



11TH MEETING OF THE  
**Regional Working  
Group on Environmental  
Auditing**

9-11 May 2023, Sydney – Australia



## 11th meeting of the ACAG/PASAI Regional Working Group on Environmental Auditing—Communiqué

The Audit Office of NSW, in partnership with the Office of the Auditor-General New Zealand and the Pacific Association of Supreme Audit Institutions (PASAI), hosted the 11th meeting of the Regional Working Group on Environmental Auditing (RWGEA) from the 9<sup>th</sup> to the 11<sup>th</sup> of May 2023 in Sydney, Australia. The hybrid event included participants from across the Australasian Council of Auditors-General (ACAG) and PASAI offices, including several heads of government audit offices and the CEO of the PASAI Secretariat.

The event program was shaped around the themes from the International Organization of Supreme Audit Institutions (INTOSAI) WGEA work plan on climate, biodiversity and the green economy. The program incorporated the UN sustainable development goals (SDGs) that are particularly relevant to the Pacific region (SDGs 13 to 15), relating to climate action and biodiversity on land and below water.

This communiqué records the common themes emerging from the presentations and discussions.

### Attendees

Twenty-two participants from 15 audit offices/SAsI attended the May 2023 meeting, as well as representatives from the PASAI and INTOSAI WGEA secretariats. An additional 55 participants, including representatives from a further 5 audit offices/SAsI, registered to attend the online sessions.



**From left to right:** Claudia Migotto, Margaret Crawford PSM, Emily Dugan, Sam Khaw, John Hanwright, Lucia Duan, Mercy Seth, Imase Kaunatu, Jacqueline Hedditch, Joan Andrew, Michael Harris, Jonathan Keate, Cathreen Alma Mafi, Neil Avery, Tanja Porter, Alexandra Ellinson, Ratu Risiate T. Baba, Rod Whitehead, Jess O'Connor, Alyce Reid, Jonathan Wassell, Olivier Freel, Sherry Sun, Vivi Niemenmaa, Frances Lipine Iosefo, Sandra Labuschagne, Esther Lameko-Poutoa and Jen Drysdale.

## Day 1 - Welcomes

The meeting started with a Welcome to Country from Gadigal Elder Uncle Allen Madden. Welcomes and introductions to the program then followed from:

- Margaret Crawford PSM, Auditor-General for New South Wales
- Esther Lameko-Poutoa, PASAI Secretariat Chief Executive Officer
- John Ryan, RWGEA Chair and PASAI Secretary-General; Controller and Auditor-General, New Zealand

## Day 1, session 1 - Training - Introduction to environmental performance auditing

Dr Vivi Niemenmaa, Secretary-General of the INTOSAI working group on environmental auditing (WGEA), provided this training. Dr Niemenmaa took participants through some key aspects of the INTOSAI WGEA database which provides an overview and examples of completed environmental audits.

Dr Niemenmaa then explained the concept of environmental auditing in relation to performance audit and took participants through a range of examples covering economy, efficiency and effectiveness. The presentation also explained how elements in environmental auditing can vary when compared to other types of performance audits, particularly around the complexity of natural systems and the uncertainty of long-term impacts.

The importance of interjurisdictional audits was also discussed, specifically where decisions in one country can impact multiple countries, such as shared water resources and fossil fuel emissions. Multilateral Environmental Agreements (MEA) to protect habitats, restore flora reserves and limit the use of harmful chemicals were discussed, including using the United Nations portal on MEAs.

## Day 1, session 2 - Training - Trends in environmental and SDG-related audits

Dr Niemenmaa highlighted the increasing economic impacts of climate change around insuring property, disaster aid, owning and operating infrastructure, strategic planning and providing data and technical assistance to decision makers. The challenges of auditing climate finance were also discussed, including the financial allocation for adaptation in smaller nations. The PASAI cooperative audit on climate adaptation in 2012 highlighted the lack of preparedness in the region.

Challenges with biodiversity related audits were also discussed, especially in relation to its interconnectedness with climate change and how it is difficult to monetise the value of biodiversity.

Opportunities to integrate environmental audits with other audits such as sustainable transport, subsidies for fossil fuels and management of pollution sources were also covered. The RWGEA provides some guidance on assessing policy coherence in relation to things like environmentally harmful subsidies.



**Speaker:** Dr Vivi Niemenmaa Secretary-General of the INTOSAI working group on environmental auditing.

Dr Niemenmaa went on to explain that the Sustainable Development Solution Network produces the SDG Index and Dashboard which provides a snapshot of each country's performance across the SDGs, but also highlights the amount of information that is not available in relation to environmental SDGs. SAIs started looking at preparedness to implement SDGs in 2019 and are now auditing their implementation.

The WGEA provides [material](#) on auditing SDGs, including summary reports in relation to auditing environmental SDGs and examples of how some SAIs are embedding SDGs into all audits.

### **Day 1, session 3 - Attendee forum: jurisdictional updates on environmental auditing**

The meeting heard presentations from each jurisdiction on key environmental risks, government programs to address those risks, potential limitations and gaps in programs, and recent and planned environmental audits.

Environmental risks identified by participants included:

- contamination from a range of sources including mineral processing, landfill waste, plastic waste, salmon farming, and even leaking oil from sunken ships;
- threats to biodiversity including invasive species, forest fires, land clearing, overfishing and coral bleaching;
- sea level rise, storm surges, coastal erosion, and flooding;
- drought, acidification of soils and loss of soils due to wind erosion;
- lack of insurance for areas affected by flood, fire, and storm surges;
- exposure of the economy and environment to carbon intensive industries; and
- water and food shortages.

Key government programs discussed included strategies and plans for climate change adaptation, emissions reduction and energy transition, threatened species recovery, sustainable development, protected areas, drought management, disaster management, increasing electric vehicle usage and bans on plastics.

Gaps identified in the programs included a lack of overall strategies and targets, poor implementation, poor communication between agencies, lack of access to finance, lack of capacity and limited data and resources for effective monitoring, evaluation, and reporting.

Planned environmental audits cover a range of areas including management of waste and landfills, management of water resources, climate change adaptation, protecting threatened species, coastal management, electric vehicle infrastructure, managing invasive species, controlling plastic waste and bushfire management and prevention.

### **Day 1, session 4 - Workshop 1: Scoping environmental audits and linking to the SDGs**

Participants were divided into four groups to workshop potential environmental audits. The first workshop consisted of two tasks. The first was for each group to develop a list of all environmental audit topics within the group, linked to at least one SDG, with a focus on the environmental SDGs 13, 14, and 15. The second task for each group involved selecting one audit topic and working with the jurisdiction that nominated that topic to further develop their audit scope, i.e., identify an objective and (if feasible) criteria.

A range of potential environmental audits were identified and recorded across each working group, including topics such as energy transition, disposal of contaminated material, disaster recovery and water regulation. The second task focused on developing an audit scope for a topic selected by a Pacific nation.

## Day 2, session 1 - Presentation on the Global climate change cooperative audit

This was presented in person by Dr Niemenmaa on behalf of the INTOSAI Development Initiative (IDI). The overall objective of the project is to support SAIs, especially in developing countries, to complete a performance audit related to climate change adaptation as per International Auditing Standards for SAIs. The audit covers four thematic areas: disaster risk reduction, water resource management, sea level rise and coastal erosion, implementation of climate change adaptation plans or actions (SDG 13).

The presentation included a brief discussion on the scope for collaboration within and between INTOSAI regions including small island states.

Eight Pacific nations have agreed to be part of the IDI Audit (Vanuatu, Marshall Islands, New Caledonia, Federated States of Micronesia, Samoa, Tuvalu, Fiji, and the Solomon Islands).

### **Pacific climate risks and impacts**

Presentations on climate risks and impacts on nations in the Pacific and Indian oceans were provided online by Junior Patrick, Auditor-General of the Republic of the Marshall Islands and Mohamed Ibrahim Jaleel, Manager of Environmental Audit for the Auditor-General's Office, Maldives. Imase Kaunatu, Auditor-General of Tuvalu delivered a presentation in person.

Some of the issues and challenges raised by these nations included king tides and storm surges combining to inundate low-lying areas, roads going underwater during high tides, sea level rises and storm surges inundating land and water supplies and causing loss of land and even some smaller islands to disappear.

### **The Climate scanner project**

This was presented online by Dashiell Velasque da Costa and Fernando Simões dos Reis, Government Auditors, SAI Brazil. The Climate scanner project is an innovative approach to undertaking a global rapid review of government climate actions.

The project aims to assess climate action by national governments, consolidate data in a global overview, communicate relevant information and share knowledge and experience across SAIs. It covers three critical areas: governance, financing, public policies and looking at the maturity and level of development in each area. It is designed to provide standardised assessments and should allow for international comparisons of key aspects such as strategy, coordination, monitoring, transparency and accountability.



**On screen:** Dashiell Velasque da Costa and Fernando Simões dos Reis, Government Auditors, SAI Brazil.

**Speaker:** Jonathan Keate, RWGEA Secretariat, Office of the Auditor-General, New Zealand.

### **Day 2, session 3 - Presentation on Challenges for climate change adaptation in the Pacific**

Presenter (online): Filomena Nelson, Climate Change Adaptation Adviser from the Secretariat of the Pacific Regional Environmental Programme (SPREP).

The important insights provided during this presentation included:

- the Pacific is home to some of the lowest atoll nations in the world;
- adaptation will not be able to prevent all losses and damages resulting from climate change impacts;
- access to climate change finance is challenging due to fiduciary requirements and review processes; and
- technical expertise is often limited to access, mobilize, and manage climate change finances.

### **Day 2, session 4 - Panel on climate risk disclosure and sustainability reporting: what does this mean for governments and auditors?**

The panel included Catherine Maxwell, General Manager Policy & Advocacy from the Governance Institute of Australia, who spoke about climate risk disclosure and net zero through a governance lens and Dr Angela Cummine, Director Sustainable Finance from NSW Treasury, who provided insights from trends in climate risk disclosure and sustainability reporting in NSW for other jurisdictions. They were also joined remotely by Dr Amelia Sharman, Director Sustainability Reporting, and Karen Tipper, Technical Director Assurance, from the New Zealand External Reporting Board, who provided an update on sustainability and climate reporting in New Zealand.

Panellists discussed how sustainability reporting requirements are coming soon, including climate risk-related financial reporting. There has been the potential for funds and companies to overrepresent the extent to which their practices are environmentally friendly, sustainable or ethical, which are referred to in the market as “greenwashing”. Various parties are now demanding more transparent and verified climate information from companies and governments. In New Zealand, the verification of greenhouse gas emission reports is enshrined in law and will begin from 2024 for financial market entities. The panel also discussed the need for policy alignment to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate resilient future.



**On screen:** Dr Amelia Sharman and Karen Tipper from New Zealand’s External Reporting Board. **Speakers left to right:** Catherine Maxwell, Governance Institute of Australia, and Dr Angela Cummine, NSW Treasury.

## **Day 2, session 5 - Forum 2: Insights from recent climate change audits and considering participation in global cooperative audit**

The meeting heard presentations from different countries on key insights from completed climate-related audits, planned or potential climate-related audits, and information on what their audit office is doing with respect to sustainability reporting and adaptation planning.

Key insights included that limited plans and resources are in place for implementation, monitoring and reporting on climate adaptation activities. Other issues raised were the lack of clearly allocated roles and responsibilities, poor risk assessments, lack of community engagement and a lack of adequate data. Geographic isolation was also raised as a barrier to achieving the effective coordination of programs, with a lack of communication between communities and the projects lead agencies.

Planned or potential climate-related audits that were highlighted included managing greenhouse gas emissions, preparing for natural disasters, managing climate risks to assets and services in local councils, coastal management reforms, assurance over "Green" bonds and auditing local government climate disclosures in annual reports.

Initiatives identified around sustainability and sustainability reporting included leasing premises with a carbon neutral rating, energy efficiency initiatives such as sensor-integrated LED lights, tracking and reducing vehicle mileage and more energy efficient vehicles.

### **Workshop 2: Scoping/planning climate adaptation-related audits and mapping to the IDI's thematic framework**

Participants were divided into four groups to workshop potential climate-related audits. The first workshop consisted of two tasks. The first was to review their potential/ planned climate adaptation audits, and map these against the IDI thematic (content) areas of disaster risk reduction, water resource management, sea level rise and coastal erosion and implementation of climate change adaptation plans or actions.

The second task was to select two topics from the list and consider how these could be scoped in a way that has regard to the IDI's thematic (approach) areas of governance, effectiveness and inclusiveness. Across the jurisdictions there were common interests in disaster risk reduction, the implementation of climate adaptation actions and strategies to embed inclusiveness in audit scopes.

### **End day 2 – Social Dinner, Avenue on Sussex (Darling Park)**

Participants attending in person walked together to Avenue on Sussex to enjoy canapes, conversation, and fresh air. This provided a welcome opportunity to learn about each other, and to appreciate the varied personal and professional backgrounds of attendees from across the region.

## **Day 3, session 1 - Panel 2: Challenges and opportunities in biodiversity-related audits**

The panel included Kimberly Hutchinson, Senior Solicitor, Environmental Defenders Office who spoke about challenges for regulation in the conservation of biodiversity; Sherry Sun, Manager Performance Audit from the Victorian Auditor-General's Office who spoke about the audit on offsetting biodiversity loss on private land; Lex Ellinson, Audit Leader Performance Audit from the Audit Office of New South Wales who spoke about considerations auditing biodiversity offsetting programs; and Sam Khaw, Director Performance Audit from the Australian National Audit Office who spoke about tackling governance issues in environmental audits.

Some notable points raised during the session included that around half of known threatened species in the Pacific are declining towards extinction and the top three threats are land-use change, climate change, and invasive species. In Australia removing native vegetation is the primary cause of biodiversity loss, and illegal clearing is contributing significantly to this decline, but often regulators do not know when illegal land clearing is occurring.

Government agencies are not effectively managing clearing of native vegetation and offsetting arrangements. There are inadequate frameworks, data and monitoring and resources. Principles such as avoiding and minimising land use are not being implemented, and concerns around transparency, sustainability and integrity are yet to be resolved. In NSW there was no clear strategic plan to guide the biodiversity offsets scheme and a lack of credit supply which was poorly matched to growing demand.

### **Day 3, session 2 - Presentation on embedding Indigenous knowledge to inform auditing related to climate and biodiversity - a focus on the concept of 'integrity'**

This session was presented by Professor Deen Sanders OAM, proud Worimi man and Lead Partner at Deloitte. Professor Sanders discussed how the preservation of climate was tied to the preservation of biodiversity. That there is no viable option to keep the 1.5-degree climate target alive without also protecting, restoring, and managing nature.

Professor Sanders explained that the gap is too large between the magnitude of the problem and current investment in nature-based solutions. That the current paradigm of investment (i.e., predictable returns) prioritises speed and scale, which has a detrimental effect on quality of the long-term ecosystem.

He argues that investors/governments are wasting their money and the opportunity for climate impact because they do not respect indigenous peoples' cultural responsibilities or recognise their rights, and rarely value their traditional ecological knowledge. Embedding indigenous knowledge and installing indigenous leadership will not only address project quality issues but support self-determination – and it might be the only thing that can save us.



**On screen:** Professor Deen Sanders sharing Indigenous perspectives on 'integrity' with respect to the environment and governance.

Professor Sanders emphasized the environmental knowledge of indigenous peoples and how everything we build ultimately comes from nature. Not all nature-based solutions always work, but indigenous peoples could help to understand what works and what doesn't. He urged auditors to ask how 'alive' the policy they are evaluated is, i.e., how it responds to the fact that nature is everything, how its success is measured, how projects are managed from a cultural and community point of view, and what kind of information sits behind the policy.

#### **Lunch, group photo and close of formalities**

#### **Optional excursion to the Australian Museum (walking distance from Darling Park)**

Following the close of formalities, a group of attendees walked through the city together to visit the Australian Museum. Together, the group wandered through the exhibitions on dinosaurs and wild animals, learned about cultural objects of the Eora people who have lived in the Sydney basin for thousands of years and explored a collection of rocks and minerals from around the world. The Pasifika Gallery also provided the group a chance to experience some of the vibrant Pacific cultures by walking amongst a collection of carved ceremonial poles, Asaro mud masks and other objects. Each exhibition provided a visual link and an opportunity to reflect on the presentations and discussions had at the Regional Working Group on Environmental Auditing meeting.

**Feedback and next steps**

The event provided an opportunity to learn, share knowledge and develop connections with other jurisdictions. As one attendee recounted, ‘This meeting was a great opportunity to understand how members of the PASAI community deal with environmental topics, as well as to network and exchange ideas.’

Feedback from participants on potential topics for the next meeting include climate change and the SDGs, fisheries, the impact of infrastructure and development on the environment, environmental stability and environmental auditing in the context of national defence and global conflict.

**The new RWGEA event will be hosted by the Australian National Audit Office in 2024/25.**

RWGEA meetings are also an opportunity to foster twinning relationships and discuss support opportunities. Current twinning arrangements are listed below.

**ACAG/ Pacific twinning arrangements**

<b>ACAG member</b>	<b>Pacific Nation</b>
Australian Capital Territory	Kiribati
Tasmania	Nauru
Victoria	Tuvalu
Western Australia	Fiji
Victoria	
Western Australia	East Timor (not PASAI)
New South Wales	Solomon Islands
Queensland	Vanuatu
	Papua New Guinea
South Australia	Tonga
Australian National Audit Office	Papua New Guinea
New Zealand	Cook Islands
	Samoa