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Judge Cristina Astraldi De Zorzi

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Environmental audit case study relating to noise pollution in the vicinity of airports.

SUMMARY:

1. Preliminary remarks
2. Phases of the audit
3. Audit results
4. Conclusions

Abstract

This report analyses an environmental audit of noise pollution in the vicinity of airports. It describes the various phases into which the audit was divided: audit programme design and rationale; the investigation: examination of the statutory framework; ascertaining statutory compliance, attainment of objectives, and implementation of measures, and audit of the accounts. It then examines the findings of the audit conducted according to the criteria of legality and regularity, and of effectiveness, efficiency and cost-effectiveness.

1. Preliminary remarks

Under Resolution No.23/2002, the Central Government Audit Chamber of the Italian Court of Auditors adopted the report containing the findings of the audit of 'Expenditure for noise pollution abatement measures in the vicinity of airports'.

The underlying reason for incorporating this investigation into the environmental audit programme was the public interest served by promptly dealing with noise abatement in the vicinity of airports for the protection of public health and the environment.

For it is in the public interest to foster, conserve and restore environmental conditions that are consistent with the fundamental interests of the community and the quality of life, to conserve and enhance the national natural heritage, and to defend natural resources against pollution.

With regard to the protection of the external and residential environment against noise pollution pursuant to law No.447 of 1995, 'The Noise Pollution Framework Act', it is the responsibility of central government to set the statutory values for noise emissions, control and quality, regularly monitoring the maximum aircraft noise emission levels, adopting noise abatement procedures, and measures for controlling and reducing noise pollution caused by aircraft taking-off and landing, and designing and managing monitoring systems to measure noise pollution levels in the vicinity of airports.

The relevant legislation provides incentives for conducting environmental studies, surveys and investigations; developing international and European Union cooperation; promoting and ensuring compliance with international Conventions, directives and Community regulations governing the environment and the natural heritage, and submitting specific reports to Parliament on the state of the environment.

The survey was designed to measure and appraise the results of government policies in terms of their definition in the budget and their later implementation by the government authorities by auditing the management and performance of the relevant expenditure items in the budgets of the Ministry of Transport and Navigation, and the Ministry of the Environment.

The two Ministries under investigation were notified that the audit was being conducted and that the investigation had begun, and were invited to provide the information on progress with implementing the relevant legislation and the measures they had taken, and to explain why any budgetary allocations had not been used.

The investigation was conducted at hearings to which the Ministries and departments concerned were invited and asked to make representations, particularly in relation to the reports that had highlighted administrative dysfunctions.

During the investigation no inspections or on-the-spot visits were conducted on the premises of the Ministries concerned, and no direct monitoring was carried out.

As you know, the audits conducted by the Italian Court of Auditors are essentially of a financial and accounting nature regarding expenditure, namely, to ascertain how the resources allocated to an government department or agency have been used.

Accordingly, the audit consisted mainly of checking the documentation and paperwork regarding the financial statements and accounts for the year and failure to use any funds that had been appropriated for them from 1995 onwards under budget chapter 7514 of the Ministry of Transport and Navigation for noise pollution abatement measures in the vicinity of the airports, and the appropriations made since 1996 under chapter 8450 (and subsequently 8251) to the budget of the Ministry of the Environment to improve the technical services for monitoring the state of the environment.

2. Audit phases

The investigation first took stock of progress with the implementation of law No.165 of 1990, section 10(1) of which introduced a central government tax in addition to the already existing airport taxes. Subsection (4) of the Act provided that 40% of the revenues at the end of the year should be carried forward to the following year's budget of the Ministry of Transport and Navigation to be used for noise abatement, giving priority to airport areas.

The first point revealed by the investigation was that there were serious delays in implementing the 1990 Act. Responsibility for these delays was not laid at the door of the Ministry because it had not been possible to levy the central government tax during the past four years because of the statutory method of levying the tax, and the government's failure to adopt the Regulation governing the ways of monitoring the tax levy and the tax payments, in addition to the rate of taxation.

For it was not only the delay by the central government late in issuing the regulations for implementing the Act, but also the fact that parliament once again amended the law by enacting law No.342 of 2000, which replaced the earlier central government tax with a regional tax on the aircraft noise emissions, giving the Regions the direct authority for allocating the funds from their tax revenues, bearing in mind the noise abatement plans submitted by the municipal authorities.

Further delays, and the impossibility of actually achieving the targets set out in the law, appeared to be due mostly to the latter of these two Acts modifying responsibility for this matter, which made it impossible to define the areas of competence of the various administrations concerned, the Ministry of Transport and Navigation, and the Ministry of the Environment.

As far as the policy programme was concerned, the audit of the year's performance in terms of legitimacy and regularity showed that no agreement had been reached on the programme to coordinate and plan noise abatement measures in the vicinity of airports. This held up the Ministry of Transport and Navigation, compounded by the fact that the funds previously appropriated for noise abatement had been used for other purposes which had not been indicated for that particular expenditure item.

Another negative effect on the noise abatement activities in the vicinity of airports was the presence of a large number of both central and local authorities having jurisdiction and authority in this particular area, and the lack of coordination and cooperation between them.

Moreover, instead of making matters clearer, the second set of legislative measures actually complicated the procedures and relations between the various authorities involved.

Turning now more specifically to an examination of the conduct of the Ministry of Transport and Navigation and the Ministry of the Environment, the report revealed inadequate planning and inadequate directives and instructions issued by the administrative authorities.

The fact was that prior to 1999 the Ministry of Transport and Navigation had done nothing to use the budgetary resources appropriated for noise abatement: the funds

allocated for the first three years were entered in the accounts as budgetary savings, a situation that was further compounded by the fact that more funds were automatically appropriated for the same purpose in the budget for 1998.

No programme agreements had been concluded between the Ministries, and neither had the proposal made by the Ministry of Transport to transfer the funds to another administration or to privately-owned airport franchisees been subsequently implemented.

As for the Ministry of the Environment, the investigation showed that with relation to the amounts committed for the benchmark period (1995 to 1999) no payment whatsoever had actually been made because of the four-year delay in performing the scheduled work for installing airport noise monitoring systems.

It was not until 1999 that eight agreements were concluded with the airport management to implement airport noise monitoring systems.

It is quite plain to see that the results intended by the law have not been forthcoming, or only to a very minor degree based on the fact that there are nineteen airports in Italy for which the funds had been appropriated for noise abatement measures, while these systems have been working properly only in four of them.

3. The results of the audit

The results of the audit following the investigation into the activities under review showed that no action had been taken promptly to define the areas of intervention because of the complexity of the tasks and the fact that authority was distributed throughout a variety of different administrations, both horizontally and vertically.

The investigation also showed that the objectives set by the legislator had only been partially met, and revealed numerous shortcomings, deficiencies and difficulties in management by the entities audited.

Apart from identifying the entities responsible for this buildup of delays, what did emerge from the enquiry is the fact that the funds appropriated for noise abatement in the vicinity of airports were either not used at all or only partially utilised, with two consequences, both of which are damaging in both environmental and financial terms, showing only that public resources have been squandered.

The fresh injection of funds when the previous resources had not been used not only confirmed that the system is cost-ineffective and that public funds are still being squandered, but also the inadequacy and ineffectiveness of the bureaucracy, and prior to that, of the parliament.

Parliament appeared to be incapable of laying down an organic set of rules that worked properly, while the bureaucracy had proven itself incapable of specifically implementing the law because of its inability to carry out a multi-functional operational activity in a coordinated manner.

The analysis of the measures adopted by the Ministries concerned in terms of effectiveness, efficiency and cost-effectiveness reveal that it fell short both of the rules prescribing a specific line of conduct, and the rules of good governance.

The continuing delays in planning measures, and the inertia shown in using the funds already appropriated indicate a lack of effectiveness and efficiency.

The fact that the conduct of the Ministries was not cost-effective can also be seen in its failure to achieve the objectives by law, which created budgetary savings and led to failure to spend budgetary allocations and confusion in the legislation governing this matter.

4. Conclusions

The noise abatement in the vicinity of airports environmental audit programme, and relating specifically to auditing the use of the funds for this purposes from the budgets of the Transport and Navigation, and Environment ministries was conducted in total compliance with the provisions of law No.20 of 14 January 1994.

The procedure and the methodology used for the audit was properly implemented and the valuation criteria and coordination parameters set by the Central Government Audit Chamber of the Italian Court of Auditors were applied.

The results of the audit revealed, in short, management irregularities and illegalities by the authorities concerned, consisting in their failure to implement the noise abatement legislation, and their failure to attain the planned objectives, as well as inefficiency and ineffectiveness by delaying spending procedures and performing their administrative activities, and ineffective noise monitoring and auditing.

