

# "Lifting the Game" of Performance Auditing for the Success of the Sustainable Development Goals (SDGs)

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## ► Acknowledgements

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- Ms Kimberly Leach and Mr George Stuetz (OAG, Canada)
- **WGEA and esp Ms Ami Rahmawati**
- Responding Audit Offices



# Talk outline

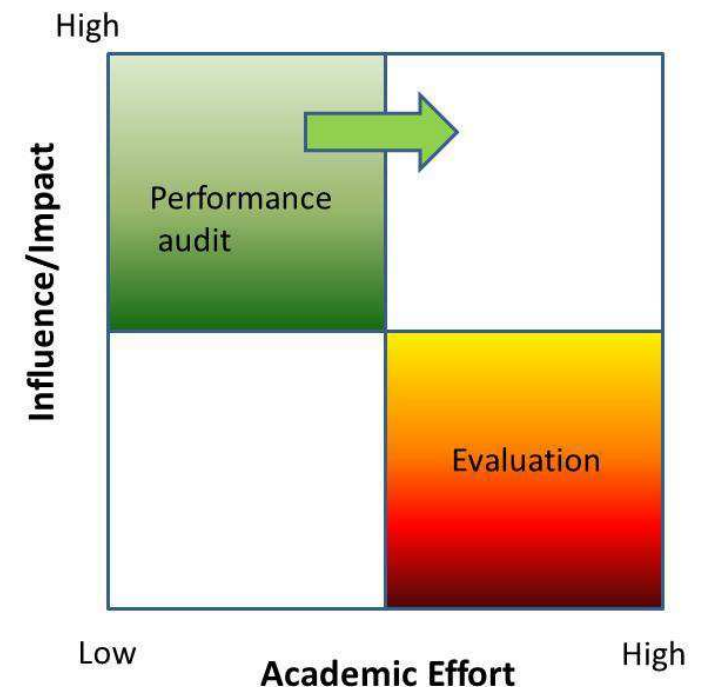
- ▶ Introduction
  - Why this research
  - The SDGs context
  - What was done
- ▶ Key findings
  - Some trends, insights and feedback  
Noting SAIs/WGEA efforts and works commissioned  
(e.g. SDGs audit framework)
  - Some ideas for improvements
- ▶ Conclusions



# Why this research

- ▶ Env. & sust. dev. – a big enterprise: \$Trillions
- ▶ Mostly public money
- ▶ Effectiveness critical for env. sustainability
- ▶ Effectiveness assessed by:
  - Evaluation; and
  - Performance audit
- ▶ Evaluation & **perf. audits** are very similar
- ▶ But the latter is **academically neglected**

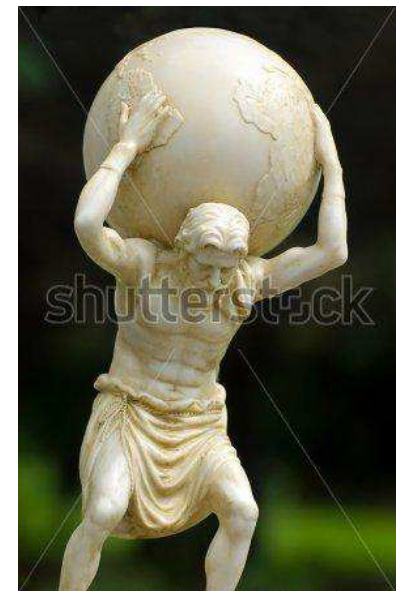
Key words	Scopus	Web of Science
“Evaluation” & “environment”	23510	4972
“Performance audit” & “environment”	16	7



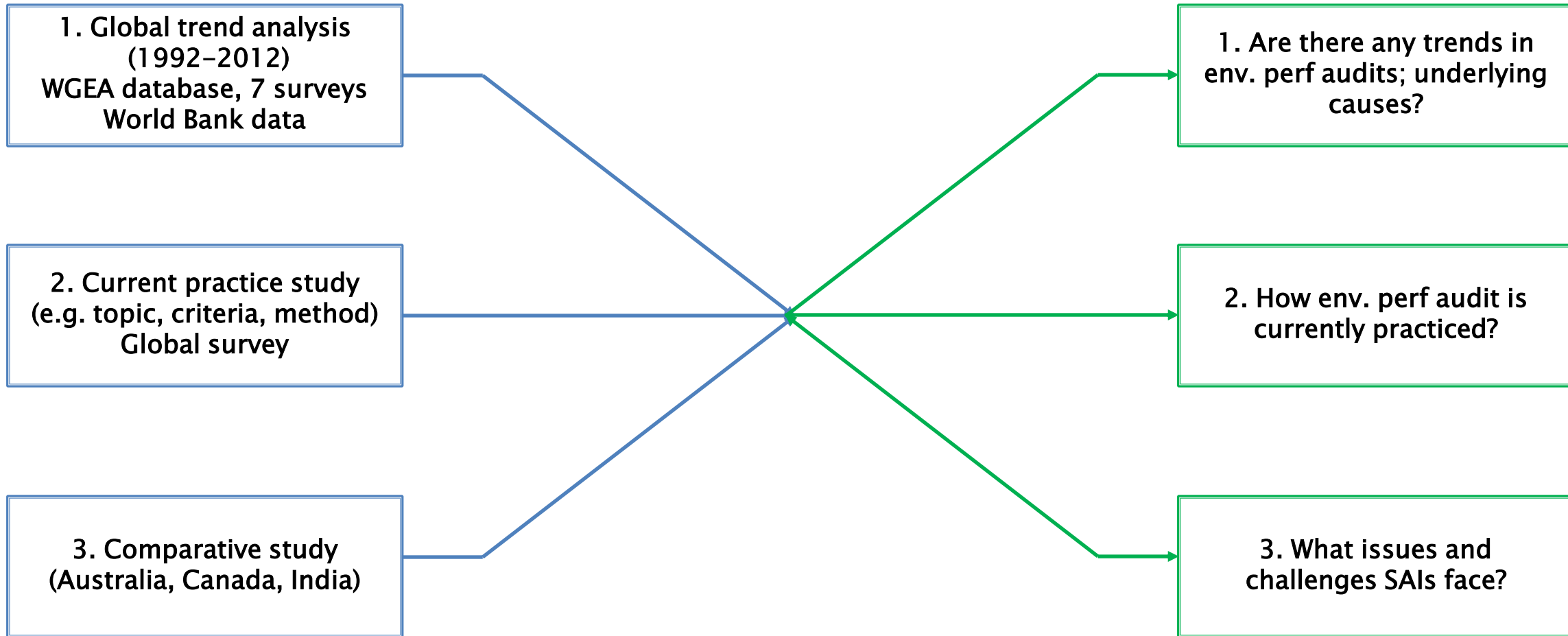
# The SDGs context of this research

- ▶ **Research into [environmental] performance auditing – about good governance**
- ▶ “Good governance within each country ... is essential for sustainable development” (WSSD, 2002)
- ▶ “Sustainable development cannot be achieved without good governance, and good governance, in turn, is greatly furthered by the valuable work of SAIs. Therefore, SAIs can play a vital role in informing and supporting efforts to achieve sustainable development.” (Topfer, 2004)
- ▶ **2 UN resolutions on SAIs:**
  - A/66/209 – December 2011
  - A/C.2/69/L.25/Rev1 – Nov 2014
- ▶ **UN Sec Gen synthesis report (Dec 2014)**
  - Strengthen national oversight mechanisms, e.g. SAIs
- ▶ **SDGs Goal 16.6**
  - *Effective, accountable and transparent institutions*
  - SAIs are at the core of 16.6.(Hongbo, 2015))

**Enormous responsibilities on SAIs' shoulders**



# What was done & how



# Key findings: Global trends

- ▶ Env. perf audit growing (num & complexity) but growth uneven: half SAIs no env. perf audit
- ▶ Both economic and env factors (WGEA mem'ship) imp
- ▶ Env issues of concern depends on the develop. level
- ▶ Output of env. audits related to SAIs' env audit budget
- ▶ Top three barriers:
  - lack of skills,
  - insufficient data; and
  - insufficient. monitoring and reporting systems.

# Key findings: How currently practiced

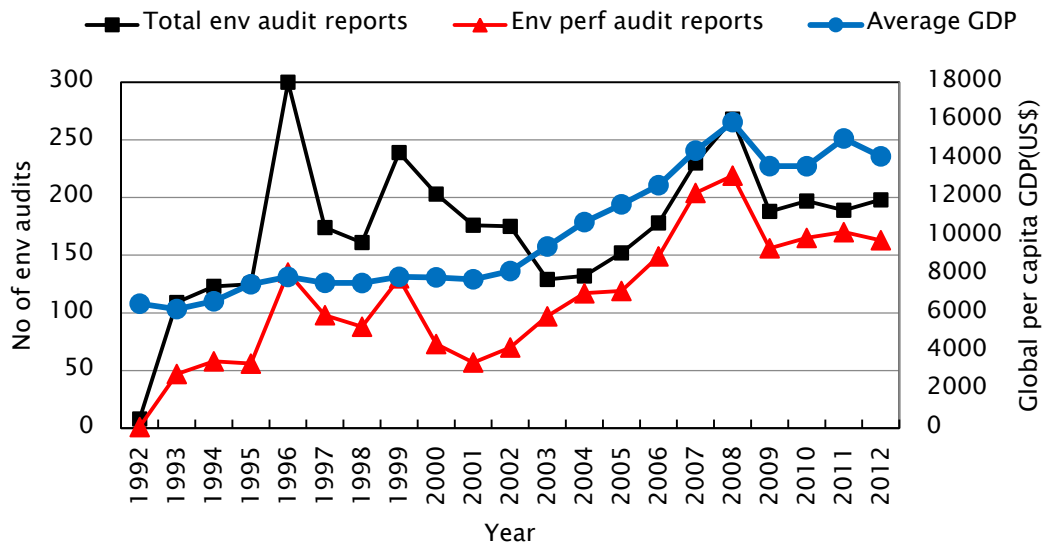
- ▶ Topic selection: structured approach (risk, materiality & salience) also sectoral, stakeholders input
- ▶ Criteria: official sources; auditees consulted; explicitly expressed
- ▶ Methods: 5 (of 15) methods commonly used
- ▶ Methods and approaches: determined by economic factors
- ▶ Almost all SAIs use standards
- ▶ Mandate and institutions important
- ▶ Significant variation in reporting: technical in nature
- ▶ No standard for perf audit reporting exists

# Key issues and challenges

- ▶ Env perf audits have positive impacts, but issues remain
- ▶ Issues related to govts:
  - Deficient policies and institutions: Data and info.
- ▶ Related to SAIs but under the control of govts.
  - Mandate and resourcing of SAIs
- ▶ Related to SAIs themselves:
  - SAIs insular orgs.– changing nature of govt business– collabo. and partnerships (CSOs, NGOs, Uni) needed
  - Communication: Stds and means of reporting need improvement
  - WGEA under-resourced – showing sign of stress

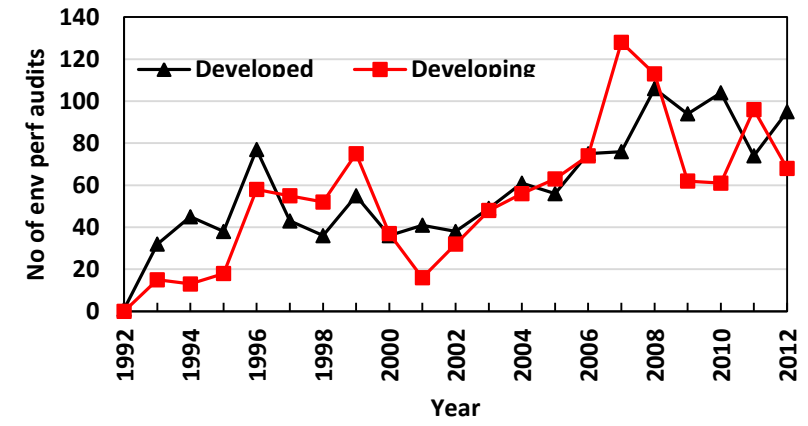
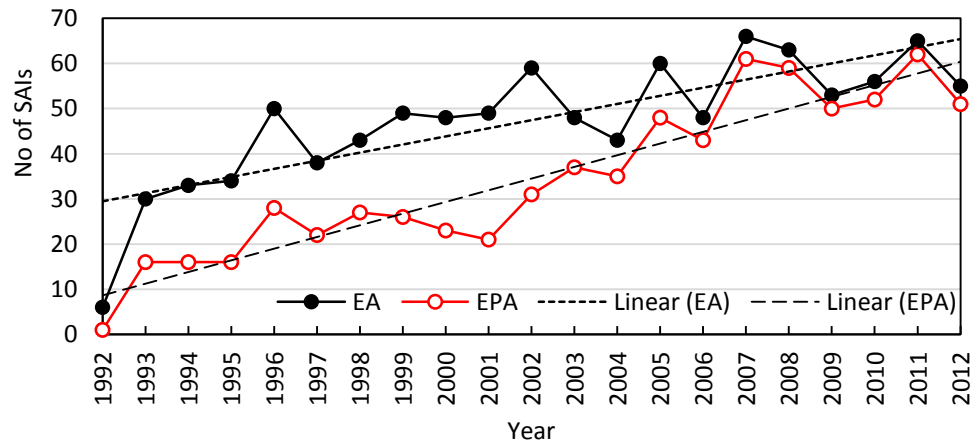


# Env. per audits growing; econ. factors influence



Item	Developed	Developing	Total
Env audit	1671	1983	3654
Env perf audit	1232	1140	2372

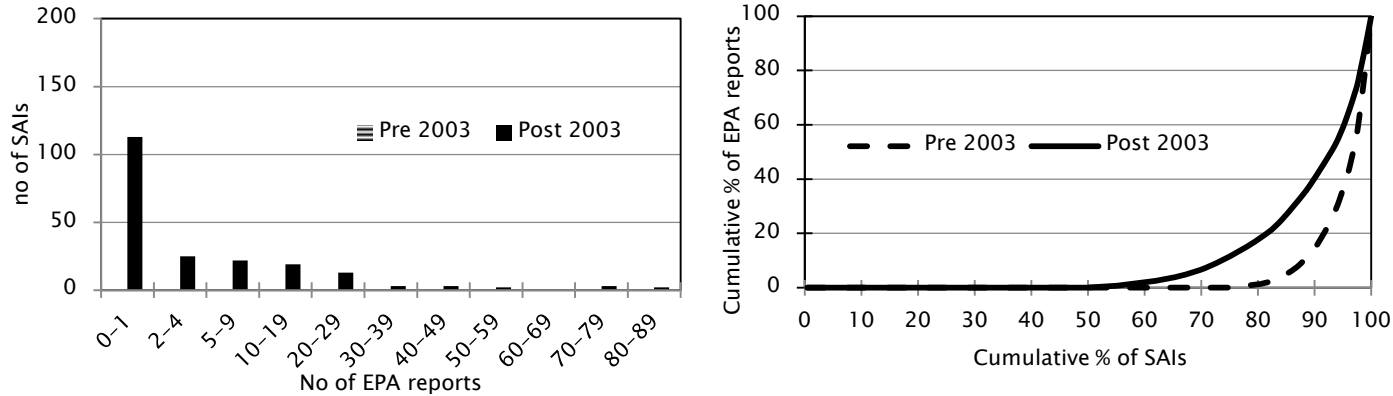
No of SAIs conducting env audits growing



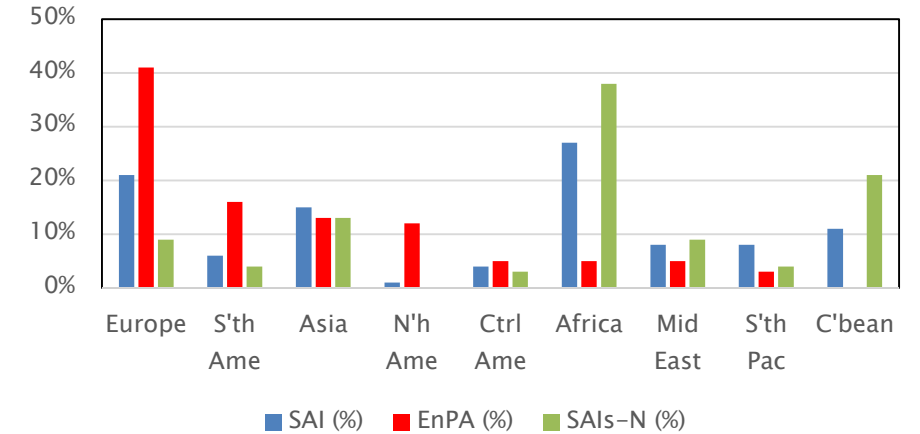
Category	Pre-2003	Post 2003	Total
Env audit	1793	1861	3654
Env perf audit	813	1559	2372
Ratio	45%	84%	65%

# Uneven dist. of env. perf. audits

## Frequency distribution



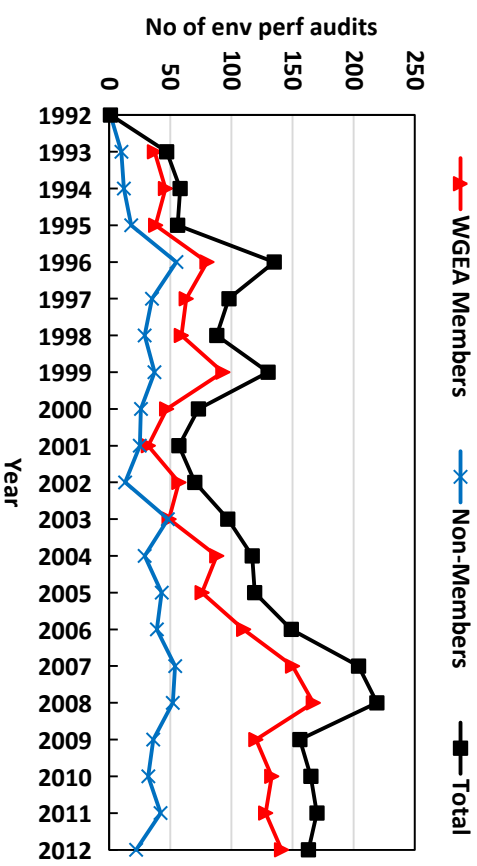
## Regional distribution



Item	Pre-2003	Post-2003
Total number of reports	813	1559
Number of countries with 0 reports	154	102
<b>% of countries with 0 reports</b>	<b>75%</b>	<b>50%</b>
Number of countries with 0-1 reports	165	113
<b>% of countries with 0-1 reports</b>	<b>80%</b>	<b>55%</b>
Number of reports contributed by top 3 countries	217	242
<b>% of reports contributed by top 3 countries</b>	<b>27%</b>	<b>16%</b>
Number of reports contributed by top 10 countries	514	630
<b>% of reports contributed by top 10 countries</b>	<b>63%</b>	<b>40%</b>

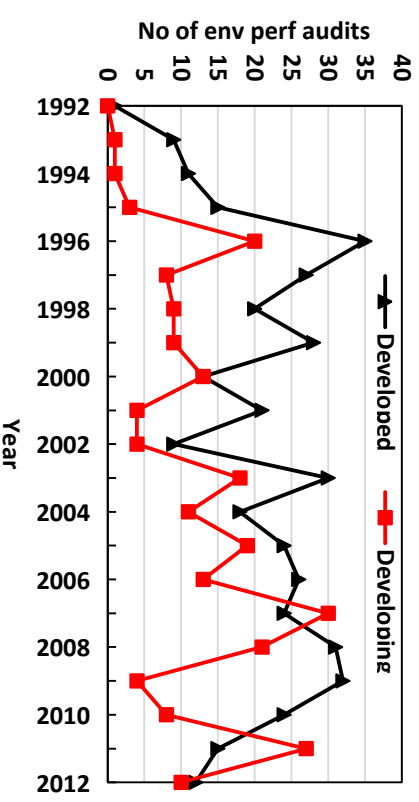
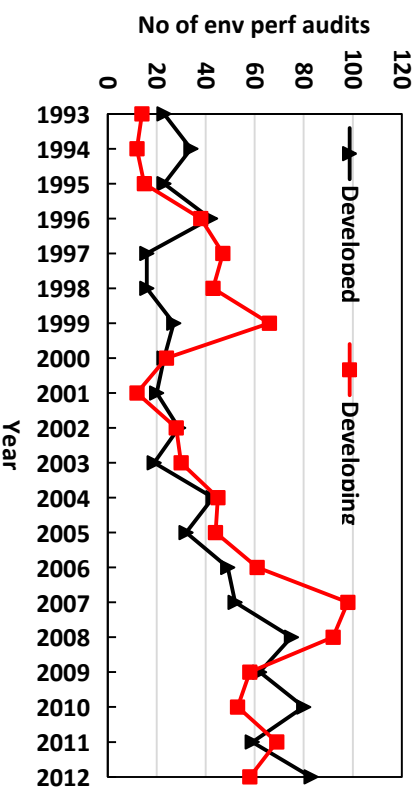
	SAIs	EnPAs	SAIs-N	SAI(%)	EnPAs(%)	SAIs-N(%)
Europe	44	975	9	21%	41%	9%
S'th Ame	12	369	4	6%	16%	4%
Asia	30	299	13	15%	13%	13%
N'th Ame	2	296	0	1%	12%	0%
C'tral Ame	8	121	3	4%	5%	3%
Africa	55	119	39	27%	5%	38%
Mid East	16	111	9	8%	5%	9%
S'th Pac	16	79	4	8%	3%	4%
C'bbean	22	3	21	11%	0%	21%
Total	205	2372	102	100%	100%	100%

# WGCEA mem'ship has strong positive influence on env perf audits



WGCEA Members

Non-WGCEA members



# Env audit issues are related to income level of countries

## High Income

Row Labels	Sum of H
Governance	777
Human activities and sectors	704
Ecosystems	482
Water	352
Waste	305
Air	275
Natural resources	154
Other	68
<b>Grand Total</b>	<b>3117</b>

## Middle Income

Row Labels	Sum of M
Governance	788
Human activities and sectors	640
Ecosystems	483
Water	444
Waste	369
Natural resources	202
Air	151
Other	55
<b>Grand Total</b>	<b>3132</b>

## Low Income

Row Labels	Sum of L
Waste	23
Water	19
Human activities and sectors	19
Ecosystems	14
Governance	12
Natural resources	10
Air	2
Other	2
<b>Grand Total</b>	<b>101</b>

Quality of life issues



Sustenance and development issues

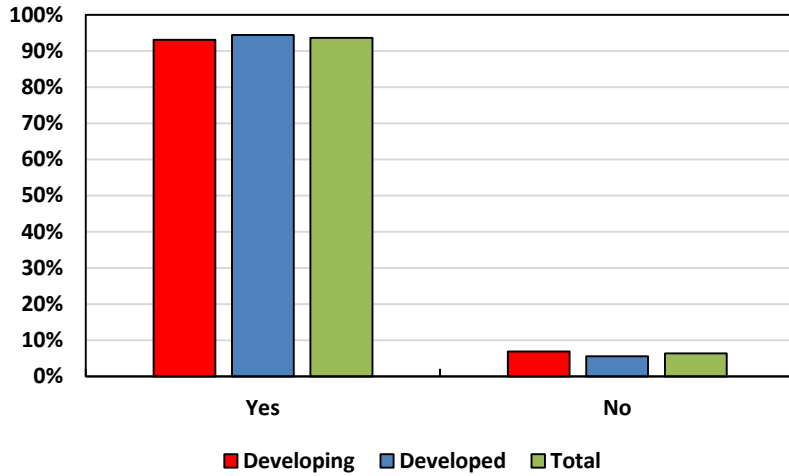
Issue Type	Issue	Total Issues
Governance	Domestic funds and subsidies	206
Governance	Environmental management system	155
Human activities and sectors	Energy and energy efficiency	148
Air	Climate change	134
Governance	Sustainable development	99
Human activities and sectors	Infrastructure	98
Governance	Other governance issues	96
Human activities and sectors	Environment and human health	89
Ecosystems	Biodiversity	88
Ecosystems	Ecosystem management and ecosystem changes	82

Issue Type	Issue	Total Issues
Governance	Environmental management system	200
Governance	Environmental impact assessment	156
Water	Pollution of water bodies (such as by industry and agriculture)	118
Governance	Domestic funds and subsidies	109
Human activities and sectors	Environment and human health	108
Governance	Sustainable development	107
Ecosystems	Protected areas and natural parks	98
Water	Wastewater treatment	93
Waste	General waste	91
Waste	Municipal, solid, non-hazardous waste	88

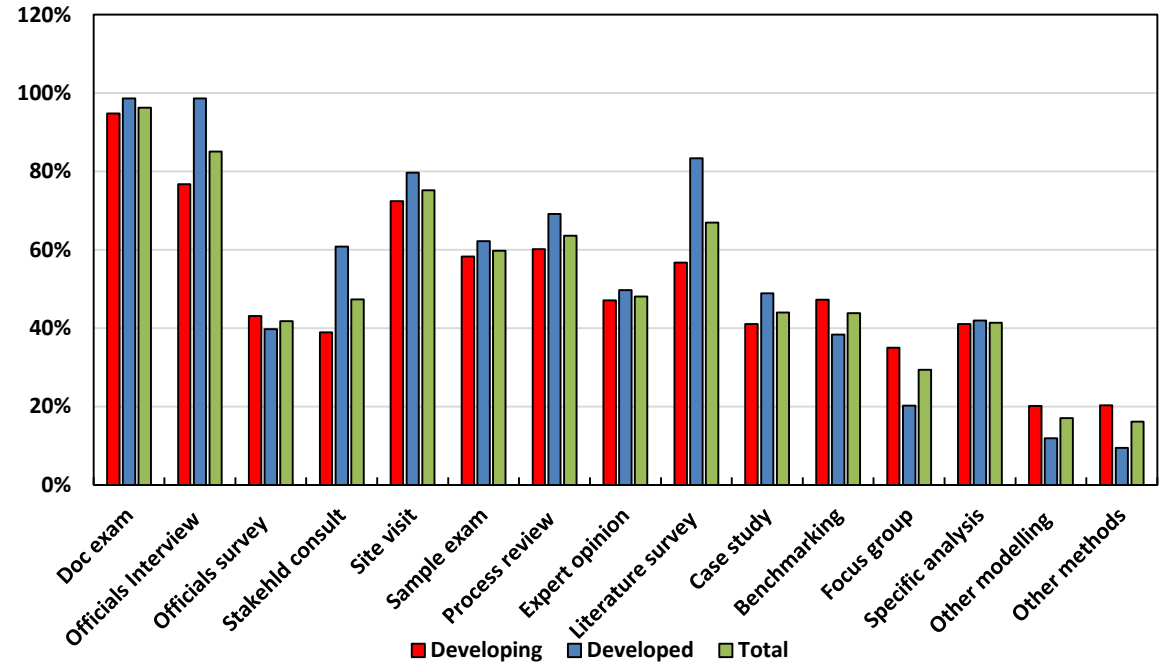
Issue Type	Issue	Total Issues
Waste	Municipal, solid, non-hazardous waste	9
Natural resources	Forestry and timber resources	8
Water	Drinking water – quality and supply	8
Waste	Hazardous waste	7
Human activities and sectors	Infrastructure	5
Governance	Sustainable development	4
Waste	General waste	4
Human activities and sectors	Agriculture	3
Ecosystems	Biodiversity	3
Water	Water quantity management or management of watersheds	3

# Some strengths – 1

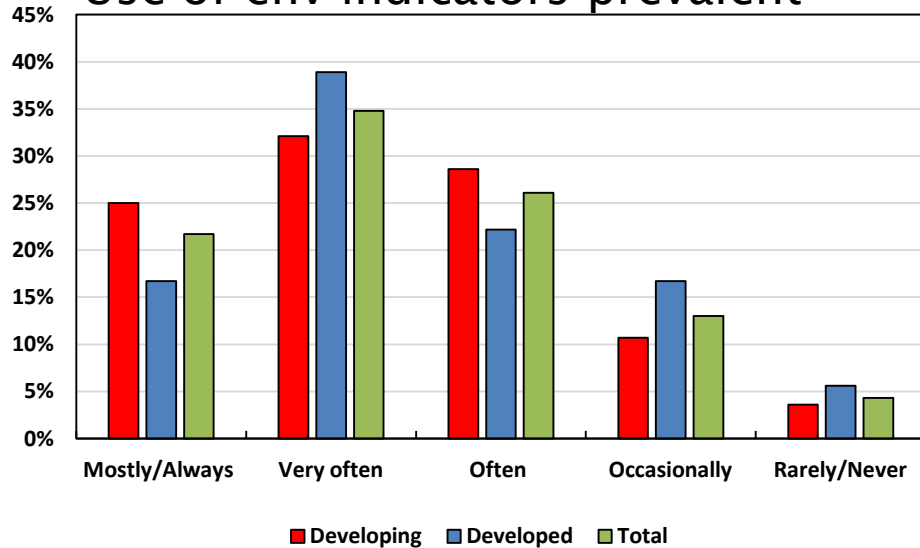
Env. considered in strategic planning



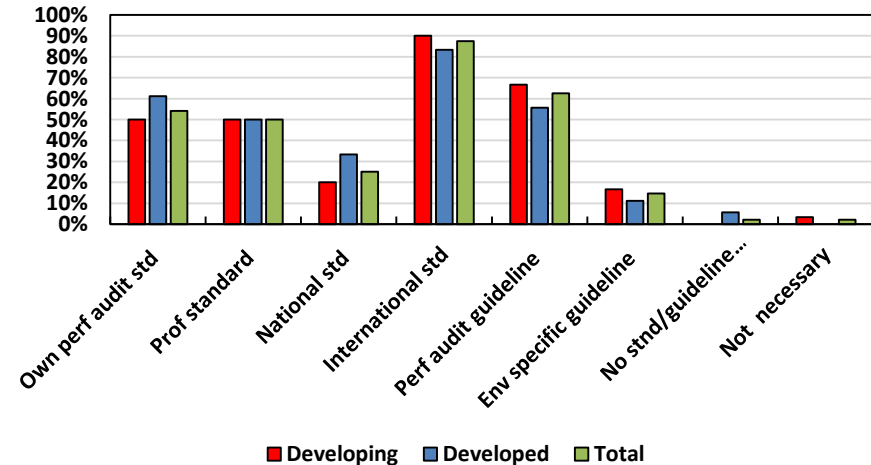
Variety of methods used for evidence gathering



Use of env indicators prevalent

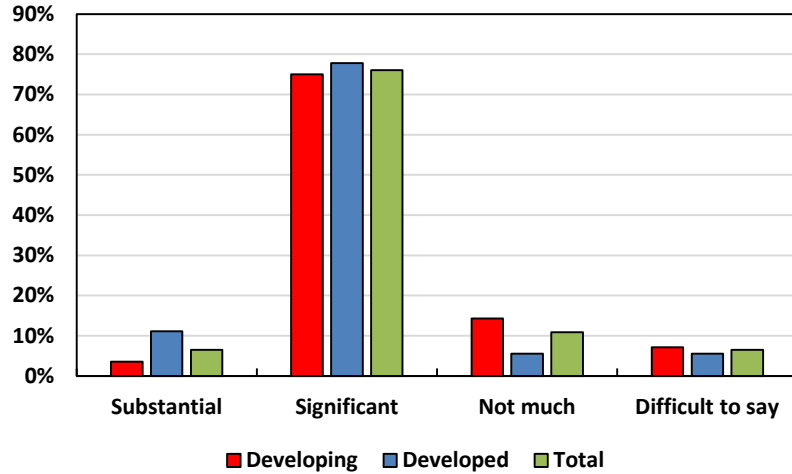


Some perf audit standards almost universally used

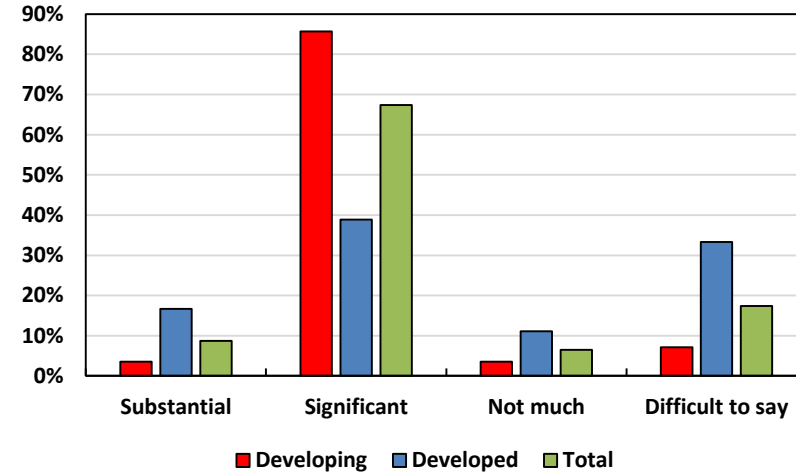


# Some strengths- 2

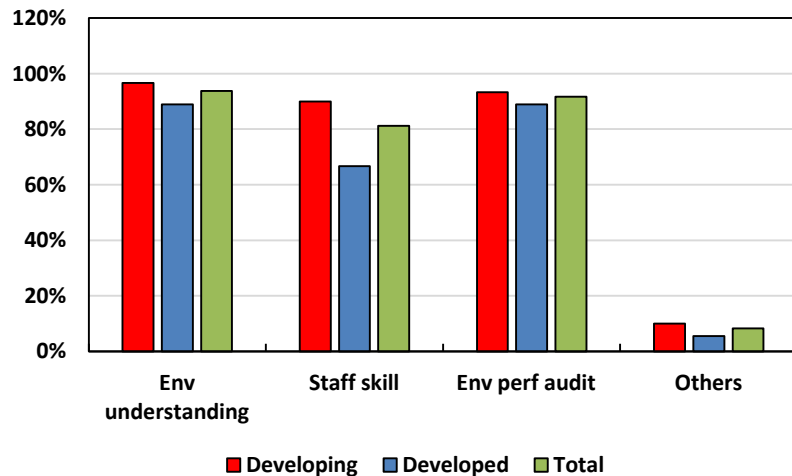
Perf audit impact on prog. governance



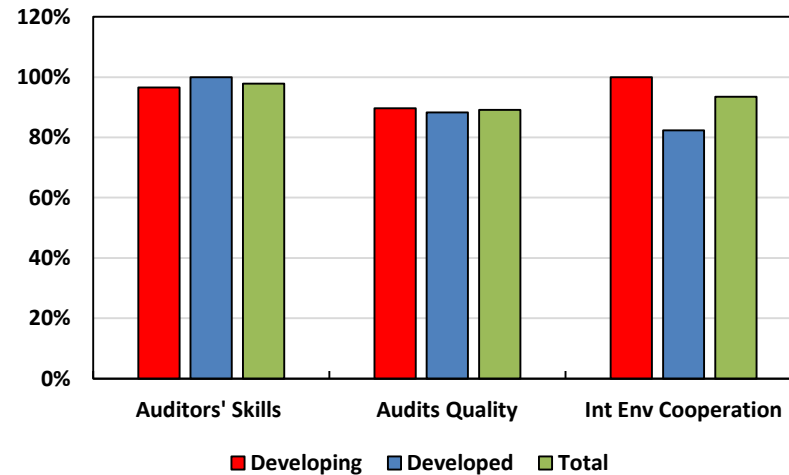
Impact on perf of env. policies and programs



General benefits of cooperation

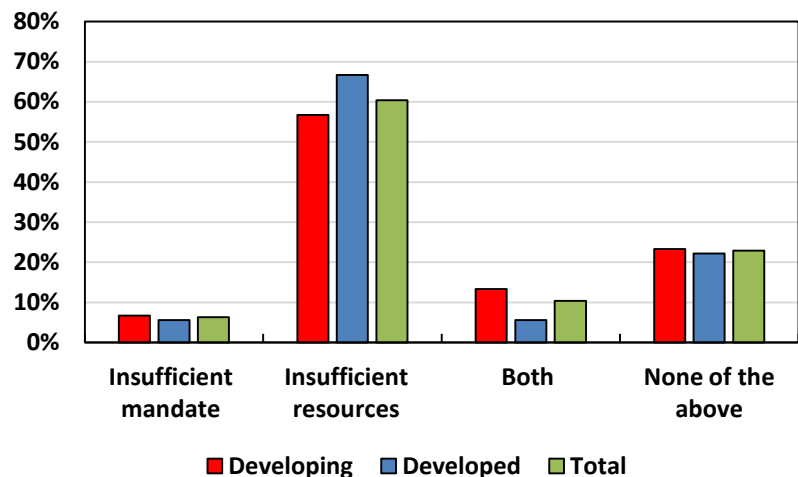


Benefits to audits of int. agreements

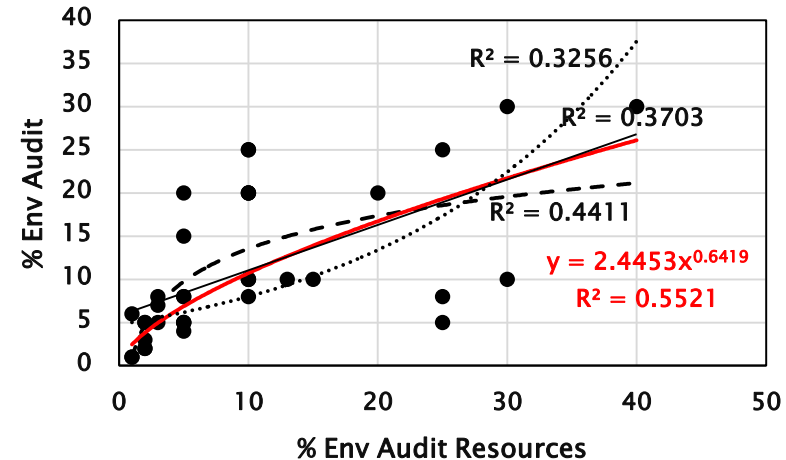


# Barriers and constraints to env perf audits

Resources a constraint to more env. per audits



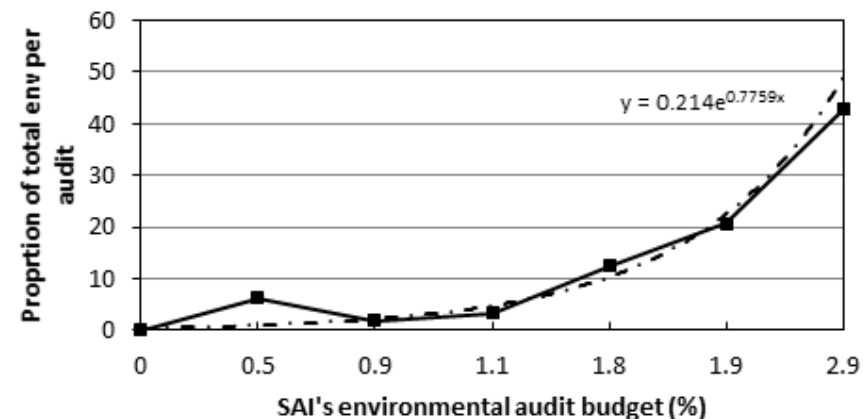
Audits res. and output of env. audits: this research



Common barriers to env. auditing (WGEA surveys)

Barriers	1997 (N=79)	2000 (N=105)	2003 (N=114)	2006 (N=79)	2009 (N=106)	2012 (N=112)	Average
Skills	-	50%	58%	56%	58%	59%	56%
Data	41%	37%	40%	51%	62%	66%	51%
Mon & rep	51%	39%	40%	41%	68%	65%	51%
Policy	-	26%	31%	40%	52%	57%	41%
Norms & stds	49%	35%	40%	35%	52%	37%	40%
Mandate	22%	26%	25%	22%	21%	11%	21%
Other	30%	11%	9%	6%	30%	12%	14%
Resources	-	-	-	-	-	65%	65%
Programs	-	-	-	-	-	30%	30%
Technical	-	-	-	-	-	29%	29%

Audis res. and output of env. Audits: WGEA survey



Non-linear relationship audit res-output

# Better Practices

- ▶ Australia
  - Publicly available annual audit plan
  - Public can contribute to perf audits in progress
- ▶ Canada
  - Tightly aligned perf audit objectives and conclusions
  - 4<sup>th</sup> E Practice Guide
- ▶ India
  - Env. audit guidelines
  - Audit advisory boards



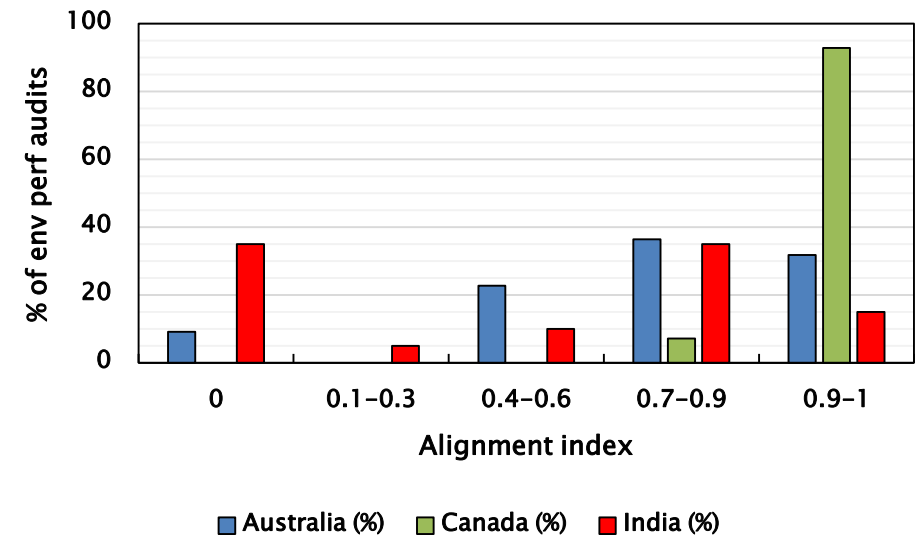
# Things to consider

- ▶ Standard for reporting
  - Non-description of methodology

N	Method	Australia	Canada	India
	No of audit reports	22	30	20
1	Document examination	9%	13%	70%
2	Interview of officials	9%	13%	75%
3	Survey of officials	-	0%	0%
4	Stakeholders consultation/survey	5%	5%	25%
5	Site visit	9%	43%	80%
6	Sample examination	54%	14%	58%
7	System/process review including database	59%	25%	100%
8	Expert opinion	0%	0%	50%
9	Literature survey	94%	64%	100%
10	Case study	100%	50%	100%
11	Benchmarking	75%	89%	100%
12	Focus group	-	-	-
13	Economical/statistical analysis	100%	-	-
14	Other modelling such as hydrological, ecological	100%	-	100%

## Var. objectives–conclusions alignment

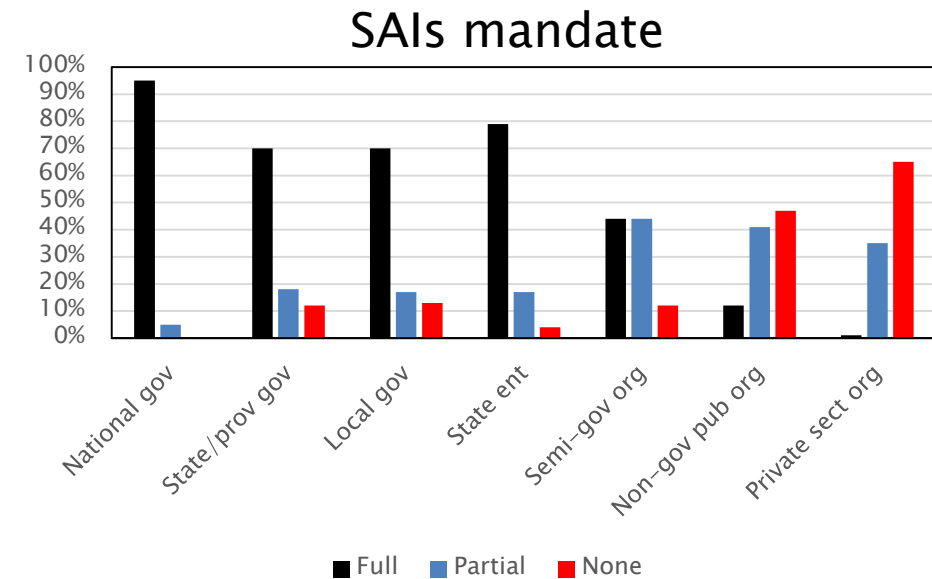
Item	Australia	Canada	India
Average alignment index	0.7	1.0	0.5
Maximum alignment index	1.0	1.0	1.0
Minimum alignment index	0.0	0.9	0.0
Standard deviation of alignment index	0.3	0.0	0.4
Coefficient of variation (standard deviation/mean)	0.4	0.0	0.9



# Some issues and challenges

- ▶ SDGs not totally new (built upon MDGs) but more complex
  - Translation and adoption: Glob–Nat–Reg–Loc
  - Data and information
  - Clarity in policy and institutions (WGEA, 2013)
- ▶ Learning from MDGs (Lapointe, 2015)
  - Measurement mech. not foreseen, capacity gaps not resourced
  - Monitoring and evaluation evolved over time & varied
- ▶ SAIs mandate limiting in many cases
- ▶ SAIs capacity (skills and res)
  - Especially in developing countries
  - New disciplinary knowledge e.g. env. economics
- ▶ Modus operandi
  - Insularity of SAIs
  - SAIs communication (transparency, mode, relevance)
- ▶ Cooperation mechanism
  - WGEA under-resourced

	MDGs	SDGs
Goals	8	17
Targets	18	169
Indicators	48	230



# Actions to achieve SDGs

Noting SAIs are key instrument of accountability (Goal 16.6)

- *develop effective, accountable and transparent institutions at all levels*
- ▶ Actions by global community/donors (UN, WB, ADB)
  - Assist in SAIs capacity building (e.g. in Africa, Caribbean)
- ▶ Actions by individual governments to address
  - Env. policies (e.g. more details), data and monitoring
  - Mandates of SAIs (e.g. joint programs) and resources
- ▶ Actions by SAIs
  - Build partnerships and collaboration
  - Lift the game
    - Improve communication (diversify, innovate, connect to new generation)
    - Develop standards for reporting (INTOSAI/WGEA)
  - Strengthen WGEA

# Conclusions

- ▶ Env perf audits is growing (but unevenly)
- ▶ Env perf audit issues and approaches are related to a country's (SAI) economic. development
- ▶ Significant capacity gaps exist that need attention
- ▶ Governments need to strengthen SAIs
- ▶ SAIs need to lift their game through increased collaboration and better communication
- ▶ WGEA needs to be strengthened

# Thanks

- ▶ Questions / comments
- ▶ Where to from here?
  - Your thoughts: where would WGEA like to go?
  - How can I help?