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A Strategic Approach to Auditing for the Environment and Sustainable Development



Canadian Country Paper



*Prepared by:
Office of the Auditor General of Canada
and Commissioner of the Environment
and Sustainable Development*



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1.0 Sharing Over a Decade of Experience

1.1 Objectives

The Office of the Auditor General of Canada has almost a decade and a half of experience conducting environmental and sustainable development audits. The objective of this country paper is to describe the Canadian experience, focussing on lessons learned that may be helpful to other Commonwealth Supreme Audit Institutions (SAIs) in their journey to building capacity to conduct environmental and sustainable development audits.

This paper presents a historical perspective on how the Canadian SAI has progressed towards environmental auditing.

The story of the Canadian SAI's experience is told from a historical perspective. Looking back from where we stand today, the journey appears more linear, strategically direct, and perhaps more orderly than it appeared when the Canadian SAI was actually in the midst of the journey. There are two overarching lessons in this paper. First, the journey to conducting environmental and sustainable development audits is a long one that begins with the first small step. Second, support and encouragement from the top is critical for success. Along the way, there are wrong turns, zigs, zags, regroupings, and then perhaps some small quantum leaps.

Organization of the paper. Our country paper first describes environmental and sustainable development issues of concern to Canadians. It then briefly summarizes how the federal government has responded to these concerns and focusses on the response of the Office of the Auditor General of Canada. Within this context, there are essentially two major phases of the experience of the Canadian SAI. First, there are the initial steps *before* the appointment of a Commissioner of the Environment and Sustainable Development. Second, there is the most recent phase, *subsequent* to the appointment of a Commissioner. The paper summarizes initial work to conduct audits of water, land and air issues, and describes the Office's first environmental audit strategy. It then demonstrates how the appointment of a Commissioner of the Environment and Sustainable Development has raised the profile of environmental and sustainable development issues. The paper documents what is unique about the way we do environmental and sustainable development audits and concludes with recommendations for next steps for the Commonwealth auditors general.

Support from senior management is essential.

Recurring themes throughout the paper. There are seven recurring themes, or lessons to be learned, from a decade of Canadian experience:

- **The need for sustained support from senior management.** The Auditor General and senior management of a SAI need to be committed to taking the steps necessary to build the capacity to conduct environmental and sustainable development audits.
- **The need to interpret what sustainable development means.** Any SAI embarking on the journey to developing the capacity to conduct environmental and sustainable development audits would benefit from

developing a vision of what sustainable development means. One interpretation of sustainable development is essentially one of “doing more with less for longer.”

There are advantages to starting small.

- **Closing the implementation gap.** Environmental and sustainable development audits can make a big difference by helping to close the implementation gap, or the gap between a government’s promises and the results achieved by its policies and programs.
- **Start small, but start.** There are distinct advantages of starting small, focussing on significant issues such as environmental audits of water and land issues and eventually moving on to air issues. However, as one progresses, the issues do get more complex.
- **Raising the profile.** Having a Commissioner of the Environment and Sustainable Development significantly raises the profile of the work of a SAI conducting audits of environmental and sustainable development issues.
- **The need to build capacity in the bureaucracy.** There is a need to promote in the bureaucracy a professional approach to managing environmental issues.
- **The need to communicate effectively.** A well-planned strategy for communicating the results of audits and studies, and the ability to deliver on that strategy, is absolutely critical to success.

The next section of this paper addresses how the Canadian government has responded to the environmental concerns of Canadians in the last decade.

2.0 The Response of the Canadian Government Concerns About Environmental Quality

2.1 Canada's jurisdictional complexity

Physical challenges posed by geography. Canada is a vast country, stretching some 7,000 kilometres from east to west coast. Its relatively sparse population of 30 million is largely clustered along the Canadian-U.S. border. Even if Canada



were one jurisdiction, the distances would pose considerable governance challenges.

Provinces with a high degree of autonomy. Canada has 10 very autonomous provinces, two territories and one newly created Aboriginal government in the far North (Nunavut). In terms of shared jurisdictional issues, there is an odd mixture of ambiguities and clearly defined responsibilities. For example, mining, forestry and agriculture are all clearly in the provincial domain, while nuclear wastes and Aboriginal lands are in the federal domain. The environment, a concept that was not considered at the time of

Confederation in 1867, is also a shared jurisdiction. For example, fresh water issues are in the provincial domain, but damage to fish habitat is a federal responsibility.

There are jurisdictional complexities in the Canadian Constitution which impact the SAI's mandate.

Limits to the mandate of the Auditor General of Canada. The federal Auditor General does not have the mandate to conduct audits in areas of provincial responsibility or in the private sector, unless agreements contain specific audit clauses allowing the Auditor General to audit in those areas. Such cases are rare. These mandate restrictions cause significant problems in that the Auditor General and the Commissioner of the Environment and Sustainable Development can audit only the federal part of any responsibilities delegated from the federal government to the provinces. What this means in practice is that the Auditor General can audit whether the federal departments involved in any delegation or partnership have complied with the federal requirements, but cannot audit the actual results produced by the provinces. There are 10 provincial auditors general, each of which is an autonomous unit.

2.2 Canada and the State of the Planet

Canadians are concerned about a variety of issues.

A growing expectations gap. By the late 1980s, there was increasing awareness in Canada that our health and the environment are inseparable. Within this context, environmental concerns focussed on eight areas:

- Clean air, water and land
- Sustaining Canada's renewable resources
- Canada's special spaces and species
- Canada's unique stewardship of the Arctic
- Global environmental security
- Environmentally responsible decision-making
- Getting the federal house in order (federal environmental stewardship)
- Emergency preparedness

Life's three essentials – clean air, water and land. Canadian citizens expected continuing action to protect and restore water quality. Despite Canada's seeming abundance in water, Canadians are not water rich; two thirds of the country's fresh water flows northward, far away from the 80 percent of Canadians who live within 300 kilometres of the United States border. Citizens also wanted toxics kept out of the environment. They saw smog from nitrogen-oxide and volatile



organic compounds produced by autos, industry and households as a visible threat. They also wanted wastes reduced significantly. In the early nineties, environmental groups were concerned that Canadians were producing 30 million tons of garbage a year.

Sustaining Canada's renewable resources. Some citizens were advocating that the government move toward sustainable agriculture and forestry development. Sustainable agriculture would include dealing with pesticides.

At the beginning of the 1990's, Canada's vast inland and marine waters supported a commercial fishing industry of over \$3 billion annually, it employed 130,000 fishermen and plant workers and offered a main source of employment to some 1,500 coastal communities. An issue of concern to some Canadians was whether the fisheries program would lead to sustained harvests.

Canada's special spaces and species. Canadians were concerned about protecting unique ecological areas through a parks system and heritage sites, sustaining Canada's wealth of wild life, and meeting obligations under international accords such as the Convention on International Trade in Endangered Species.

Canadian wildlife was also recognized as being under stress: in 1996, more than 120 species were known to be at risk as a result of lost habitat and toxic chemical pollution.



The Arctic. The Arctic makes up 40 percent of Canada's land mass and is surrounded by two thirds of Canada's marine coastline. It is an area that is vulnerable to environmental contamination by air and water-borne pollutants, as well as contaminated sites created during the Cold War period.

Global environmental security and emergency preparedness. Canadians were concerned about global warming, ozone depletion and acid rain. They were also concerned about the government's preparedness for emergencies caused by spills of oil tankers, etc.

2.3 The government's response

Exhibit 1 sets out the basic chronology of events, describing the government's and the Office's converging timelines.

Canada was one of the first countries to have a national green plan.

The Green Plan. In 1988, the federal government passed tougher federal environmental legislation (the *Canadian Environmental Protection Act*). Two years later, the federal government released Canada's Green Plan, a comprehensive national strategy and a \$3 billion action plan for sustainable development. Canada was one of the first countries to have such a plan. The Green Plan marked a fundamental shift in the way the government of Canada would deal with environmental problems. Environmental protection and economic development were now seen as mutually supportive, rather than mutually exclusive. The intent of the Green Plan was to attack the root cause of environmental problems – environmentally unsustainable development that resulted from poor decision making at all levels of society. The Green Plan attempted to close the growing expectations gap between the concerns of Canadians and the government's response.

In hindsight, what was unique about the Green Plan was that it focussed in a comprehensive way on the *whole* Canadian government. As described later in this paper, the strategy for the Government of Canada would shift. Five years later, there would be an important change in focus, away from a government-wide plan, to department-specific plans for achieving sustainable development in government operations and policies and programs.

CONVERGING TIMELINES

Government's Timeline	<i>Canadian Environmental Protection Act (CEPA)</i>	Green Plan	Environmental Auditor General Pledged	<i>A Guide to Green Government</i>	Prepare Sustainable Development Strategies	Present Sustainable Development Strategies to Parliament	Propose CEPA Amendments Harmonization Accord for Federal/ Provincial Agreements	Parliamentary Review of CEPA Amendments
Office's Timeline	Begin Conducting Environmental Audits	Five-Year Audit Strategy	Strengthen Environmental Auditing Capacity	Amendments to <i>Auditor General act</i>	First Commissioner of the Environment and Sustainable Development (CESD) Appointed	First Annual Report of Commissioner Increase Capacity in CESD Office	Second Annual Report of CESD Capacity Building in Departments Environmental Audits	Third Annual Report of CESD Continue Capacity Building in Departments Environmental Audits
	1988	1990	1993	1995	1996	1997	1998	1999

In part, this may have reflected the reality that the environment is both a “cyclical” and a “structural” issue in Canada. It is cyclical in that its relative ranking as an issue of concern to citizens may rise and fall in opinion polls. And it is a structural issue in that it does not go away, because the concerns about the effects on health, safety and the environment are real and ongoing.

In 1992, the Code of Environmental Stewardship focussed on getting the federal house in order and improving the environmental management of lands, buildings and vehicles.

Departments are required to prepare sustainable development strategies.

Concept of an Environmental Auditor General. In 1993, the Liberal Party (the political party that currently forms Canada’s majority government) made a commitment in its election platform to appoint an independent Environmental Auditor General reporting directly to Parliament. This Environmental Auditor General would monitor and report annually to the public on how successfully federal programs and spending were supporting the move to sustainable development.

Amendments to the Auditor General’s Act. The year 1995 was a watershed in the history of the environment and sustainable development in the Canadian government. Rather than create a separate bureaucracy, the government made amendments to the *Auditor General Act* in 1995 that established a Commissioner of the Environment and Sustainable Development within the Office of the Auditor General of Canada. These changes to the Act also required that departments prepare sustainable development strategies and that Ministers present their departments’ strategies to the federal House of Commons by 31

**The first
Commissioner of
the Environment
and Sustainable
Development was
appointed in
1996.**

December 1997 (see Appendix 1). These strategies were intended to outline each department's concrete goals and action plans for integrating and implementing sustainable development into existing departmental policies, programs and operations.

The Green Plan was superseded by *A Guide to Green Government*, which was signed by all the ministers of the day. It provided a vision of how the Canadian government planned to implement sustainable development in its extensive operations as well as for its far-ranging policies and programs. Implicit in the *Guide* was a structural shift in the government's strategy, which is described later in this paper.

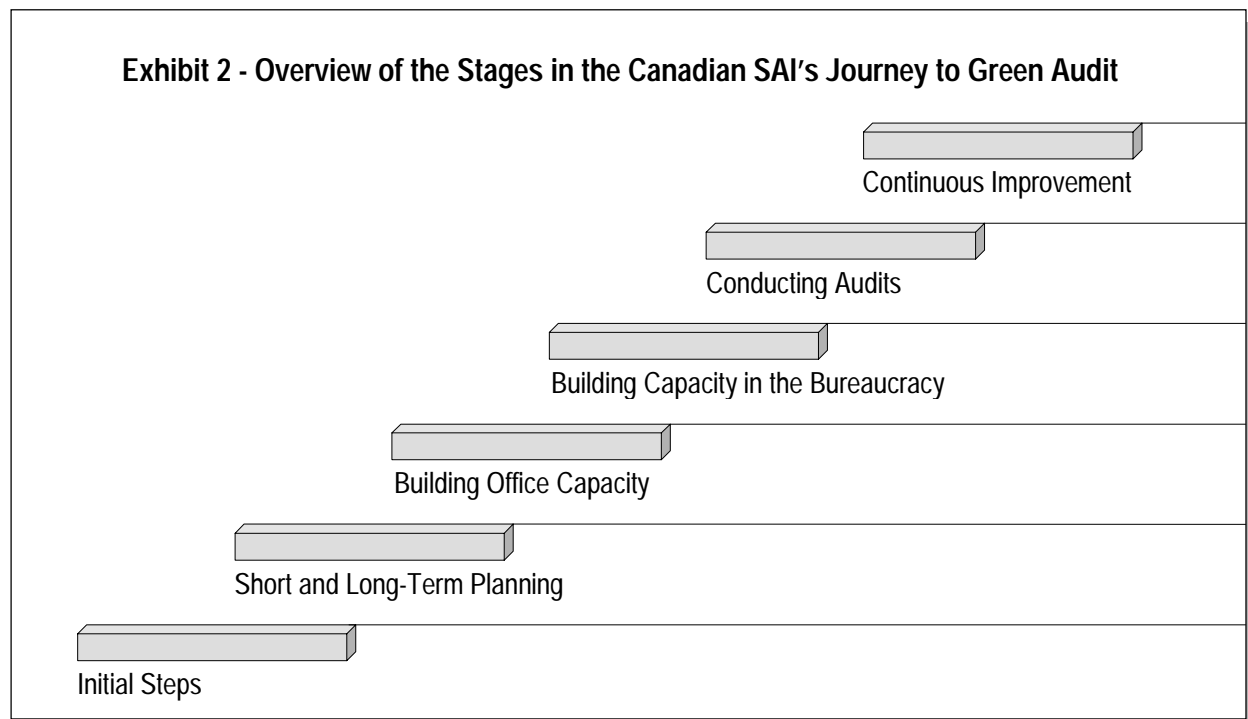
When Brian Emmett, the first Commissioner of the Environment and Sustainable Development, was appointed in July 1996, the Office of the Auditor General of Canada was in a good position to support the Commissioner in conducting environmental audits. Initial steps to build the capacity to conduct environmental audits had already started almost a decade earlier.

3.0 Initial Steps to Build Capacity to Conduct Environmental Audits

3.1 Early experimentation – Audits of water, land and air issues

1987 to 1992. By 1987, the Office of the Auditor General’s performance auditing methodology was well developed. It was thus relatively easy to start including environmental issues as part of existing performance audits or as stand alone audits. Right from the start there was strong support from the Auditor General of the day and from the Deputy Auditor General, Audit Operations Branch.

In this initial period, auditors were encouraged to start introducing environmental issues to ongoing audits of, for example, the Canadian Coast Guard, the Canadian Forestry Service, Canadian Parks Service and the Royal Canadian Mounted Police, to name a few (see Appendix 2). Exhibit 2 sets out the basic steps followed.



The year 1990 marked an important milestone in the evolution of environmental auditing at the Canadian SAI. The first full chapter totally devoted to environmental issues was published that year. It dealt with the issues confronting the federal Department of Environment. Another important milestone was 1 April 1991, when Denis Desautels, the current Auditor General, was appointed. From day one on the job, the environment was a priority area, and the Office’s efforts to build a capacity to conduct environmental audits received top management support.

3.2 Initial environmental audit strategy

A comprehensive five-year plan was developed for environmental audits.

Five-year environmental plan developed. In 1992, the Canadian SAI prepared a comprehensive environmental audit strategy for the entire Office. This strategy articulated a vision for environmental audit, dealt with issues of mandate, the need for an Environmental Auditor General, the Office's role in environmental issues and the Office's objectives for the audit of environmental issues. The audit strategy reaffirmed that the Office would conduct environmental audits and specified the role of some of the key players in the Office in these audits. It also stressed the need for a communications plan. This strategy was actively and visibly supported by senior management.

The Canadian SAI developed a comprehensive five-year plan for proposed environmental audits linking these proposed audits in part, to the government's Green Plan. There would now be a steady stream of audits that focussed solely on environmental issues.

The Canadian SAI continued to produce chapters solely dealing with the environment, as well as including environmental issues in audits such as infrastructure, defence and fishery programs. Studies were also undertaken, including a Study of Environmental Management Systems published in 1995, intended to help build capacity within the bureaucracy.

3.3 We can do environmental audits within our existing mandate

No significant initial constraints. By 1992, the Canadian SAI had completed the initial steps of building capacity to conduct environmental and sustainable development audits. It had a working definition of environmental and sustainable development audits that was essentially the same as the definition used in the Commonwealth Core Paper. The SAI did not believe that it had a problem conducting environmental audits, given its existing mandate for performance auditing. It was already integrating environmental considerations into ongoing performance audits, without any significant difficulty and little, if any, increase in costs. There were no significant constraints to increasing its initial environmental audit capacity – in terms of resources, methodology, mandate, interest or commitment. It was done within the existing budget for performance audits.

This was an exciting time for the Canadian SAI. It felt that it was writing a chapter in audit history. The SAI had a general idea of the direction in which it wanted to head, but the detailed sign posts that it needed to measure progress were not always there. In short, it was a time of some trial and error, a time for experimentation. Some paths led to the results that were expected; other paths led to dead ends. However, overall, the SAI was increasing its experience, its competence and its confidence in conducting environmental audits.

3.4 Advantages of an environmental focal point

Environmental audit issues are becoming increasingly horizontal and complex.

Constraints to further growth in capacity. By 1995, the Office of the Auditor General had moved away from annual reporting and was now involved in periodic reporting, issuing three reports a year. However, while the Environment Team and other audit teams were reporting on environmental issues, it was difficult to create a whole annual report dealing exclusively with environmental topics. There was a clear risk that environmental issues could “get lost” in the diverse medley of other issues that filled up any one report. It was also hard, within existing resources, to build a critical mass (i.e. a “core group”) of professionals solely committed to environmental audit and accounting issues. By the mid-1990s, the Office recognized that the audit issues were becoming increasingly more complex and horizontal in nature, often involving many federal departments. The potential benefits of having a larger core group of environmental experts was becoming increasingly apparent. There would be obvious advantages to creating a special group within the Canadian SAI that would focus solely on environmental issues. There would also be clear advantages to having a senior official in the Canadian SAI who would deal only with environmental issues – with the media, parliamentary committees and non-government environmental groups, etc. These ideas moved closer to reality with the change in government in 1993 and their promise to establish the position of an Environmental Auditor General.

The subsequent period was a time of considerable hard work. Clearly, it was a time of transition. During this period the Auditor General, Denis Desautels, and his Deputy, Raymond Dubois, provided steady leadership in defining the Office’s role. This was a period of lengthy consultation between representatives of the Office, other key government departments, and the Standing Committee of the Environment and Sustainable Development. These efforts came to fruition when the *Auditor General Act* was amended in 1995 and a Commissioner was appointed in 1996.

4.0 A Commissioner Greatly Raises the Profile of Environmental and Sustainable Development Issues

4.1 Expectations need to be managed

The appointment of a Commissioner significantly increased the profile of environmental auditing.

The mandate of the Commissioner. In December 1995, amendments to the *Auditor General Act* established the position of the Commissioner of the Environment and Sustainable Development. The government also provided additional resources for carrying out this function and for increasing the amount of audit work already being carried out. A common thread in the discussions preceding the creation of this position was a clear recognition that the federal government had to improve its performance in protecting the environment and fostering sustainable development. It also had to be held more accountable for its performance in these areas. The specific mandate of the Commissioner was to assist parliamentarians in their oversight of the federal government's efforts to protect the environment and foster sustainable development. The Commissioner was given four main responsibilities: monitoring sustainable development strategies, carrying out audits and special studies of environmental and sustainable development issues, reviewing petitions and reporting to the federal House of Commons.

Structural changes in the Canadian government's approach to managing the environmental agenda. As noted previously, the 1990 Green Plan presented a comprehensive, government-wide plan for how the Canadian government would



respond to environmental issues. This all changed with amendments to the *Auditor General Act*. Individual departments would now be held responsible for preparing sustainable development strategies. No longer would there be a government-wide plan or, for that matter, an organizational focal point with overriding authority for dealing with environmental issues. This structural development profoundly changed the way the government would manage its environmental agenda.

The critical challenge for the first Commissioner, Brian Emmett, appointed in June 1996, was to manage public expectations. It would

take some time for the Commissioner to create a centre of excellence for auditing environmental and sustainable development issues. The Office already had many of the pre-conditions for success in place and within a relatively few months the remaining major building blocks were put in place. One of things that the

Commissioner wanted to create was an Advisory Panel of external stakeholders from non-government organizations, professional consulting practices or universities. These individuals would provide independent advice to him on the role of the Commissioner, the tone of reports, his longer-term strategy and the contents of his forthcoming reports to the House of Commons. An Advisory Panel was created and the Commissioner issued his first annual Report to the House in March 1997. This report described the Commissioner's proposed work plan, outlined how he proposed to make a difference, and explained his interpretation of sustainable development.

4.2 Operating philosophy

The value of focussing on the implementation gap between what government promised and what it did was recognized.

Building a foundation. By late 1997, members of the Commissioner's Group had begun to develop some basic operating principles that would shape their approach to environmental and sustainable development audits. They had developed an interpretation of what sustainable development would mean in a government context, they had recognized the value of focussing on the implementation gap between what government promised and what it actually did, and they saw the critical importance of sustainable development strategies as an agent for social change and as a vehicle to promote solutions beyond the status quo. In addition, they identified the need for a professional approach to managing the environment, and they saw the need for getting the right mix of studies and hard-hitting audits in every annual Report of the Commissioner to the House of Commons. The Group also wanted the right mix of global, national and "neighbourhood" issues. (The latter referred to local issues of concern to specific regions, such as the areas contiguous to the Great Lakes in central Canada.)

The need for a working definition of sustainable development. In developing a working definition, the Commissioner's Group started with the Brundtland Report (*Our Common Future*) that popularized the concept of sustainable development in 1987. According to that Report, sustainable development does imply limits – not absolute limits but limitations imposed by the present state of technology and social organization on environmental resources and by the ability of the biosphere to absorb the effects of human technologies. The Report claimed that both technology and social organization can be managed and improved to make way for new era of growth.

The private sector, individuals, and all levels of government must play a key role in the move to sustainable government.

The Commissioner's personal vision of sustainable development included a belief that Canadians had to do "more with less for longer." By this, the Commissioner meant that Canadians needed to make a shift toward cleaner and more efficient forms of production and consumption. If businesses, government and citizens were to pick up the challenges of sustainable development, they would have to push the limits of human thinking and technological inventiveness. Clearly, in all of this, the federal and provincial governments must play a key role.

For example, government policy makers have a wide range of policy options that *could* promote technological breakthroughs that could significantly reduce

Governments can use a mix of policy tools to promote such things as pollution prevention.

consumption of natural resources and energy, while at the same reducing waste produce during the life of a product or service (including its disposal). As well, governments *could* try to ensure that the information was available for wise, practical and farsighted decisions. They *could* also encourage the production and consumption of goods and services to achieve eco-efficiency. (For example, governments such as the European Union had proposed “factor ten”, a goal of a ten-fold improvement in productivity in the long-term.) Governments *could* also use a mix of policy tools including laws and standards, taxes and economic incentives, and voluntary agreements to promote pollution prevention. A key question for the Commissioner was whether the Canadian government was exploiting these opportunities.

The advantages of focussing on the implementation of policies, rather than their formulation. The Commissioner’s Group saw the advantages of focussing on how well the government was delivering on its promises, rather than the quality of the promises themselves. Could the government manage crosscutting, horizontal issues? Could government departments actually work together? Was there clear accountability for results? This view was consistent with the Canadian SAI’s mandate, including the fact that it does not audit high-level government policy, only its implementation.

Audits and studies included a mix of local, national and global issues.

The need to foster a professional approach to environmental management in the bureaucracy. The Commissioner believed that the environment is too important to leave its management to those without a professional orientation to the job. What this meant was that there would be a need to help build capacity in the bureaucracy to manage for sustainable development. Accordingly, the Commissioner’s work plan included studies of how leading organizations were making the transition from business-as-usual to sustainable development, studies of performance measurement and accounting for sustainable development, to name a few.

The right mix of studies and audits. It was emphasized that reports to the House of Commons should have thematic coherence (all pertaining to the environment) and contain a good mix of studies and hard-hitting audits whose objectives are to highlight significant performance gaps in the government’s performance. The Commissioner’s Group also wanted to cover global issues such as ozone-depleting substances and continue to cover national issues such as the management of toxic substances and “neighbourhood” issues such as the Great Lakes.

4.3 Conducting Environmental and Sustainable Development Audits

General approach to conducting performance audits. All of the Canadian SAI’s performance audits are normally conducted in four phases. This general approach is consistent with the Canadian SAI’s mandate for exception reporting. Exception reporting means that under the *Auditor General Act*, each Report of the Auditor General should call attention to anything that the Auditor General

Performance audits are conducted in four phases.

Follow-ups are usually conducted two years after the original chapter is published.

There is heavy reliance on advisory committees.

considers to be of significance and of a nature that should be brought to the attention of the House of Commons, including any cases in which the Auditor General has observed that money has been expended without due regard to the environmental affects of those expenditures in the context of sustainable development (Section (7(2)(f)). (See Appendix 1.)

The audit process. Phase 1, the planning phase, involves learning about the audit entity, setting scope and objectives, finding sources of audit criteria, conducting an overview of the audit entity and then conducting what the Office calls a preliminary survey. The output is a preliminary survey report that documents audit scope and objectives, audit approach, lines of enquiry and potential matters of significance. During this phase, the auditors are dealing with questions of auditability (i.e. Is there sufficient and appropriate evidence to audit this area?) and audit worthiness (Is there some potential matter of significance to Parliament and Canadians?). The end result of a preliminary survey is a plan for conducting the actual audit itself. Phase 2, the field work, involves developing detailed audit programs, conducting interviews, visiting sites, and examining documentation with a view to building a convincing case. Phase 3, the reporting phase, involves writing a chapter that will be presented to the House of Commons. In a chapter, the audit team describes the scope, objectives and audit findings, and draws conclusions against the objectives and making recommendations for improvement. Phase 4, the follow-up, involves returning to the audit entity, generally two years later, and determining what action has been taken by the department or agency to address deficiencies noted in the original audit observations. The Canadian SAI reports to the House of Commons on the results of this follow-up work.

What is unique about environmental and sustainable development audits?

There are 10 features of the way the Canadian SAI conducts environmental and sustainable development audits that may be unique. These include:

- heavy reliance on the use of advisory committees. The role of advisory committees in audits is to advise the audit team on issues of scope and areas of potential focus. Advisory committee members bring specific subject matter expertise to a specific audit;
- heavy reliance on external consultations with external stakeholders. Sometimes the Office will organize a symposium as part of audit planning;
- extensive use of experts and multi-disciplinary audit and study teams;
- use of benchmarking. By benchmarking we mean that we look at emerging practices in other jurisdictions as a source of audit criteria;
- undertaking capacity building initiatives;
- conducting sectoral and government-wide audits of environmental issues. By sectoral audits we mean either audits that look at a program delivered by two or three departments. Sometimes we will look at a horizontal issue that cuts

across the whole government (i.e. such as an audit of contracting which will be conducted at many departments). This we call a government-wide audit;

- focussing on basic management issues, rather than “no-win” technical issues that are largely of interest only to experts;
- describing our findings using writing style that “tells it like it is”;
- making a serious effort to “market our Reports”; and
- conducting studies.

The balance of this section describes in detail these unique features.

Use of advisory committees. For every audit or study conducted, we try to assemble some of the most recognized experts in the field as external advisors. Generally, we hold three advisory committee meetings during each study or audit – one early in the planning phase, one at the end of the planning phase, and one between fieldwork and the reporting phase. During the reporting phase, external advisors are asked to comment on our draft chapters. These external advisors add credibility, wisdom and expertise. They make practical suggestions on how best to tackle complex issues such as climate change, ozone-depleting substances, the transboundary movement of hazardous waste, the implementation of bilateral environmental agreements or the management of toxics. It should be noted that these advisors do not usually have any direct contact with the audited



organization, although the organization knows who they are. Often, we ask the auditee to recommend possible advisors.

Consultation with external stakeholders. During the planning phase of an audit, we will generally interview a wide range of “experts” in industry, non-government organizations such as universities, environmental groups and other jurisdictions to get their view on the issues being examined, or even to suggest issues. We will then analyze the input of external stakeholders,

identifying recurring themes. These factors will go into scoping decisions on what we should audit. Sometimes we will hold a symposium on, for example, climate change and the advantages of a “level plain field” when it comes to environmental subsidies. We will sometimes contract with experts to prepare papers, to make presentations and to discuss some of the tough issues. This gives our audits credibility and breadth.

Multi-disciplinary teams are used for conducting audits.

Use of experts, multi-disciplinary teams. When conducting audits such as climate change and the management of toxic substances, we need teams that have expertise in toxicology, the sciences, and regulatory practices, to name a few disciplines. Over the last 10 years, we have been changing our staff mix; we now have fewer professionals with traditional accounting and auditing training and many more professionals with either a Masters or Ph.D. in the sciences, public administration, or environmental management. We also hire consultants to round out the experience levels of our teams. We use multidisciplinary teams on virtually every major study or audit undertaken in both the environmental and non-environmental fields.

There is a review of what other jurisdictions are doing to address the issues being audited.

Benchmarking. Given that audit is a comparison of what is with what should be, the critical question is “what should managers be doing, for example, to manage toxic substances and to control illegal transboundary movement of hazardous waste?” We like to look at what other jurisdictions are doing to address the issues being audited. Our objective is to compare efforts of the Canadian government to those of other countries. For example, in terms of benchmarking for the management of toxic substances, we might be interested in whether other jurisdictions are making more effective use of regulatory instruments such as voluntary measures and tax subsidies. We report these findings in our observations. They help us to both establish audit criteria and add credibility to our work. Sometimes we might do a series of studies or capacity-building initiatives, over a period of one to three years, covering such topics as environmental management or environmental performance management.

Capacity building initiatives to assist the bureaucracy are undertaken.

Capacity-building initiatives. We are currently engaged in a major capacity-building initiative in the area of environmental performance reporting and integrated decision making. We have a three to five-year project entitled Accounting for Sustainable Development. One objective of this project is to develop models for integrated decision making that can subsequently be used in audits of programs committed to practising sustainable development. A second objective is to promote the use of environmental performance measures in the area of “custodial” operations. By custodial operations we mean the operation of government buildings, fleets of vehicles, air conditioning equipment, etc. We are working with individual departments to develop “case studies of leading practices” that can ultimately be used as audit criteria. To maintain independence, we ensure that those team members involved in the capacity-building work will not subsequently be involved in auditing the results that departments ultimately report in their environmental performance and other reports to Parliament.

How we approach capacity-building initiatives in the bureaucracy is, we believe, relatively unique. In the first year of the Accounting for Sustainable Development Project, we worked closely with a department with major operational responsibilities, Agriculture and Agri-Food Canada. This department was in the early stages of implementing an environmental management system. We worked with the department, in partnership, to develop shared expectations

about what an environmental performance measurement system for government operations should include.

The environment knows no boundaries.

We developed prototype accounts for the kind of things that should get measured for 12 environmental aspects. We examined the kind of reporting infrastructure that needed to be in place. In year two of this project, we continued working with Agriculture and Agri-Food Canada and initiated work with Public Works and Government Services Canada. Our objective in both of these partnerships was to examine tangible case studies that described the steps and the journey to developing a sound environmental performance measurement system for government operations. We also focussed on developing a set of common measures that could be used by all government departments to report on their progress toward sustainable development, relative to their operations, in a credible, coherent and consistent manner. We participated actively in an interdepartmental working group that included members of all major custodial departments. We helped organize, in partnership, a workshop of over 70 professionals from 17 departments and agencies to develop common measures. We worked with the Treasury Board Secretariat to develop a shared vision of environmental performance measures to be used for government operations. As a result of these initiatives, we now have a set of audit criteria that can be applied in future audits.

We also initiated work in the area of integrated decision making, or decision making that promotes progress in all three aspects of sustainable development – the economic, social and environmental aspects. We reviewed emerging practices in other jurisdictions to identify leading practices such as strategic environmental

assessments, foresight initiatives, the use of multiple accounts and satellite national accounts. We developed a chapter that set out the ground work for audit criteria in this important area.



Sectoral and government-wide audits of environmental and sustainable development issues. The environment knows no boundaries, either geographical, political or between different levels of government or between different departments. Clearly, to deliver on environmental and sustainable development issues, government departments need to be able to work together, rather than at cross purposes, to develop coherent programs.

Increasingly, when we look at an environmental issue, such as the management of toxic substances, compliance with the Basel Convention, or climate change, we take a sectoral audit approach. By a sectoral audit approach, we mean an

approach that looks at the management activities of *all* departments that *should be* involved in delivering a given program initiative. Sometimes we will take a government-wide approach and look at, for example, the environmental stewardship initiatives conducted by *all* federal government departments.

A focus on basic management issues. Over the years, we have observed two trends. First, the subject matter is becoming increasingly more complex and technical. Second, parliamentarians find it difficult to deal with issues where it is a matter of “expert arguing with expert.” For example, in audits of climate change, there are heated debates between scientists about the extent to which, or even whether, changes in the climate are caused by human intervention and what the results will be, and when. Industry has a position, the government has a position, the scientific community has a position. Citizens sit and listen to these experts and wonder whom to believe. What we have found is that there is a real need for credible, objective information to support an informed debate, in Parliament, and in other forums. This is the niche that we have developed over the past decade. In developing this niche, we have focussed on fundamental management issues that most readers can understand.

For example, in our audit of climate change, we looked at the quality of the partnerships involved. Our basic position was “if the private sector can develop complex partnerships to undertake energy mega-projects, why can’t the government follow these same principles of good partnerships?” We now look at basic management issues such as the quality of the partnership agreements. Do they specify who is in charge? Do the agreements provide for the development and use of basic performance measurement information?

When reporting, tell the story in clear, plain language.

A “tell it like it is” writing style. There is a natural tendency for bureaucrats to talk only to other bureaucrats and for bureaucratic language to creep into an audit report. Wherever possible, we strive to prevent this from occurring. We try to tell our story in clear, plain language. When things are going well, we document success stories in, for example, studies about environmental performance measurement and planning initiatives. When things are not going well, we describe the deficiencies in clear terms that readers can readily understand.

Marketing efforts after presenting our Report to the House of Commons. Prior to the release of our Report, we develop an overall communications plan and strategy. We have recognized the advantages of producing one annual Report that exclusively deals with environmental and sustainable development issues. In our planning, we ensure that we get thematic coherence between the mix of studies and audits. We make sure that we get balance. That is, we present both areas of concern and areas where the government is making progress. Given that the Commissioner’s Report is all about the environment, non-government environmental organizations, academics and media persons interested in this area know that they should focus on the presentation of our Report. To facilitate their access to the Report, we prepare media releases for every chapter. The media release also contains our website address. We target organizations that will be interested in our Report and prepare a comprehensive mailing list in advance of

A good communication strategy is essential for an SAI.

tabling date. After tabling, the Commissioner attends press conferences and schedules meetings with the editorial boards of newspapers. Committees of the House of Commons subsequently meet with the Commissioner to discuss our chapters.

As well, we prepare videos of our chapters to facilitate the use of the material by the media. We want to see our work on the evening television news. We find that environmental subjects naturally lend themselves to compelling visual images. In short, we take communications very seriously.

4.4 Accomplishments to date

The Commissioner's Reports have been balanced and hard hitting.

1998 and 1999 Commissioner's Reports. The 1998 Commissioner's Report to the House of Commons had a good balance of audits and studies dealing with management for sustainable development. The audits were well received and there were hearings held by the House of Commons Standing Committee on the Environment and Sustainable Development and the Public Accounts Committee of the House. The 1999 Commissioner's Report, presented to the House on 25 May 1999, was equally balanced and hard hitting. A number of chapters will likely result in hearings by Parliamentary Committees. Details on these Reports, as well as the email addresses of the lead directors responsible for the various projects, are provided in Appendix 3. These reports may be found on the Internet at www.oag-bvg.gc.ca.

4.5 Commissioner's future work plan

Work plan to 2001. Appendix 4 outlines the Commissioner's work plan for next year. The Commissioner's Group will continue to want to have a good mix of studies and audits.

Important outstanding issues. There are two important outstanding issues that have yet to be resolved. The first is how to encourage departments to develop sustainable development strategies that look beyond the status quo and that demonstrate imaginative scenarios for a more sustainable future. The second unresolved issue is how to fully explore and implement our new mandate to report cases where "money has been expended without due regard to the environmental affects of these expenditures in the context of sustainable development" (Appendix 1 – Section 7 (2) (f) from the *Auditor General Act*).

The requirement for departments to produce sustainable development strategies and action plans is a very powerful tool. It *could* be a critical element of social change within the Government of Canada. However, for these strategies to achieve their full potential, departments need to use them imaginatively and to assume a future that is different from the past. To date, progress in achieving this end has been slow. Ultimately, for the Canadian approach to be successful, departments will have to seize the opportunity provided by their sustainable development strategies.

There may be a need to develop new methodology.

The Office still has to fully develop the new methodology implicit in its new mandate for the environment. What is due regard to the environmental effects of expenditures? What should departments be doing to measure these effects? Should the Commissioner be conducting program evaluations if departments are not doing them? These questions need to be answered over time.

5.0 Suggested Next Steps for the Commonwealth Auditors General

Commonwealth SAs need to look at ways to assist one another in developing their environmental audit capacity.

The Canadian SAI believes that there would be some distinct advantages to developing an inter-office training program. This program would allow practitioners from different SAIs to work with their colleagues in other offices. We also see the advantages of using the existing INTOSAI regional networks to facilitate the sharing of information, knowledge and experience. These same networks could be used for further training in environmental and sustainable development auditing. The INTOSAI Working Group on Environmental Auditing is currently working on these aspects of SAI co-operation. A number of Commonwealth SAIs are members of this working group.

We would like to see a tangible plan for developing and undertaking the foregoing implementation plan.

Appendix 1 – Relevant excerpts from *Auditor General Act*

7. (1) The Auditor General shall report annually to the House of Commons and may make, in addition to any special report made under subsection 8(1) or 19(2) and the Commissioner's report under subsection 23(2), nor more than three additional reports in any year to the House of Commons

- (a) on the work of his office; and
- (b) on whether, in carrying on the work of his office, he received all the information and explanations he required.

7. (2) Each report of the Auditor General under subsection (1) shall call attention to anything that he considers to be of significance and of a nature that should be brought to the attention of the House of Commons, including any cases in which he has observed that

- (a) accounts have not been faithfully and properly maintained or public money has not been fully accounted for or paid, where so required by law, into the Consolidated Revenue Fund;
- (b) essential records have not been maintained or the rules and procedures applied have been insufficient to safeguard and control public property, to secure an effective check on the assessment, collection and proper allocation of the revenue and to ensure that expenditures have been made only as authorized;
- (c) money has been expended other than for purposes for which it was appropriated by Parliament;
- (d) money has been expended other than for purposes for which it was appropriated by Parliament;
- (e) satisfactory procedures have not been established to measure and report the effectiveness of programs, where such procedures could appropriately and reasonably be implemented; or
- (f) money has been expended without due regard to the environmental effects of those expenditures in the context of sustainable development.

7. (3) Each annual report by the Auditor General to the House of Commons shall be submitted to the Speaker of the House of Commons on or before December 31 in the year to which the report relates and the Speaker of the House of Commons shall lay each such report before the House of Commons forthwith after receiving it or, if that House is not then sitting, on any of the first fifteen days on which that House is sitting after the Speaker receives it.

7. (4) Where the Auditor General proposes to make an additional report under subsection (1), the Auditor General shall send written notice to the Speaker of the House of Commons of the subject-matter of the proposed report.

7. (5) Each additional report of the Auditor General to the House of Commons made under subsection (1) shall be submitted to the House of Commons on the expiration of thirty days after the notice is sent pursuant to subsection (4) or any longer period that is specified in the notice and the Speaker of the House of Commons shall lay each such report before the House of Commons forthwith after receiving it or, if that House is not then sitting, on any of the first fifteen days on which that House is sitting after the Speaker receives it.

21.1 The purpose of the Commissioner is to provide sustainable development monitoring and reporting on the progress of category I departments towards sustainable development, which is a continually evolving concept based on the integration of social, economic and environmental concerns, and which may be achieved by, among other things,

- (a) the integration of the environment and the economy;
- (b) protecting the health of Canadians;
- (c) protecting ecosystems;
- (d) meeting international obligations;
- (e) promoting equity;
- (f) an integrated approach to planning and making decisions that takes into account the environmental and natural resource costs of different economic options and the economic costs of different environmental and natural resource options;
- (g) preventing pollution; and
- (h) respect for nature and the needs of future generations.

22. (1) Where the Auditor General receives a petition in writing from a resident of Canada about an environmental matter in the context of sustainable development that is the responsibility of a category I department, the Auditor General shall make a record of the petition and forward the petition within fifteen days after the day on which it is received to the appropriate Minister for the department.

22. (2) Within fifteen days after the day on which the Minister receives the petition from the Auditor General, the Minister shall send to the person who made the petition an acknowledgement of receipt of the petition and shall send a copy of the acknowledgement to the Auditor General.

22. (3) The Minister shall consider the petition and send to the person who made it a reply that responds to it, and shall send a copy of the reply to the Auditor General, within

- (a) one hundred and twenty days after the day on which the Minister receives the petition from the Auditor General; or
- (b) any longer time, where the Minister personally, within those one hundred and twenty days, notifies the person who made the petition that it is not possible to reply within those one hundred and twenty days and sends a copy of that notification to the Auditor General.

22. (4) Where the petition is from more than one person, it is sufficient for the Minister to send the acknowledgement and reply, and the notification, if any, to one or more of the petitioners rather than to all of them. 1995

23. (1) The Commissioner shall make any examinations and inquiries that the Commissioner considers necessary in order to monitor

- (a) the extent to which category I departments have meet the objectives, and implemented the plans, set out in their sustainable development strategies laid before the House of Commons under section 24; and
- (b) the replies by Ministers required by subsection 22(3).

23. (2) The Commissioner shall, on behalf of the Auditor General, report annually to the House of Commons concerning anything that the Commissioner considers should be brought to the attention of that House in relation to environmental and other aspects of sustainable development, including

- (a) the extent to which category I departments have met the objectives, and implemented the plans, set out in their sustainable development strategies laid before that House under section 24;
- (b) the number of petitions recorded as required by subsection 22(1), the subject-matter of the petitions and their status; and
- (c) the exercising of the authority of the Governor in Council under any of subsections 24(3) to (5).

23. (3) The report required by subsection (2) shall be submitted to the Speaker of the House of Commons and shall be laid before that House by the Speaker on any of the next fifteen days on which that House is sitting after the Speaker receives it. 1995

24. (1) The appropriate Minister for each category I department shall cause the department to prepare a sustainable development strategy for the department and shall cause the strategy to be laid before the House of Commons

- (a) within two years after this subsection comes into force; or
- (b) in the case of a department that becomes a category I department on a day after this subsection comes into force, before the earlier of the second anniversary of that day and a day fixed by the Governor in Council pursuant to subsection (4).

Appendix 2 – Environmental Work Conducted by the Office of the Auditor General prior to Appointment of the Commissioner, 1987 to 1996

Reference	Title	Departments/Agencies
April 1997 Chapter 4	Control of the Transboundary Movement of Hazardous Waste	Environment, Customs, Foreign Affairs
December 1997 Chapter 26	Ozone Layer Protection: The Unfinished Journey	Environment, Health, Foreign Affairs, Fisheries & Oceans, etc.
November 1996 Chapter 22	Federal Contaminated Sites – Management Information on Environmental Costs and Liabilities	Treasury Board Secretariat, Environment, National Defence, Transport, Indian Affairs and Northern Development
November 1996 Chapter 26	Canada Infrastructure Works Program – Lessons Learned	Treasury Board Secretariat, Industry, Indian Affairs and Northern Development, Western Economic Diversification, Federal Office of Regional Development – Quebec, Atlantic Canada Opportunities Agency
November 1996 Chapter 31	Parks Canada: Canada’s National Heritage	Heritage
November 1996 Chapter 39	Other Audit Observations – AECL	Atomic Energy of Canada Limited
May 1996 Chapter 2	The Implementation of Federal Environmental Stewardship	Environment, all Departments
May 1996 Chapter 9	Animal and Plant Health: Inspection and Regulation	Agriculture and Agri-Food
October 1995 Chapter 11	Environmental Management Systems: A Principle-Based Approach	Treasury Board Secretariat, Environment
October 1995 Chapter 15	Northumberland Strait Crossing Project	Public Works and Government Services
May 1995 Chapter 2	Managing the Legacy of Hazardous Waste	Environment
May 1995 Chapter 3	Federal Radioactive Waste Management	Natural Resources, Atomic Energy Control Board
1994 Chapter 9	Science and Technology – Overall Management of Federal Science and Technology Activities	As noted below
1994 Chapter 10	Science and Technology – Management of Departmental Science and Technology Activities	Environment, Fisheries and Oceans, Industry, National Research Council, Natural Resources
1994 Chapter 11	Science and Technology – The Management of Scientific Personnel in Federal Research Establishments	Environment, Fisheries and Oceans, Industry, Natural Resources, Treasury Board Secretariat
1994 Chapter 12	Aspects of Federal Real Property Management	National Defence, Public Works, Correctional Services Canada, Foreign Affairs and International Trade

Reference	Title	Departments/Agencies
1994 Chapter 15	Atomic Energy Control Board – Canada’s Nuclear Regulator	Atomic Energy Control Board
1994 Chapter 19	Environmental Partners Fund	Environment
1994 Chapter 20	Environment Canada – Ice Services	Environment
1994 Chapter 27	National Defence – Infrastructure Management	National Defence
1994 Chapter 34	Management and Operation of Crown-owned Office Buildings	Public Works
1993 Chapter 13	Agri-Food Policy Review	Agriculture
1993 Chapter 14	The Control and Clean-up of Freshwater Pollution	Environment
1993 Chapter 15	Northern Cod Adjustment and Recovery Program	Fisheries and Oceans
1993 Chapter 16	Department of Forestry	Forestry
1993 Chapter 26	Pulp and Paper Regulations	Environment
1992 Chapter 12	Participation In the World Bank Group and the IMF	Finance
1992 Chapter 14	Energy Megaprojects	Energy, Mines and Resources
1992 Chapter 24	Emergency Preparedness in the Federal Government	Emergency Preparedness, Transport, Environment, Employment and Immigration, Communications, National Defence, Health and Welfare, Energy Mines and Resources, Industry Science and Technology
1991 Chapter 7	Vehicle Fleet Management	Supply and Services, National Defence, Royal Canadian Mounted Police, Transport, Agriculture, Public Works
1991 Chapter 11	Conservation and Protection	Environment
1991 Chapter 13	Central and Arctic Operations	Fisheries and Oceans
1991 Chapter 15	Customs and Excise (Hazardous Materials)	National Revenue
1990 Chapter 18	Department of the Environment	Environment
1990 Chapter 19	Northern Affairs Program	Indian Affairs and Northern Development
1990 Chapter 26	RCMP – Federal Law Enforcement	Royal Canadian Mounted Police

Reference	Title	Departments/Agencies
1989 Chapter 11	Canadian Parks Service	Environment
1989 Chapter 17	Federal Regulatory Review Process	Environment, Transport, Health and Welfare, Labour
1989 Chapter 22	Canadian Coast Guard	Transport
1988 Chapter 7	Canadian Forestry Service	Agriculture
1988 Chapter 8	Food Production and Inspection Branch	Agriculture
1988 Chapter 13	Atlantic Operations, Inspection and Corporate Functions	Fisheries and Oceans
1987 Chapter 15	Special Audits: Emergency Preparedness	Emergency Preparedness, All Departments
1987 Chapter 15	Major Capital Projects: Lake Louise	Environment

Appendix 3 – 1998 to 1999 Commissioner’s Reports

CHAPTER	TITLE	AUDITS	STUDIES	CAPACITY BUILDING
May 1997	First Report – Work plan, etc.	None	None	None
May 1998 Chapter 1	Greening the Government of Canada – Strategies for Sustainable Development	Janet Jones Jonesj@oag-bvg.gc.ca		
May 1998 Chapter 2	Working Globally – Canada’s International Environmental Commitments		Rick Smith Smithrd@oag-bvg.gc.ca	
May 1998 Chapter 3	Responding to Climate Change – Time to Rethink Canada’s Implementation Strategy	Robert Pelland Pellanj@oag-bvg.gc.ca		
May 1998 Chapter 4	Canada’s Biodiversity Clock is Ticking	John Affleck Afflecj@oag-bvg.gc.ca		
May 1998 Chapter 5	Expanding Horizons – A Strategic Approach to Sustainable Development		Ron Bergin Berginj@oag-bvg.gc.ca	
May 1998 Chapter 6	Environmental Assessment – A Critical Tool for Sustainable Development	Wayne Cluskey Cluskej@oag-bvg.gc.ca		
May 1998 Chapter 7	Counting the Environment In			Peter Morrison Morrispd@oag-bvg.gc.ca
May 1998 Chapter 8	Performance Measurement for Sustainable Development Strategies		Andrew Ferguson Fergusja@oag-bvg.gc.ca	
May 1999 Chapter 1	Implementing Sustainable Development Strategies – Laying the Groundwork	Andrew Ferguson Fergusja@oag-bvg.gc.ca		
May 1999 Chapter 2	The Sustainable Development Strategy Consultations	Gisèle Grandbois Grandbgg@oag-bvg.gc.ca		
May 1999 Chapter 3	Understanding the Risks from Toxic Substances – Cracks in the Foundation of the Federal House	John Reed Reedjw@oag-bvg.gc.ca		
May 1999 Chapter 4	Managing the Risks of Toxic Substances – Obstacles to Progress	John Reed Reedjw@oag-bvg.gc.ca		

CHAPTER	TITLE	AUDITS	STUDIES	CAPACITY BUILDING
May 1999 Chapter 5	Strengthening Environmental Protection through Federal-Provincial Agreements – Are they Working?	John Affleck Afflecj@oag-bvg.gc.ca		
May 1999 Chapter 6	Making International Environmental Agreements Work – The Canadian Arctic Experience		Rick Smith Smithrd@oag-bvg.gc.ca	
May 1999 Chapter 7	Building a Sustainable Organization – The View from the Top		Ron Bergin Berginrj@oag-bvg.gc.ca	
May 1999 Chapter 8	Greening Government Operations – Measuring Progress			Peter Morrison Morrispd@oag-bvg.gc.ca
May 1999 Chapter 9	Greening Policies and Programs – Supporting Sustainable Development Decisions			Peter Morrison Morrispd@oag-bvg.gc.ca

Appendix 4 Environment and Sustainable Development Issues: Our Work Plan

Tasks	In 1999-2000	In 2000-2001
Departmental sustainable development strategies	<p>Issue a report on the Commissioner's expectations for strategy updates</p> <p>Conduct an assessment of departmental targets</p> <p>Conduct audits of:</p> <ul style="list-style-type: none"> • Second-Year Strategy Implementation • Interdepartmental Coordination 	<p>Conduct audits of:</p> <ul style="list-style-type: none"> • The Second Sustainable Development Strategies • Third-Year Strategy Implementation
<p>Integrating the fourth "E" across the Office of the Auditor General</p> <p>(Has money been spent with due regard to economy, efficiency, effectiveness and environmental effects of those expenditures?)</p>	<p>Conduct audits of:</p> <ul style="list-style-type: none"> • Smog • Management of Hazardous Materials at National Defence • Management of the Pacific Salmon Fishery • Canada Infrastructure Works Phase II <p>Follow-up previous audits of:</p> <ul style="list-style-type: none"> • Transboundary Movement of Hazardous Waste • Ozone Layer Protection • Biodiversity • Environmental Assessment 	<p>Conduct audits of:</p> <ul style="list-style-type: none"> • Managing Water Issues • Endangered Species <p>Follow-up previous audits of:</p> <ul style="list-style-type: none"> • Climate Change/Energy Efficiency
Special studies	<p>Conduct studies of:</p> <ul style="list-style-type: none"> • Level Playing Field in Energy Sources • Federal-Provincial Coordination • Co-operative Arrangements in the Private Sector • Accounting for Sustainable Development 	<p>Conduct studies of:</p> <p>2000-2001 studies program to be determined</p>
Petitions	Monitor on behalf of the Auditor General	Monitor on behalf of the Auditor General

Appendix 5 – Response to Questions in Core Paper

1. *Do you believe that your mandate constrains your ability to conduct environmental and sustainable development audits?* No. Our current mandate requires us to conduct environmental and sustainable development audits. Under Section 7 (2)(f) of the *Auditor General Act*, we have to report any cases in which the Commissioner has observed that “money has been expended without due regard to the environmental affects of those expenditures in the context of sustainable development”.
2. *Is it possible to overcome this constraint?* Not applicable.
3. *How do you believe your Supreme Audit Institution can best make a difference in supporting your country’s environmental plan, if it has one?* We firmly believe that SAIs can make an important difference in supporting a country’s environmental plan. We have consistently tried to hold the government to account with regard to its original Green Plan and now its current plan involving sustainable strategies and action plans, and other related initiatives.
4. *What steps does your SAI need to take to develop its internal capacity to conduct environmental and sustainable development audits and studies?* Currently, we have developed an internal capacity to conduct environmental and sustainable audits. However, we are always looking for continuous improvement and in terms of next steps the big thing for us is “making the connections” between all the different types of work that we are doing.
5. *Will it be possible to build this capacity?* Yes, it should possible to continue with improving our approach.
6. *Has your SAI conducted any environmental audits with other SAIs?* No. We have collaborated on audits and studies with other SAIs but not in environmental areas. We are exploring the possibility of conducting audits with provincial Auditors General and with the General Accounting Office in the United States and with our counterparts in Mexico.
7. *Would you provide a brief case study describing the nature of the audit, whether it was a concurrent or a joint audit?* Not applicable.
8. *Has your SAI conducted any environmental audits that included social and economic issues (i.e. environmental and sustainable development audit)?* This is a difficult question to answer. We have conducted audits such as an audit of the management of toxics, which did deal with social issues (i.e. health issues) and economic issues in terms of the effect of the regulations on industry’s sectors. However, it is fair to say that these issues were peripheral to more fundamental management issues such as the ability of government departments to work together to deliver essentially a shared program.
9. *If so, would you provide a brief case study?* Not applicable.
10. *What is your capacity for training staff to conduct environmental and sustainable development audits?* Our capacity for training staff is good. Those staff members with environmental expertise have been used to train staff members in the Office as a whole who do not have this expertise. We also bring in outside consultants to give courses in, for example, environmental management.

11. *Do you have access to specialized resources?* Yes. We have a high degree of access to specialized resources in terms of experts and have never experienced any constraints in terms of availability or having the funds to hire these experts.
12. *What new audit methodology, if any, will need to be developed to conduct environmental and sustainable development audits in your SAI?* In terms of new audit methodologies, as described in this paper, we have taken the basic performance auditing methodology and added some unique features, such as the use of symposiums, during the planning phase of audits. In addition, we had to develop audit methodologies for our audits of sustainable development strategies and action plans. Here, again, we had to make some modifications to our existing audit methodology but these were more in the nature of adding a few additional steps, not major changes.
13. *What external capacity-building initiatives do you believe a Supreme Audit Institution should encourage in the following areas - environmental management systems; co-ordination of environmental management; environmental accounting; environmental performance reporting?* As indicated in this paper, we firmly believe in the need for capacity building initiatives in the area of environmental management systems, co-ordination of environmental management, environmental accounting and environmental performance reporting. We have initiated capacity-building initiatives, and/or studies in all of these areas in the past few years. We see these efforts as absolute critical in terms of building a shared understanding of what we expect, when we audit these areas.
14. *What are common areas where SAIs should collaborate? Please consider the following: training; sharing of information, knowledge and experience; exchange programs for auditors.* We believe that SAIs should collaborate on training and sharing of information, knowledge and experience, and use an exchange program for auditors.
15. *What outcomes do you hope to see as a result of this Conference and beyond?* As indicated in the paper, we want to see a tangible action plan, with a timetable and clear responsibilities for responding to some of those opportunities indicated in question 14.
16. *Do you have any recommendations for achieving those outcomes?* We would recommend that individual SAIs be given the responsibility for implementing different aspects of the program implicit in question 14. It should be noted that this is being examined by the INTOSAI Working Group on Environmental Auditing. There is a workshop on this very topic being held in June 1999 by the Working Group in the Netherlands. Attendees at this workshop will be the countries chosen to represent each of the INTOSAI regions, as well as Canada and possibly the United States.