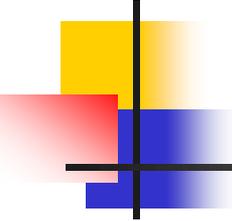


# Auditing Ecology, Ecologising Audit Env. Audit Reports by CAG of India: The Way Ahead

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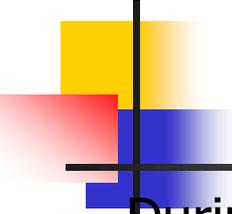
Himanshu Upadhyaya  
Faculty, Azim Premji University, Bangalore  
iCED, Jaipur 6<sup>th</sup> August 2015



# Background on INTOSAI

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- The International Organization of Supreme Audit Institutions (INTOSAI) is the professional organization of supreme audit institutions (SAI) in countries that belong to the United Nations or its specialized agencies. INTOSAI was founded in 1953 and has grown from the original 34 countries to a membership of over 180 SAIs. As the internationally recognized leader in public sector auditing, INTOSAI issues international guidelines for financial management and other areas, develops related methodologies, provides training, and promotes the exchange of information among members. One way by which INTOSAI promotes the exchange of ideas and experiences between SAIs around the world is through its triennial congress called the International Congress of Supreme Audit Institutions (INCOSAI).



# Background of INTOSAI's WGEA

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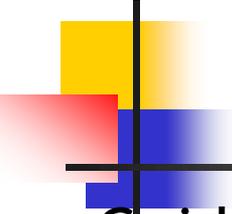
- During the 14<sup>th</sup> INCOSAI meeting held in Washington, D.C. in October 1992 the INTOSAI membership indicated a strong interest in the roles and activities of Supreme Audit Institutions in issues of environmental auditing. The formation of a Working Group on Environmental Auditing (WGEA) was initiated and approved by the Congress.
- The Working Group aims to improve the use of audit mandate and audit instruments in the field of environmental protection policies, by both members of the Working Group and non-member Supreme Audit Institutions (SAIs).
- The WGEA started out with 12 countries and has since grown to a membership of over 74, making it the largest INTOSAI working group.
- India's SAI is a WGEA member, as well as member of steering committee since 2001. Hence it is extremely relevant for us to see what CAG has done far to audit environmental governance and how has MOEF responded to CAG's audit findings.



# 'Environmental Audits' so far...

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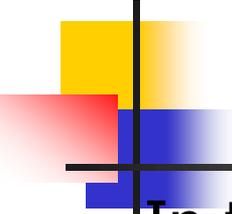
- Audits by Issues <http://www.environmental-auditing.org/Home/EnvironmentalAuditsWorldwide/AuditsbyIssue/tabid/125/Default.aspx>
- India <http://www.environmental-auditing.org/tabid/126/CountryId/290/Default.aspx>
- Since 1993, WGEA has carried out five surveys. It has carried out these surveys on environmental audit at an interval of every three years. Surveys are sent to heads of all Supreme Audit Institutions. Surveys are instrumental in the development of each WGEA work plan and serve the needs of INTOSAI members.
- However, when one examines the results, one finds that India didn't respond to first three surveys. It responded to the fourth survey in 2003 and fifth survey in 2006, and had sent in the much-delayed response to the questionnaire of the first survey while responding to the fourth survey.



## Five categories of 'Environmental Audit'

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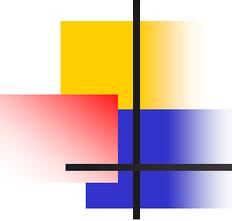
- Guidance on Conducting Audits of Activities with an Environmental Perspective' provided by the International Working Group on Environment Audit classifies Environmental Auditing into the following five categories:
  - 1. Audits of government monitoring of compliance with environmental laws;
  - 2. Audits of the performance of government environmental programmes;
  - 3. Audits of environmental impact of other government programmes;
  - 4. Audit of environmental management systems; and
  - 5. Evaluations of proposed environmental policies and programmes.



## Env Audit: First Steps

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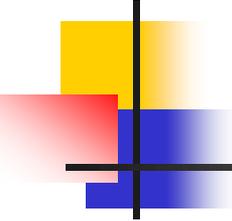
- In the year 2002, when CAG of India brought out Manual on Standing Orders (Audit) its chapter 19 dealt with various facets of Environmental Auditing.
- In the same year, CAG of India designated Regional Training Institute, Mumbai as a nodal institute and centre for excellence for Environmental Auditing.
- In December 2003, RTI Mumbai organised the first five days training programme on Env Audit, followed by designing a Structured Training Module in 2004, and 3 days training for trainers based on STM in June 2004.
- Till end 2005, RTI Mumbai had trained 566 officers in Environmental Audit.



## Env Audit: First Steps

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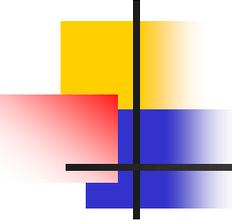
- In February 2006, RTI Mumbai organised a workshop on Natural Resources Accounting in collaboration with Central Statistical Organisation, followed by another similar one on November 2006 for PDs, Principals of RTIs/ RTCs and group officers of the Audit department.
- During the tenure of V N Kaul, the office of PD (Scientific Department) was designated as the nodal office for undertaking environmental audits.
- Vijay Kumar states that there was now a shift from ‘EA report being a rarity in SAI India’s non-civil reports’ to ‘environmental concerns being increasingly reflected in recent reports’.



## Environment Audit: 2008 onwards

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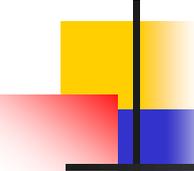
- A theme paper *Auditing for Good Governance: Facilitating Foresight* authored by A K Awasthi and Vani Sriram for biennial Auditor Generals' conference in October 2008 reported "In the area of environment and climate change, we already have a nodal office (PDA SD) and a nodal training institution for environmental audit (Regional Training Institute, Mumbai)".
- 87<sup>th</sup> international training programme on Env Audit took place at iCISA, Noida in Jan 2009!  
<http://www.icisa.cag.gov.in/images/87Schedule.htm>
- Similarly, on 15<sup>th</sup> and 16<sup>th</sup> March 2010, there was an international conference on Env Audit, which discussed concerns around water pollution.



## iCED: Env Audit and Sustainable Dev

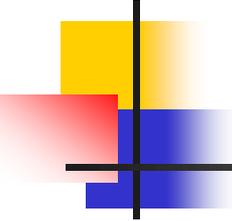
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- Since 2008, the agenda of Env Audit started getting prominence and in 2011, the global training facility was created in the form of iCED, Jaipur.
- iCED website now lists environmental audit reports carried out by SAI India year wise in addition to the list that is there on INTOSAI WGEA page.
- iCED website also hosts publication of WGEA of INTOSAI, WGEA of ASOSAI and SAI - India's study reports as well as guidelines on env audit issues.
- iCED can play important role for better feedback between Env audit and env policy, regulation and governance.



# Audit Advisory Board and Ecologists?

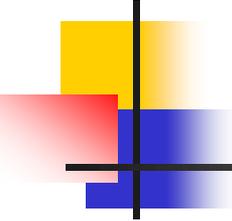
- [http://www.cag.gov.in/html/advisory\\_board.htm](http://www.cag.gov.in/html/advisory_board.htm)
- Prodipto Ghosh, Sunita Narain etc have been on board.
- There is a 907 page document *CAG of India: A thematic History 1990-2007*. It has an appendix, Changes in the Policy, Law, rules etc at the instance of audit finding and if we try to find the word 'environment': Nothing shows!
- We need to see whether environmental audit report leads to strengthening environmental governance, i.e. strengthening environmental clearance process in wake of Env Management report on Mumbai Port Trust.
- We need to expand the knowledge base on environmental audits. iCED library, training modules and newsletter.



## Quick Overview of Env Audits so far

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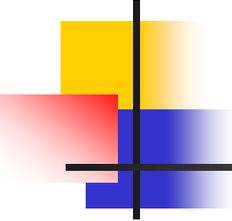
- In late 1970s, when SAI India started to carry out Performance cum Effectiveness Audits, environmental concerns emerged slowly as many of these highlighted that neglecting env concerns led to shortfalls in benefits. e.g. performance audit on Loktak and Baira Siul Hydroelectric projects and on 15 major and medium irrigation projects.
- These reports had brought to the attention of planners command area ecological concerns and geological investigations while undertaking Hydroelectric projects.
- PA reports on Accelerated Irrigation Benefit Programme and Command Area Development Authorities talked about culture of non-compliance with env norms.



## More focused Env Audits in 1990s

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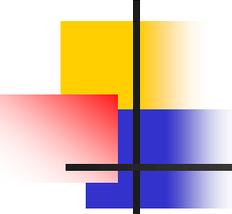
- In 1995, PA on Scientific bodies covered Ganga Action Plan and Forest Survey of India and highlighted missing links.
- In 1996, there was a performance review of preservation of wildlife in Meghalaya and of Afforestation of Waste Land and Agro Forestry in Haryana. There was a performance review of Pollution Control Board in Maharashtra.
- In 2000, SAI India revisited performance of Ganga Action Plan and we need to ask if policy makers learnt lessons.
- In 2000-'01, a compliance audit report looked at implementation of env acts relating to Water Pollution. Did MoEF during NDA regime (1998-2003) learn lessons?
- WGEA website lists 17 audits for the period 1993-2002.



# Auditing Hydropower Projects

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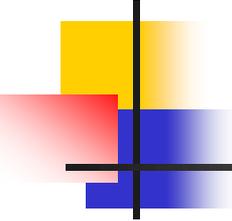
- In 1995, there was a stand alone volume on NHPC that cited how this central power sector undertaking had failed to pay attention to warnings from geological investigations by reputed institutions such as GSI on several projects.
- Such an attitude had resulted in several mishaps and projects undergoing huge cost escalations later.
- This performance review tells a lot about what lacks in environment management practices of NHPC and any fresh hydropower audits can learn a great deal by reading it.
- If there exists such sector specific compilation of performance reviews and env audits, new audits can ask pertinent questions on continued mismanagement.



## Env Audits (2000 onwards)

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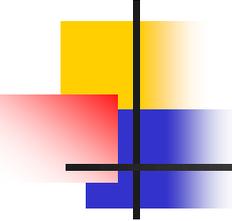
- In 2002, CAG carried out performance audit of scientific bodies and Zoological Survey of India under MoEF was also one of those covered. The audit findings revealed “The primary objective of survey and exploration work of ‘faunal’ resources in the selected areas was behind schedule for periods ranging from five to 13 years.”
- In 2004, an audit report on Gerusoppa Dam in Karnataka talked about cost and time overruns, but this could have indicted KPCL for having failed to comply with env norms.
- In 2007, env audit reports were bringing env non-compliance. Auditors were now carrying cameras during joint site visits, e.g. PA on wildlife protection in Arunachal Pradesh.



## Env. Audits (2007 onwards)

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- In 2007, environment management at Mumbai Port Trust came under CAG's scanner. The audit findings were startling and could have launched an overhaul of env clearance process. Alas, MoEF had worked overtime to further dilute the EIA notification bringing amendments.
- In 2009, there was a remarkable performance review report on government's flagship wildlife protection scheme, National Tiger Conservation Programme. We need to probe the impact of the audit findings on the policy debates around Tiger Parks in India during 2009-'10.
- In 2009, several state audit reports carried review of air pollution by thermal power plants. Panipat in Haryana etc.



## Env Audits: 2007 Onwards

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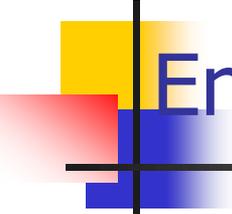
- There were also performance reviews that talked in great details about the env impacts of hydropower projects, e.g. PA on hydropower projects in Uttarakhand (2008-'09), Sikkim (2008-'09) and in Himachal (2012). These reports did raise some pertinent issues around non-compliance with env safeguards. How states and MoEF have responded???
- In 2009-'10 and then again in 2012-'13, there was a performance review of Hydropower projects in North East and Eastern India. Even as the audit findings suggested the culture of impunity and rampant non-compliance of env norms, these reports suggested to 'pay attention to geological risks, but go faster on green clearance'?!



## Env Audits in 2012 and 2013

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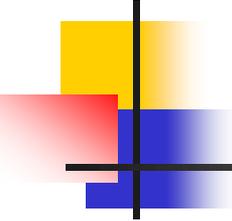
- In 2012, an audit report was produced by Revenue Receipts wing that highlighted serious issues on the loopholes in controls and regulatory mechanism in mining sector in Karnataka and recommended what steps were needed to be taken to move towards sustainable mining.
- In 2013, an audit report took a detailed review of the issue of Compensatory Afforestation in India. Long back in 2009, there were a few revenue receipts that had highlighted how state forest depts. Were failing to collect CA funds from user agencies.
- In 2013, there was also a detailed performance audit of Disaster Preparedness. (Utk, J&K)



## Env Audits in 2014-'15

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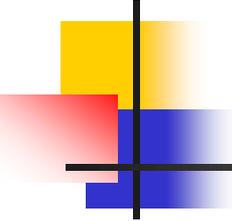
- In last week of June, a performance audit report on Lake Development Authority was tabled in Karnataka assembly.
- In March this year, a performance audit report on Kaziranga National Park was tabled in Assam assembly.
- In December 2014, a detailed audit report about environment management practices by Indian Railways was tabled in parliament.
- In Sept 2014, a performance review of Dept of Geology and Mining in Andhra was tabled in assembly.
- In June 2014, a detailed performance audit of Irrigation projects in Maharashtra was tabled in assembly.
- Similarly a performance review of Dept of Forest, Ecology and Wildlife in Nagaland was tabled last year.



## Ecologising Audit: Role of iCED

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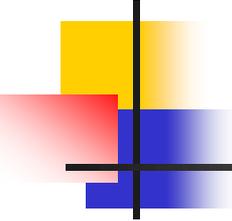
- Since there have been more than 200 Env audits, there is a lot that has already been accomplished. However, now there is a need to go beyond auditing ecology and focus attention of ‘ecologising audit’.
- Last year there have been very indicting audit reports on forest governance in West Bengal and Himachal Pradesh and of functioning of Mining and Geology Dept in Andhra.
- This year in July, I read a performance review of Lake Development Authority in Karnataka.



## Ecologising Audit: Role of iCED

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- The question is that of follow up on these audit findings and ensuring a dialogic feedback system between public audit and env. policy makers and judiciary (NGT etc).
- There is a need for a dialogic engagement whereby auditors will listen to and learn from ecologists, and definitely the other way round to.
- On 30<sup>th</sup> July 2009, at CAG headquarter there was a consultation on Environmental Auditing. 5 to 6 civil society representatives, relevant govt institutions, one journalist and one biomedical waste management industry participated.



## Thanking you

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- Thanks a lot for providing me the opportunity for this dialogue. You may like to read some of my writings drawing from the env audit reports from CAG of India on this link: [www.indiatogether.org/c/environment](http://www.indiatogether.org/c/environment)
- Would be grateful for your qualitative feedback
- Contact Details:  
[himanshu.u@apu.edu.in/](mailto:himanshu.u@apu.edu.in) [himanshugreen@gmail.com](mailto:himanshugreen@gmail.com)