



Message from the Chair of WGEA

This issue of Greenlines is coming at a very exciting time. The **WGEA Steering Committee held its sixth meeting (SC6)** in Cape Town, South Africa, in February 2007. Many thanks to our hosts, the Office of the Auditor-General of South Africa. One of the pivotal accomplishments of this meeting was a final review of the four WGEA guidance papers prior to sending them to the WGEA members for approval. For further details of the papers, see the WGEA News section.

During this meeting, the Committee focussed on developing the WGEA's long-term plan and the actions that will be required to create the 2008-2010 work plan. This work will strengthen the WGEA for years to come.

Finally, the Steering Committee discussed the **next meeting of the WGEA (WG11), in Arusha, Tanzania**, on 25 June 2007. Once again, the agenda will include presentations by renowned external speakers, SAIs presentations and small group discussions. New this year will be tutorials on guidance papers. To date, 136 participants from 59 SAIs are attending, including 15 heads of SAIs and 11 deputy heads.

At the XIX INCOSAI in November 2007, we will transfer the Secretariat responsibilities to the National Audit Office of Estonia. We are working closely with our colleagues in Estonia to ensure a smooth transition.

I am pleased to welcome Greece to the WGEA. At the same time, the WGEA bids adieu to the SAI of Denmark. The SAI of Costa Rica has resigned from the Steering Committee but will remain a member of the WGEA. The WGEA would like to thank both Denmark and Costa Rica for their involvement in the WGEA and for championing environmental auditing in their regions. Currently, the WGEA has 58 members; the Steering Committee has 20.

Johanne Gélinas, the former Commissioner of the Environment and Sustainable Development in the Office of the Auditor General of Canada has left that post and resigned as the Associate Chair of the WGEA. We would like to thank her for all her efforts over the last six years.

I hope to meet you in Tanzania!

Sheila Fraser, FCA
Auditor General of Canada

Feature Story

An Auditor's Climate Change Message to Past, Present, and Future Governments

More than ever, Canadians are aware of and worried about climate change. Publicity gained through the Kyoto Protocol's ratification by Russia and subsequent entry into force, Al Gore's film *An Inconvenient Truth*, and the Intergovernmental Panel on Climate Change's most recent scientific findings have catapulted climate change to the top spot among environmental concerns for Canadians, and indeed, for many people in the world. Climate change is now, quite literally, one of Canada's *hottest* political topics. (read more on the following page...)

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Introduction

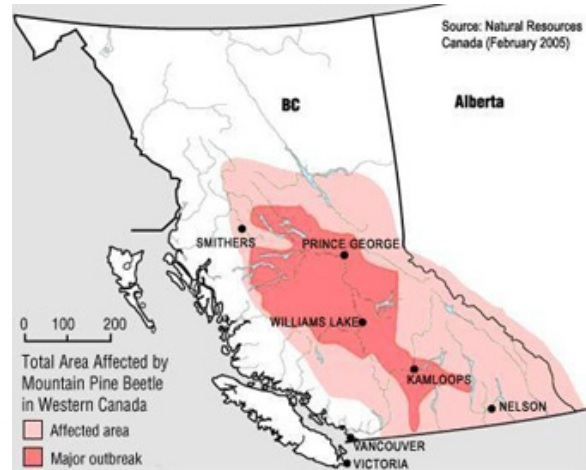
More than ever, Canadians are aware of and worried about climate change. Publicity gained through the Kyoto Protocol’s ratification by Russia and subsequent entry into force, Al Gore’s film *An Inconvenient Truth*, and the Intergovernmental Panel on Climate Change’s most recent scientific findings have catapulted climate change to the top spot among environmental concerns for Canadians, and indeed, for many people in the world. Climate change is now, quite literally, one of Canada’s *hottest* political topics.

Climate change is also the subject of our most recent set of environmental audits. In 2005, we took the unprecedented step of devoting the entire September 2006 report of the Commissioner of the Environment and Sustainable Development (CESD) to the topic of climate change. It was a large and challenging undertaking—five separate audits led by five separate teams and reported in five separate chapters—and it has already had a significant impact on the political discourse in Canada.

As we note in our 2006 report, the stakes are high for Canadians when it comes to climate change. We suffer from the consequences *and* we are a source of the problem. Climate change is already being felt from coast to coast and in many sectors of the economy. Its impact is expected to worsen and could include the spread of pests and diseases (figure 1), drought in the prairies, melting permafrost in the North (figure 2), rising sea levels on the coasts, and more days of extreme heat and smog in large urban centres. Hundreds of Canadian communities depend on natural resource sectors, such as agriculture, fisheries, and forestry that are sensitive to climate change. Because we are an energy-producing country, climate change has a serious impact on our economy and wealth.

Climate change is also an important area of government expenditure and programming for us to audit. The federal government plays a crucial role in addressing climate change on the home and international fronts. Its efforts span numerous federal departments and agencies and cover dozens of programs designed to understand, mitigate, and adapt to climate change. The federal government’s actions matter, and its successes and failures have consequences.

Figure 1



The mountain pine beetle is devastating lodgepole pine forests in the British Columbia interior. Warmer winters have allowed populations to spread, altering wildlife habitats, reducing biodiversity, and threatening the livelihoods of communities.

Figure 2



Development of northern natural resources grows more difficult as temperatures rise and permafrost melts. Changes in ground surface due to melting permafrost can affect the stability of structures such as this railway track.

Our Audit Design

This was in fact the third time that Canada's Commissioner of the Environment and Sustainable Development had audited the topic. We audited and reported on the federal government's response to climate change first in 1998, and a second time in 2001. Yet as time passed, progress by the government in addressing our findings and recommendations was proving slow and incomplete, and it was becoming increasingly clear that Canada was not living up to its international or domestic commitments.

The 2006 Commissioner's Report was by far our largest effort to date on this topic. Overall, as detailed below, we examined a broad range of programs (from mitigation to adaptation, in specific sectors, individual departments, and government-wide) against our expectations in areas of governance, accountability, expenditure and results management, reporting, and more. Although each chapter addressed audit objectives and criteria unique to the program area being examined, we also coordinated efforts across audit teams and pursued common criteria and lines of enquiry. We provided a high-level summary of our findings in the Commissioner's Perspectives chapter of the Report.

Our audit came at a tricky time, politically-speaking. The context changed dramatically mid-course. It started with one government in power and ended with another. While this did not affect how we reported our findings, it did make our audit all the more challenging.

Audit Findings and Impact

Overall, we were quite critical of government efforts. We asked three questions central to our work:

- "Is Canada on track to meet its emission reduction obligations?"
- "Is Canada ready to adapt to the impact of climate change?"
- "Is the government organized and managing well?"

The answer to each question was a resounding "No." The former Commissioner summarized things as follows:

"On the whole, the government's response to climate change is not a good story. At a government-wide level, our audits revealed inadequate leadership, planning, and performance...and weaknesses in the government-wide system of accountability. It has not been effective in leading and deciding on many of the key areas under its control. Change is needed." (2006 Commissioner's Perspectives)

Due as much to good luck as to good planning, the timing of our report could not have been better, coming as it did in the Fall of 2006 during a surge in parliamentary and

public interest in climate change. In the weeks and months that followed, our audit findings were widely reported, with media coverage reaching four times our most-cited previous report— more than 500 references in print and broadcast media to date. Moreover, representatives from industry, business, and environmental communities have used, and are still using, the report's findings in their ongoing discussions with the federal government.

And perhaps most gratifying, Parliamentarians took great interest in our Report – with three separate hearings to date - and citations from the Report continue to be regular features of the debates and Question Period that take place in Canada's House of Commons.

This is as it should be. This is exactly the job that Parliament gave us in 1995, when it created the Commissioner of the Environment and Sustainable Development as the visible environmental auditing arm of the Office of the Auditor General. Our job is to conduct independent environmental audits that provide objective information, advice, and assurance to Parliament, and through it, to Canadians.

Future Areas for Follow-up

As we said in the Report, ours was a message for past, present, *and* future governments. Less widely reported than our findings were our ideas for improving federal management of climate change. An auditor doesn't criticize the past without offering solutions for the future. Individual chapters in the 2006 Report included a series of specific and detailed recommendations to the federal government, intended to address deficiencies raised therein. The government accepted these recommendations, at least in principle.

While the audit was still underway, the newly elected government publicly declared that it wanted to significantly improve the Canadian federal government's poor track record to date. In the Commissioner's Perspective, we noted the need for immediate and long-lasting action on many fronts, and highlighted five areas that we believed were crucial for governments. These are also areas where the Office will focus its future audit effort.

- First and most important area was leadership. We called for bold, decisive top-down leadership from the highest levels of government. Further, we stressed that once direction is set, sustained efforts are needed to see it through the long journey of dealing with climate change.
- The second area was the need to integrate climate change and energy, recognizing that the two issues were unavoidably linked. We pressed the government to reconcile the imperative to reduce greenhouse gas emissions with expected growth in production—and consequently emissions—in the oil

and gas sector. Noting also that there was an absence of overall direction for energy development in Canada, we encouraged the government to define how and to what extent it would support energy conservation, efficiency, and alternative sources of energy.

- The third area was an appeal to the government to develop a believable, clear, and realistic plan to deal with greenhouse gas emissions nation-wide, to significantly slow the rate of growth in emissions, bring them to a peak, and move them to the reductions required towards Canada's share of stabilizing atmospheric GHG concentrations. Long-term goals were needed to provide direction and certainty for capital investments that last decades, with short-term targets to set the required pace of action.
- The fourth area was adaptation, which we considered fundamental to protecting the economic and social well-being of Canadians. We called upon the government to "push ahead" with adaptation, as part of the commitments made by Canada in 1992 and 1997. We reported that adaptation had been a neglected afterthought in government climate change efforts to date.

- The fifth area was improved systems for governance and accountability. While we believe good planning is important, so is taking action and achieving results. To this end, we suggested the government pay more attention to establishing clearer roles and responsibilities for, and co-ordination mechanisms among, the departments involved. We also suggested that the government pay more attention to tracking expenditures and performance against targets, and to reporting this information to Parliament.

As environmental auditors, we believe we have done our job so far and we plan to do it for a long time to come. Yet as of this writing, the response to our Report is still an unfinished story. While the Canadian federal government accepted our recommendations in principle, we are still awaiting its detailed responses. Release of the government's new climate change plan is uncertain but is said to be imminent. Without it, Parliament's ability to hold the government to account is weakened, while Canadians wait to see how their government intends to keep its commitments.

Ron Thompson, Interim Commissioner of the Environment and Sustainable Development, and colleagues from the Commissioner's group in the Office of the Auditor General of Canada.

Overview of the 2006 report by the Commissioner of the Environment and Sustainable Development

The Commissioner's Perspective-2006

- High-level summary of findings
- Key areas for government attention and future audit focus
- Climate Change Overview (a backgrounder)

Chapter 1: Managing the Federal Approach to Climate Change

- Government-wide governance and accountability for climate change initiatives
- Monitoring systems that track spending and support reporting
- Targets, policy tools, and programs for emissions reductions in the transportation and large industrial emitters sectors, including (at the time) a proposed domestic system to trade in greenhouse gas emissions

Chapter 2: Adapting to the Impact of Climate Change

- Federal progress toward putting an adaptation strategy in place
- Specific adaptation programs in six departments (with responsibilities for sectors or regions likely to be affected by climate change)
- Development and provision of information in three areas: research on impact and adaptation, national climate monitoring, and regional climate modelling

Chapter 3: Reducing Greenhouse Gases Emitted During Energy Production and Consumption

- Governance and results achieved in three specific mitigation programs that each received \$100 million or more in federal funding
- A broad look at other emission reduction efforts in the oil and gas sector

Chapter 4: Sustainable Development Strategies

- The annual report to Parliament on the progress departments have made in meeting their sustainable development strategy commitments—specifically, the progress of 21 departments and agencies in implementing 39 commitments from their sustainable development strategies, including those addressing climate change

Chapter 5: Environmental Petitions

- The annual report to Parliament on the environmental petitions process as required by the Auditor General Act, and new petitions received between 1 July 2005 and 30 June 2006
- An audit of the federal government's response to a petition concerning the purchase of green power.

WGEA News

Pivotal work completed at the Sixth Steering Committee meeting of the WGEA

The Sixth meeting of the WGEA Steering Committee (SC6) was generously hosted by the Office of the Auditor-General of South Africa. The following key agenda items were covered:

- **Final review and approval of the four guidance papers completed.** By now, WGEA members should have received electronic or paper copies of the following four papers

Evolution and Trends in Environmental Auditing describes the historical growth and evolution of environmental auditing in the SAI community, the state of the art of current practices, ongoing challenges and future trends. This document has been written by the SAI of Canada.

Auditing Biodiversity: Guidance for Supreme Audit Institutions provides useful background on biodiversity, gives guidance on choosing and designing audits on biodiversity, and shares SAIs' experiences in auditing biodiversity issues through case studies. This document has been co-authored by the SAI of Canada and the SAI of Brazil.

Cooperation Between SAIs: Tips and Examples for cooperative audits shares SAIs' experiences in carrying out joint, parallel, and coordinated audits (primarily environmental audits), particularly their experiences in preparing, conducting, and reporting such audits. This document has been co-authored by the SAI of Netherlands and the SAI of Poland.

The World Summit on Sustainable Development: An Audit Guide for Supreme Audit Institutions provides suggested approaches and describes experiences of SAIs in auditing their country's implementation of commitments from the World Summit on Sustainable Development. This document has been written by the SAI of the United Kingdom.

Each of the papers involved input from a number of SAIs and were approved by the steering committee. Since the meeting, the Secretariat has sent the papers to its 58 members for approval. Members had until 4 April 2007 to submit their comments. The ballot process for approval gave members the option to: approve as is; approve subject to some comments; or not approve. The ballot process is now closed. All the papers have been approved with minor comments. Final results will be announced WG11.



From left to right: SC6 attendees Tuuli Rasso (Estonia), Nabil Odeh (Jordan), Vivien Lo (Canada), Dewi Sukmawati (Indonesia), and Mildred Chiri (Zimbabwe)

We expect these papers to be available to all the INTOSAI community at the XIX INCOSAI in November 2007.

- **One day dedicated to building the WGEA's long-term vision and action plan.** During SC6, important discussions took place concerning the future of the WGEA, organized into three separate dimensions:

Visioning. Steering committee members commenced the process of developing a collective vision for the WGEA in 2015, focusing on common goals and objectives, placing emphasis on professionalism, capacity building, information sharing, regional coordination and increasing the impact of environmental audits.

Action planning. Working with the Vision 2015, Steering committee members identified concrete and specific projects and activities to be included in the 2008-10 WGEA Work Plan.

Future functioning of WGEA. Steering committee members also exchanged views regarding organizational and governance matters related to the WGEA including among other things: the respective roles and responsibilities of the Assembly and Steering Committee; the desired composition of the Steering Committee; the desired role of Regional Coordinators (RWGEA); and the nature and frequency of meetings.

The 2008-10 Work Plan and its supporting vision will be finalized at WG11. At the end of WG11, it will be important for the WGEA members to agree on all project

ideas and for the projects leaders, co-leaders, and subcommittee members to have made a commitment for carrying out the work plan.

The Eleventh WGEA meeting (WG11) will be held in Arusha, Tanzania the week of 25 June 2007

This is a must attend event for SAIs interested in the field of environmental auditing. Highlights of the meeting include:

- Renowned external speakers. Confirmed external guest speakers include Vice President of Tanzania, Dr. Ali Mohammed Shein; Auditor-General of the World Bank Group, Mrs. Carmen Lapointe-Young; and UNEP Representative, Mr. Thierry de Oliveira. Several others external speakers are still expected to confirm.
- Three interactive workshops. These workshops are the forum for SAIs to share their experience in environmental auditing in presentations and in a compendium of papers on the following themes:
 - audits of global or regional environmental issues
 - audits of domestic environmental issues
 - SAIs' approaches to and emerging topics in environmental audit
- Several tutorials (mini-teaching sessions) based on WGEA guidance papers:
 - Cooperation between SAIs
 - Biodiversity
 - World Summit on Sustainable Development
 - Waste
 - Evolution and Trends
 - First Time Environmental Auditors
- The 2008-10 Work Plan and its supporting vision will be finalized. It will be important for the WGEA members to discuss and agree on all project ideas. We are actively seeking SAIs to be involved in the 2008-10 Work Plan as project leaders or as members of project subcommittee.

If your SAI is still interested in attending, please contact Ms. Anne Charron at anne.charron@oag-bvg.gc.ca. We hope to see you in Arusha!

A glimpse into our 5th survey results

In 2006, the Secretariat conducted its fifth triennial environmental auditing survey across the INTOSAI community. The response rate was 64 percent, 119 out of 187 SAIs responded to the survey. Some of the preliminary findings include:

- 88 responding SAIs have completed environmental audits, therefore conducting environmental audits is becoming more mainstream
- Since 2003, 29 SAIs conducted an environmental audit on an international agreement or treaty
- 22 SAIs have started to audit sustainable development
- 38 SAIs responded that they have a special team working fulltime on environmental auditing
- The top three audit objectives of environmental audits are:
 1. Compliance with domestic environmental legislation
 2. Compliance with domestic environmental policies
 3. Performance of government environmental programs
- From 2003 to 2005:
 - SAIs produce on average, two to five audits on environment
 - The main environmental audit topics conducted by SAIs are protected areas and natural parks, domestic funds and subsidies, biodiversity and pollution of water bodies

More results will be presented in June at WG11. The final report will be presented in November 2007 at the XIX INCOSAI meeting, and will be available on-line. For more information on the fifth survey, please contact Ms. Carolle Mathieu carolle.mathieu@oag-bvg.gc.ca.

News Briefs from Around the SAI World

BRAZIL: Court of Audit tackles the deforestation of the Brazilian Amazon

A recent audit report by the Brazilian Court of Audit notes that the deforestation problem of the Brazilian Amazon is largely due to uncertainty over the ownership of the land. In past decades, little has been known about the occupation and exploration of forests resources in public lands. To address the problem, in 2006 the Government enacted the Law of Management of Public Forests, requiring that federal, state, and municipal forests be explored in accordance with strict environmental standards. These public forests can be directly explored by the different levels of governments, by the local communities, or by public concessions.

The Law's objectives, among others things, are to reduce illegal intrusions in public lands, and to encourage the use of the sustainable management plans as an economic alternative to generate employment and income for poor communities, so these communities will be less likely to engage in illegal activities related to timber exploration. In 2006, the Brazilian Court of Audit developed a methodology that will follow the whole process of public forest management authorized by this Law. This task poses a great challenge, thanks to the complexity of a process that involves environmental studies, sustainable management plans, environmental licenses, and follow-up on the exploration of the federal forests.

CHINA: CNAO promotes environmental auditing through its work agenda

In July of 2003, the Steering Group on Environmental Auditing was established in the National Audit Office of China (CNAO), which showed that environmental auditing was recognized as a full-coverage task of CNAO in order to implement the Scientific Outlook of Development and the Strategy of Sustainable Development. All auditing departments were required to take environmental protection into account and conduct their auditing from the perspective of environmental protection. Since then, all of CNAO's auditing branches have made efforts to promote environmental auditing in their respective areas, through which the ways in carrying out environmental auditing against different industries have been initially put into place.

ECUADOR: Comptroller's Office publishes a Guide on Environmental Auditing

The Office of the Comptroller of the State of Ecuador has published a Guide on Environmental Auditing in order to keep its regulations updated. The document contains not

only bibliographical information, but also practical experiences in environmental management, as detailed in the execution of environmental audits of a variety of public and private sector organizations. In addition, relevant information on environmental auditing is included from the INTOSAI Working Group on Environmental Auditing, as well as from the International Standards Organization (ISO--series ISO 14.010, 14.012 and 19.011).

ESTONIA: National Audit Office calls for improved national environmental monitoring

The National Audit Office of Estonia audited the activities of the Ministry of Environment for coordinating national environmental monitoring. The NAOE came to a conclusion that the poor assessment of needs is the main obstacle for efficient environmental monitoring. Moreover, the data that has been collected in the past 15 years have not been organized into one easily accessible database. Consequently the potential for analyzing present environmental conditions and future trends has not been fully used. In the opinion of the NAOE, the national environmental monitoring system needs to provide good basis for making decisions on national environmental expenditures as well as for becoming a reliable information source for the wider public. Therefore, the NAOE encouraged the Ministry of Environment's ongoing endeavors in developing further the database containing environmental monitoring information.

INDONESIA: Audit Board confronts problems arising from the decentralization of environmental regulatory authority

Indonesia has faced increasingly difficult environmental issues in the past six years, following the nation's move to decentralise power and give local governments more authority. Heads of local governments, in order to increase local income, were eager to give companies concessions on mining, plantation, etc. without proper evaluation of their environmental impacts. These poor environmental management practices at the local level raised the issue to one of national and international importance.

In line with this, the Audit Board of the Republic of Indonesia conducted an audit on a major forest and peatland fire in 2006. The conversion of peatlands and forest into palm plantation, using slash-and-burn tactics to clear and fertilize land, caused uncontrollable fires and haze pollution that has impacted neighbouring countries. For the years 2004-2006, the fire not only destroyed 12,620 hectares of tropical rainforest and 15,269 hectares of peatlands, but also impacted the socio-

economy of the people. The objectives of the audit were to evaluate the compliance by state and regional governments and enterprises with laws and regulations on forest and peatlands fire prevention, protection, and control. The audit concluded that a lack of effort on preventing the fires through adequate early warning systems, through distribution of hotspot information, and through better familiarity with safer land-clearing methods and other practices caused the fire to become uncontrollable. Inadequate manpower and equipment contributed to the late response to the fire. Law enforcement on land management and forest fire control was also found to be weak.

Similarly, an audit was conducted in 2006-2007 on a hot mud eruption in Sidoarjo, East Java. The mud erupted on May 29, 2006, caused by procedural error during the exploration of gas. As of February 2007, the total area that had been inundated was 470 hectares. Total losses and damages were estimated at US \$3.46 billion. Moreover, the disaster impacted the socio-economy and environment of the region. The audit focused on evaluating whether the approval of concessions, the exploration and the exploitation of the gas, and the response to the disaster were in accordance with applicable laws and regulations. Among the significant findings were that mining concessions were approved without in-depth analysis of their environmental impacts, there was a lack of environmental monitoring during the exploration process, and a late response in handling the disaster caused additional damages and losses to the people living in the area.

NETHERLANDS: Court of Audit reports on National Ecological Network

In the past century, the total area of nature and forests in the Netherlands was halved, resulting in a loss of biodiversity. In 1990, the Dutch Government decided to preserve the country's remaining biodiversity by establishing a National Ecological Network of existing and newly created nature areas, connected by corridors. In 2018, this network should cover about 20% of the country's surface area. To achieve this target, 275,000 hectares of new nature have to be created.

The Netherlands Court of Audit published an audit report on the realization of the National Ecological Network in October 2006. The main conclusion of the audit is that much work still has to be done to meet the 2018 target. By the end of 2005, 38% of the planned nature expansion has been realized. The environmental conditions in the nature areas have already improved due to general environmental measures, but a good nature quality has not yet been realized. Furthermore, the cohesion of the ecological network and the protection of the nature areas have to be improved. The Netherlands Court of Audit formulated 8 recommendations for improvements.

Some methodological elements used in this audit are worth mentioning. First, the environmental conditions in

the nature areas and the coherence of the ecological network were assessed with the help of a Geographical Information System (GIS) – analyses that were carried out in close cooperation with the Netherlands Environmental Assessment Agency. Second, two interactive workshops were organized to discuss the preliminary results and possible recommendations with the audited government departments and with other actors involved in the implementation of the policy program, such as provinces, conservation organizations, organizations of farmers. The result of this open communication was that the audit results were recognized and supported by the responsible actors.

For more information and the English version of the audit report see: <http://www.rekenkamer.nl/9282400/v/> (then choose: publications --> audits --> all audits --> 5 October, 2006 National Ecological Network) or contact Sylvia van Leeuwen s.vanleeuwen@rekenkamer.nl.

NEW ZEALAND: OAG audits waste management planning by local authorities

The New Zealand Auditor-General has almost completed an audit of the usefulness of local authority waste management planning for solid waste. New Zealand local authorities are required to prepare plans for the management of waste in their districts. The plans must give priority to reducing and reusing waste over treatment and disposal. The audit has three main parts. The first is a review of all waste management plans for compliance with statutory requirements. The second is a more detailed review of how six local authorities implemented their plans, including the extent of integration with their long-term (10 year) plans for all activities. The third part of the report is more detailed case study of a joint arrangement between local authorities for waste management, generation of energy from methane gas in landfills, and a local authority with a target of "zero waste to landfill." The audit report is due to be published in May 2007 and will be available on <http://www.oag.govt.nz>. For more information, contact jonathan.keate@oag.govt.nz.

NORWAY: OAG evaluates the nation's sustainable land use and land use planning practices

Norway's Office of the Auditor General is currently undertaking an audit of the nation's sustainable land use and land use planning practices. To analyse the sustainability of land use, statistics and maps have been generated with the use of a Geographic Information System (GIS). A GIS is a system for analyzing and disseminating information about land areas. The system has been used to gather and store information on the location of key land uses, such as buildings and roads, critical areas of natural diversity, recreation, and farming. Among other things, the statistics and maps have been invaluable in showing how many buildings are developed in important areas.

The analysis will provide findings related to the sustainability of land use. It seeks to identify the extent to which the government has mapped out the important areas that need protection. It will also be used to scrutinize how efficient land use planning has been as an instrument for achieving sustainable land use.

The OAG expects to produce the report in 2007. For more information contact Eli Skartlien at eli.skartlien@Riksrevisjonen.no.

PERU: Audit of Rimac River Basin reveals need for more integrated management

During the first half of 2007, an important Performance Audit concerning the Rimac River Basin was concluded. The basin is the main fresh water supplier of Lima, which is the capital of Peru and the most important and populated city of the country (8 million inhabitants). A number of governmental institutions taking part in the river basin's utilization were examined: three institutions related to the Mining and Energy Industry, Health, and Agriculture sectors; three Provincial Municipalities; and the country's largest sanitation company. Findings disclosed a lack of integrated management of the hydrological resources amongst these players, revealing an absolutely sectoral management, as well as a need to strengthen the self-governing authority of the aforementioned basin.

SLOVENIA: Court of Audit finishes parallel audit on protection and conservation of biodiversity

The state of biodiversity in Slovenia is quite well compared to other European countries, although during past several years the situation started to worsen. In its national environmental programmes, Slovenia set the following main aims to protect biodiversity: to establish natural parks for its most important ecological areas, to preserve and protect species of three large carnivores still living on its territory (brown bear, wolf and lynx), and to protect forests.

Slovenia's Court of Audit (CARS) found that none of the foreseen natural parks was established in due time, the strategies and action plans for the management of large carnivores were not adopted, and the natural balance in pine-forests was ruined because of the negligence of responsible authorities to suppress the spreading of the bark beetle. As the result of the CARS's findings, audited bodies prepared detailed plans to establish protected areas by the year 2008 and adopted strategies to better manage large carnivores. CARS also recommended that they prepare a system of indicators to monitor the spreading of the bark beetle population in pine forests, and to strengthen forest inspections to ensure punishment of owners who do not carry out required measures.

The audit on protection and conservation of biodiversity in Slovenia is part of a parallel audit with the SAI of Croatia. The joint report on joint findings and recommendations of both SAIs will be published in June 2007.

SOUTH AFRICA: OAG incorporates environmental matters into regularity auditing

News from South Africa is that the development and implementation of environmental audit continues concomitant with what must be the greatest challenge to make environmental auditing an integral part of regularity auditing.

The latest execution of the audit strategy includes the identification of environmentally-related themes and appropriate legislation within the Audit Research and Development (ARD) unit. Consequently compliance procedures are developed and recorded by ARD in electronic audit software. The audit software also allows ARD to collect consolidated audit findings.

At this stage, this option is not being used, but it is envisioned that in the future, a consolidated report may be compiled for presentation to the Department of Environmental Affairs and Tourism (which is mainly responsible for environmental conservation). The strategy is not rigid, and there are continuous initiatives to make environmental auditing a permanent part of regularity auditing and to give audit findings the widest and biggest impact possible.

Contact: Louis Heunis, Audit Research and Development, Auditor-General of South Africa

UKRAINE: Special EUROSAI WGEA Subgroup on the Audit of Natural, Man-caused Disasters Consequences and Radioactive Wastes Elimination commences its activities

On March 16, 2007, the Accounting Chamber of Ukraine conducted the first meeting of the EUROSAI WGEA Special Subgroup on the Audit of Natural, Man-caused Disasters Consequences and Radioactive Wastes Elimination, established last year in Luxembourg. The Subgroup consists of 8 permanent members, with the SAI of Albania becoming its most recent member.

The meeting was attended by 10 SAIs interested in Special Subgroup's activities, in particular carrying out the International Co-ordinated Audit of the Chernobyl Shelter Fund. Representatives of concerned Ukrainian Government bodies, the European Bank for Reconstruction and Development and Chernobyl Shelter Fund in Ukraine also participated in the event.

Currently, 9 SAIs (Ukraine as Audit Co-ordinator, European Court of Auditors, Germany, France, Poland,



Russian Federation, Slovak Republic, Switzerland, United States of America) expressed their intention to collaborate in the Audit.

In the course of the meeting, the participants held active discussions about the Special Subgroup's Work Plan for 2007-2008, the general principles of the Chernobyl Audit, and the Subgroup's future activities.

During 2007, the participating SAIs are likely to carry out national audits and provide the SAI of Ukraine with relevant audit summaries. As the Audit Co-ordinator, the Accounting Chamber will draft a Joint Report to be signed and distributed in 2008.

UNITED KINGDOM: National Audit Office evaluates the nation's new Carbon Trust

The UK National Audit Office is currently undertaking a Value for Money study of the Carbon Trust, due to publish in Autumn 2007. The Carbon Trust is an independent company limited-by-guarantee, set up and funded by Government in partnership with business in 2001. The Trust helps businesses and public sector organisations to cut their carbon emissions and also supports the development of low carbon technologies with the aim of reducing carbon emissions in the future. Our study will focus on whether the Carbon Trust has been effective at reducing carbon emissions in business and public sector organisations; whether it is running an efficient and effective innovation programme which will lead to a reduction in future carbon emissions; and whether it is running its business efficiently.