



INTOSAI
Working Group
on Environmental
Auditing

Improving National Performance: Environmental Auditing Supports Better Governance and Management

Contribution of the INTOSAI WGEA to the
United Nations Conference on Sustainable Development

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Finally, the survey results which form a key component of the document would not have been possible without the input from SAIs around the world. From the INTOSAI's membership 52 SAIs answered the call and identified the main observations that they were consistently finding when conducting their environmental audits. Thank you.

This publication was prepared by the INTOSAI Working Group on Environmental Auditing (WGEA). The WGEA aims to encourage the use of audit mandates and audit methods in the field of environmental protection and sustainable development by Supreme Audit Institutions (SAIs). The WGEA has the mandate to

- help SAIs gain a better understanding of environmental auditing issues,
- facilitate exchange of information and experiences among SAIs, and
- publish guidelines and other informative materials.

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Message from the Chair of the INTOSAI Working Group on Environmental Auditing

The year 2012 has the potential to serve as a remarkable milestone on our way toward sustainable development. On 20-22 June, world leaders will convene in Rio de Janeiro for the United Nations Conference on Sustainable Development (Rio+20 Conference) to review the progress in the field and to renew political commitment.

In the Zero draft of the Rio+20 outcome document, the world leaders recognized the need to reinforce sustainable development globally through collective effort. Progress, toward sustainability, however, has been moderate at best, so a good push from Rio could “snowball” into more sustainable decision making, regionally and globally.

SAs worldwide have an important role to ensure that governments practice what they preach. This fact was recognized by the United Nations on 22 December 2011, when the United Nations General Assembly adopted Resolution A/66/209 which recognized this important role which is conducive to the achievement of national development objectives and priorities as well as the international agreed upon development goals.

SAs have and are carrying out this role. Between 1993 and 2011, national audit offices in over 100 countries conducted more than 3,200 financial, compliance, and performance audits related to the environment. These audits included the examination of various multilateral environmental agreements such as the Kyoto Protocol, United Nations Framework Convention on Climate Change, United Nations Convention on Biodiversity, and the Basel Convention.

This paper presents the top ten issues identified by SAs worldwide which contribute to poor progress by national governments toward sustainable development. It also presents the key issues that the WGEA believes should be considered by world leaders in the Rio+20 process.

The results of twenty years of environmental auditing experience can lead to the better design and implementation of national policies and programs moving forward. The collective experience of the national audit offices throughout the world can also be used to help improve on the design and evaluation of the implementation of international multilateral environmental agreements. Our offices are an important piece of the puzzle in reaching our national and international development and environmental goals.

Mihkel Oviir
Auditor General of Estonia

Improving National Performance: Environmental Auditing Supports Better Governance and Management



INTOSAI
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Contribution of the International Organization of Supreme Audit Institution's Working Group on Environmental Auditing to the United Nations Conference on Sustainable Development

Abstract

National auditors and their audits play a critical role in supporting good governance by advancing accountability and transparency. They do so by providing practical, objective, and rigorous examinations of how environmental and sustainability programs, laws, regulations, and targets are managed, implemented, and monitored at the national and international levels. This paper summarizes some key observations from two decades of environmental audit work by national audit offices, which play a major role in auditing government accounts and operations. Between 1993 and 2011, national audit offices in over 100 countries conducted more than 3,200 financial, compliance, and performance audits related to the environment. The report reports on the results of a 2011 survey, which identifies the ten most important observations that national audit offices around the world consistently find when conducting their environmental audits. The paper also addresses the position put forward by the International Organization of Supreme Audit Institutions (INTOSAI) and the INTOSAI Working Group for Environmental Auditing for consideration by the delegates at the UN Conference on Sustainable Development in Rio de Janeiro, Brazil on 20-22 June 2012.

Environmental auditing supports better governance and management

A system of governance, the process of making decisions and determining whether or not to implement them, is required in managing all national and international environmental programmes. Good governance, characterized by aspects such as the transparency of institutions and processes, accountability, and the efficient and effective use of public resources, is essential to ensuring that promises on environmental protection and sustainable development produce credible results. It is a key requirement for an effective institutional framework for sustainable development, one of the main themes at the United Nations Conference on Sustainable Development (or Rio+20) in Rio de Janeiro, Brazil to be held on 20–22 June 2012.

National auditors and their audits play a critical role in supporting good governance by advancing accountability and transparency. They do so by providing practical, objective, and rigorous examinations of how environmental and sustainability programs, laws, regulations, and targets are managed, implemented, and monitored at the national and international levels. Some countries have regional auditors or evaluators who play a similar role.

Supreme audit institutions (SAIs) have different names—sometimes National Audit Office, Court of Audit, Audit Board, and Office of the Auditor General—and have different mandates. However, they share similar responsibilities to provide legislatures and society with the information they need to hold governments accountable. SAIs audit governments' financial management, their compliance with domestic laws and international agreements, their implementation of domestic and international policies, and their performance. SAIs are independent and non-political, and their work is fact-based.

Environmental auditing around the world

Between 1993 and 2011, national audit offices in over 100 countries conducted more than 3,200 **financial, compliance, and performance** audits related to the environment.

What are financial, compliance, and performance audits?

Financial Audit – The assessment and reporting on the accuracy and fairness of a government’s accounting procedures and financial statements. In terms of environmental auditing, this could be an audit of whether a country’s environmental liabilities have been accurately and fully incorporated into the government’s financial statements.

Compliance Audit – The assessment and reporting of a government’s adherence to regulatory and other policy regulatory requirements in the course of its operations. In terms of environmental auditing, this could be an audit of whether a government has met its obligations with regards to environmental project assessments.

Performance Audit – The assessment and reporting of a program, operation or management systems and procedures of a government to assess whether the entity is achieving economy, efficiency, and effectiveness in the employment of available resources. Performance audits are open to any environmental or sustainable development issue that is managed by a government.

Environmental audits have resulted in governments taking action to improve water quality in rivers, to strengthen the protection of flora and fauna, and to reduce pollution. Benefits to environmental governance include the development of new legislation and regulations and stronger compliance with those that already exist. Audits have resulted in improved implementation of multilateral environmental agreements through better designs for linking programs and better mechanisms for reporting results.

The vast majority of SAIs’ environmental audits have examined national and sub-national programs on such areas as

- climate change mitigation and adaptation;
- air issues such as acid rain, ozone layer depletion, and toxic air pollutants;
- toxic substances management;
- biodiversity;
- genetically modified organisms;
- protected areas and natural parks;
- environmental assessment;
- the green economy;
- sustainable energy;
- sustainable development;
- environment and human health;
- drinking water, water quality, and water quantity;
- non-hazardous and hazardous waste;
- resource industries such as forestry, fisheries, oil and gas, and mining;
- Millennium Development Goals (part of the United Nations Millennium Declaration); and
- multilateral environmental agreements (MEAs).

With regard to MEAs, around 80 audits were conducted between 2003 and 2011 around the world. Illustrated with examples of specific countries who undertook audit work in these areas, the agreements included the

- **Kyoto Protocol** (e.g., Azerbaijan, Belgium, Czech Republic, Israel, former Yugoslav Republic of Macedonia, Paraguay, Sweden, and Ukraine),
- **United Nations Framework Convention on Climate Change** (e.g., Azerbaijan, Botswana, Costa Rica, Denmark, Kuwait, former Yugoslav Republic of Macedonia, Paraguay, Switzerland, and Ukraine),
- **United Nations Convention on Biodiversity** (e.g., Honduras, Iceland, and India)
- **United Nations Convention to Combat Desertification** (e.g., Bhutan, and Cyprus),
- **Convention on the Protection of the Black Sea Against Pollution** (e.g., Georgia, Bulgaria, Russian Federation, Romania, and Turkey)
- **Aarhus Convention** (e.g., Poland)
- **Ramsar Convention** (e.g., Costa Rica, Honduras, Malaysia)
- **Montreal Protocol** (e.g., Austria, Bhutan, and Chile), and
- **Basel Convention** (e.g., Czech Republic and Slovak Republic).

A comprehensive database of the more than 3,200 audits conducted by over 100 countries can be found at www.environmental-auditing.org. Exhibit 1 contains a very small sample of these audits. This database of environmental audits is updated on an annual basis by the WGEA and the audits contained within it are searchable by country, issue, and environmental agreement. In addition, where available the audit report summary and/or audit report are provided along with an indication of the language(s) it is available in.

Exhibit 1 – Selection of environmental audits conducted by SAIs around the world

Supreme Audit Institution	Selected Audit
Argentina	Issue: Soil Conservation and Desertification Control (2008) – An examination of the policy and programs on soil conservation and amelioration, and desertification control.
Bhutan	Issue: Multilateral Environmental Agreements (2010) – An examination on the extent of compliance with a number of MEAs (UNFCCC, Vienna Convention for the Protection of the Ozone Layer, UNCCD, and CBD) that Bhutan is a Party to.
Botswana	Issue: Natural Resources Management (2010) – An examination of the coordination and monitoring of the implementation of the Community Based Natural Resources Management Programme.
China	Issue: Air Emissions and Climate Change (2011) – An examination of the energy conservation and emission reductions of enterprises in 20 Chinese provinces.

Cyprus	Issue: Climate Change and Desertification (2010) – An examination of a number of issues including the government’s preparation of a National Climate Change Adaptation Program and a National Action Plan for Combating Desertification.
Egypt	Issue: New and Renewable Energy (2011) – An examination of the financial statements of the New and Renewable Energy Usage and Development Authority (NREUDA).
European Court of Auditors	Issue: Fisheries (2012) – An examination of the design and implementation of European Union measures to reduce fishing overcapacity.
India	Issue: Biodiversity (2011) – An examination of the government’s management of its biodiversity requirements, such as the National Biodiversity Authority.
Indonesia	Issue: Forestry (2011) – An examination of timber harvesting management by the government to determine if it has been implemented effectively to ensure the preservation of forests.
Kenya	Issue: Municipal Waste (2007) – An examination of the management of solid, municipal waste in Nairobi.
Lesotho	Issue: Soil Erosion (2007) – An examination of the management of soil erosion by the Department of Soil and Water Conservation.
Malta	Issue: Renewable Energy (2011) – An examination of Malta’s progress in the exploitation of renewable energy sources.
Morocco	Issue: Drinking Water (2008) – An examination of the program for the bulk supply of drinking water to rural populations.
New Zealand	Issue: Sustainable Development (2007) – An examination of the government’s leadership, co-ordination, planning, implementation, evaluation and reporting of the programme, Sustainable Development – Implementing the Programme of Action.
Sri Lanka	Issue: Water Pollution (2010) – An examination of water pollution in Beira Lake, Colombo, Sri Lanka and on the government’s performance in this regard.
Tanzania	Issue: Forest Management (2012) – An examination of the management of forest harvesting with Tanzania and on the government’s performance in this regard.
Thailand	Issue: Water (2011) – An examination of the management of 25 key watersheds.
Uganda	Issue: Forestry (2010) – An examination of the management of forestry activities.
United Kingdom	Issue: Renewable Energy (2010) – An examination of the results achieved on government funding for developing renewable energy technologies.

International organization of SAIs supports environmental auditing internationally

The International Organization of Supreme Audit Institutions (INTOSAI, www.intosai.org), as a non-governmental organization, is the professional association of SAIs in countries that belong to the United Nations or its specialized agencies. INTOSAI was founded in 1953 and currently has a membership of over 180 SAIs. As the internationally recognized leader in public sector auditing, INTOSAI issues international guidelines for financial management and other areas,

Exhibit 2 – Members of the INTOSAI Working Group on Environmental Auditing

Algeria	Latvia
Argentina *	Lesotho *
Armenia	Libyan Arab Jamahiriya
Azerbaijan	Lithuania
Australia	Macedonia (former Yugoslav Republic of)
Bangladesh	Malta
Bhutan	Mexico
Brazil *	Mongolia
Bulgaria	Morocco *
Cameroon	Netherlands
Canada *	New Zealand *
Chile	Norway *
China *	Oman
Colombia	Pakistan
Costa Rica	Paraguay
Czech Republic	Peru
Cyprus	Poland
Egypt *	Qatar
El Salvador	Romania
Estonia *	Russian Federation
Ethiopia	Saudi Arabia
European Court of Auditors	Slovak Republic
Fiji	Slovenia
Finland *	South Africa
Georgia	Sri Lanka
Greece	Zambia
Guyana	Zimbabwe
Iceland	Tanzania (United Republic of) *
India *	Thailand
Indonesia *	Tonga
Iran	Turkey
Jordan	Turks and Caicos Islands
Kazakhstan	Uganda
Kenya	Ukraine
Korea (Republic of)	United Kingdom *
Kuwait	United States of America *

Note: Members highlighted with an * are members of the INTOSAI WGEA Steering Committee.

develops related methodologies, provides training, and promotes the exchange of information among members. INTOSAI provides a forum in which government auditors from around the world can discuss issues of mutual concern and keep abreast of the latest developments in auditing and other applicable professional standards and best practices. One way by which INTOSAI promotes the exchange of ideas and experiences between SAIs around the world is through its triennial congress, the International Congress of Supreme Audit Institutions (INCOSAI).

INTOSAI Working Group on Environmental Auditing

Since 1992, INTOSAI has had an active Working Group on Environmental Auditing (WGEA). It is a large, volunteer organization with a number of distinct bodies and players, each with associated responsibilities. These include the Chair and Secretariat, the full WGEA (the Assembly) – 72 members (see Exhibit 2) from the six continents and include both developing and developed nations, the Steering Committee – 16 members (see Exhibit 2).

INTOSAI WGEA is also supported by a number of regional WGEAs which exist for the following world regions –Africa (AFROSAI WGEA), the Arabic countries (ARABOSAI WGEA), Asia (ASOSAI WGEA), Europe (EUROSAI WGEA), Latin America and the Caribbean (OLACEFS WGEA), and the Pacific (ACAG/PASAI WGEA). Past Chairs and Secretariats for the WGEA have been with the SAI of Netherlands (1992-2001) and the SAI of Canada (2001-2007). Since 2007 the Chair and Secretariat have resided with the SAI of Estonia and will transfer to the SAI of Indonesia in 2013.

Improving the application of environmental auditing worldwide

This WGEA has assisted SAIs in acquiring a better understanding of the specific issues involved in environmental auditing; facilitating the exchange of information and experience among SAIs; and publishing guidelines and other informative material for their use. Joint auditing by SAIs of cross-border environmental issues and policies, and the audit of international environmental accords, has had the working group's special attention.

The working group has worked with the United Nations Environment Programme to develop the guide, *Auditing the Implementation of Multilateral Environmental Agreements (MEAs): A Primer for Auditors*. The objective of the guide is to serve as a useful resource for auditors worldwide. Auditors may use the guide when they evaluate the implementation of those agreements by their national governments (e.g., see exhibit 3 for the common approaches to auditing MEAs). They may also use it when they assess whether the policy tools that their governments use to manage and protect the environment and implement MEAs have produced the intended results. In addition, the guide can be useful in improving future MEAs, because it identifies key aspects that auditors look for in their audits. These aspects are important to good governance and accountability.

Exhibit 3 – Common approaches to auditing MEAs

The guide, *Auditing the Implementation of Multilateral Environmental Agreements (MEAs): A Primer for Auditors*, identifies four common approaches that are used to auditing MEAs (UNEP & INTOSAI-WGEA, 2010, pp. 39-40). These are:

- If a country is a Party to an MEA, an audit can consider whether the government has developed sufficient and appropriate domestic policy and procedures to meet the commitments in the MEA. This type of audit requires the auditor to find out: what are a country's commitments with regards to the MEA; how are these commitments implemented in the country's legislation, policies, and programmes; and what are the governance mechanisms in place.

- When a country's domestic policy and procedures are in place, an audit should be able to evaluate if they have been implemented and enforced. The audit can consider whether the policy is implemented in the most efficient, economic, and effective manner. These types of audits can be more complicated as they involve the assessment of whether the aims of the policy are being met as well as whether the domestic policy actually serves the purpose (and commitments) of the MEA.
- If the periodic reporting required under an MEA is not being done in a timely fashion, or if the information provided is not meeting the spirit and intent of the requirements under the MEA, this may also be a subject of an audit. Validating the reporting material provided to international bodies is one way of drawing the legislature's attention to meeting the international commitments. In addition, expectations have grown that such environmental reports should be subject to an independent audit.
- In the case of a country which is not Party to an MEA, the MEA itself can be a good source of audit criteria for the SAI. Many agreements can be referenced as a best practice or a benchmark for better environmental governance. Also, the reasons not to be the "signatory" for the MEA can be examined and brought to public attention.

The working group has also produced a number of other studies and guidance documents to aid auditors in auditing a variety of issues, including climate change, waste management, water, forestry, and sustainable development. Exhibit 4 notes the key studies and guidelines that have been produced between 2004 and 2010. An important upcoming research paper on environmental data will address the resources and options available to SAIs in accessing and using national and international data in their environmental audits. Guidance material is being produced on how to integrate fraud and corruption issues into auditing of environmental and natural resource management. Another forthcoming WGEA research paper will focus on sustainability reporting in the public sector.

Exhibit 4 – WGEA studies and guidelines (2004-2010)

- Auditing Forests: Guidance for SAIs (2010)
- Auditing Mining: Guidance for SAIs (2010)
- Auditing Sustainable Energy: Guidance for SAIs (2010)
- Auditing Sustainable Fisheries Management: Guidance for SAIs (2010)
- Auditing the Implementation of Multilateral Environmental Agreements (MEAs): A Primer for Auditors (2010)
- Environmental Accounting: Current Status and Options for SAIs (2010)
- Auditing the Government Response to Climate Change: Guidance for SAIs (2010)
- Auditing Biodiversity: Guidance for SAIs (2007)
- Cooperation between SAIs: Tips and Examples for Cooperative

Audits (2007)

- The World Summit on Sustainable Development: An Audit Guide for SAIs (2007)
- Evolution and Trends in Environmental Auditing (2007)
- Towards Auditing Waste Management (2004)
- Auditing Water Issues: Experiences of SAIs (2004)
- Environmental Audit and Regularity Auditing (2004)
- Sustainable Development: The Role of SAIs (2004)

To assist audit offices in conducting audits, training has been developed and delivered in various parts of the world on diverse subjects such as climate change (see exhibit 5), biodiversity, waste, and water. Additional training on subjects such as mining and forestry are currently in the development stage. The WGEA is also in the process, through the work of the SAI of India, of developing a fixed training site in Jaipur, India.

Exhibit 5 – WGEA training and guidance on auditing national climate change activities

With regards to assisting SAIs in auditing climate change, the WGEA has produced a number of different guidance and training materials. The materials aim to inspire auditors to conduct more climate change audits and to provide useful information on how to design such audits. The guidance materials are based on a four-step approach to design climate change audits, with a particular emphasis on risk analysis. It focuses on both mitigation of greenhouse gas emissions and adaptation to the impacts of climate change. The guidance materials consist of three main elements: the guide *auditing the Government Response to Climate Change*; the E-Learning Course; and a training course. All of the materials can be downloaded from www.environmental-auditing.org. Of course, SAIs are free to consult each other and the audit database is a comprehensive resource that can be consulted in identifying the different audits that have been conducted around the world.

Working together through coordinated international audits

Under the auspices of the working group and its regional groups, a number of cooperative audits between different SAIs have been undertaken. The *Coordinated International Audit on Climate Change: Key Implications for Governments and their Auditors* (2010) involved fourteen supreme audit institutions (Australia, Austria, Brazil, Canada, Estonia, Finland, Greece, Republic of Indonesia, Norway, Poland, Slovenia, South Africa, United Kingdom, and the United States of America) from six continents who worked cooperatively to design and undertake performance audits of their national governments' implementation of commitments and programs related to the mitigation of and adaptation to climate change. The key international agreements examined during the course of audit were the United Nations Framework Convention on Climate Change and the Kyoto Protocol. The project involved SAIs from both developing and developed countries and included the results from 33 audits. Highlights from this audit are illustrated in exhibit 6.

The coordinated audit demonstrated the breadth of the understanding and value that auditors can bring from audits of climate change mitigation and adaptation in their country. SAIs can audit and report to their legislatures on the substantial flows of resources involved in addressing climate change commitments, the efficiency and effectiveness of government policies and programs, and the scope for their improvement. The experiences gained by the SAIs

participating in this coordinated project indicate that this was a valuable experience for INTOSAI when it comes to exchanging knowledge and audit experience on environmental auditing, as well as inspiring other climate change audits.

Exhibit 6 – Highlights of the Coordinated International Audit on Climate Change: Key Implications for Governments and their Auditors

Dealing with climate change presents a formidable challenge for countries around the world. Climate change cuts across many economic sectors and levels of society and demands cooperative and coordinated action by governments at all levels, as well as coordination with international institutions, scientific bodies, private industry, non-governmental organizations, communities, and individuals. The audits found that there has been some progress and that there are a wide variety of efforts underway to address climate change in the countries examined. However, climate change remains a formidable challenge for governments to address better. Common findings resulting from these individual national audits are set out below.

- Emission reduction targets, objectives, or commitments are generally in place in countries addressed by this report but are not always supported by comprehensive and specific national, regional, or sectoral strategies and plans. Some countries' strategies and plans are relatively short-term and are not therefore a good basis for achieving sustained success in the long-term.
- Conflicts between programs in other areas and climate change targets, objectives, or actions have impeded effectiveness. For example, agriculture policies can undermine efforts to reduce the loss of forests.
- Work to assess risks from climate change and planning for adaptation is at an early stage despite long-standing international commitments to plan for adaptation. Many governments have not fully completed the risk management process and started to plan for adaptation to climate change.
- Emissions trading and the Clean Development Mechanism, which are important policy tools under the Kyoto Protocol, have not yet led to a significant reduction in emissions. Many of the audits have highlighted the difficulties in designing and implementing emissions trading and the Clean Development Mechanism in some developing countries has been slow and is not yet driving the transfer of technology and funds.
- Climate change mitigation and adaptation require action at, and coordination between, all levels of government, but the report notes that some countries have not defined clear roles and responsibilities for the numerous national government agencies involved.
- In order to make good decisions, key information and means of evaluation of policy choices needs to be in place. Some of the audits found that high-quality information on climate change efforts is important but often lacking. In addition, evaluation of key policy choices and instruments was not always in place.

The audit is available for download at www.environmental-auditing.org and includes a summary of the findings and case studies from the national audits with regards to: the mitigation of greenhouse gas emissions; and the adaptation to climate change. It also includes a summary of the 33 audits that contributed to the coordinated international audit.

Among the six regional groups of the Working Group on Environmental Auditing, over 50 cooperative audits have been conducted since 1995, including

- Pacific Association of SAIs—solid waste management audit (2011, 10 SAIs)
- Organization of Latin American and Caribbean SAIs—Compliance Against United Nations Framework Convention on Climate Change Commitments audit (2011, 7 SAIs) and Environmental Protection and Conservation of Natural Resources of the Amazon Region audit (2010, 5 SAIs)
- African Organization of SAIs—Lake Victoria Basin audit (2002, 5 SAIs)
- European Organization of SAIs—Convention on the Protection of the Black Sea Against Pollution audit (2011, 6 SAIs)

SAI survey results identify key factors contributing to poor progress by national governments toward sustainable development

In 2011, a survey of the members of the INTOSAI Working Group on Environmental Auditing was conducted for this paper to identify the main observations that SAIs around the world consistently find when conducting their environmental audits. With a response rate of over 70%, the 10 top issues identified by 52 countries are listed below along with examples of the type of issues identified.

- **Unclear/overlapping responsibilities.** In some audits, the institutional framework for sustainable development is cross-governmental and requires more work from governments in order to integrate economic, social, and environmental aspects. Governments have adapted to this new reality by creating more integration among ministries, departments and agencies, and programs and projects. However, there is a lack of clarity regarding the specific role each one of those entities plays and what they are responsible for, resulting in overlapping responsibilities across agencies and departments. These overlaps compromise the effectiveness of policy coordination and duplicate efforts.
- **Lack of coordination between sub-national levels and the national level.** Audits have noted that environmental problems occur at all levels, from local to global, and involve municipal, regional, and national governments. Governments need to improve the integration and coordination of their work at different levels. In the interest of transparency and accountability, local entities involved in implementing national policies need to report on how they spent any funds they received and what results were achieved.
- **Absent or deficient policies or strategies.** According to some audits, some governments have not yet created effective policy tools and systems to govern environment and sustainable development. Some have not improved

public policy tools and processes as recommended. Targets, objectives, or commitments may be in place for some policies, but they are not always supported by comprehensive and specific national, regional, or sectoral strategies and plans. Without the involvement by all affected levels of government, an overall policy or strategy cannot achieve the desired national results.

- **Insufficient assessment of the environmental effects of governmental policies and programs.** Audits have noted that governments are not using policy tools to ensure more timely consideration of environmental aspects before large sums are committed to a policy, program, or project. High-level regulatory impact assessment or strategic environmental assessment is not a concern for many governments.
- **Lack of analysis (economic, social, and environmental) supporting decisions.** In some audits, the findings have noted that policy makers are not taking into account the three pillars of sustainable development—economic, social, and environmental aspects—when making decisions. Sustainable development governance requires better integration of economic, social, and environmental policies, particularly within the broader development planning frameworks.
- **Lack of long-term planning to implement environmental policies and programs.** Audits have noted that issues requiring long-term planning to resolve, such as climate change adaptation, do not have corresponding planning processes or plans in place.
- **Inadequate financial management of environmental policies and programs.** Audits have noted that financial management problems can be caused by insufficient planning, resulting in unanticipated costs of implementing environmental policies and programs. Other problems include the absence of an appropriate financial management framework to support the implementation of environmental policies and programs, the lack of financial management skills, and the misuse of funds.
- **Lack of enforcement of domestic environmental legislation.** National audits have indicated that environmental laws are not self-executing, and governments must ensure compliance with domestic environmental legislation by taking appropriate, effective, and proportionate policy measures. Compliance requires administrative capacities and strong government commitments to implement and enforce the regulatory framework.
- **Deficient monitoring and reporting systems.** Audits noted that high-quality accountability and reporting systems are often lacking. Evaluations of key policy choices and instruments are not always in place. In the absence of a good evaluation, it is difficult for governments to report and measure their progress toward sustainable development or to identify where further policy action is required.
- **Lack of environmental data for decision-making.** Audits have noted that government bodies do not have sufficient and robust environmental data to support their decisions and to evaluate their performance. There are

problems in data availability, timeliness, quality, and accuracy. Overall, there is a lack of knowledge and information about various aspects of ecosystems and a failure to adequately use the existing information to support management decisions. Independent environmental audits can collect and report information for decision makers where it is lacking.

National and international applications of the survey results and national audits

For the participating national governments at the United Nations Conference on Sustainable Development to be held in Rio de Janeiro, Brazil on 20–22 June 2012, the results of this survey and national audits can be applied in two ways.

First, national governments can use the survey results and national audit reports, findings, and recommendations to improve the effectiveness and cost-efficiency of a range of domestic environmental and sustainable development programs, policies, and tools. The results of twenty years of national auditing work can also be used to better design and implement national policies and programs moving forward.

Second, at the international level, the results of this survey and the audits conducted by SAIs can provide national governments as well as MEA secretariats with important input for evaluating the implementation of international commitments. The survey and audit results also show national governments and MEA secretariats the key features of good governance against which compliance can be measured.

Input by SAIs to the Rio+20 process

The United Nations has recognized the important role of INTOSAI and the SAIs it represents through two recent resolutions. On 26 April 2011, the United Nations Economic and Social Council (ECOSOC) recognized the important role of INTOSAI and the necessity of SAI independence by adopting resolution 2011/2. In the second point, ECOSOC

takes note with appreciation of the work of INTOSAI in promoting greater transparency, accountability, and efficient and effective receipt and use of public resources for the benefit of citizens and of the 1977 [INTOSAI] Lima Declaration of Guidelines on Auditing Precepts and the 2007 [INTOSAI] Mexico Declaration on Supreme Audit Institutions Independence, which set out the principles of independence in government auditing, and encourages the wide dissemination of these principles.

Following this meeting, the United Nations General Assembly adopted Resolution A/66/209, “Promoting the efficiency, accountability, effectiveness, and transparency of public administration by strengthening supreme audit institutions,” on 22 December 2011. As a result, the General Assembly for the first time expressly recognized that

- SAIs can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence; and
- SAIs have an important role in promoting the efficiency, accountability, effectiveness, and transparency of public administration, which is conducive to the achievement of national development objectives and priorities as well as the internationally agreed upon development goals, including the Millennium Development Goals.

INTOSAI has increasingly recognized over the past two decades that the environment and sustainable development are important issues that require attention by the auditing community. Their importance was recognized by INTOSAI through the establishment of an active Working Group on Environmental Auditing (www.environmental-auditing.org) in 1992, the same year that the United Nations Earth Summit was held in Rio de Janeiro. At INTOSAI's most recent triennial International Congress of Supreme Audit Institutions (INCOSAI XX) held in 2010 in Johannesburg, South Africa, the resulting Johannesburg Accords noted that "environmental protection and sustainable development is one of the most topical issues that face governments in the new millennium." In addition,

...the expectation that sustainable development and environmental protection should be subject to independent audit by SAIs has grown in the last decades. By exercising the highest values of professionalism, independence, objectivity and transparency, and through effective cooperation with fellow SAIs on environmental issues of common interest, SAIs can make significant contributions toward addressing sustainable development issues that are becoming increasingly regional, and even global, in nature.

At this congress, all SAIs committed to prioritizing environmental and sustainable development issues in their audit work, while multilateral environmental agreements and coordinated audits between SAIs were underlined as focus areas.

At the 21st UN-INTOSAI Symposium, "Effective Practices of Cooperation between Supreme Audit Institutions and Citizens to Enhance Public Accountability," the United Nations invited INTOSAI to contribute to the 2012 Rio+20 UN Conference on Sustainable Development. The Governing Board of INTOSAI, along with the WGEA, proposes that the delegates at Rio+20 consider the following in their deliberations:

- Emphasize that efficient, accountable, effective, and transparent public administration has a key role to play in the implementation of the internationally agreed upon development goals, including the Millennium Development Goals (MDGs) and multilateral environmental agreements.
- Emphasize the need to improve the efficiency, transparency, and accountability of public administration in order to contribute more effectively to the implementation of the MDGs, multilateral environmental agreements, and sustainable development.
- Recognize the role of SAIs in the improvement of efficiency, transparency, and accountability of public administration, which is conducive to achieving the internationally agreed upon development goals, such as the MDGs, and multilateral environmental agreements.
- In order for SAIs to effectively carry out their work, emphasize the importance of SAIs' independence from the agencies they audit as well as protection from any form of outside influence, and call upon UN member states to implement and apply the principles set out in the Lima and Mexico declarations.

We propose that the UN Conference on Sustainable Development include in the final document a reference to the crucial role SAIs play in achieving international development goals by identifying the gaps and building accountability into the implementation process of the global sustainable development agenda.

The WGEA acknowledges the vital role of national legislatures in achieving internationally agreed upon development goals and in reporting progress. It is essential to further strengthen reporting requirements in two areas.

First, every year national legislatures vote on national budgets and review reports of budgetary expenditures. In most cases, these reports do not provide an overview on the governments' progress in meeting international obligations and the expenditures associated with them.

We suggest that the final UNCSD document include a reference to the necessity of improving national reporting by including in the annual reports of the governments to national legislatures—such as reports on the governments' national accounts or state of environment reporting—information describing how international environmental commitments are being met along with the related domestic and international funding of these activities.

Second, many countries do not report on the sustainable use of natural resources. Governments' annual reports routinely account for national fixed assets such as buildings and roads. However, information on natural resources such as on national forests, biodiversity, fish stocks and freshwater is omitted. Data is often lacking since there are no agreed upon standards for environmental accounting or statistics—there is no “common language” for reporting on these natural resources. A similar picture exists in governments' sustainable development reports, which often contain nothing more than information on the trends and status of natural resources.

We suggest that the final UNCSD document state that “generally accepted standard-setting bodies of government reporting” should establish principles and standards for the development of environmental accounts and sustainable development accounts.

By complementing country-level annual accountability frameworks with the two types of reports we have proposed, SAIs would be empowered to audit these reports annually and publish their findings. Currently, few national reports on progress against development goals and multilateral environmental agreements are audited and the results publicly debated. As a result, international forums and agreement secretariats might be accepting reporting commitments and results that have not been verified.

While acknowledging the major role of a framework on global environmental governance and, more specifically, international treaties in setting and promoting the sustainable development agenda, we wish to underline the decisive role of individual countries in the processes for policy-making and implementation.

To enable an improved assessment of countries' progress in addressing sustainable development, we propose that the UNCSD encourage all countries to develop and implement a sustainable development policy that is supported by a mid-term action plan (for example, covering a 10- to 12-year time frame), performance indicators, and an external review process (instead of the proposed voluntary peer review process).