

INTOSAI



# *Foreword to ISSAI 5120*

INTOSAI PROFESSIONAL STANDARDS COMMITTEE

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PSC-SECRETARIAT

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## **Foreword**

As people have become more aware of threats to the world's environment, an awareness of the responsibilities of industry and of all levels of government to address environmental issues has also increased. Public scrutiny, not only from individual citizens or groups but on the part of financial institutions as well, has increasingly focused on issues of accountability for environmental issues. This scrutiny has given an added impetus to efforts by government and business to incorporate environmental concerns into their planning and policy-making activities. As a result, environmental regulation by both national and local authorities has expanded significantly—resulting in new or additional compliance measures, and costs—for both the public and private sectors.

Holding government and industry to greater accountability for their actions with respect to the environment has led to a need to report on the consequences of these actions. There is also an expectation that these reports will be subject, in turn, to an independent audit. Auditors have an important part to play in responding to these concerns by virtue of their role as providers of credible and objective information, upon which performance is evaluated and decisions are based.

Environmental audits, however, do not always easily fit into the mandate of various supreme audit institutions (SAIs). The difficulties in carrying out environmental audits within a regularity mandate were first raised at the sixth meeting of INTOSAI Working Group on Environmental Auditing (WGEA), held in Cape Town, South Africa.

This paper “Environmental Audit and Regularity Auditing” provides guidance to SAIs on how to conduct environmental audits by applying regularity (financial and compliance) auditing practices. It demonstrates that SAIs do not necessarily require a performance audit mandate to conduct audit work with an environmental focus.

In 2001 the SAI of New Zealand, the Office of the Controller and Auditor-General, circulated an early draft of this paper for discussion at the seventh meeting of the WGEA in Ottawa, Canada. An updated version was presented the following year at the WGEA Steering Committee meeting held in London, England. The Steering Committee proposed that the paper be approved by the WGEA and submitted for adoption as a formal INTOSAI document. This proposal was unanimously endorsed in Warsaw, Poland, at the June 2003 WGEA Assembly.

In October 2003, the INTOSAI Governing Board was duly informed of this intention and approved measures to distribute the paper among INTOSAI members for comment and review. In early 2004, the WGEA collected the views and opinions of INTOSAI members and introduced the appropriate changes to reflect their contribution to the paper's development. This paper is the result of these consultations. We are pleased to propose it as an INTOSAI document at the October 2004 XVIII International Congress of Supreme Audit Institutions (INCOSAI) in Budapest, Hungary.

We would like to thank Mr. Kevin Brady, Controller and Auditor-General of New Zealand for having spearheaded this project on behalf of the WGEA. We would also like to thank Martyn Pinckard, Wendy Venter, and Gareth Ellis of the New Zealand Office of the Controller and Auditor-General for their dedicated work in developing the paper and preparing it for publication. We extend our thanks to the members of the WGEA and other SAIs whose comments and views helped shape the paper's contents and contributed to its completion.

This paper is available in all INTOSAI languages and can be found on the WGEA Web site ([www.environmental-auditing.org](http://www.environmental-auditing.org)). We are sure that “Environmental Audit and Regularity Auditing” will provide useful insights and guidance for auditors, who already practice environmental audit on a regular basis, as well as those auditors who are less familiar with it.

Sincerely,

Sheila Fraser, FCA  
Chair of the INTOSAI WGEA  
Auditor General of Canada

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