

Breakout 1

Environmental Auditing & Sustainability

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AMBITIONS OF THE SAMOA AUDIT OFFICE IN ASSURING A SUSTAINABLE FUTURE FOR SAMOA

**Presenters: Camillo Afele (CAG SAI Samoa)
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ACKNOWLEDGEMENTS

- Traditional Custodians of the land on which we meet today, and their Elders past and present.
- Organisers of IMPACT -Auditor-General of Australia (Grant) & Australian National Audit Office (ANAO).





INTRODUCTION OF PRESENTERS

- Camillo Afele - Controller and Auditor General of Samoa
- Ocean Penitito - Director of Information and Communication Technology audits - Samoa Audit Office





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MESSAGE

- Assure means making sure the development and future of Samoa are sustainable
- Assurance through independent audits of the Public Sector
- Need strong legislative framework for independent auditing
- Need strong audit independence
- Need adequate means of implementation - mandates, resourcing and partnerships



SAMOA AUDIT OFFICE (SAO) – BACKGROUND INFORMATION



- Originally established as part of the New Zealand Audit Office before independence in 1962
- Headed by the Controller and Auditor-General who is an Officer of Parliament and Officer of the Constitution
- Constitutional and legislative auditor of all state funds, accounts, entities, assets, liabilities and equities
- Report at least once annually to the Legislature
- Originally mandated to conduct pre and post audits of accounts and finances
- Mandated by 2014 legislative amendments to conduct operational or performance audits



AUDIT EXPECTATION GAP & THE ULTIMATE IMPROVEMENT



- Gap between expectation of auditors and expectation of auditees and other stakeholders
- Audits of the public sector without impact on the lives of the people is the audit expectation gap
- Auditing the provision of the quality life for the people - the ultimate improvement
- Intersection and union of the audit of the provision of the quality of life for the people and audit of sustainable development goals





AMBITIONS OF SAO IN ASSURING A SUSTAINABLE FUTURE FOR SAMOA

- Audit of the performance or output budget
- Linkage of the performance or output budget to Sector Plans, Strategic Plans and Strategies or Pathways for the Development of Samoa
- The 6Es and the audit of environmental conscience of the public sector
- Environmental protection
- Sustainable development
- Sustainable development goals
- Cooperative performance and environmental audits by PASAI



AUDITS OF SUSTAINABLE DEVELOPMENT GOALS



- Commitment from 2015 of UN Member States to the 2030 SDG Agenda
- INCOSAI 2016 and the 4 Approaches
- Approach1 - Assessing the preparedness of national governments to implement, monitor, and report on progress of the SDGs, and subsequently to audit their operation and the reliability of the data they produce
- Approach2 - Undertaking performance audits that examine the economy, efficiency, and effectiveness of key government programs that contribute to specific aspects of the SDGs
- Approach3 - Assessing and supporting, as appropriate, the implementation of SDG 16 which relates in part to transparent, efficient, and accountable institutions; and SDG 17, which concerns partnerships and means for implementation
- Approach4 - Being models of transparency and accountability in their own operations, including auditing and reporting
- In 2020 PASAI published its report on its cooperative performance audit on the preparedness of Pacific governments to implement SDGs towards the 2030 goals and targets
- The report of PASAI is available on its website
- SAO has also submitted its own report to parliament in 2022 based on the PASAI cooperative audit and report under approach 1 as recommended in 2016 INCOSAI





CHALLENGES TO AMBITIONS

- Staff being Accountants and Certified Fraud Examiners and not Performance or Operational Audit Specialists
- No Legal Advisor and Specialised performance Auditors
- Perception of Auditee that SAO should focus on financial audits
- No international standards on audit of environmental protection and sustainable development but substantial literature on the concepts and their audits
- Difficult to defend audit methodologies, approaches, observations, recommendations and conclusions in the absence of international standards
- Performance audits take longer than a month which small SAs cannot afford





ADDRESSING CHALLENGES

- In-House Staff
- Operating partners in the private sector of Samoa
- International partners in INTOSAI including PASAI and ANAO
- Cooperative performance and environmental audits of INTOSAI, IDI and PASAI
- Postgraduate professionalisation of Senior Staff
- Interim and final comprehensive audits of 2 weeks duration



MEMBERSHIP OF INTOSAI INNOVATIVE WORKING COMMITTEES, FORUMS & GROUPS



- Professional Standards Committee (PSC)
- Capacity Building Committee (CBC)
- Knowledge Sharing Committee (KSC)
- Working Group on IT Audit (WGITA)
- Working Group on Environmental Auditing (WGEA)
- Working Group on the Fight Against Corruption and Money Laundering (WGFACML)
- Working Group on Big Data (WGBD)
- Working Group on Impacts of Science and Technology on Auditing (WGISTA)





CONCLUSION

**SAO CAN ASSURE A SUSTAINABLE FUTURE
FOR SAMOA WITH A STRONG LEGISLATIVE
FRAMEWORK, STRONG AUDIT
INDEPENDENCE AND ADEQUATE MEANS OF
IMPLEMENTATION IN TERMS OF MANDATES,
OPTIONS AND PARTNERSHIPS**





THANK YOU FOR YOUR ATTENTION



The future of ESG reporting and how performance auditing may respond to these challenges

20 April 2023
Wendy Craik AM
IMPACT 2023
Canberra

What is ESG?

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- An environmental social and governance (ESG) framework adopted by organisations for a long term sustainability approach to conducting their affairs
- United Nations : developed a collection of 17 Sustainable Development Goals (SDGs) in 2015 to help guide organisations achieve sustainable development practices
 - A shared blueprint for peace and prosperity for people and the planet now and into the future
- Governments : Explicitly or implicitly setting targets/policies aligned with SDG goals and beginning to grapple with measurement of performance
- Private Sector : acknowledging the relevance of environmental social and governance factors to the performance and profitability of investments and the production of goods and services and the market as a whole

Today

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- Some history
- What is Australia doing?
- What is the private sector doing?
- What are other countries doing?
- What has Canada done?

A potted history and ESG

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- 1992, 2000, 2022, 2012 UN Summits on Sustainable Development
- 2015 UN Sustainable Development Summit : 2030 Agenda for Sustainable Development - 17 SDG Goals
- 2015 Paris Agreement on Climate Change and Nature Positive by 2030
- 2020 WEF : Half the worlds GDP (\$44 trillion) depends on nature
- 2022 UN Biodiversity Conference : conserve and manage 30% of land, coast, marine and freshwater by 2030; adopt Global Biodiversity Framework

17 Sustainable Development Goals

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17 Sustainable Development Goals

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- **Goal 1:** End poverty in all its forms everywhere
- **Goal 2:** End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- **Goal 3:** Ensure healthy lives and promote well-being for all at all ages
- **Goal 4:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- **Goal 5:** Achieve gender equality and empower all women and girls
- **Goal 6:** Ensure availability and sustainable management of water and sanitation for all
- **Goal 7:** Ensure access to affordable, reliable, sustainable and modern energy for all
- **Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- **Goal 9:** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- **Goal 10:** Reduce inequality within and among countries
- **Goal 11:** Make cities and human settlements inclusive, safe, resilient and sustainable
- **Goal 12:** Ensure sustainable consumption and production patterns
- **Goal 13:** Take urgent action to combat climate change and its impacts
- **Goal 14:** Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- **Goal 15:** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- **Goal 16:** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- **Goal 17:** Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Source: [Transforming Our World: The 2030 Agenda for Sustainable Development](#)

Specific Australian Government ESG Commitments

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- Environment

- Legislating 43% emissions reduction target by 2030
- Stronger safeguard mechanisms
- Stronger mandatory disclosure obligations
- Establishing National Environmental Standards
- Protecting 30% of Australia's land and seas by 2030
- Create a nature repair market
- Establish an independent Environment Protection Agency
- Develop stand alone cultural heritage legislation with First Nations
- Work towards zero new extinctions

Specific Australian Government ESG Commitments

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- Social
 - Appoint independent Anti-Slavery Commissioner and amend Modern Slavery Act introducing penalties and reporting
 - Implementing The Voice through a referendum later this year
 - Implementing the 55 recommendations from Respect@Work, amending the Fair Work Act and Sex Discrimination Act to prohibit sexual harassment and legislatively enshrine substantive gender equality
 - Make gender pay equity an objective of the Fair Work Act, increase pay transparency, and enable the FWC to order pay rises for workers on low paid industries dominated by women

Specific Australian Government ESG Commitments

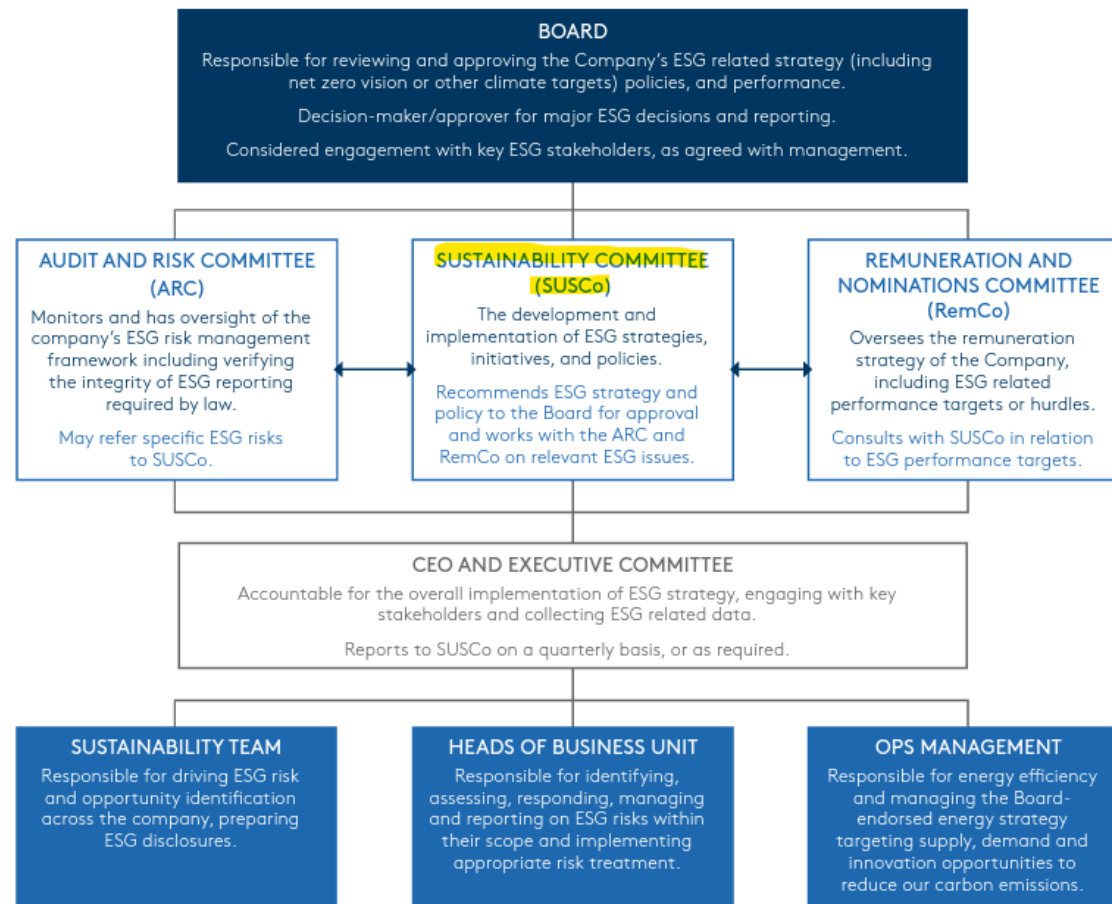
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- Governance
 - Establishment of the National Integrity Commission
 - Corporations law reform to facilitate employee representation on company boards, improve ordinary shareholder rights and enable greater worker and citizen participation in corporation governance

AICD: Flow of ESG Governance

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Figure 1: Flow of ESG governance (an example)



E ENVIRONMENTAL STEWARDSHIP

GREENHOUSE GASES & AIR

SOIL & LANDSCAPES

BIODIVERSITY

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P17. Unconscionable conduct is eliminated from supply chains via transparency and accountability.

P1. Net anthropogenic GHG emissions are limited to minimise climate change.

P2. Adverse impacts to air quality are avoided or minimised.

P3. Soil health and functionality are protected and enhanced.

P4. Landscape degradation is avoided or minimised.

P5. Biodiverse ecological communities are protected and enhanced.

P6. Water resources are used responsibly and equitably.

P7. Finite resources are safeguarded in circular economic systems.

P8. Safe agricultural outputs are produced for public consumption.

P9. Safe working environments are provided for employees.

P10. Fair access to a decent livelihood is provided within the industry.

P11. Discrimination is not tolerated in an inclusive industry.

P12. Farmed animals are given the best care for whole of life.

P13. Society benefits from the agricultural industry's positive contribution.

P14. Biosecurity threats are assessed, mitigated and managed in systems of continuous improvement.

P15. Industry participants behave ethically and lawfully.

P16. Resilience is enhanced by assessment, mitigation and management of risks.

Australian Agricultural Sustainability Framework

Communicating the Australian agricultural industry's sustainability status and goals to markets and to the community.

GOOD GOVERNANCE

FAIR TRADING

RESILIENCE

ECONOMIC BIOSECURITY

G

SOCIAL CONTRIBUTION

ANIMAL WELLBEING

RIGHTS, EQUITY & DIVERSITY

LIVELIHOODS

& COMMUNITY

PEOPLE, ANIMALS & WELLBEING

MATERIALS & RESOURCES

S

PEOPLE, ANIMALS & WELLBEING

ESG Challenges including metrics and measurement

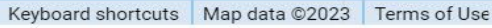
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- International Sustainability Standards Board
- Australian Sustainable Finance Institute
- Taskforce on Climate Related Financial Disclosures
- Taskforce on Nature Related Financial Disclosures
- Natural Capital Accounting
- Accounting for Nature

International Organisation of Supreme Audit Institutions (INTOSAI) on 17 SDGs

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- The International Organisation of Supreme Audit Institutions (INTOSAI) four approaches to supporting UN Agenda and 17 SDGs:
 - Assessing the preparedness of national governments to implement, monitor and report on progress of SDGs and to audit operations and reliability of data
 - Undertaking performance audits that examine the economy, efficiency and effectiveness of key government programs that contribute to specific aspects of the SDGs
 - Assessing and supporting the implementation of SDG 16 which relates in part to effective, accountable and transparent institutions
 - Being models of transparency and accountability in their own operations auditing and reporting



SDG audits by country

Canadian Government ESG approach

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- Second (2022-2026) Federal Sustainable Development Strategy based on the 17 SD Goals under the Federal Sustainable Development Act
- Whole of Government approach with 50 targets, 114 milestones and 162 implementation strategies across 101 Federal organisations
- A whole of government progress report is required before the end of the 4 year cycle from the Canadian Environment and Climate Change Sustainable Development Office (on behalf of the Auditor General) which will assess targets according to whether they are “actioned, underway, attention required, or no new data available”

Canadian OAG commitments on SDG auditing

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- The Office is committed to aligning its audit work with the United Nations 2030 Agenda for Sustainable Development and the underlying 17 sustainable development goals (SDGs) by
 - supporting the International Organisation of Supreme Audit Institutions (INTOSAI) four approaches;
 - considering the 17 SDGs when planning audits;
 - providing guidance to audit teams on identifying and assessing sustainable development risks and integrating them into performance audit and special examination work;
 - supporting the federal government in maintaining sound financial management systems;
 - continuing its commitment to transparency and accountability within its working environment; and
 - setting achievable targets for the consideration of the 17 SDGs in all direct engagements (for example, performance audits and special examinations).
- All of the Office's special examination reports and the four annual financial audits of Canada's federal and territorial governments are focused on SDG 16 (which relates to peace, justice and strong institutions).

“The Government did little to protect marine mammals from the risks of commercial fishing and navigation until recently”

- For 11/14 endangered or threatened species listed under the Species at Risk Act, the Fisheries and Oceans Canada (FOC) could not demonstrate whether it had implemented any specific management measure to reduce threats from commercial fishing and marine vessels.
- For 3 endangered whale species, FOC had taken some recovery action, though regarded as insufficient to be effective.
- FOC had not met most deadline for finalising required recovery strategies (10/14) and action plans (14/14).

Thankyou

The future of ESG reporting and how performance auditing may respond to these challenges

Wendy Craik AM

20 April 2023