

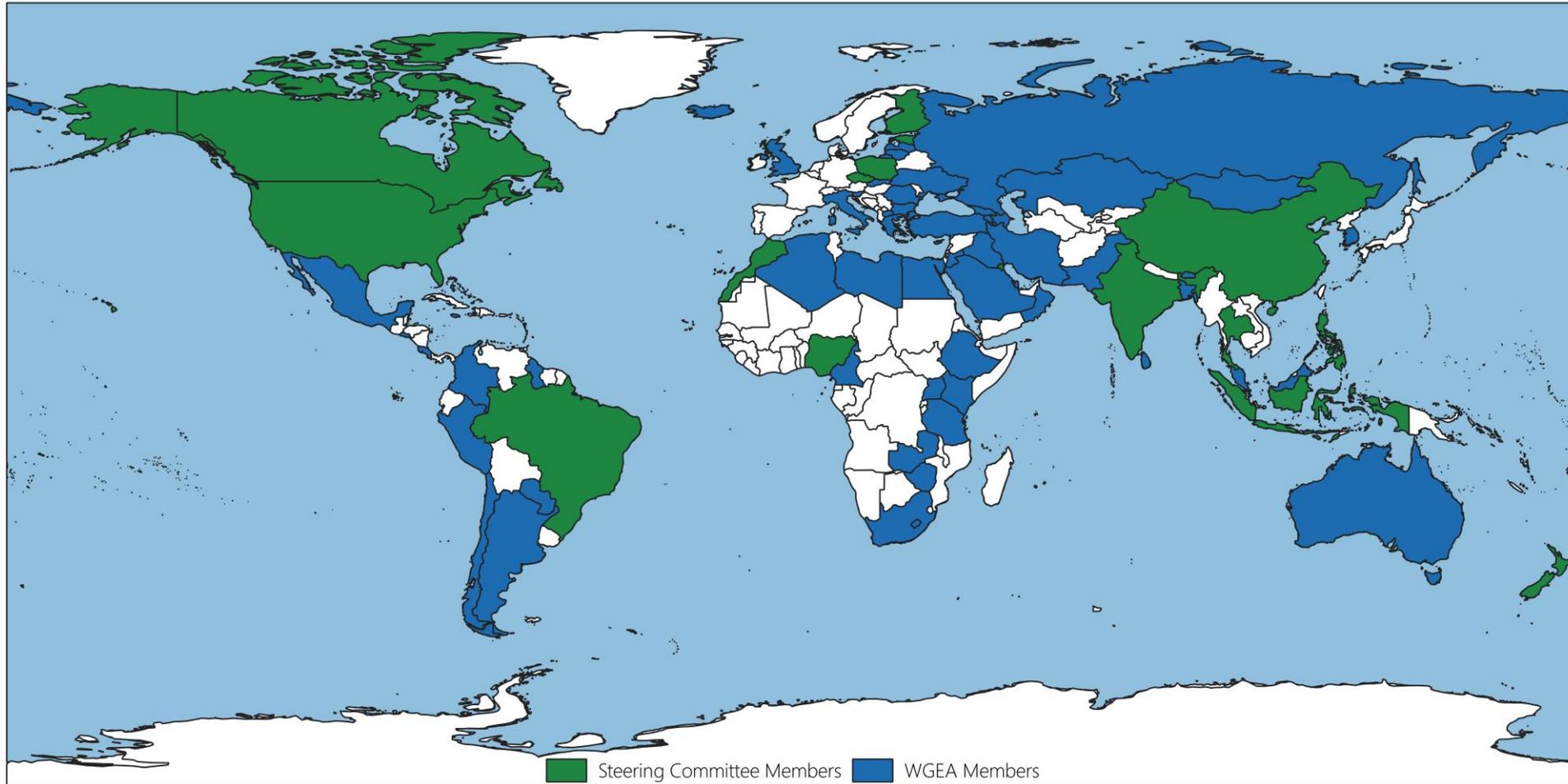


The Role of Auditors in the Global Climate Challenge

8 November 2021



WGEA Member SAIs



Plus European Court of Auditors covering 27 Members Stats

WGEA bulletin for the COP26

All publications available:
www.wgea.org



INTOSAI WGEA
For a common sustainable future
- Innovative environmental auditing



INTOSAI
Working Group
on Environmental
Auditing

The International Organization of Supreme Audit Institutions (INTOSAI) operates as an umbrella organization for the external government audit community. "Mutual experience benefits all" is the motto of INTOSAI.

The **INTOSAI Working Group on Environmental Auditing (WGEA)** supports SAIs in their audit activities in the environmental and climate policy fields. It was founded in 1992 and today has 80 Member SAIs around the world. WGEA develops audit approaches, provides training and a platform for exchange of information among peers. The main topics of WGEA's current Work Plan are climate finance, plastic waste and sustainable transport, and WGEA links the work to the UN Agenda 2030 framework and Sustainable Development Goals. The Work Plan also aims to develop collaborative relationships with relevant external stakeholders, as it relates to government accountability in environmental issues. The INTOSAI WGEA has six Regional Working Groups.

Audits on environmental and climate policies
SAIs conduct audits on various public policy areas, including the environment. Audits provide information on good governance and responsible spending of public budgets, to support decision-making. Since 2010, WGEA has worked increasingly with climate topics to support the economic, efficient and effective implementation of climate policies and the accountability of public administration.

WGEA and the Sustainable Development Goals
In line with the INTOSAI Strategic Plan, WGEA aims to contribute to the follow up and review of the UN Sustainable Development Goals by:

- developing guidance, tools and training for auditing environmental SDGs
- developing understanding on policy coherence among the SDGs
- compiling SAI audits related to environmental SDGs
- piloting collaborative audits on environmental issues

The WGEA paper on resilience and adaptive capacity (2019) provides audit guidance for SAIs assessing the national preparedness to achieve SDG 13.1. It is based on the SDGs and the Sendai Framework for Disaster Risk Reduction, which can be used to assess government level actions. The paper also develops a performance audit approach for the assessment of government specific initiatives.

WGEA research (2016) on climate change in marine environments and ocean acidification (SDG 14 on life below water) addresses the role of SAIs in supporting government efforts to respond to climate change and acidification issues in marine environments. It describes the effects of climate change on marine environment, previous SAI audits and challenges SAIs have experienced in auditing these issues.

Top ten audit topics in 2021-2023 according to global survey

1. Climate change adaptation
2. Protected areas and natural parks
3. Forestry and timber resources
4. Drinking water: quality and supply
5. Agriculture
6. Climate change mitigation
7. Municipal solid waste
8. Municipal hazardous waste
9. Environmental taxes, charges, fees, levies, deposit-refund systems
10. Circular economy

Auditors' Role in Environmental Policies

Katy Losse

U.K. National Audit Office

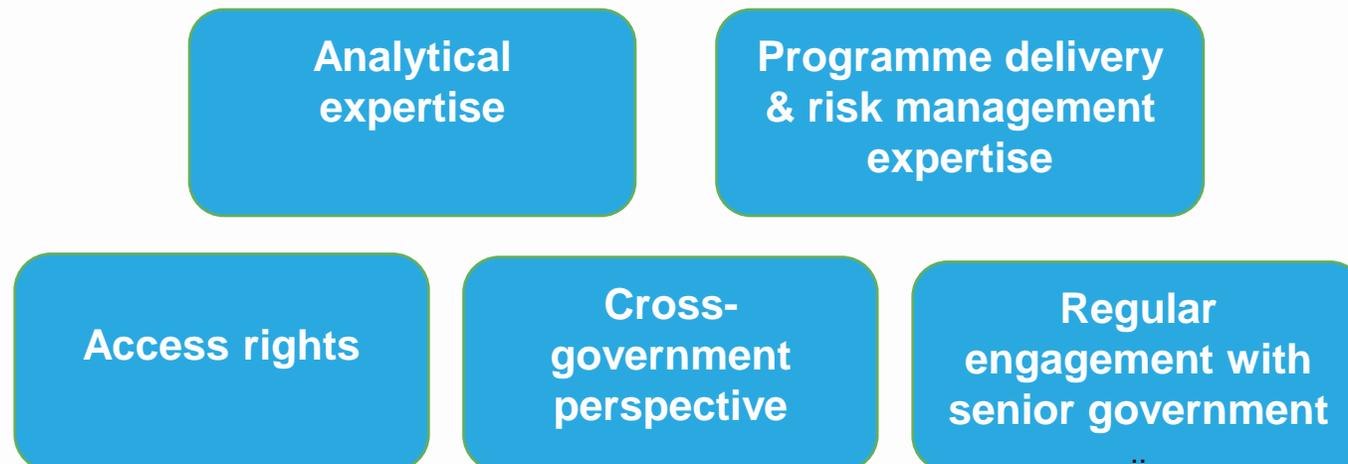


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Auditors' Role in the Climate Challenge

Supreme Audit Institutions (SAIs) can draw on a unique set of strengths to help assess whether climate ambition is translated into effective action

- *SAIs provide the highest independent public auditing function of a state or supranational organisation.*
- *The exact mandate and constitution of individual SAIs varies, but can include valuable attributes for examining and influencing governments' approach to climate goals and climate risks*



SAIs' role in the climate challenge

SAIs can often take an important role in:

- Holding governments to account for how public money is used to achieve climate goals
- Testing the realism of governments' delivery plans
- Examining whether governments have a framework (for example for monitoring progress, and coordinating across government) that is likely to support long-term success
- Encouraging audited bodies to take a robust approach to assessing and reporting environmental and climate risks for their own organisations

Climate Change Mitigation

Joanna Kokot

European Court of Auditors



EUROPEAN
COURT
OF AUDITORS



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Climate and EU agriculture: reasons for this audit



- Agriculture = **10%** of EU GHG emissions



- Climate in CAP: nearly **50%** of EU climate spending



- EU sets **environmental standards** and co-finances most of national agricultural spending



- Inputs for 2030 and 2050 increased climate ambition

Approach and audit questions



- Commission attributed **26% of CAP budget** (over €100 billion) to tackle climate change during 2014-2020



- EU response to climate change: mitigation and adaptation.

→ Focus on **mitigation**

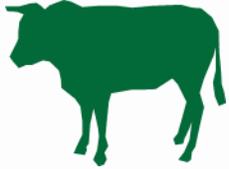


- Did the 2014-2020 CAP **supported climate mitigation practices** with a potential to reduce greenhouse gas emissions?



- Findings structured around **three main sources of emissions**. Last section addresses **CAP design**

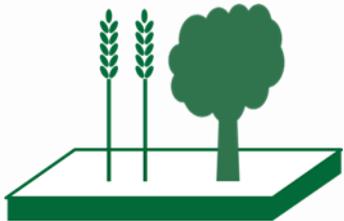
Findings: Half of EU climate spending but farm emissions are not decreasing



- Livestock emissions are not decreasing
- CAP does not seek to limit/reduce livestock number



- Emissions from fertiliser and manure are increasing
- CAP does not support much effective measures



- CAP measures to protect and increase carbon content have not significantly reduced emissions from land use



- 2014-2020 changes to the CAP did not reflect new climate ambition



Climate Finance

Mark Gaffigan

U.S. Government Accountability Office



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Have We Fulfilled our Climate Finance Promises?

Recent News Headlines

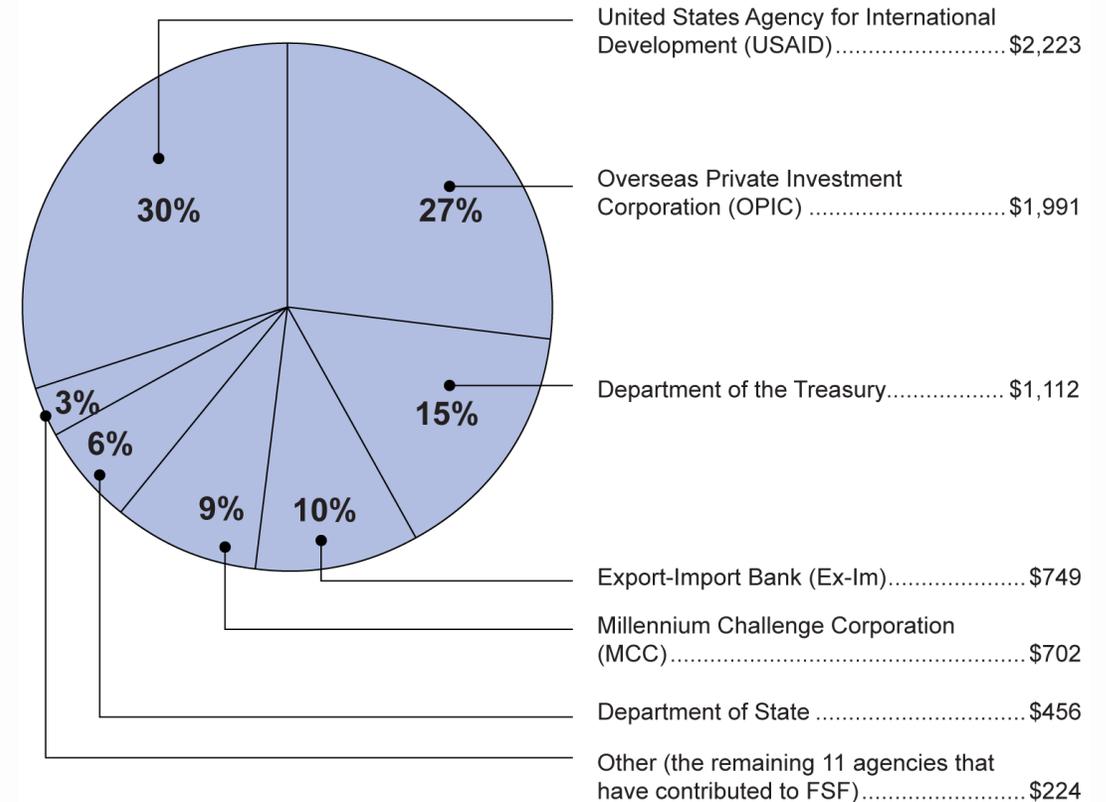
- *“World set to miss goal of \$100B climate aid pledged to poor”*
- *“Breathtaking Lack of Commitment as Rich Countries Delay Climate Finance Pledge to 2023”*
- *“Donor countries set to reach \$100bn climate finance target in 2023 – three years late”*
- *“The broken \$100-billion promise of climate finance — and how to fix it”*
- *“COP26: World will try again to avert climate disaster”*

Tracking Climate Finance: The U.S. Experience

Audit of climate finance contributions in the U.S.

1. Number of supported projects and project-level funding was unknown
2. Difficulties tracking climate change spending
3. No project or spending status information provided

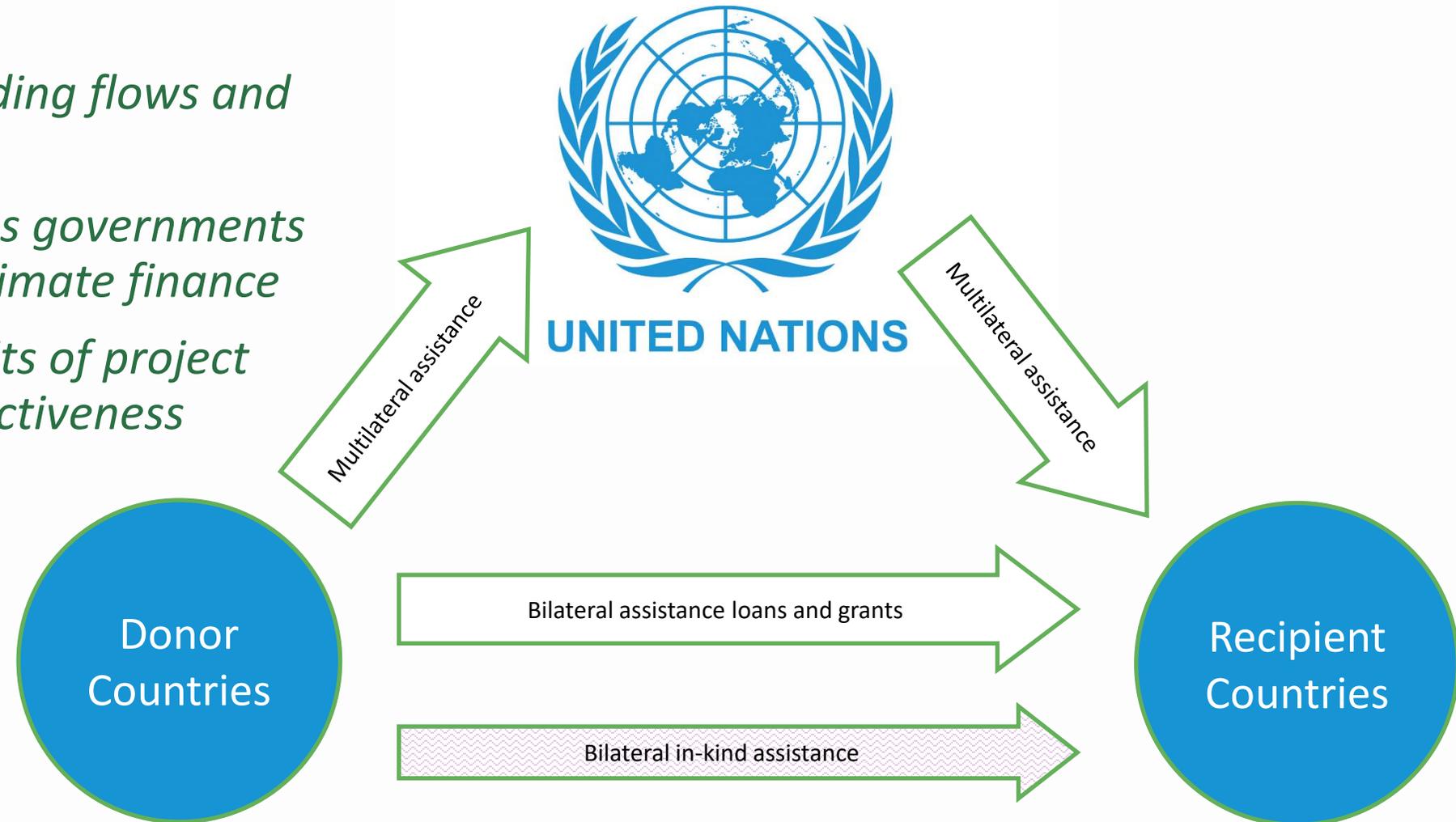
Total \$7,457 (Dollars in millions)



Source: GAO analysis of State data.

Climate Finance: Role of the SAI

- *Track various funding flows and mechanisms*
- *Identify challenges governments face in tracking climate finance*
- *Performance audits of project and program effectiveness*

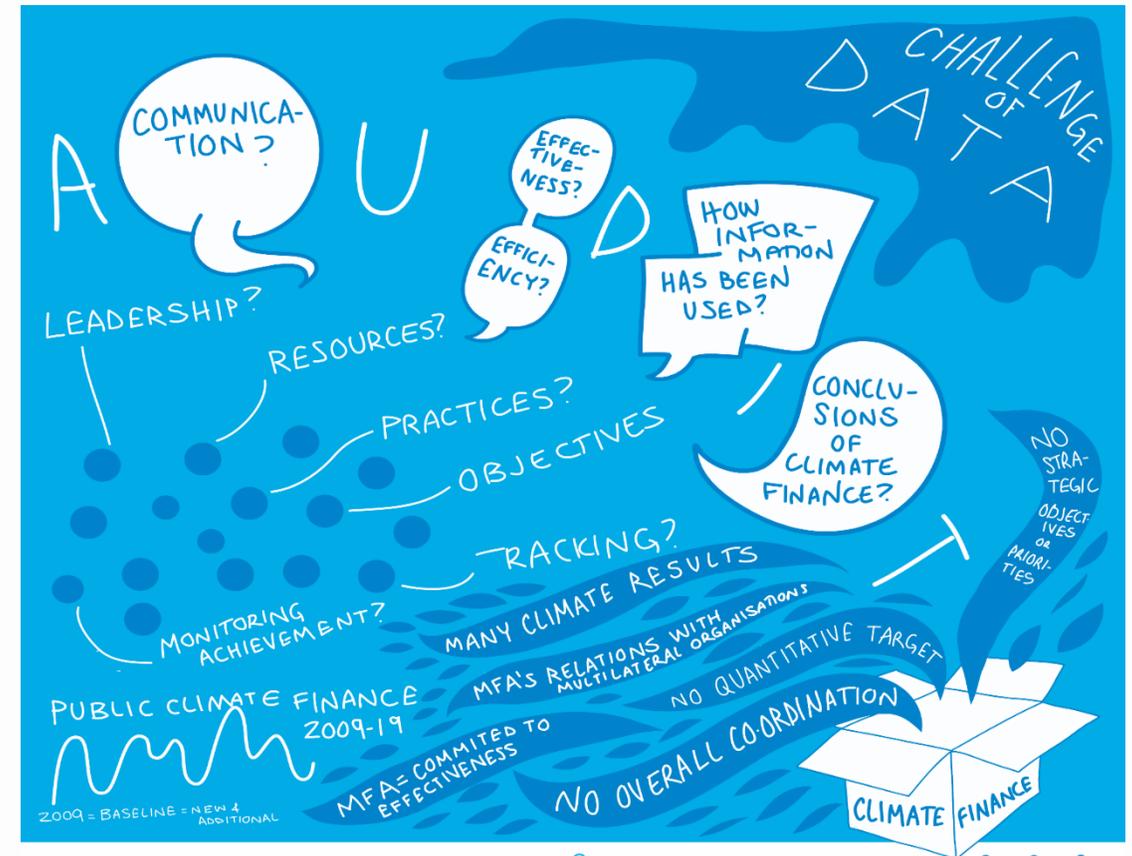


WGEA: Climate Finance Audit Guidance: Purpose & Findings

Purpose: Address Common Challenges in Tracking Climate Finance (SDG13.1 target--\$100 Billion annually)

How?

- 1. Develop and Provide Tools—***
 - Alternative indicators*
 - Roadmap for rolling up individual audits*
- 2. Share Experiences from SAIs***



**20TH INTOSAI
WGEA ASSEMBLY-
RETHINKING FOR,
CIRCULAR ECONOMY**

**SESSIONS ON CLIMATE
FINANCE (WP3)
AUDIT CASE STUDY: NAOF'S ONGOING
PERFORMANCE AUDIT (2020-2021)**



Potential Project Outcomes

- *Audit guidance – Summer 2022*
 - *Provide tools so individual countries can understand their progress*
 - *Allows for greater accountability*
- *Leverage work of individual SAIs to help track progress globally*





Climate Resilience and Adaptive Capacity

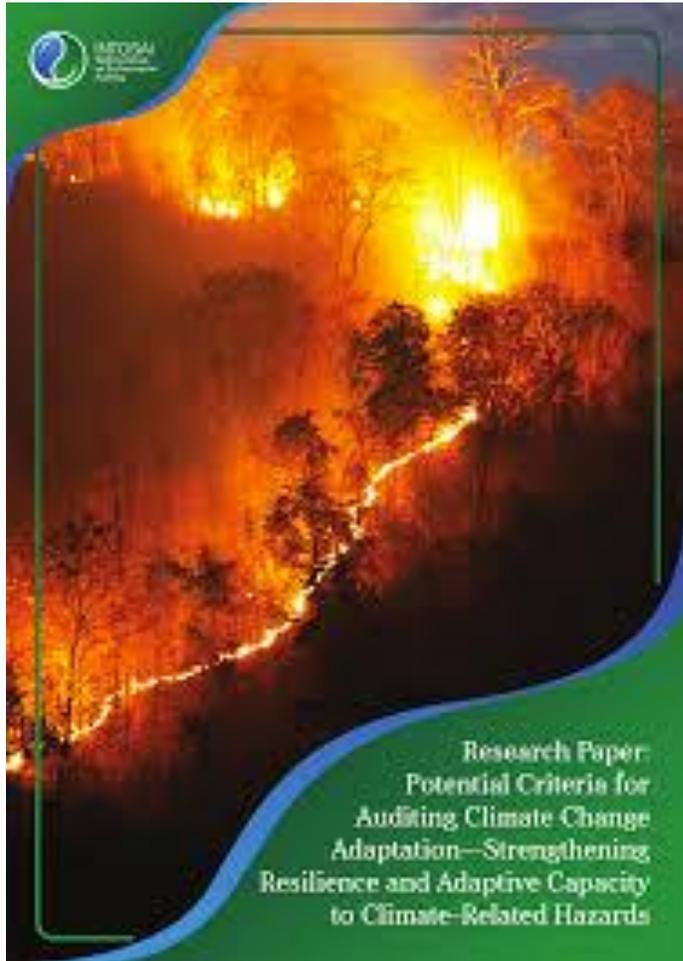
Alfredo Gómez

U.S. Government Accountability Office



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Measuring Progress on Climate Resilience & Adaptive Capacity



Provides:

- criteria for climate resilience and adaptive capacity performance audits
- how-to integrate multiple performance audits into a body or work → develop a roadmap
- inform how individual country is contributing to international goals

How To For SAIs and Auditors

1. Identify indicators
2. Link individual indicators with broader goals
3. Develop an audit strategy
4. Conduct performance audits
5. Roll up individual audits, in line with strategy, to develop a cohesive look at resilience policy



Multiple Audits to Show Strategic Progress

Disaster Resilience Framework

Principles for Analyzing Federal Efforts to Facilitate and Promote Resilience to Natural Disasters



INFORMATION

INTEGRATION

INCENTIVES

Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks





Lessons Learned from Audit

Kim Leach

Office of the Auditor General of Canada



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Office of the Auditor General of Canada and the Commissioner of Environment and Sustainable Development

- *Since 1995, the Office of the Auditor General of Canada has a specific mandate related to the environment and sustainable development.*
 - *Since 1997 we have examined and reported on Canada's implementation of measures aimed at reducing GHG emissions and adapting to climate change*

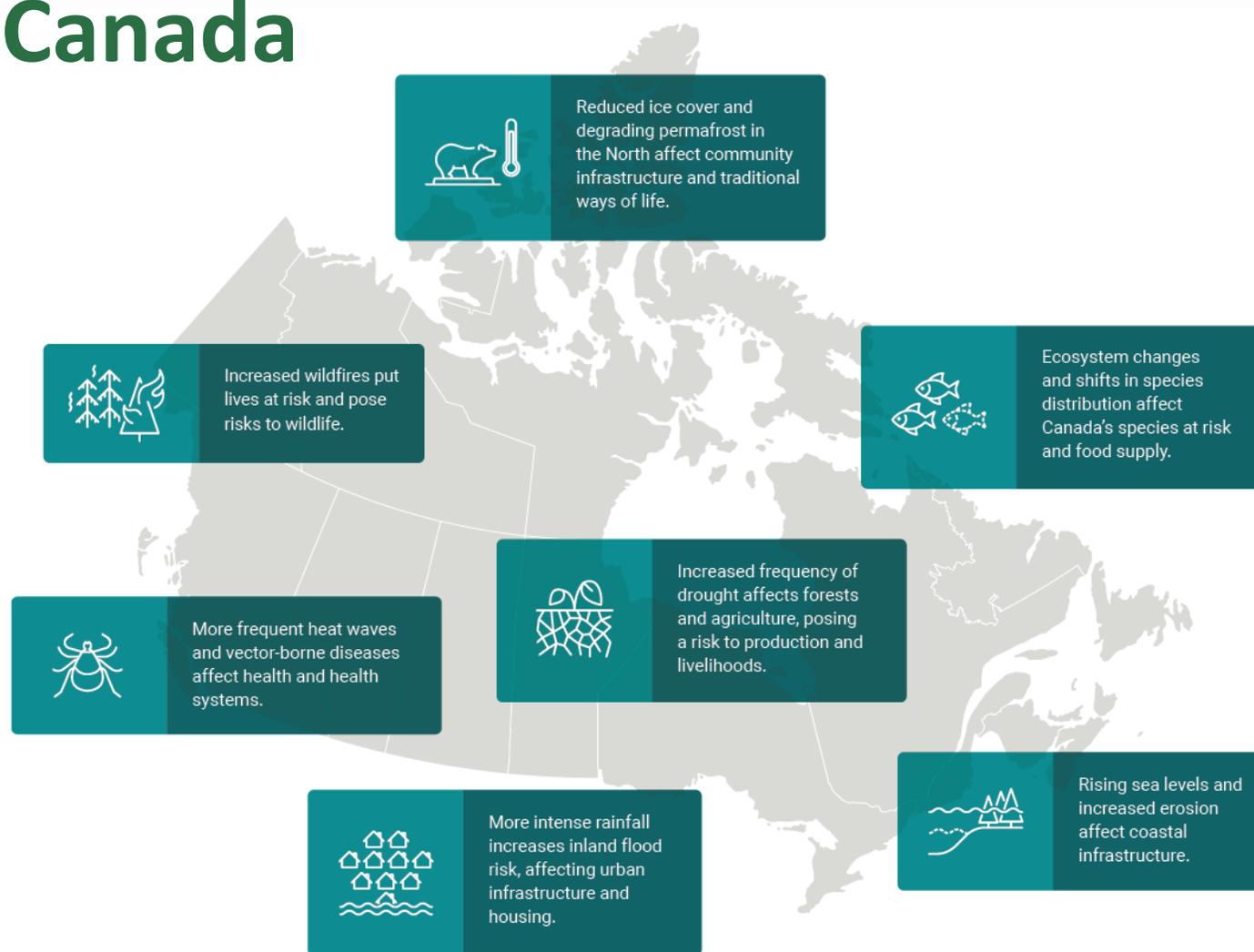
1997 - 2010

Implementation of Canada's response to climate change
Energy Efficiency
Kyoto targets
Adaptation
Kyoto plans

2011 - 2022

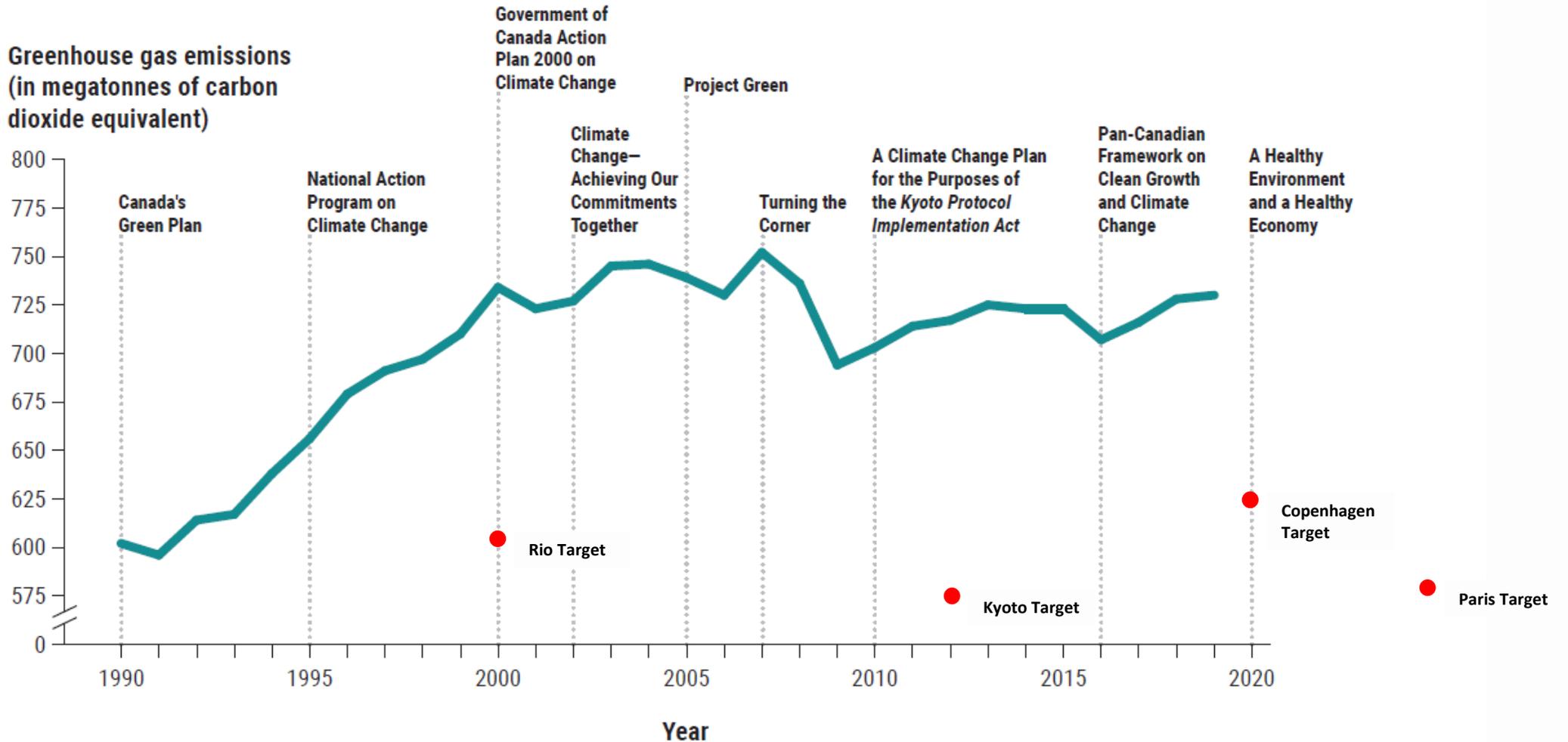
Climate Report	Reducing greenhouse gases
Adaptation	Canada collaborative audit
Kyoto plans and target	Fossil Fuel Subsidies
Climate targets	Progress on targets
Mitigation	Investing in Canada Plan
Sustainable Infrastructure	Emissions Reduction Fund
Severe Weather	Carbon Pricing
Clean Technology	Just Transition
Fossil Fuel Subsidies	Climate Resilient Infrastructure
Climate change in Northern Territories	Hydrogen
Adaptation	Climate Risk Disclosure

The effects of climate change pose risks in all parts of Canada



Source: Adapted from Canada's Sixth National Report on Climate Change: Actions to Meet Commitments Under the United Nations Framework Convention on Climate Change, Government of Canada, 2014; Canada's Top Climate Change Risks: Expert Panel on Climate Change Risks and Adaptation, Council of Canadian Academies, 2019

Canada's overall emissions have grown despite numerous plans and targets



Source: Based on emission data from Canada's 2021 National Inventory Report

Key findings and lessons learned

Coming Soon!!

Targets: Must meet them, not just set them

Plans: Need clear implementation plans for adaptation and emission strategies

Governance: Strengthen leadership and governance mechanisms including policy coherence

Coordination: Coordinate with provinces and territories and collaborate with critical actors

Transition: Reduce dependence on emission intensive sectors

Accountability: New Canadian Net Zero Accountability Act and advisory body

Lessons Learned from Canada's Record on Climate Change Commitments





Collaboration in the Pacific

Jonathan Keate

New Zealand's Office of the Auditor General



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Coordinated Audit on Protected Areas

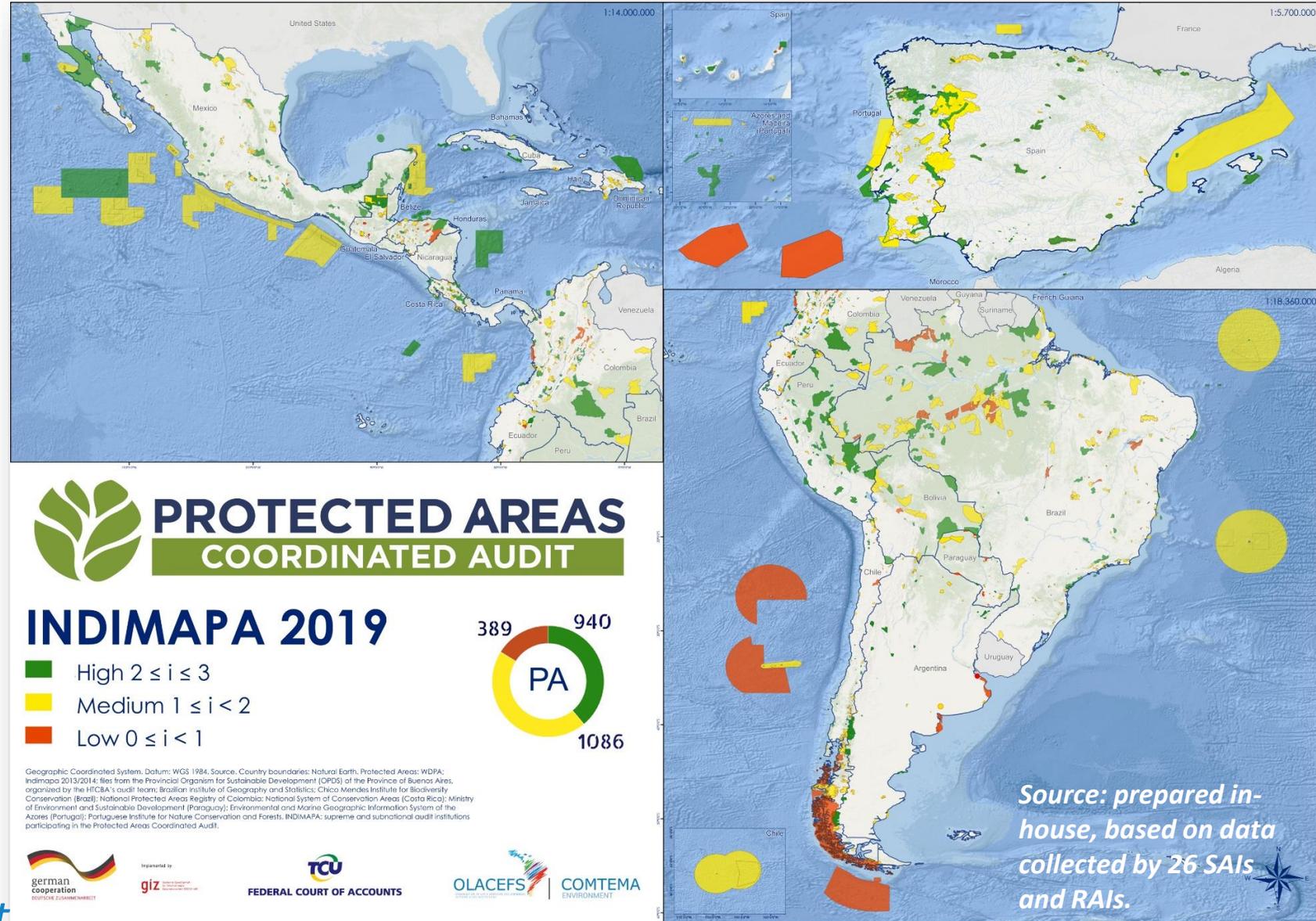
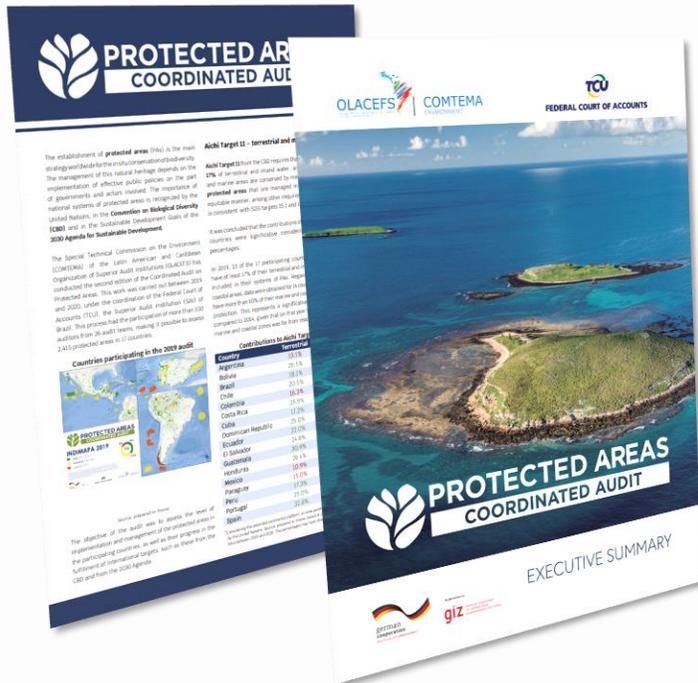
Adriano Martin Juras
Brazil National Audit Office



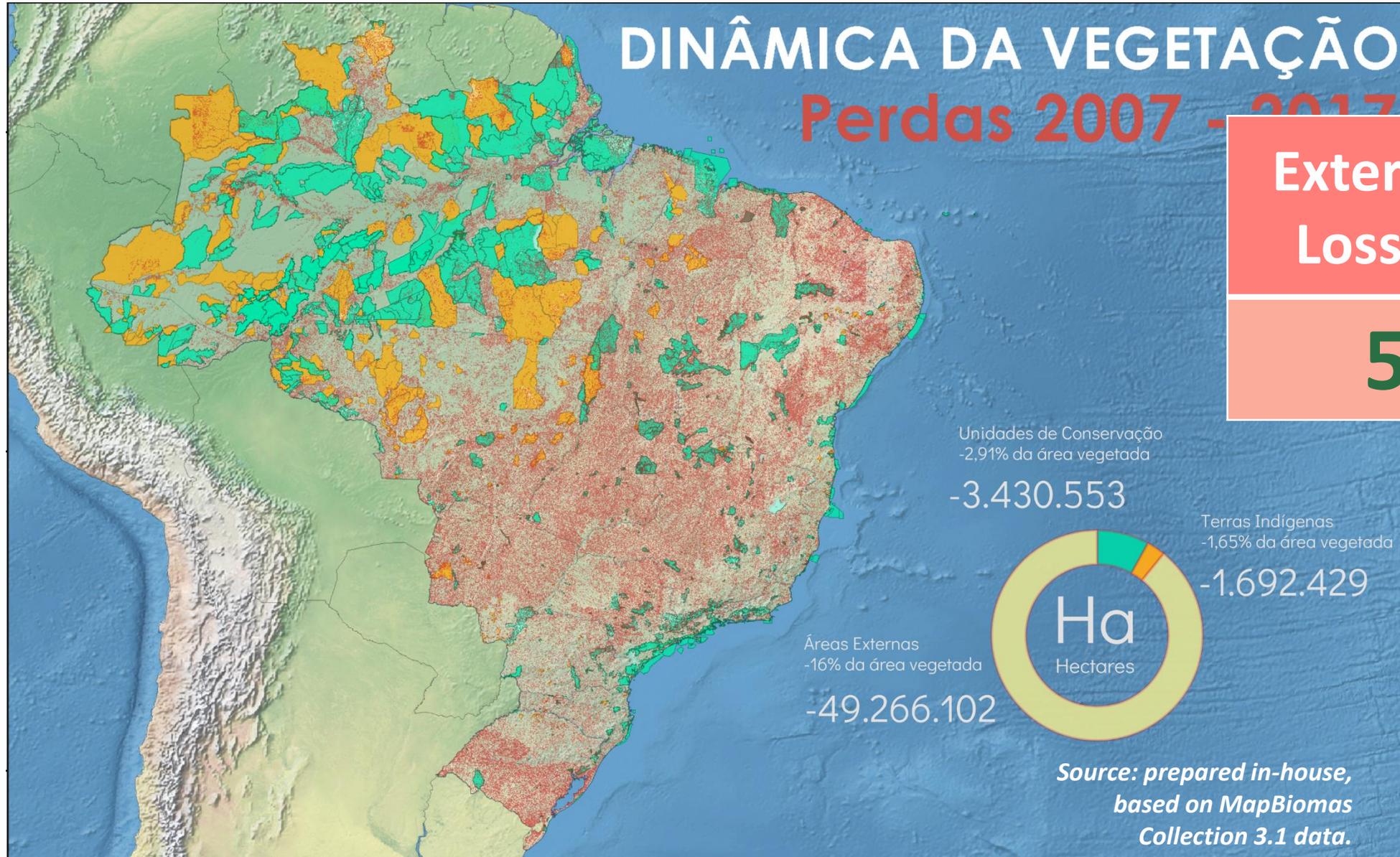
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Coordinated Audit on Protected Areas

- 2,415 PAs assessed
- 1,028 (2014-2015 and 2019-2020)



Vegetation cover: 2007-2017 Losses (Brazil)



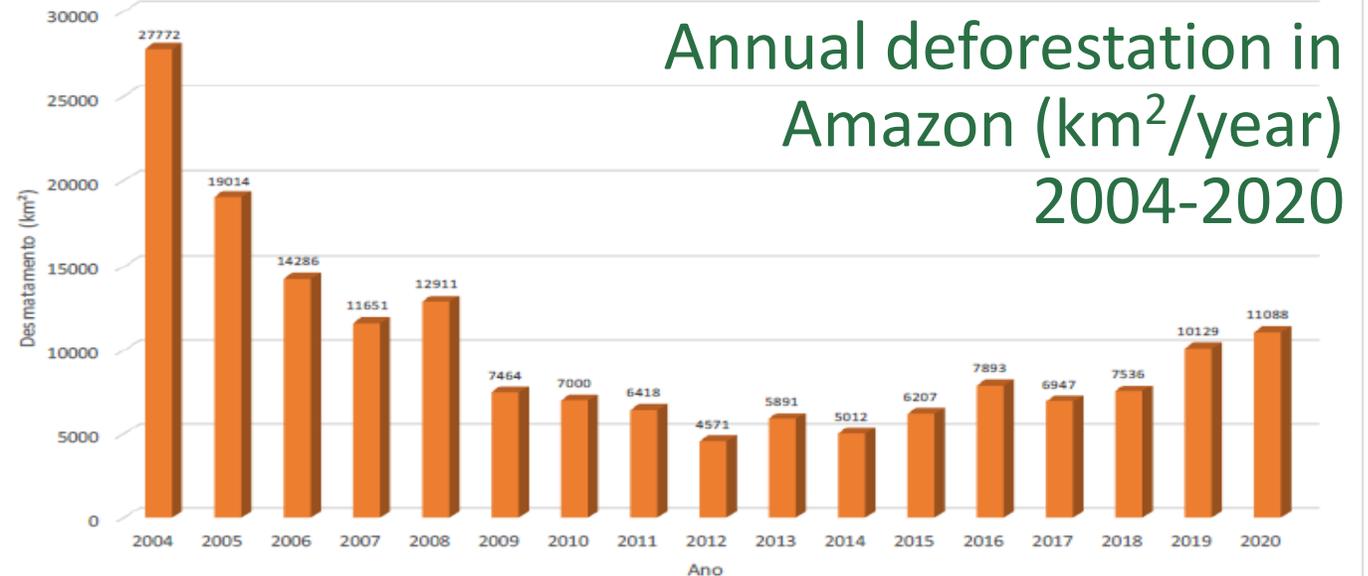
**External/PA
Loss Ratio**

5.5

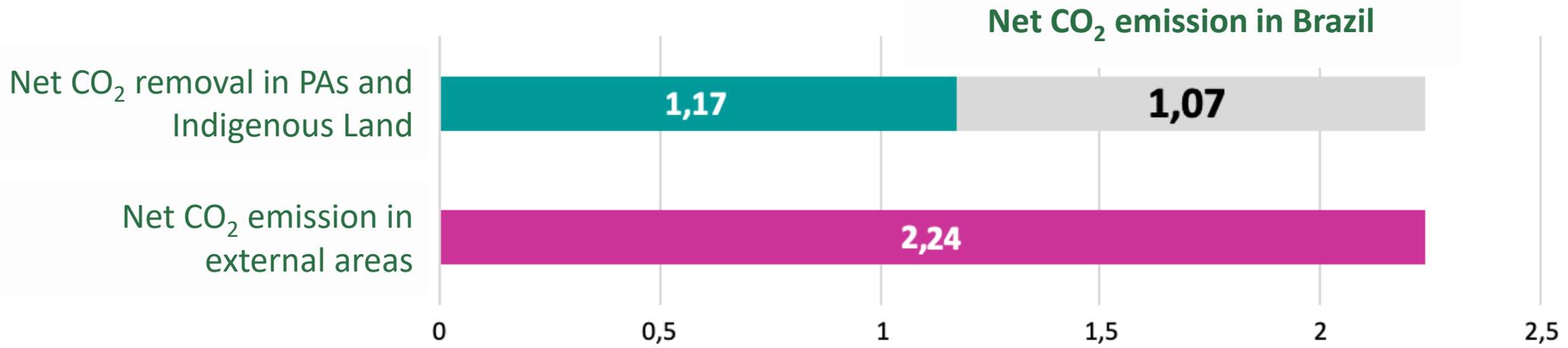
Deforestation increases (Amazon)

Amazonian rainforest	Inside PAs	Outside protected spaces	Outside/PA comparison ratio
Deforestation increase (2008-2018)	0.639 M ha	6.544 M ha	4.2 times more deforestation outside protected spaces than inside PAs
Total area (2008-2018)	115 M ha	282 M ha	
Increase percentage (2008-2018)	0.56%	2.32%	

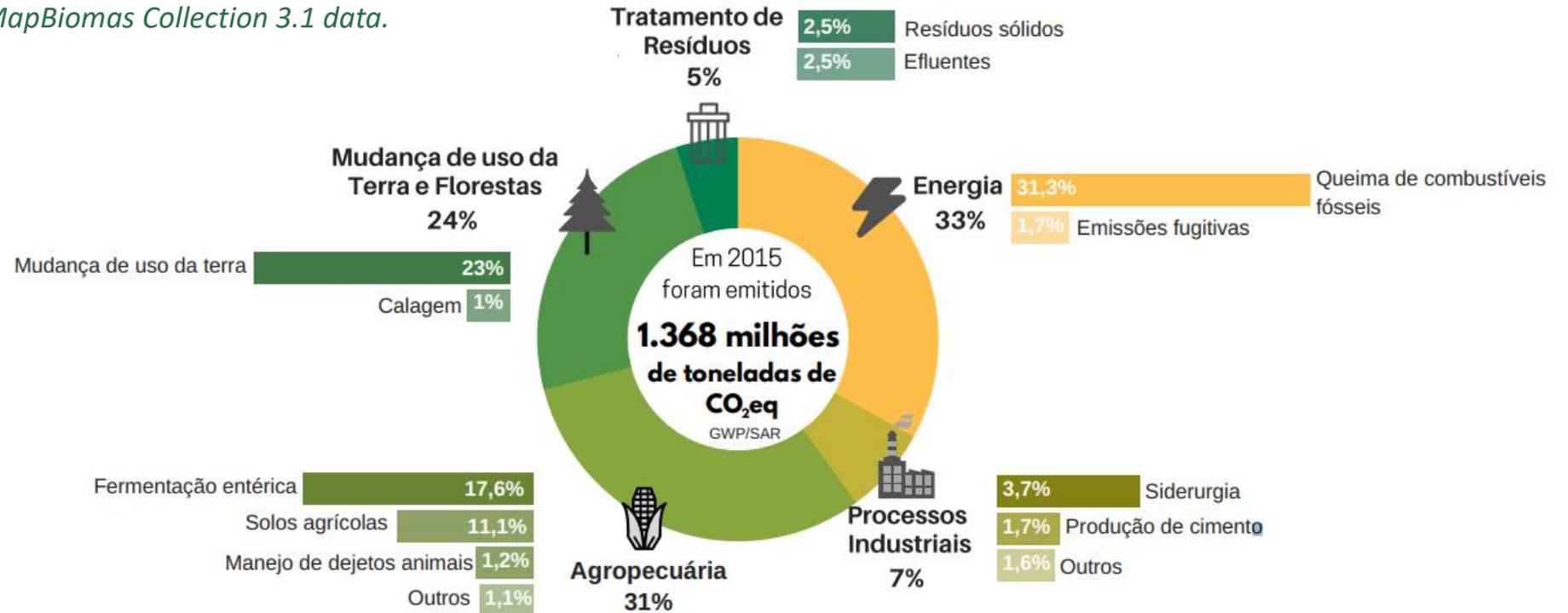
Source: prepared in-house, based on PRODES data.



CO₂ flows (2007-2017)



Source: prepared in-house, based on MapBiomas Collection 3.1 data.



Panel Discussion

Thank you!



Contact: IntosaiWGEA@vtt.fi