel Oviir: To date, my greatest dream—that all SAIs would start to conduct environmental audits—has proven to be too ambitious. Nevertheless, we have made a big step forward, and there is clearly a growing trend to undertake environmental audits. Over 100 SAIs have been actively auditing environmental issues and, as a result, we have collected thousands of audits in our web database of environmental audits worldwide. I am not of the opinion that environmental audit

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is the one and only important type of audit. But I truly believe that one day, national parliaments, governments, and SAIs will require detailed information on natural resources instead of mere annual accounts.

Another vision was establishing a global training center. Environmental audit is a specific skill and most countries cannot afford to maintain such a center. Because learning from experienced environmental auditors has proven to be very efficient, the establishment of an international center where all countries can send their new recruits for training makes a lot of sense. I am particularly grateful to the SAI of India which has kindly offered to set up and host such a center. This center will open its doors next year for the first environmental auditing training course at the beginner's level. I have seen the outline of the first course and can ensure you that it shows great potential.

Question: *Why should SAIs become involved in environmental audit?*

Mihkel Oviir: I can see several reasons. First, this is an area where the decisions made today will influence the times when today's government is no longer in power. SAIs are actually the only actors in the public sector who have adequate independence to be able to look farther into the future, even beyond the lifetime of a ruling government. No other institution is positioned in a similar way that enables it to take an interest in the long-term perspective. This is particularly valid when there is a need to make an uncomfortable decision—for example, raising the price of water, restricting logging, introducing taxes on waste, or limiting the use of fertilizers or the scope of tourism.

Second, we live in a globalized world. Resources, energy, and, alas, also waste move with unforeseen speed over national borders. If a country has weak laws, unsustainable policies, little compliance and enforcement, coupled with corruption, shady deals to sell natural resources at below-market prices, that country will undoubtedly be faced with drowning under the waste of others as well as its own.

Third, I suggest looking into the big crises our governments have had to face in the past 100 years. These crises have underscored the importance of economic, social, and environmental factors in addition to the financial realm. Even if the heads of SAIs have managed to avoid the topics of the environment and sustainability to date, they should expect to be faced with them very soon.

Question: *Many argue that one risks getting involved in politics upon proposing practical solutions for environmental problems. Would you agree with this?*

Mihkel Oviir: Oh yes, I see this risk clearly. According to INTOSAI standards, an auditor's role is not to comment on politics but rather to review institutions' compliance with policies. But what role should an independent auditor take if a certain policy is not sustainable? For example, if a total forest area is 100 hectares and the policy allows you to cut 20 hectares every year, this forest will not be the same

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after 5 years. I would find it questionable to sign a report saying that everything has been done in the best manner. I have raised these issues in the work of my office and criticized policies against the sustainability criterion. I have observed my colleagues doing the same elsewhere and I support them in this. Is this interfering with politics? No, to my mind, it isn't. We should see clear differences between interfering in party politics and commenting on environmental policy. As an Auditor General, I am not positioned to criticize politics for being right- or left-wing, but I cannot keep silent when a policy is not sustainable or when it comes to analyzing environmental, economic, or social values. I believe that SAIs need to be good models in society in these matters, as I cannot see who else would.

Question: *SAIs have gained knowledge about environmental problems and obstacles confronting sustainable development over the years. What are the most crucial issues in these areas for SAIs?*

Mihkel Oviir: These issues obviously differ from country to country. The SAIs of Canada and Brazil developed a paper on this topic for the United Nations Rio+20 Conference. It presents the views of 52 SAIs, listing 10 main governance problems that SAIs have identified in their work (see box below). I believe that one might recognize one's own government when reading the list.

The Top 10 Governance Issues Related to the Environment and Sustainable Development

- Unclear/overlapping responsibilities
- Lack of coordination between sub-national levels and the national level
- Absent or deficient policies or strategies
- Insufficient assessment of the environmental effects of governmental policies and programs
- Lack of analysis (economic, social, and environmental) supporting decisions
- Lack of long-term planning to implement environmental policies and programs
- Inadequate financial management of environmental policies and programs
- Lack of enforcement of domestic environmental legislation
- Deficient monitoring and reporting systems
- Lack of environmental data for decision-making

Source: Survey of SAIs conducted by the Canadian Office of the Auditor General and the Brazilian Tribunal de Contas.

The main weaknesses of governments are, as you might expect, associated with governance—such as poorly regulated sectors, insufficient analysis, missing long-term plans, incompetent financial management, poor enforcement, insufficient monitoring, and unavailable data. They often reflect the question of political priorities—the economy versus the environment.

Question: *Are more and more SAIs promoting sustainable development?*

Mihkel Oviir: This is a logical development now that environmental audit has become more common. We have had to admit the challenges involved in auditing sustainability due to its comprehensive nature. In the 7th WGEA survey on environmental auditing, about 30 SAIs reported that they have audited some aspects of sustainability.

The 2010 XX INCOSAI in South Africa was largely dedicated to sustainable development. This was the most influential achievement of our working group in recent years. Theme II, environmental auditing and sustainable development, was chaired by the SAI of China, which succeeded in engaging all participating SAIs in discussions on sustainable development. The Johannesburg Accords strongly encourage all SAIs to contribute to the global movement towards sustainable development.

The year 2012 has the potential of becoming a remarkable step on the road to sustainable development. In June, world leaders got together in Rio de Janeiro at the United Nations Conference on Sustainable Development (Rio+20 Conference) to review progress in the field and renew political commitment. I hope that the Rio+20 resolutions will reinforce global efforts towards sustainable development.

SAIs have an important role in investigating whether governments actually practice what they preach. Just prior to the Rio+20 Conference, the World Congress on Justice, Governance and Law for Environmental Sustainability brought together auditors-general, chief justices, attorneys-general, and chief prosecutors to discuss their special roles in putting into place appropriate mechanisms and tools to safeguard and promote environmental sustainability. For the first time, the WGEA was asked to join in partnership with United Nations Environmental Program and cosponsor the preparatory process for the world congress.

Question: *What can each SAI do to support the global movement toward sustainable development?*

Mihkel Oviir: SAIs can undertake a number of activities. First, each SAI can promote sustainable development by including this topic in its audits. Second, I would encourage the SAIs that have not been actively involved in the WGEA activities to become members of our busy family and benefit from our corporate knowledge.

And third, I would encourage the staff of SAIs to get personally involved in addressing an environmental problem.

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I have personally been involved in clean-up actions that started in Estonia in 2008 and have now become a worldwide campaign with activities taking place from March to September of 2012. The slogan for this year's campaign is, "Let's do it!"

Question: *What are the biggest challenges that the WGEA is facing today?*

Mihkel Oviir: The challenges derive from our own success. We have become active cooperation partners with several international organizations that rely on us. Auditors are seen as partners in establishing and enhancing global governance and accountability. This means that we are expected to have an opinion about topics under discussion and need to be ready to express it. Therefore, we need to have not only swift communication within the WGEA but also sufficient representation outside the INTOSAI community.

Another challenge is improving the way we present WGEA products to our members and to the INTOSAI community in general. We live an information age and people often find it a bit boring to use guidance materials for training. We have been playing with an idea of developing web-based guidelines.

Our last, but surely not least, challenge is ensuring a smooth transition of the chairmanship of the WGEA to our good partner, the SAI of Indonesia. The candidacy of Indonesia received unanimous support from the WGEA Steering Committee, and we have proposed that the Governing Board of INTOSAI endorse the SAI of Indonesia as WGEA Chair for 2014–2016.

Question: *Is there anything that remains undone?*

Mihkel Oviir: Actually, there is one area that I am concerned about: the inadequate attention paid to auditing the rapidly expanding environmental investments of international funds. Recently, governments have sought to solve environmental problems by putting together multilateral funds like the Global Environment Fund or the Climate Investment Funds. Nobody seems to realize that these funds also contain taxpayers' money and that, consequently, SAIs should be able to audit them. Currently, these funds escape auditors' attention, and I see this non-involvement as a big risk. We have not yet been able to address this topic, but there will no doubt be others who will raise it.

Question: *What has been the greatest surprise for you during your chairmanship of the WGEA?*

Mihkel Oviir: I was pleasantly surprised by the active willingness of the WGEA members to be involved and to contribute. Our biggest concern was how to involve countries and motivate them to take responsibility for different projects, as this working group operates solely on a voluntary basis. But the reality has been amazing, and all cooperative projects, parallel audits, meetings, etc., have achieved success as a result of the members' constructive support. When I resign my position next year, I will leave behind a caring family where everybody is willing to lend a hand at any time.

SPECIAL ISSUE ON ENVIRONMENTAL AUDITING

This special issue of the *Journal* is dedicated to environmental auditing. It highlights the work being done in this area across INTOSAI, primarily through the efforts of the Working Group on Environmental Auditing (WGEA) and regional WGEAs. In addition to the interview with the Chair of the WGEA, it includes the following articles:

- An overview of the history and development of the WGEA by Steve Elstein of the SAI of the United States
- A report on the development of the new global training center on environmental auditing by Nameeta Prasad of the SAI of India
- An article on the use of geospatial technology in environmental audits by Ali Masykur Musa of the SAI of Indonesia
- Information on WGEA guidance materials on environmental auditing
- A panel discussion on current and future challenges in the field of environmental auditing
- Reports on the various ways in which regional working groups are carrying out environmental audits



Tõnis Saar of Estonia serves as the Secretary General of the WGEA Secretariat

Note: One of the *Journal's* regular columns, *Spotlight on ISSAIs*, does not appear in this special issue. It will return in the October 2012 issue.

The *Journal* wishes to acknowledge the valuable assistance of the WGEA, and especially the SAI of Estonia, in preparing this issue.



Making a Difference in the Lives of Citizens

by Terence Nombembe, Chairman of the INTOSAI Governing Board and Auditor-General of South Africa

The title of this article is drawn from the draft ISSAI that the Working Group on the Value and Benefits of Supreme Audit Institutions is working on. Having participated in this working group's June 2012 meeting in Mexico City and experienced the level of enthusiasm and passion of its members, I could not resist the desire to share such enthusiasm with the rest of the INTOSAI community.

The purpose of this article is largely to encourage my fellow heads of SAIs to embrace the principles of the value and benefits of SAIs and set a tone that inspires the rest of our teams to follow in our footsteps. Firstly, SAI heads ought to remain firmly committed to strengthening the accountability, integrity, and transparency of the governments we are mandated to audit. Secondly, we need to sustain our relevance and responsiveness to citizens and all oversight bodies that hold our governments to account. Thirdly, being model organizations and leading by example should be one of our priorities if we are to be respected by those placing reliance on our work. These three broad categories should support our determination to make a difference in the lives of citizens.

One of the critical tasks of the Working Group on the Value and Benefits of SAIs is developing an instrument to measure our alignment with these principles. The important elements of this instrument are its flexibility of application and the benefits it gives the heads of SAIs in building the capacity of our organizations. It further presents an opportunity to measure the progress we are making in response to some difficult and challenging external factors—such as independence, as influenced by the legal frameworks in which we operate, and the contribution we make in mitigating the key risks that our governments and citizens continue to face. The instrument is envisaged to present us with a structured and consistent approach to assessing our

SAIs, whether we do it ourselves or are reviewed by a peer or an external body, such as a donor or consultant. What we choose to do with the results and when we decide to use the instrument are entirely our decision as heads of SAIs. All I can emphasize at this stage is that the benefits will be visible to all the moment we start using the instrument.

Several efforts are being undertaken to build on the INTOSAI communication strategy and the resolutions of the 21st United Nations (UN)/INTOSAI symposium that focused on the role of SAIs in making a difference in the lives of citizens. The first is a guideline that will provide practical examples of effectively implementing the communication strategy with a special focus on SAIs' interaction with citizens. It will be enriched with practical case studies from a cross section of SAIs throughout the INTOSAI regions.

The second effort is a benchmark exercise to share information on how actions are being taken on SAI reports within INTOSAI's different organizational models in response to the spirit of the Lima and Mexico Declarations. This exercise focuses specifically on identifying SAI practices in cooperating with legislatures, the judiciary, and the executive branch in instituting sanctions where instances of maladministration have been uncovered and reported.

Exposure drafts containing the details of the four above mentioned projects (the ISSAI on the value and benefits of SAIs, the performance measurement framework, the guide on communicating with citizens, and the guideline to institute sanctions in cooperation with the legislatures, the judiciary, and the executive) will be sent to the INTOSAI community in the near future. I look forward to your active and constructive contribution to shaping these projects in preparation for the XXI INCOSAI in Beijing, China, in 2013.

For my part, I am optimistic that these projects in response to one of INTOSAI's strategic priorities will lift us all to greater heights in our determination to make a difference in the lives of citizens.

At this pace, we shall indeed shine, as it is our time to shine as INTOSAI.

NEWS

IN

brief



Azerbaijan

Project Helps Chamber of Accounts Reach Strategic Goals

The relatively new Chamber of Accounts of the Republic of Azerbaijan—a bit more than 10 years old—is involved in ongoing institutional development to become a fully independent SAI that meets present day requirements. The chamber is currently implementing the component of the Corporate and Public Sector Accountability Project (CAPSAP) that helps improve external supreme public audit. The funding for this part of the project was provided by a grant from the Swiss government through the World Bank.

CAPSAP is intended to help the Chamber of Accounts achieve the targets in its 2012-2014 strategic development plan, which includes these objectives (based mainly on the ISSAIs):

- introducing full-scope performance audit,
- upgrading financial audit,
- enhancing the legal and standards framework, and
- upgrading human resources and training.

Additionally, relevant reforms for further developing external supreme audit in these areas were formulated within the framework of the European Union (EU) Public Finance Policy Reforms Support Program in Azerbaijan. Full agreement was reached with the EU on the above-mentioned objectives and the implementation schedule of the reforms.

Enhancing the legal and standards framework includes improving the chamber's legislative framework by eliminating gaps in the current legislation. The actions to be realized in this area will ensure that the chamber's legislative framework (including internal guidelines and regulations) adapts to the requirements of UN Resolution A/66/209 and the EUOSAI Statement Reinforcing the Independence of SAIs.

For additional information, contact the Chamber of Accounts:

E-mail: office@ach.gov.az

Website: <http://www.ach.gov.az>

Denmark

New Auditor General

Lone Stroem has been appointed new Auditor General of Rigsrevisionen—the SAI of Denmark. Her appointment was endorsed by the Presidium

of the Danish Parliament upon the recommendation of the Danish Public Accounts Committee on March 29, 2012. She assumed her new position on May 1, 2012.



Lone Stroem

Ms. Stroem brings to the SAI of Denmark more than 20 years of experience in the private and public sectors. She is a trained chartered accountant and started her career at the auditing firm Ernst & Young, where she worked as a certified public accountant from 1989 to 2000. Since then, she has pursued a career in the public sector, where she held the positions of Audit Manager in the Danish Financial Administration Agency, Deputy Director of the Danish

Agency for Modernization of Public Administration, and, most recently, Director of the Danish Agency for Governmental IT Services.

For additional information, contact Rigsrevisionen:

E-mail: lls@rigsrevisionen.dk
Website: <http://www.rigsrevisionen.dk>

Maldives

SAI Signs Memorandum of Understanding to Help Prevent Financial Crimes

The Auditor General's Office (AGO) signed a memorandum of understanding (MOU) with the Maldives Police Service (MPS) on April 18, 2012. The objective of this MOU is to help prevent financial crimes against the laws and regulations of the country by extending mutual support and assistance towards the work of both organizations; identify and expose fraudulent schemes and extend assistance in investigation and prosecution of such cases; share intelligence and information; and extend technical assistance and provide expert advice in forensic accounting and audit-related areas. The MOU will help Maldives in its fight against fraud and organized financial crimes and money-laundering activities. It will also help develop institutions and technical capabilities in forensic accounting and audit areas and provide a mechanism for shared training and technical resources.

The AGO and MPS have similar MOUs with the Anti-Corruption Commission (ACC), the institution responsible for the investigation of fraud and corruption against the state.

After signing the MOU, the Auditor General, Niyaz Ibrahim, handed over the first fraud audit report and

related audit evidence files to the Commissioner of Police, Mohamed Riyaz, to conduct the forensic investigation necessary to prosecute the offenders.



Maldives Auditor General Niyaz Ibrahim (left) hands over first fraud audit report to Mohamed Riyaz, Commissioner of Police.

The fraud audit report resulted from a special AGO audit investigation that was initiated after suspected fraud was uncovered during financial audits of the Ministry of Health and Family, as well as the Special Budget of the Ministry of Finance and Treasury (MoFT). The audit focused on a contract under the purview of the Ministry of Health and Family, which was to supply medical and laboratory consumables to Atoll Hospitals and Health Centres. The audit report covered anomalies within the bidding process, contract management, and payment for invoices submitted by the contractor.

Specifically, the report noted that in the bid evaluation process, collusive practices were observed by three companies whose bids were rejected by the MoFT, and the contract was ultimately awarded to a company that did not possess the technical and financial capabilities stipulated and was known to have misrepresented its

company profile by falsely claiming to have undertaken similar projects with the Ministry of Health and Family in the past. Furthermore, the contract was awarded despite ACC's order not to do so because the company did not meet two specific bid criteria. Additionally, the audit uncovered fraudulent payments and falsified documents.

After handing over the audit report to MPS, the AGO made the report available to the public.

For additional information, contact the AGO:

E-mail: info@audit.gov.mv
Website: <http://www.audit.gov.mv>

Mauritania

Constitutional Reform Strengthens Independence of the Court of Auditors

The constitutional amendment Mauritania enacted on March 20, 2012, consolidated the role of its Court of Auditors, broadening and clarifying its jurisdiction and guaranteeing its independence.

When the Constitution of Mauritania established the Court of Auditors in July 1991, it stipulated that the court had a limited supervisory role. According to Section 68 of the Constitution, the Court of Auditors assists Parliament and the government in overseeing the enforcement of financial laws. In 2007, Mauritania took a first step toward greater transparency and independence for the Court of Auditors with a decree mandating a term of office for the President of the court and instituting the automatic publication of its annual report.

The recent reform goes even further by entrenching the principle of the court's independence in the Constitution. It amends Section 68 to state that the

Court of Auditors is the independent, supreme institution responsible for auditing public finances. It also provides for the adoption of an act to establish the court's organization, its mode of operating, and the status of its members.

This organization act—currently being drafted—will, among other things, make it possible to specify the Court of Auditors' now broadened powers; reinforce its role as an advisor and assistant to Parliament; foster transparency by emphasizing communication and the publication of reports (including those to the general public and the media); and standardize internal procedures to improve the court's effectiveness by, for example, increasing the production of reports. Through these reforms, the Court of Auditors intends to comply with international standards to the greatest extent possible.

In this spirit, the Court of Auditors, with the support of the German Society for International Cooperation (GIZ), organized the fifth annual regional forum on public finance and good governance, which took place in Nouakchott February 27–March 1, 2012. The forum brought together representatives from the SAIs, Parliaments, and Departments of Finance from Algeria, Tunisia, Morocco, and Mauritania to discuss the budget review act as a tool for parliamentary oversight of the administration of public finances.

The discussions resulted in all participants adopting the budget review principles. The principles include guidance for stakeholders in the budget cycle and are based on the following elements: strengthening transparency in the administration of public finances by legislating the publication of the budget review act report; improving budget management and accounting methods

and techniques to guarantee that information is reliable, up to date, and relevant; and creating a true partnership and synergy between the three stakeholders to ensure more effective auditing of public financial management.

For further information, contact the Court of Auditors:

E-mail: ccomptes@cc.gov.mr
 Website: <http://www.cdcmr.mr>
 (French only)

Myanmar

New SAI Trends

In 2010, the new Auditor General Law for the Myanmar SAI was promulgated in line with the new Constitution, and the Auditor General of the Union was reappointed under this law. As soon as the new government was formed, the Deputy Auditor General and 14 regional or state auditors general were also appointed. The Auditor General of the Union is head of the Myanmar SAI, and regional or state auditors general are under control of the Auditor General of the Union although they possess some decentralized powers. For example, from time to time, they may submit information relating to audits of the receipts and expenditures of the accounts of that region or state at the relevant regional or state assembly session. Regional and state auditors general also have the power to conduct audits of accounts and the list of property of the relevant regional or state government departments and organizations.

The SAI of Myanmar has enhanced its international collaboration with other SAIs and has strengthened its ties with the Association of Southeast Asian Nations (ASEAN) SAIs. The Myanmar and Vietnam SAIs have promoted their relationship, and leaders of the two

SAIs visited their respective countries and discussed opportunities for cooperation regarding professional training, exchanges of experiences on performance audits, and exchanges of delegations to study government auditing. Additionally, the Auditor General of the Union met with the Chairman of the Accounts Chamber of the Russian Federation at the 12th ASOSAI Assembly in February 2012, where they discussed prospects for further interaction between the two SAIs.

For additional information, contact the Office of the Auditor General of the Union:

E-mail: auditorgeneral@mptmail.net.mm
 Website: <http://www.oagmac.gov.mm>

Netherlands

SAI to Host International Seminar on Auditing Public-Private Partnerships

The Netherlands Court of Audit is planning to host the seminar "Auditing Public Private Partnerships: The Work Continues" November 26–27, 2012 in The Hague. SAIs worldwide will be invited to participate.

With this seminar, the Netherlands SAI will continue the work of the former INTOSAI Working Group on the Audit of Privatization, Economic Regulation, and Public-Private Partnerships. At the working group's last meeting, held in London in May 2010, some of the participating countries decided to continue to meet at least once a year for the following 4 years to exchange experiences. Brazil hosted the first such meeting—the "International Seminar on Infrastructure Development in the Post-crisis Period: The Role of the SAI"—in September 2011.

The challenging audits of public-private partnerships (PPP) call for the continuous development of knowledge and skills. The aim of the November seminar will be to share practitioner experiences and information on auditing PPP projects and to inspire one another with work in this field. The Netherlands SAI is considering focusing on themes such as financing and costs, contract management, and political accountability. External experts and audit practitioners from several SAIs will be invited to speak.

The seminar is targeted at senior auditors who are, or will be, involved in the audit of PPP projects. The open format of the event is intended to encourage participants to draw upon the lessons learned by other SAIs.

For additional information, contact the Netherlands SAI:

E-mail: auditingPPP2012@rekenkamer.nl
Website: <http://www.rekenkamer.nl>

Romania

Official Visit to China National Audit Office

In May 2012, the President of the Romanian Court of Accounts, Nicolae Văcăroiu, made an official visit to the China National Audit Office (CNAO) at the invitation of Liu Jiayi, Auditor General of China.

The visit began on May 14, 2012, at the CNAO headquarters, where the two presidents discussed general issues regarding institutional cooperation in the context of INTOSAI and EUROSAI. They also discussed bilateral cooperation between the Romanian Court of Accounts and the CNAO and signed a new cooperation agreement between the two institutions.

The delegation from the Romanian Court of Accounts also visited Zhejiang and Guangdong Provinces, where

they held meetings with the provincial governors and directors general of the two audit offices and discussed the sharing of experiences and the possibility of exchanging auditors.

For additional information, contact the Romanian Court of Accounts:

E-mail: international.romania@rcc.ro
Website: <http://www.curteadeconturi.ro>

South Africa

Report on Performance Audit

The SAI of South Africa recently published a report on the performance audit of the infrastructure delivery process at the provincial Departments of Education and Health. For knowledge sharing purposes, the executive summary of this report has also been published on the SAI's website in the five official INTOSAI languages. The reports can be accessed at <http://www.agsa.co.za/audit-reports/SAR.aspx>.

For additional information, contact the South African SAI:

E-mail: agsa@agsa.co.za
Website: <http://www.agsa.co.za>

Switzerland

Evaluation of Public Sector Implementation of Disability Discrimination Act

The federal administration of Switzerland, with some 36,000 people on its payroll, is one of the country's biggest employers. Under the Disability Discrimination Act (in effect since 2004), Switzerland is required to offer equal employment opportunities to persons with disabilities. With the fifth revision of the Invalidity Insurance Act in 2004, the emphasis was placed on rehabilitation rather than disability

benefits, also in terms of insurance, and specific measures for professional reintegration were added to the list of services covered. The Swiss Federal Audit Office (SFAO) described the status of professional reintegration of persons with disabilities and evaluated the program, implementation, outputs, and effects of the various measures for persons with disabilities within the federal administration. The full report is available on the SFAO website.

2011 Annual Report Published

The SFAO annual report is designed to provide an overview of the office's auditing activity throughout the year. It offers insight into the broad spectrum of supervision and demonstrates the wide variety of auditing work completed. This ranges from classic auditing of annual accounts to analysis of subsidy policies and carrying out effectiveness audits for expenditure programs. The annual report for 2011 is available on the SFAO website.

Evaluation of Economic Stabilization Measures During Financial Crisis

When the recession spread to Switzerland after the autumn 2008 financial crisis, Switzerland was enjoying healthy public finances and also had a number of automatic economic stabilizers such as unemployment insurance. However, the extent of the crisis and the speed at which it unfolded required the government to take exceptional intervention measures and to act swiftly, decisively, and in a coordinated way while at the same time weighing the significant risks and uncertainties involved. In view of the severity of the crisis and the associated uncertainties, the Swiss federal government resolved to adopt a proactive approach, whereby the discretionary stabilization measures would be implemented in

several phases. SFAO evaluated the conception and implementation of the Swiss government's stabilization measures against this backdrop of financial crisis. At the same time, and in consultation with the SFAO, the State Secretariat for Economic Affairs produced a final report containing a general politico-economic analysis of the crisis intervention. Both reports are available on the SFAO website.

For additional information, contact the Swiss Federal Audit Office:

E-mail: info@efk.admin.ch
 Website: <http://www.sfao.admin.ch>

Community of Portuguese-Speaking SAIs

New Strategic Plan Approved in Lisbon

From October 3 to 7, 2011, the members of the Steering Committee of the International Organization of SAIs of the Community of Portuguese-Speaking Countries (OISC/CPLP) approved its second strategic plan during meetings held in Lisbon, Portugal. SAI heads and staff members from Angola, Brazil, Cape Verde, Mozambique, and Portugal participated in the meetings. The event was organized by OISC/CPLP's General Secretariat and the Portuguese SAI, the Tribunal de Contas.

The new strategic plan confirms the mission and vision of the organization and has two main strategic goals that are divided into six strategies. The first goal (capacity building of the OISC/CPLP's members) focuses on the internal development, modernization, and improvement of the Portuguese-speaking SAIs. The strategies for this objective are related to institutional capacity building, communication, and evaluation. The second goal (strengthening OISC/CPLP) highlights the organization itself and emphasizes the development of better products and services. The strategies for this

objective are related to monitoring, budget, and partnerships.

The committee also approved a plan of action that contains tasks for all the members of the organization. The new strategic plan will guide the cooperation activities among Portuguese-speaking SAIs during the next 5 years.

For additional information, contact OISC/CPLP General Secretariat:

E-mail: arint@tcu.gov.br
 Website: <http://www.tribunaiscplp.gov.br>

WGEA Grows, Evolves to Meet the Challenges of a Changing Environment

Steven L. Elstein, U.S. Government Accountability Office

Reflecting on my experience at the initial April 1994 Working Group on Environmental Auditing (WGEA) meeting in Luxembourg City, I do not think any of the SAIs represented around the table would have guessed that their new, 12-member working group would soon grow into the globally diverse, 72-SAI body it is today. The transition mirrored an emphasis on environmental issues by the world's governments—and their recognition of the need to look beyond individual borders to deal with their most pressing environmental problems.



Participants in the WGEA's 14th Assembly in Buenos Aires, Argentina, in 2011 reflected the working group's extensive and globally diverse membership.

Until the latter 20th century, many nations had yet to establish a lead environmental protection department or ministry. Those that had done so tended to direct their efforts primarily toward environmental issues within their own countries. Save the most blatant cases of transboundary pollution, environmental concerns largely were intranational in nature, focusing on efforts to protect national parks and other resources and clean up waste and polluted waters.

Governments' local focus on environmental protection has since changed markedly—a trend spurred by highly publicized cross-boundary environmental crises, such as the Chernobyl accident in the Ukraine, and by the recognition that such geographically diffuse problems as acid rain, mercury contamination, cross-border water pollution, depleted fisheries, and so many others could only be addressed through international cooperation and action. Nations began to act accordingly. So did their SAIs, with INTOSAI transforming the provincial, 12-member WGEA of the mid-1990s into the worldwide body it is today.

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At the same time, as governments increasingly looked beyond their own borders to solve environmental problems, SAIs too saw the value in cooperating with each other to examine environmental and sustainability issues at the regional, and even global, level. A key milestone along this path took place at the WGEA's April 2000 meeting in Cape Town, South Africa. Reflecting a desire among many SAIs to promote environmental auditing through regional cooperation, the 22 members present voted to support the development and growth of regional Working Groups on Environmental Auditing (RWGEA) while retaining the global working group to support the regional efforts through training, exploratory studies, and other methods.



The WGEA's meetings provide training to develop environmental auditing capacity in the participating SAIs.

And so began the formal development and expansion of RWGEAs. EUROSAI's RWGEA was initially the most active and today has over 40 member SAIs. But today, six of INTOSAI's seven regions have active and vibrant RWGEAs that complement the work of the global working group. Collaborative environmental audits involving multiple SAIs—once a novel curiosity—are commonplace in the SAI community, often using methods developed by the WGEA to conduct coordinated and joint audits.

In fact, as the greatest environmental challenges have become global in nature, requiring cooperation among nations around the globe, so has the WGEA's focus—manifested most recently by a unique and ambitious, 14-SAI coordinated audit on how their respective governments were responding to the challenges posed by climate change. Other collaborative WGEA projects to develop environmental audit guides, training projects, and links with other international environmental organizations reflect in microcosm the broader reality of the environmental issues facing the world's nations today—we can accomplish more toward common goals through collaboration than in isolation.

For additional information, contact the author at elsteins@gao.gov.

New Global Training Facility on Environmental Audit

Nameeta Prasad, Director of the International Center for Environmental Audit and Sustainable Development (iCED), Office of the Comptroller and Auditor General of India

The need for an environmental audit training course for auditors, especially those undertaking environmental audits for the first time, has emerged repeatedly at several WGEA forums. Also, triennial environmental audit surveys of SAIs conducted by the WGEA have pointed out the need for such courses. In response, the WGEA, in partnership with the SAI of India, has decided to set up the International Center for Environmental Audit and Sustainable Development (iCED), a global training facility for environmental auditing to be located at Jaipur, approximately 250 kilometers from New Delhi, the capital of India. The first training is expected to take place in 2013.



Model Showing Proposed Layout of the iCED

The iCED will be extensive, spreading over 16 acres of land and offering state-of-the-art training facilities and a hostel. It will also provide training in environmental auditing for auditors in India. The training facilities will include two training halls, each for 75 people, and two meeting rooms, each for 35 people. The hostel facilities comprise more than 80 guest rooms, including those for the faculty. The iCED facility in Jaipur was also conceived as a green building and a host of features have been incorporated in the design and construction to reduce the building's carbon footprint.

In many SAIs, environmental audits are conducted by auditors with good auditing competence and background but with little experience in environmental issues. Keeping this consideration in mind, the WGEA/iCED environmental audit

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course is designed to provide knowledge for working on environmental issues such as recognizing environmental problems, selecting relevant audit topics, identifying suitable criteria and audit methodology, as well as making meaningful recommendations. It also aims to provide hands-on training on these issues so that auditors trained here can replicate the processes learned during the course back at their home institutions.

The course has three modules: introduction to environmental auditing, auditing the environment and sustainable development, and adapting the learning to issues in auditors' countries. The first module aims to clarify the concepts of environmental auditing and sustainable development, including special features of environmental audit. The participants will get an overview of the development of national and global regulations and different practices in environmental governance, such as the various institutional systems and financial instruments for environmental protection. The objective of the second module is to increase the participants' knowledge of selected basic processes/phenomena in the environment and human impacts on them (for example, water, waste, biodiversity, and climate change). Along with the sessions on environmental topics, the lectures and exercises will cover each step in the audit cycle. The last module wraps up the key points for conducting an audit focused on environmental problems with an emphasis on the selection of topics for environmental auditing. Based on the knowledge acquired during the course, the participants will work individually under the guidance of experts to identify key development needs in environmental auditing at their home SAIs and prepare a presentation on introducing good practice in environmental auditing there. Feedback is to be collected from the participants to fine-tune the course and to help with any issues that the auditors might encounter in their countries.

For additional information, contact the author at prasadN@cag.gov.in.

Using Geospatial Technology to Enhance Environmental Auditing

By Dr. Ali Masykur Musa, Audit Board of the Republic of Indonesia (BPK)

In Indonesia, auditing with the environmental perspective is an interesting and challenging area, especially because environmental problems have increased in complexity. Issues relating to the environment—such as biodiversity, water and marine resources, carbon stock count, the UN-REDD Program,¹ and climate change—present unique challenges for auditors. These challenges provide opportunities for auditors to synergize technology and audit methodology to make audits more effective and efficient and produce more reliable reports. These reports are important because they are expected to encourage the government to be more accountable and more supportive of sustainable development in its natural resource management decisions. In the future, auditors will be expected to be more creative and innovative to relate technologies and methodologies to their environmental audits.

Auditors currently face challenges in developing audit methodology and techniques to encourage government accountability and sustainability in natural resources management. The Audit Board of the Republic of Indonesia (BPK) strives to overcome these challenges by using geospatial technologies such as geographical information systems (GIS), remote sensing (RS), and global positioning systems (GPS). These methods are employed during the audit planning and field work and have been shown to improve the audit report quality. To date, the BPK has applied these methods for audits of forestry, plantation, and mining.

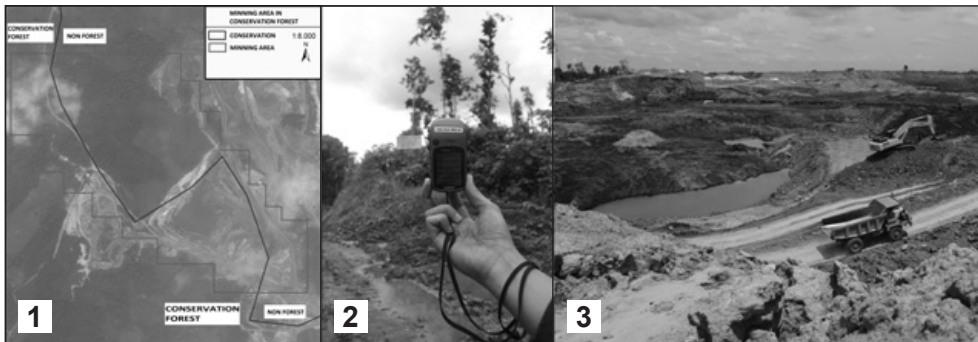
In the planning stage, the geospatial technologies are used to define the audit sample and determine its location. They are also used to plan the location path or trajectory that will be physically examined and to locate potential problems such as deforestation spots, illegal land use, and forest fires. The use of the technology improves the accuracy of samples and audit focus, thus making the audit planning more effective and efficient.

In the field work stage, the geospatial technologies helps auditors reach the sample location as planned. Because they do not have to be concerned about finding the correct sample location, auditors can focus more on observing the location (ground checking) and collecting the audit evidence. Moreover, the technologies are beneficial for finding areas that have similar problems and estimating the extent of impacts.

In the reporting stage, using these geospatial technologies has improved audit report quality. The spatial information and photographs produced help readers to understand the substance and magnitude of the problem at hand and also help create a more attractive audit report. The photos in figure 1 demonstrate an example of audit evidence produced using geospatial technology in a forestry audit.

¹The UN-REDD Program is the United Nations Collaborative Program on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries. It focuses on developing sustainable national approaches that promote equitable outcomes and ensure that countries use reliable methodologies to assess emission reductions.

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Figure 1: Use of Geospatial Technology in a Forestry Audit

(1) A GIS analysis of a mining area in a conservation forest was used in the planning stage. In the field work stage, ground checking at the mining location and collecting of audit evidence was carried out using (2) a GPS (coordinates) and (3) a camera (photographs).

Source: BPK report

From implementing geospatial technology as an audit method, the BPK has learned that the technology should be supported by other audit techniques and methodologies, such as interviews, data and document analysis, questionnaires, and confirmation to related entities. The audit evidence gathered can be in the form of documents, data softcopy, GIS analysis, GPS coordinates, field photos, confirmation results to competent parties, and the observation report signed by parties participating in the observation process.

For additional information, contact the BPK at asosai@bpk.go.id.

WGEA's Environmental Audit Guidance Materials Are Increasingly Popular

The WGEA secretariat conducts surveys of SAIs once in each 3-year working period to learn more about their needs and interests and study trends in environmental auditing. According to the surveys, guidance materials have long been the most sought-after products of the WGEA. The WGEA plans to complete materials that are currently under way (see box below) in June 2013. All of the relevant materials can be obtained from the INTOSAI WGEA website (<http://www.environmental-auditing.org>).

WGEA guidance materials are reinforced by training conducted in the relevant subject area (e.g., biodiversity or climate change). The availability of guidance materials has also clearly encouraged the regional Working Groups on Environmental Auditing (RWGEAs) to initiate cooperative audits.

Recent and Upcoming WGEA Guidance Materials and Research Papers

2010

- 📄 Auditing forests, developed by the SAI of Indonesia
- 📄 Auditing mining, developed by the SAI of Tanzania
- 📄 Auditing sustainable energy, developed by the SAI of the Czech Republic
- 📄 Auditing sustainable fisheries management, developed by the SAI of South Africa
- 📄 Auditing the Implementation of Multilateral Environmental Agreements (MEA): a primer for auditors, developed in cooperation with the United Nations Environmental Program
- 📄 Environmental accounting: current status and options for SAIs, developed by the SAI of the United States
- 📄 Auditing the government response to climate change, developed by the SAI of Norway

Due in 2013

- 📄 Land use/land management practices, developed by the SAI of Morocco
- 📄 Environmental data, developed by the SAIs of Canada and the United States
- 📄 Environment and sustainability reporting, developed by the SAI of Finland
- 📄 Environmental issues associated with infrastructure, developed by the SAI of the United Kingdom
- 📄 Impact of tourism on wildlife conservation, developed by the SAI of Lesotho
- 📄 Audit guidance material on how to integrate fraud and corruption issues into auditing of environmental and natural resource management, developed by the SAI of Norway
- 📄 Update of the 2004 guidance material *Auditing Water Issues: Experiences of Supreme Institutions*, developed by the SAI of the United States

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Environmental Auditing: Current and Future Challenges

Prior to the 14th WGEA Assembly in Buenos Aires, Argentina, in November 2011, a 1-day training seminar called “Environmental Auditing for Beginners” took place in close cooperation with the SAIs of Finland and the United States and several other members of the WGEA Steering Committee.

As the last session of the training day, a panel comprising representatives from the committee’s member SAIs discussed challenges to and the future of environmental audits. The panelists were Dr. Vivi Niemenmaa (Finland), Ms. Nameeta Prasad (India), Mr. Helge Strand Østtveiten (Norway), Ms. Jill Goldsmith (United Kingdom), and Mr. Steven Elstein (United States).



Panelists at the WGEA training session discussed current and future challenges in environmental auditing.

Major Environmental Audit Challenges

The panelists were unanimous in their belief that environmental auditing is more similar to other types of audits than not, but they were still able to identify a number of difficulties that are specific to environmental auditing:

- Environmental data can often be lacking, diffuse, or incomplete at the local, regional, and international levels.
- Environmental problems and policy issues are relatively new.
- Sustainability—a core dimension—is fundamentally difficult to address.
- Environmental problems and abatement evolve over the long term.
- Materially linking environmental issues to state finances is a challenge.
- Cost-benefit analysis of the long-term benefits of environmental engagements is crucial but difficult.
- Environmental issues are multinational and interdisciplinary.
- Fieldwork requires specific competencies and knowledge.
- Finding audit criteria on the national level is difficult, but it is also difficult to persuade governments to adopt international criteria.
- Auditing generally has a retrospective focus, but environmental issues require vitality in assessing the potential future impact of policies/programs.

Future Environmental Auditing Challenges

In mapping future challenges, the panelists were, in many respects, of one mind. They pointed out the trend toward the increased globalization of environmental problems, the ever more apparent impact of climate change, and the need to address complex issues such as sustainable development and climate change.

The panelists also observed the following future challenges:

- addressing more complex and global environmental issues as the effects of climate change become ever more apparent;
- expanding the pool of environmental auditors and providing proper training for them;
- planning audits and choosing topics and focuses amid the vast array of options;
- raising awareness about environmental auditing practice among the public and politicians;
- adapting to fluctuations in environmental policy decisions;
- measuring how environmental matters are being dealt with; and
- maintaining integrity and professionalism against the background of the often high-level politicization of environmental concerns.

Tips for First Environmental Audits

The panelists shared the following tips for SAIs carrying out their first environmental audits.

Audit Topic

Spend enough time on planning the audit and get as much information as possible about the topic. Choose a clear problem that is also recognized by others as such. Do not choose a complicated first topic like climate change. Even if the audit of waste is not easy, it is easier than climate change. Start with familiar things or things that are important for your country—for example, fisheries for Norway. Do not think that you have to be the “world champion” in your first environmental audit. Scoping is important, so avoid a large scope and instead start with a focused scope.

Once you have chosen the topic, find out what other SAIs have done and consult the WGEA website for resources. Also, study the WGEA guidance material, if there is one on your chosen subject.

Questions and Criteria

Have a solid design for the audit: risk-based research questions, solid and clear criteria, and good methodology. Choose the right target where you can identify good questions. Most importantly, design good, clear, and researchable questions and objectives, even if it takes more time. Poor audit questions are the single greatest cause of audit failure. Lay the groundwork so that good questions can be defined properly, even if it takes extra time. Get management and all other important parties to agree on the questions. Develop good audit criteria against which to measure the government’s performance. The success of the audit depends on the criteria.

Field Work and Recommendations

After designing the audit, assign clear tasks and responsibilities to each member of the team; this will greatly facilitate the whole process.

Establish what recommendations you are going to make and identify those who should act on the recommendations.

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Actively Emerging RWGEAs Encourage Environmental Auditing in Regions

The number of SAIs conducting environmental audits has been growing over the years. According to the 7th WGEA environmental survey, conducted by the Secretariat in spring 2012, 80 percent of the respondents reported that they had done environmental audits, and another 15 percent planned to do so in the near future.

Many SAIs have undertaken their first environmental audits in cooperation with other SAIs. Such cooperation has often been initiated by the respective regional Working Group on Environmental Auditing (RWGEA), which organizes training activities and invites SAIs to participate.

The significance of cooperation is underlined by the fact that according to the environmental survey, about 70 percent of responding SAIs had cooperated with another SAI. The lack of resources was the most common reason cited for not cooperating with other SAIs. Almost all SAIs who had cooperated with other SAIs described their experience as useful. They mentioned the possibility of exchanging information and experiences and using good auditing approaches as the main motivations for combining their efforts.

The following reports outline ways in which the RWGEAs have encouraged environmental auditing at the regional level.

First Cooperative Environmental Audits in the PASAI Region

Claire Kelly, Asian Development Bank consultant to PASAI

The PASAI Cooperative Performance Audit Program

The Cooperative Performance Audit (CPA) program is conducted under the Pacific Regional Audit Initiative (PRAI), which aims to build capacity in individual SAIs through participation in cooperative performance and financial audits.

Aligned with the broad PRAI objective, the CPA program has a tiered objective: building performance audit capacity within individual SAIs through a regional approach to identify and promote improvements in the effectiveness, efficiency, and economy of public administration within the countries of the Pacific region.

At the 2008 PASAI congress, auditors general decided that the first CPA program should be environmentally focused. This was a very good fit with the WGEA work plan, which aimed to facilitate concurrent, joint, or coordinated audits in each of the INTOSAI regions, including PASAI. It also aligned with INTOSAI's strategic objective of promoting greater cooperation among SAIs.

Planning

Initial planning work for the CPA program was undertaken between the 2008 and 2009 PASAI congresses. The SAI of New Zealand, in its role as coordinator of the Australian Council of Auditors General (ACAG)/PASAI RWGEA, surveyed PASAI members to identify suitable topics for the CPA program and find out which SAIs would be interested in taking part.

The survey favored solid waste management as the topic for the first cooperative performance audit, with freshwater management a close second and fisheries the third choice. Many SAIs expressed interest in taking part in the program.

Planning for the CPA program relied heavily on the WGEA guidance for conducting cooperative audits to determine the appropriate form of cooperation and the level of support required.



Auditors observed traditional water collection on North Tabiteuea, one of the outer islands in Kiribati, during the cooperative performance audit on access to safe drinking water.

The CPA program was planned and conducted as a series of coordinated audits—that is, the same audit topic was undertaken in each jurisdiction, with audit teams coming together at the critical planning and report writing points in the audit cycle. Each SAI was expected to report in its own jurisdiction, and a regional report was to be compiled to present to the subsequent PASAI congress and then released more widely to donor organizations, stakeholders in the region, and the general public.

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CPA Program Outcomes

The first cooperative performance audit, on solid waste management, was completed in 2010. Ten Pacific SAIs participated: the Cook Islands, the Federated States of Micronesia (FSM), Fiji, Guam, Papua New Guinea, the Republic of Marshall Islands (RMI), the Republic of Palau, Samoa, Tonga, and Tuvalu. The consolidated regional report of these audits is now available on the PASAI website: www.pasai.org. Eight individual SAI audit reports are in the public domain and are on the SAIs' websites.

The second cooperative performance audit, on access to safe drinking water, was completed in 2011.

The third cooperative performance audit, on managing sustainable fisheries, is to be completed in 2012. It was by far the most challenging audit topic to date. Eleven SAIs participated: the Cook Islands, FSM, Fiji, Kiribati, Palau, Samoa, Tonga, Tuvalu, and the FSM State Audit Office of Yap and new teams from the SAIs of Nauru and the Solomon Islands.

Future Directions

The participants in the ACAG/PASAI RWGEA April 2012 meeting in Sydney concluded that it would be advisable to adopt the coordinated audit approach used by 14 SAIs around the world to audit their governments' management of climate change. (The report on this audit was released in November 2010.) By adopting this model, Pacific SAIs would cooperate in the design of the regional audit, focusing thereafter on how their individual governments are planning to adapt to climate change and managing natural disaster risks and recovery.

For additional information, contact Jonathan Keate, the regional coordinator of ACAG/PASAI WGEA (jonathan.keate@oag.govt.nz).

Enthusiasm for Cooperative Environmental Audits in the EUROSAI Region

Herdis Laupsa, Head of the EUROSAI WGEA Secretariat

Several cooperative environmental audits are in progress in the EUROSAI region. Three of these projects will be finalized this autumn.

The Cooperative Audit on Adaptation to Climate Change

The partners in this audit are the SAIs of Austria, Bulgaria, Cyprus, Malta, the Netherlands, Norway, Russia, and Ukraine and the European Court of Auditors (ECA). The EUROSAI WGEA Secretariat is the project leader.

The project's aim is to contribute knowledge to policy makers and other stakeholders on how (1) adaptation policies are implemented on national levels in Europe (2) risk and vulnerability assessments are applied in decision making, and (3) strategies and

plans are implemented to prepare for climate change impacts. The cooperative project addresses how coordination of adaptation issues is ensured on a governmental level. The study also evaluates potential results and impacts of the adaptation policies. The cooperative audit will identify European governments' challenges related to adaptation to climate change and provide common conclusions and recommendations.

For additional information, contact the EUROSAI WGEA Secretariat (herdis.laupsa@riksrevisjonen.no).

The Nordic-Baltic-Polish Cooperative Audit on Emissions Trading

The Nordic-Baltic-Polish Cooperative Audit on Emissions Trading was initiated by the respective auditors general in August 2011. Norway and Denmark are coordinating the audit, and Finland, Latvia, Lithuania, Poland, and Sweden will also contribute to the joint report. The European Union Emissions Trading System (EU ETS) is a key policy instrument to mitigate climate change in Europe and has a large economic significance. All the Nordic countries—with the exception of the Faroe Islands, the Baltic countries, and Poland—are part of the EU ETS. Most of the Nordic-Baltic-Polish SAIs have performed one or more performance audits addressing climate change and emissions trading. The cooperative audit is based on finalized or ongoing individual national audits and includes the following three sub-topics:

- the effectiveness of the EU ETS in reducing national emissions/fostering technology development;
- the effectiveness of registry systems for emissions trading—operation, measurement, and reporting; and
- the efficiency of Clean Development Mechanism (CDM) and Joint Implementation (JI) programs.

The joint report is planned for October/November 2012.

For more information, please contact Kristin Rypdal (Kristin.Rypdal@Riksrevisjonen.no).

Cooperative Audit on Shipment of Waste

The SAIs of Bulgaria, Greece, Hungary, Ireland, Norway, Poland, Slovenia, and the Netherlands are conducting a cooperative audit on the enforcement of the European Union (EU) Waste Shipment Regulation (EWSR). This audit was launched in 2010 by the Contact Committee of the heads of the EU SAIs. The EWSR has been set up to control international waste movements to prevent illegal shipment or dumping of hazardous waste.

The objective of the audit is to improve the enforcement of the EWSR by providing insight into differences in enforcement strategies and performance in terms of results and the achievement of the intended effects among countries.

The participants agreed upon a common audit approach and a design matrix. They also agreed upon nine audit questions, a set of standards, necessary information, and an indication of the method of data analysis. The standards address good governance, cooperation, enforcement, quality of information, and standards arising from the EWSR.

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SAIs in European Union countries are conducting a cooperative audit on the shipment of waste.

Besides national reports, a joint report will be published toward the end of 2012.

For additional information, please contact Jan Willem van de Wardt (j.vandewardt@rekenkamer.nl)

Other Regions Encourage Cooperation in Environmental Auditing

ASOSAI

Several SAIs in the ASOSAI region (including China, Indonesia, South Korea, and Malaysia) have knowledge about cooperative environmental audits, but few have actually conducted cooperative environmental audits. Parallel audits seem to be preferred. SAIs have noted challenges related to language and technology that have hindered cooperation.

A number of ASOSAI countries (namely Bangladesh, Bhutan, China, Indonesia, Malaysia, Nepal, and Thailand) participated in the INTOSAI Development Initiative (IDI) Transregional Program on Environmental Issues in Forestry.

Russia and China held a joint seminar on environmental auditing in Russia in September 2010. They discussed a wide range of topics and explored possibilities for cooperative environmental audits.

For additional information, contact the ASOSAI WGEA (cnao@audit.gov.cn).

OLACEFS

The OLACEFS region stands out for its ability to involve a number of SAIs in auditing vital environmental issues.

Coordinated Performance Audit on Implementing the Commitments of the United Nations Framework Convention on Climate Change (UNFCCC)

In April 2009, the eighth meeting of the Special Technical Commission on the Environment (COMTEMA), the RWGEA of OLACEFS, was held in Buenos Aires, Argentina. At that meeting, the participants decided to carry out a cooperative audit to examine the compliance of regional governments with commitments related to the UNFCCC. The project involved the SAIs of Argentina, Brazil (coordinator), Colombia, Costa Rica, El Salvador, Honduras, Panamá, Paraguay, and Peru.

To support the national audits, an audit approach framework was developed that was similar to the one adopted in the INTOSAI WGEA coordinated international audit. Each SAI designed, carried out, and domestically reported national audits, in accordance with its internal practices and standards, to respond to its country's climate change priorities. The topics covered governance of climate change efforts, elaboration and communication of greenhouse gas inventories, and elaboration and implementation of mitigation and adaptation policies.

The preliminary report reflected the different analytical perspectives and approaches of the audit teams of the SAIs involved. These differences were also evident at the final meeting to discuss the coordinated audit. Thus, even with the commitment of the participants, it was a challenge to achieve a homogeneous and cohesive report.

Coordinated Performance Audit on Environmental Management to Conserve Natural Resources in the Amazon Region

The participating SAIs were Brazil, Colombia (coordinator), Ecuador, and Peru.

The participating SAIs derived the audit criteria from the Amazon Cooperation Treaty, and the audit partners decided to distribute the research topics among themselves:

- Ecuador: Protection of indigenous people
- Peru: Fulfilment of the Amazon Cooperation Treaty
- Brazil: Macro-zoning
- Colombia: Protected Areas and Ecotourism

For additional information, contact the OLACEFS WGEA (relacionesinstitucionales@agn.gov.ar).

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AFROSAI

The SAI of Tanzania, regional coordinator of the AFROSAI RWGEA, has called upon SAIs of the region to undertake coordinated audits to address regional issues, such as waste management, deforestation, water management, and protection of nature.

The ongoing regional audits in the AFROSAI region focus on analyzing the environmental problems of common water bodies. The coordinated audit of Lake Victoria is a joint effort of East African countries (Tanzania, Kenya, Uganda, Rwanda, and Burundi), and the joint report is due in 2012. Experience gained in the audit of the Lake Victoria basin will be used in an audit on Lake Chad headed by the SAI of Chad, which will be implemented by the AFROSAI Technical Capacity Building Committee.

For additional information, contact Robert Cheyo at the AFROSAI WGEA (rcheyo@nao.go.tz).



INTOSAI- *Donor Cooperation* *Update*

Newly Launched Database on SAI Capacity Development

by the INTOSAI-Donor Cooperation Secretariat

The SAI Capacity Development Database was launched in January 2012 at <http://www.SAIdevelopment.org>. It contains information on all capacity development initiatives targeting SAIs globally.

The database, a slightly revised version of the former Capacity Building Committee (CBC) Directory, is hosted by the INTOSAI Development Initiative (IDI). Its aim is to provide INTOSAI, the donor community, and other stakeholders with a global overview of the support provided to the INTOSAI community and to facilitate better coordination of capacity development initiatives. Consistent with the policy of the former CBC Directory, the content of the database is publicly available online.

Why a Database for Support to SAIs?

The database may serve several different purposes:

- **Enhance coordination of support to SAIs from development partners by making available information on ongoing and planned initiatives.** Increased knowledge about each others' activities will enable development partners to avoid duplication of efforts and may promote joint development interventions that reduce transaction costs for recipient SAIs.
- **Increase knowledge about the support given to SAIs.** Establishing an overview of the volume, geographical distribution, and contents of the support given to SAIs will help the INTOSAI and donor communities make better strategic decisions and provide a baseline against which development can be measured. The data may also be used for academic research. Analysis may, for instance, include developments in the levels of financial support to the SAI community, the degree to which support is based on strategic plans, geographical distribution of support, and levels of south-south cooperation and peer-to-peer support.
- **Enhance the geographical distribution of support.** The database will enable development partners to identify SAIs and INTOSAI regions which currently receive limited support.

What Kind of Information Does the Database Contain?

For the database to serve these purposes, it needs to be as complete and up to date as possible. Information on all capacity development initiatives targeting the INTOSAI community should be included in the database, regardless of their size. Support provided to SAIs by donors, peers within the INTOSAI community, and other service providers should be included, as well as initiatives on country, regional, and global levels. The database should mainly contain information on ongoing and planned initiatives. In addition, project proposals submitted under the 2011 INTOSAI-Donor Cooperation Global Call for Proposals have been entered.

The database currently contains information on more than 150 ongoing, planned, and proposed initiatives. They range from large public financial management reform programs to training of a few weeks' duration for SAI staff.

How to Use the Database

The information in the database is publicly available. The data may be sorted according to different variables online or exported to an Excel file to enable more detailed analysis. User rights are required to enter projects into the database, and these may be acquired by filling out a form on the website.

Who Should Enter Projects?

As a first step, those who provide capacity development support are encouraged to enter information on the initiatives they are involved in. This is to ease the burden on SAIs receiving support, so they do not have to spend their limited resources doing this. Providers of support include both donors and SAIs or INTOSAI regions that provide support or training to other SAIs. A letter has been sent to the INTOSAI Regional Working Groups, asking them to enter information on their own capacity-building activities and to forward the request to provider SAIs in their region. Donors have been encouraged to enter information through the INTOSAI-Donor Cooperation, and several organizations have done so.

To ensure consistency in the entries, IDI provides guidance and some quality control of the data. At regular intervals, IDI will also remind those who have entered data to check their entries and make any necessary updates and additions. An advisory committee for the database has been established to provide input to any further development of the database. It is chaired by the U.K. National Audit Office as chair of Subcommittee 1 of the INTOSAI CBC.

Additional information on the database is available at <http://www.SAIdevelopment.org>. For questions, comments or input, please contact IDI at admin@sai-development.org. For more general information, contact the INTOSAI-Donor Cooperation Secretariat at intosai.donor.secretariat@idi.no.

Remember to add <http://www.SAIdevelopment.org> to your website favorites!



Fourth Meeting of the INTOSAI–Donor Steering Committee

The fourth meeting of the INTOSAI–Donor Steering Committee was held in Jaipur, India, February 23–25, 2012. The Comptroller and Auditor General of India hosted the meeting, and more than 50 representatives of INTOSAI and the international donor community attended.

The Steering Committee noted the important progress made since the last meeting in July 2011. Those achievements include the following:

- Eight new global and regional initiatives have been launched, including a global program to implement the ISSAIs with up to \$2.85 million (U.S.) in available funding.
- Progress has been made in matching proposals for SAIs in need of support with donors and SAIs willing to provide support. In response to the September 2011 Global Call for Proposals, 55 proposals from all INTOSAI regions were submitted. During the meeting, there were expressions of interest in 14 of the proposals, and participants committed to match more proposals during the next 3 months.
- Like-minded donor organizations agreed on the operating arrangements for a global pooled fund for SAI capacity development, which will be launched this year and will complement existing support.
- A database on SAI capacity development support to enhance coordination of support to SAIs was launched and is available at <http://www.SAIdevelopment.org>.
- Development continues on a tool for measuring SAI performance.
- INTOSAI was represented at the Fourth High Level Forum on Aid Effectiveness, held in Busan in 2011, which emphasized the crucial role of SAIs in promoting sustainable development.

The Steering Committee also agreed on the 2012 work program for the INTOSAI–Donor Cooperation.

The fifth Steering Committee meeting will tentatively take place October 17–19, in London, United Kingdom, and will be hosted by the U.K. National Audit Office.

For additional information, contact the INTOSAI–Donor Secretariat:

E-mail: intosai.donor.secretariat@idi.no

Website: <http://www.idi.no>

Meeting of the Subcommittee on Internal Control Standards

Members of the INTOSAI Subcommittee on Internal Control Standards met April 24–25 in Warsaw, Poland, to discuss the progress of the subcommittee's works to date; draft questionnaires with a view toward developing new, more detailed guidelines; and plan for the future.



Participants in the April 2012 Subcommittee on Internal Controls meeting in Warsaw, Poland.

The Supreme Audit Office of Poland, which has chaired the subcommittee since the latest INCOSAI in November 2010, hosted the meeting. Representatives from the SAIs of 14 countries (Austria, Belgium, Bangladesh, Brazil, Chile, France, Georgia, Hungary, Lithuania, the Netherlands, Oman, Romania, Russia, and South Africa) attended the meeting, along with representatives of two organizations that have been cooperating with the subcommittee—the Institute of Internal Auditors (IIA) and the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The subcommittee's main task is to promote INTOSAI's guidelines on good governance (INTOSAI GOV) among public sector managers. For 2010–2013, the subcommittee has five tasks to implement: (1) work out examples of internal control measures for all internal control objectives and all control components; (2) actively promote the INTOSAI GOVs; (3) work on the integration of the internal control concept and risk management; (4) write a paper concerning reporting on internal control; and (5) develop an e-platform as a tool for supporting the subcommittee's work and a source of information on internal control. At the meeting, the coordinators of individual tasks reported on the progress of their implementation.

In order to accomplish tasks 3 and 4, the subcommittee has been developing surveys on risk management and on reporting on internal control in the public sector, the drafts of which were discussed at the meeting. Their final versions will be distributed among INTOSAI members later this year. Reports on the results of these surveys will be completed by May 2013 and will later be used to update the relevant existing guidelines.

Additionally, on the first day of the meeting, the representatives of the SAIs of Austria and Poland presented their good practices in internal control, while the participants from the SAIs of Bangladesh, Chile, France, and the Russian Federation shared their national experiences in implementing internal control in the public sector. Another part of the meeting was dedicated to risk management, during which the representatives of the IIA, Belgium, and Romania presented their views. On the second

day of the meeting, a representative of COSO discussed the latest changes proposed to the Internal Control Integrated Framework, and the participants from the SAIs of Lithuania and South Africa presented their experiences in internal control reporting.

For more information, contact the Subcommittee on Internal Control Standards:

E-mail: ics@nik.gov.pl

Web site: <http://www.psc-intosai.org/ics>

12th ASOSAI Assembly Held in India

The Office of the Comptroller and Auditor General of India hosted the 12th ASOSAI Assembly February 29, 2012, to March 3, 2012, in Jaipur, India. The assembly was bracketed by meetings of the ASOSAI Secretary General, the training administrator, the INTOSAI Development Initiative (IDI), and the 44th ASOSAI Governing Board. More than 180 delegates from 42 countries participated in the assembly. At its opening, H.E. Shivraj V. Patil, the governor of Rajasthan, noted that the countries represented constituted two-thirds of the people on earth. In addition to the many country delegates and observers, attendees included Terence Nombembe, Chair of INTOSAI; Josef Moser, INTOSAI General Secretary; and Helena Lopez, representative of the EUROSAI President.

The triennial assembly began with an opening ceremony featuring remarks from the governor and chief minister of Rajasthan; Vinod Rai, Comptroller and Auditor General of India and incoming ASOSAI chair; and Muhammad Akhtar Buland Rana, outgoing ASOSAI chair and Auditor-General of Pakistan, as well as reports of activities since the previous meeting.



Dignitaries and officials participating in the opening ceremony of the 12th ASOSAI Assembly.

During the opening ceremony, Mr. Nombembe highlighted the need for a central focus on strengthening human resources that will enable SAIs to improve analytic and diagnostic capabilities. While acknowledging that human resource development requires a long-term investment, he stated that it could be inexpensive and relatively easy to implement, through the use of initiatives such as twinning, secondments, and fellowships.

Dr. Moser reported on the United Nations General Assembly's adoption of the resolution on the independence of SAIs, which expressly recognizes that SAIs are most effective if they are independent and protected from outside influence. Among other things, the resolution encourages member states and organizations to apply the principles of the Lima and Mexico Declarations.

Ms. Lopez stressed that SAIs, as watchdogs of public interest, are expected to intensify their audit activities to enhance ethics in public life and contribute to fighting against fraud and corruption.

Within ASOSAI, significant recent activities over the past 3 years include the adoption of the ASOSAI Strategic Plan 2011–2015, along with an action plan to guide its implementation. A midterm evaluation of the plan focused on its three strategic goals (institutional capacity building, knowledge sharing, and knowledge service). The evaluation showed that the plan has been well implemented to date.

Capacity-building programs have been offered to member SAIs, including three ASOSAI-sponsored workshops on performance, environmental, and public debt auditing. IDI-ASOSAI cooperation launched two programs: Quality Assurance in Performance Audit in 2010 and Development and Implementation of the Strategic Plan in 2011. As of the assembly date, two workshops had been organized for each program.



Participants in the 12th ASOSAI Assembly.

ASOSAI has sponsored seminars on how to strengthen internal controls in SAIs and how to integrate ethics and integrity into SAI auditing practices. ASOSAI also established cooperation with the German Corporation for International Cooperation (GIZ) in 2010 for the benefit of Southeast Asian SAIs.

The ninth ASOSAI research project on Evaluation and Improvement of Internal Audit Systems and the Relationship between the Internal Audit Units and SAIs has been completed. The results of the research will help ASOSAI members make the best

use of both INTOSAI GOV 9140, *Internal Audit Independence in the Public Sector*, and INTOSAI GOV 9150, *Coordination and Cooperation between SAIs and Internal Auditors in the Public Sector*.

ASOSAI communication tools have been evolving and serve as a robust source of information for ASOSAI activities. An interactive site permits members to upload news and articles to the website on their own initiative. In addition, new functions for online registrations and surveys have streamlined the administrative aspect of capacity-building activities. The *Asian Journal of Government Audit* (ASOSAI's journal) is published biannually (April and October) in English and serves as ASOSAI's official knowledge-sharing platform; new columns have been added and the Journal receives a steady flow of quality articles. The ASOSAI journal award for 2009 to 2011 went to Dr. Batbayar Badamdorj from the SAI of Mongolia for his article entitled "Some Thoughts on the Role of Government Auditing."

Since 2000, ASOSAI has been holding symposia that are intended to share knowledge and experiences on various topics that will enhance the capacity and effectiveness of SAIs. At this assembly, the 5th Symposium was held, featuring the topic Assimilating the International Standards of Supreme Audit Institutions (ISSAI). The symposium featured keynotes by India and INTOSAI's Professional Standards Committee, represented by Sweden, as well as special reports by the SAIs of China and Russia and a panel presentation by the SAIs of Australia, Bhutan, Cyprus, and Pakistan. The SAI of Kazakhstan and IDI made a presentation, and the SAI of Vietnam contributed a paper that was not presented.

The 13th ASOSAI Assembly will be hosted by the SAI of Malaysia in 2015, and the SAI of Korea will continue to serve as Secretary General for ASOSAI.

The General Assembly approved five SAIs (Bangladesh, China, the Philippines, the Russian Federation, Thailand, and Saudi Arabia) as members of the Governing Board for 2012–2015. In addition, Turkey and Jordan were selected to serve on the Audit Committee.

For additional information, contact Jagbans Singh, Director General (International Relations Division), the SAI of India, at SinghJ@cag.gov.in. A full report and photos are available on the assembly website at <http://www.12asosaiassembly.org>.

CAROSAI Strategic Planning Meeting

Twenty-two auditors general and directors of audit of the Caribbean Organization of Supreme Audit Institutions (CAROSAI) held a high-level strategic planning meeting in Kingston, Jamaica, May 7–9, 2012. The meeting provided the blueprint for CAROSAI's 2012–2015 strategic plan.

Auditors general and directors of audit focused on ways the audit offices in the region can cooperate with each other to improve knowledge sharing and strengthen their capacity to hold governments more accountable for the spending of taxpayers' monies. On the last day of the meeting, attention turned to reviewing progress on the CAROSAI: World Bank project.



Participants in the CAROSAI strategic planning meeting in Jamaica.

The meeting was sponsored by the Inter-American Development Bank's PRODEV program and the INTOSAI Development Initiative (IDI).

Discussions revolved around constitutional flexibility, professional opinions, and the powers an auditor general or director of audit can reasonably exercise within limited accountability arrangements. The meeting also considered the relationship between an audit act and a Parliament's exercising oversight functions effectively.

The CAROSAI region faces a range of auditing environments much influenced by key personalities. Wise use of peer review, strategic planning, and risk management can encourage strong progress. The meeting discussed an outline, which included

- the role and contribution of an audit office,
- the value of an audit office—and to whom,
- existing legislation and the need to modernize,
- the potential consequences of no change, and
- finding the doorway to reform.

Frameworks for knowledge sharing and regional networking are geared toward managing actions. Both are innovative and come at an opportune moment—a revitalized website is currently being developed to support regional networking for strategic plan achievement and knowledge sharing.

For additional information, contact the CAROSAI Secretariat at carosai@gosl.gov.lc.

IDI UPDATE



IDI Update keeps you informed of developments in the work and programs of the INTOSAI Development Initiative. To find out more about IDI and to keep up to date between editions of the *Journal*, look at the IDI Web site: www.idi.no.

IDI Strategic Planning Programs in ASOSAI, CREFIAF, and OLACEFS

The Strategic Planning Programs in ASOSAI, CREFIAF, and OLACEFS, are all progressing according to plans.

In ASOSAI, the seven participating SAIs gathered for the Needs Assessment Workshop at the beginning of April. Following this workshop, the SAIs are to conduct needs assessments in their respective institutions that will later be presented for expert and peer review. After conducting needs assessments, the SAIs will reconvene for the Strategic Planning Workshop in September 2012.



Members of the Laotian SAI took part in the Needs Assessment Workshop of the IDI/ASOSAI Strategic Planning Program.

Due to great interest in the program in CREFIAF, the Strategic Planning Program is being delivered in two rounds. In June, two design meetings were held in the region: one to prepare the course materials for the Operational Planning Workshop for the first group of SAIs and the second to prepare the materials for the Strategic Planning Workshop for the second group of SAIs. Both workshops are scheduled to take place in August 2012.

In OLACEFS, a Strategic Planning Workshop was held in May 2012. The five participating SAIs convened for this workshop to build their skills in carrying out a practical and effective process of strategic planning. After this workshop, the SAIs are expected to develop draft strategic plans, which will later be submitted for expert and peer review.

E-learning Course on the Risk Based Approach to Financial Audit

IDI has previously conducted two rounds of the Program on Risk Based Approach to Financial Audit in cooperation with CAROSAI. Because the subject is relevant to SAIs across INTOSAI, IDI has developed an e-learning course on the Risk Based Approach to Financial Audit. The course is based on the IDI/CAROSAI *Guide on Risk Based Approach to Financial Audit* and is aligned to the relevant ISSAIs and other international standards. The 5-week e-learning course was delivered in April and May 2012, and 101 participants from 28 SAIs enrolled.

IDI/ARABOSAI Quality Assurance Program

The IDI/ARABOSAI Needs Assessment Program, conducted in 2007 and 2008, revealed that capacity development in quality assurance was an urgent need in many SAIs. To address this need, IDI and the region launched a Quality Assurance Program in 2011. The purpose of this program is to train SAI staff in conducting quality assurance reviews at the institutional level and for financial and performance auditing. The program also includes a Facilitation Skills Workshop that aims to enable SAIs to train additional staff members in quality assurance. A *Quality Assurance Handbook* will be developed as part of the program, and all participating SAIs are expected to adapt the handbook to their circumstances.

IDI/AFROSAI-E IT Audit Program

IDI will assist AFROSAI-E in developing capacity in the field of IT Audit and has therefore recently launched a new program on this subject. The main objective of this program is to train SAI staff to conduct IT audits as an integral part of their audit functions. To reach this objective, the program will provide a blend of workshops and on-the-job training. Participating SAIs are expected to conduct pilot IT audits and report on their findings. The IT Audit Guidelines developed by the INTOSAI Working Group on IT Audit will form the basis for the program.

Transregional Program on Environmental Issues in Forestry

Fifteen SAIs from ASOSAI, AFROSAI-E, and CAROSAI have taken part in and completed their pilot audits in the Transregional Program on Environmental Issues in Forestry, which came to a conclusion this year. The objective of the program was to build professional and organizational capacity to conduct performance audits in the area of forestry. The program was delivered in cooperation with the INTOSAI Working Group on Environmental Auditing. In June 2012, a wrap-up meeting was held with the resource persons and representatives from the participating SAIs to develop the final outputs of the program, the forest audit case studies, and a compendium of audit reports for future audit reference.

Transregional ISSAI Implementation Program

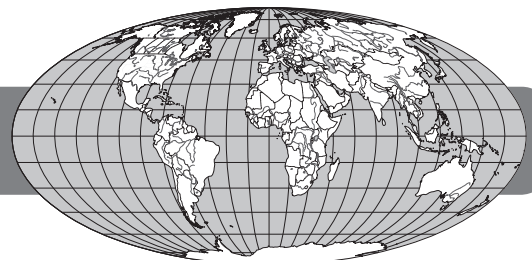
IDI's most comprehensive program so far, the ISSAI Implementation Program, will launch its key program activities in 2012. The program is financed by the World Bank and is scheduled to run until 2015. It will focus on the implementation of financial audit (including compliance audit) and performance audit ISSAIs at level 4 of the ISSAI Framework. The program will initially be delivered to SAIs in the English-speaking regions. IDI will partner with the INTOSAI Professional Standards and Capacity Building Committees and their subcommittees, INTOSAI regions, and other professional bodies to secure the necessary expertise for the program. More details on this program will be included in upcoming issues of this *Journal*.

For additional information, contact IDI:

E-mail: idi@idi.no

Website: <http://www.idi.no>

INTOSAI 2012 Events



<p>July</p>	<p>August</p> <p>31-1 September</p> <p>Meeting of Subcommittee 2 of the Capacity Building Committee, Lima, Peru</p>	<p>September</p> <p>10-11 Meeting of Subcommittee 3 of the Capacity Building Committee, Luxembourg</p> <p>17-18 VII EUROSAI/OLACEFS Conference, Tiflis, Georgia</p> <p>19-20 Meeting of Compliance Audit Subcommittee, Vilnius, Lithuania</p> <p>20 Meeting of Steering Committee of the Capacity Building Committee, Oslo, Norway</p> <p>25-26 Meeting of Steering Committee of the Knowledge Sharing Committee, Luxembourg</p>
<p>October</p> <p>1-4 Meeting of the Working Group on the Fight Against Corruption and Money Laundering, Sopot, Poland</p> <p>2-5 15th PASAI Conference, Noumea, New Caledonia</p> <p>16 Finance and Administration Committee Meeting, London, United Kingdom</p> <p>17-19 INTOSAI-Donor Steering Committee Meeting, London, United Kingdom</p>	<p>November</p> <p>4-11 XXII General Assembly of OLACEFS, Brazil</p> <p>20-21 63rd INTOSAI Governing Board meeting, Chengdu, China</p>	<p>December</p>
<p>January</p>	<p>February</p>	<p>March</p>

Editor's Note: This calendar is published in support of INTOSAI's communications strategy and as a way of helping INTOSAI members plan and coordinate schedules. Included in this regular *Journal* feature will be INTOSAI-wide events and regionwide events such as congresses, general assemblies, and board meetings. Because of limited space, the many training courses and other professional meetings offered by the regions cannot be included. For additional information, contact the Secretary General of each regional working group.

INTOSAI

