

Minutes of the meeting of the  
ACAG/SPASAI Regional Working  
Group on Environmental Auditing  
17<sup>th</sup> and 18<sup>th</sup> July 2002.

## **Day 1**

### **Welcome Wayne Cameron, Auditor General Victorian Audit Office**

The opening session of the workshop started with a welcome from Wayne Cameron the Auditor General of Victoria. Wayne set the scene by talking about the quality of reporting by environmental government agencies and how the public and political expectations were increasing about the quality of environmental reporting. It was the challenge of the workshop to look at the role of each audit office in the changing assurance landscape. How will we give assurance and guidance about triple bottom line reporting and environmental outcomes? Wayne thanked all the participants for attending and highlighted the good opportunity for networking & sharing ideas that the workshop will provide.

### **Session 1 Introduction & Background – Martyn Pinckard & Gareth Ellis, NZ OAG**

Martyn Pinckard started off the first formal session by thanking the Victorian Audit Office for providing the facilities and hosting the meeting of the Working Group. He then gave some background information on the role of Audit Offices and Environmental Audit, the role of the INTOSAI Working Group and the ideas behind regionalisation. Gareth Ellis then talked in more depth about the aims of the Workshop and for the Working Group over next 12-18 months.

### **Session 2 Regional Round Up**

Each delegate was then asked to talk briefly about themselves, their office and to give a view about the state of environmental auditing within their office and what they wanted the Workshop to achieve.

#### Tasmania

Geoff Fisher gave a brief outline of what performance audits the office had been doing since 1993 and highlighted that a recent parliamentary briefing on an audit of the Tasmanian Environmental Protection Agency had attracted significant interest from Members of Parliament.

The office has a number of performance audits planned with an environmental focus including:

- forestry management plans,
- national parks,
- feral animals management; and
- weed management.

#### Australian Capital Territory (ACT)

Greg Martin set out the background to the role of the ACT Office and how they were planning to develop environmental auditing within its jurisdiction. His aims for workshop were to share information, to learn from others and to discuss water management issues (an area of specific interest). Greg also highlighted the need for collaborative audits in the environmental area because nature eg. water tables or rivers don't respect man-made boundaries.

## Victoria

Mathew Brennan and Ellen Holland explained that their Office has undertaken a wide range of audits that fall within the definition of environmental audits over last 15 years including waste management, resource planning and, most recently, air quality monitoring by the Victorian Environmental Protection Agency.

The office has prepared a 3 year plan for environmental issues – the priority issues which can be examined either by performance audit (tend to be large) or special review (tend to be smaller). The plan emphasises water quality, waste water treatment, restoration of mining sites and the buying back of fishing licences as issues for the immediate future. These fall within two overriding themes – sustainability (GM food, water & salinity) and accountability (the reporting of progress towards desired environmental outcomes).

In terms of its internal operations the office has undertaken a waste minimisation strategy and has reviewed their energy use to be a more environmentally friendly operation.

Ellen and Mathew were interested in the methods used to identify and rank potential topics for environmental audits.

## Cook Islands

Paul Allsworth described how the Islands are increasingly prone to damage from events such as hurricanes and cyclones. Paul showed a video of a NSW University research project testing & developing the new sea walls to provide better protection from adverse conditions. This is a key environmental threat to the Islands population and economy.

The Cook Island Audit Office is in the process of reviewing its environmental legislation and was interested in learning lessons from other participants.

## ANAO

Catherine Hughes and Peter McVay said that the ANAO have conducted over 30 environmental audits. They felt that the Workshop was an ideal opportunity to find out what other offices are doing. It was also suggested that the working group might be a basis for the development of

- an electronic bulletin board to share ideas & information and

- to keep a watching brief on specific issues such as SD, TBLR, performance information.

### New South Wales (NSW)

Denis Streater set out the background to a number of environmentally focused audits done by the NSW Office. He also pointed out that there are currently audits on land clearing and water quality under way. The Office plans to conduct future audits into waste management from hospitals and into the state management of national parks.

### Western Australia (WA)

Peter McCann from Western Australia stated that the Office had undertaken a range of compliance and performance audits that fit under the 'environmental auditing' umbrella. Currently the Office is undertaking a performance audit into how well selected public sector agencies can identify contaminated sites that they own or control. The office is due to table this report in November of this year.

The Auditor General is not yet been convinced that he should he should make environmental auditing a principal focus of his discretionary audit program. No further environmental audits are currently being planned.

### Hong Kong

George Leung provided a comprehensive briefing about the background to the HK Office and the environmental audits undertaken. The highly urban nature of Hong Kong means that considerable infrastructure work is required to provide fresh water and strong regulation is required to minimise pollution - – the office audits many infrastructure construction and contract issues as a result.

The office was keen to network with others undertaking similar types of work and to learn about alternative approaches.

### Queensland

Sheridan Hodges described how they are currently undertaking their first real environmental focused audit. They are looking at the role of the Queensland Environmental Protection Agency in its role as regulator (licensing process & complaints management). Sheridan also outlined a specific interest in recent developments in environmental performance indicators and *triple bottom line* reporting.

Their aim in participating in the workshop was to learn from the experiences of other offices.

## Kiribati

Teea Tira outlined that, like the Cook Islands, they were concerned about the threat of sea level rises. They are also concerned about the exploitation of their fishing reserves by commercial fishing. Issues concerning them are the lack of data about impacts on fishing stocks under the current quota system. Is the resource sustainable? The office has yet to do anything specifically in the environmental audit area. However financial audits have indicated where more work might be fruitful. An audit on the financial impact of squatters on Government land in 1984 led to a wider review of land use policy. Also a financial audit of road maintenance funds identified wider problems with contract management and environmental outcomes.

## Fiji

Tevita Bolanavanua explained that the Audit Office has primarily a financial focus and no performance audits have yet been done. However legislation to introduce a new mandate, including performance audit, is currently being discussed. His aim for the Workshop is to learn from others.

## New Zealand

Gareth Ellis and Martyn Pinckard outlined that a project on Bio-security was near to completion and that a study (performance audit) of trade waste management and disposal had recently been started.

As organisers of the Regional Working Group and representatives on the INTOSAI groups it was their aim to learn from other offices and to make progress with the regional forum and to feed into the global group the regional progress and differences in approach.

## In summary

Some of the key issues raised and discussed by the group in this session were:

- How to prioritise, design and scope environmental audits.
- The recurring themes of waste disposal and quality of water.
- Sustainability of some activities like agriculture, fishing, mining etc. Who will be accountable for the sustainable management of these resources? What role can an audit office take?
- The role of regulators.
- The trend towards *triple bottom line* reporting (linked to sustainability above) and the role of an Audit Office?

- Environmental performance indicators the quality of reporting of environmental information.
- Aims – to share information, ideas and learn from others.

### **Session 3 Performance Information & Environmental Audits – Peter McVay, ANAO**

Peter McVay made a comprehensive presentation about an audit of performance information and the quality of reporting of environmental outcomes. Some key issues highlighted in his presentation and the discussion that followed were:

- problems of agencies having too many environmental indicators.
- problems of linking environmental initiatives to outcomes and the difficulties of aggregating data up from local to regional, and on up to national, levels.
- risks associated with audits being drawn too far into areas of scientific debate or uncertainty behind environmental policies and initiatives (its our job to highlight any uncertainty not to resolve it).
- high levels of interest in performance audits on environmental issues by politicians. However most are not interested in a debate about the quality and usefulness of indicators –regardless of how fundamental and critical they are.
- ANAO is interested in the development of *Sustainable Development Indicators* by Government agencies – it will look at ‘identify the best practice’ approach and reporting on this.

### **Session 4 Triple Bottom Line Reporting “why you should be interested” – Gael Ogilvie.**

Gael was the first guest speaker and delivered a comprehensive explanation of the current trend towards triple bottom line reporting and audit assurance issues. Some key issues in Gael’s presentation were:

- that environmental issues have become more mainstream over the last 15 years and that this will continue to be the case.
- Gael has worked on *triple bottom line* reporting for the last 3-4 years and most recently with the NZ Ministry for the Environment to look at the way Government Departments might adopt this reporting approach.
- Gael has worked with private sector organisations to prepare *triple bottom line* reports and is also involved in verification work.
- She stressed that *triple bottom line* reporting is not that different from what is already done. However a growing role for Audit Offices will be to assess the effectiveness of stakeholder consultation done by departments in preparing their

reports. Another role will be for the Audit Office to use their role as an “honest broker” to give Parliament and public assurance about the credibility of reporting to Government.

#### **Session 4 Victorian Parliamentary Accounts and Estimates Committee Chair – Peter Loney MP, Vic**

The second speaker in this session was Peter Loney who set out the findings and recommendations of the Parliamentary Accounts and Estimates Committee review of environmental accounting and reporting. An aim of the committee is to protect the state’s environmental diversity and preserve it for future generations. Key points from the presentation included:

- the important role that the Parliamentary Committee has in developing capability.
- the need to practice what we preach and develop good external relations with stakeholders.
- The need for policy makers to make the linkages clear between environmental policy initiatives and the desired environmental outcomes.

#### **Session 5 Presentation on Managing Urban Parks, Greg Martin ACT AO**

Greg Martin made a presentation about an audit conducted by the ACT Office into the management of its parks. The majority of the parks are urban (man made) and were run on a contract maintenance basis. The audit identified a number of issues with the contract system and the need for comprehensive asset management planning.

#### **Session 6 Day 1 Wrap Up**

Gareth Ellis and Martyn Pinckard led a discussion to highlight the key and common messages from the day’s presentations and discussions and linked the main points to the draft *workplan* for the group. Highlights included:

- A common aim to learn from each others knowledge and experience – to share ideas, methods and *war stories*.
- Central themes – how can the group use sustainable development as its central theme and link it to environmental issues such as water, waste or land use. Are audit issues a sub theme to the main issue of sustainability? (Set out in more detail later). We also discussed the projects on waste management and fresh water being undertaken by the Norway and Netherlands offices respectively and highlighted the information that will be required for these projects.
- Reporting – the inherent strength of audit offices in the assessment of current and new reporting formats like TBL. The need to be good at assessing the quality of performance indicators and information.

- Training – Should the working group volunteer for the IDI pilot initiative? How might we develop the capability of the group and our offices?
- How can we better share information like audit plans?
- What are the opportunities for joint or parallel audits between offices in the region? What are the constraints? – These issues need clarification.

## Day 2

### Session 7 Site Visit to Qenos Chemical Plant, Altona (Melbourne)

The Victorian Audit Office has recently completed an audit of air quality management and monitoring. In order to better illustrate the issues involved a site visit to a chemical plant was organised and a number of organisations were asked to outline their roles and responsibilities within the context of Victorian and Australian Environmental Protection legislation.

Summary highlights included:

- *An introduction* from Qenos Managing Director, Ross McCann.
- *Background* by Charles Carabott & Tim Kitchen (chemical engineer & EPA liaison person for Qenos) on the role of the Environmental Protection Agency (See full presentation notes in file). They talked about the importance of and need for trust between industry and regulator. They outlined the difference between an Environmental Management System and an Environmental Improvement Plan. They also outlined how the accreditation process works and how auditors used by EPA must have relevant qualifications and experience.
- *Qenos Audit Program*- Ed Jones. Talked about the fully integrated Safety, Health and Environmental Operating System that is run by the company. They produce an annual environmental report for the local community and hold monthly meetings with a community representative group so as to be accountable to that key stakeholder.
- *Qenos International Benchmarking* – Ivan Wilson. Talked about how an international review team reviews the company's environmental programmes.
- *Community View* – Nessie Hardy and Ivan Board. Set out how trust was important and talked about how the situation had improved over the years.

### Session 8 Roads & Traffic Authority Managing Environmental Issues, Denis Streater, NSW.

Dennis made a comprehensive presentation about the work of the NSW Office in carrying out this audit. Significant discussion about the audit findings followed – particularly because of the lack of a comprehensive legislative framework in NSW.

Denis noted that an audit to look at the lack of a *whole of government* approach to environmental policies and multi agency accountability (or lack of) was planned for the future.

## Session 9 Workshop Round Up and Action Points

Gareth and Martyn ran a session to fill in the draft Working Group Workplan (Set out on the next page).

### Central Theme or Issues for the Working Group

There was a long discussion about the group adopting a central audit theme or particular issue that all the offices might pursue as part of their future environmental work. In summary the group was not inclined to adopt a single environmental theme like water or waste management but that sustainable environmental resources was the most critical outcome – so that should be at the centre of the groups thinking. Environmental resources – air, soil, water, flora and fauna are the base resources (that need to be sustained) and that a collection of audit issues or approaches might be adopted and undertaken by an office which would link back to the base resources. This will allow each office to address the underlying issue of sustainability in their own manner. We have tried to capture this diagrammatically below.

