

Audit and Environment

Strengthening external control in the environmental field

Challenge

Environmental and climate policies require comparatively complex governance structures, because the state has to take cross-sectoral action to implement its policies that involve public bodies, institutions and business from the private sector. Conflicting objectives for economic growth, environmental protection and social development make it difficult to carry out environmental measures effectively and efficiently and to achieve sustainable development goals.

One of the pillars of environmental governance is effective financial control of public expenditure by Supreme Audit Institutions (SAIs). In Latin America and the Caribbean, these institutions have joined to form the regional organization OLACEFS (Organization of Latin American and Caribbean Supreme Audit Institutions). In this region, environmental audits face difficulties due to complex governance structures. This leads audit institutions to different levels of challenges in order to perform the audits, which, in turn, limits a more effective performance by the SAIs of Brazil (Federal Court of Accounts / *Tribunal de Contas da União* - TCU) and OLACEFS.

Objective

The final aim of the project is that Brazil's Federal Court of Accounts and other members of the Organization of Latin American and Caribbean Supreme Audit Institutions manage to accomplish more effectively their role of improving Public Administration, especially regarding government investments in the environmental field.

Our Approach

The project is being implemented in two components by TCU and OLACEFS respectively, and operates in three areas: 1) strengthening auditing processes, 2) promoting the mechanisms of cooperation between the OLACEFS members and improving the range of services they offer, 3) supporting TCU and other OLACEFS members in their internal and external communications with

stakeholder representatives

In the **first area of activity**, the prerequisites needed to render audit processes (planning, execution, follow-up) more efficient will be improved for issues relevant to the environment. The actions aim to adapt and/or develop methods and instruments such as performance audits and create universal indicators. The new tools will be tested and later adopted as a standard in TCU. In a second stage, they will be made available to OLACEFS members where they can be used, for example, in coordinated environmental audits in Latin America and the Caribbean. In coordinated audits, the different SAIs will carry out joint planning, agree on a schedule for the audits and coordinate their reporting in their respective countries. The institution coordinating the audit will consolidate the individual reports and produce a final report. Special attention will be given to integration of crosscutting environmental issues in sectors such as, for example, infrastructure, energy and extractive industries, related to the Sustainable Development Goals.

Project Title	Strengthening of external financial control in the environmental field
On behalf of	German Federal Ministry for Economic Cooperation and Development (BMZ)
Country	Brazil/ Latin America and Caribbean
Partners	Brazilian Federal Court of Accounts – TCU Organization of Latin American and Caribbean Supreme Audit Institutions – OLACEFS
Volume	5,5 million Euros
Duration	01/2016 – 12/2020

Besides advice and coaching for decision makers on relevant processes and systems, a broad HCD approach (Human Capacity Development) is foreseen to develop the skills of auditors. The main aim is to strengthen the ability of the auditors to identify an extensive variety of technical issues and organizational contexts, as well as to strengthen the capacity of reporting complex facts in a logic and meticulous manner.



XXV General Assembly of OLACEFS
(November 2015 - Querétaro, Mexico)



Project Planning Workshop (July 2015 - Brasília, Brazil)

In the **second area of activity**, the services for audits in the field of environment will be delivered in a sustainable manner, through the OLACEFS network. Thus, the member SAIs will be strengthened to carry out a larger number of relevant environmental audits in a more efficient way. The actions will establish the conceptual base for improved service offers and innovations in carrying out joint audits with other SAIs.

At the organizational level, the methods and instruments developed by TCU and other member SAIs will be integrated into the knowledge management and monitoring system used by OLACEFS. The different approaches to strengthen capacities related to monitoring state action in the environmental sector (coordinated audits, peer reviews, seminars and workshops, etc.) will be adapted in terms of content and methodology and made available to member SAIs. As for development of individual capacities, an integrated programme of continuous training will be developed for audits on issues related to the environment, using existing formats such as e-learning.

The third area of activity establishes the necessary requirements that enable TCU and other OLACEFS member SAIs to have differentiated strategic communication with the parliament, civil society organizations, the press, public opinion and research institutions. The focus of capacity development here is to improve communication with society in order to improve general social and environmental conditions. Aiming at achieving a distinguished technical approach, with in-depth knowledge of environmental issues, another strategy is being devised in SAIs to exchange knowledge with expert bodies, national and international research institutions, advisory and consultancy services, and technical bodies working in the environmental sector.

Implementation Area

The Supreme Audit Institutions of 22 Latin American and the Caribbean countries will participate on a voluntary basis.

Map: Full members of the Organization of Latin American and the Caribbean Supreme Audit Institutions (OLACEFS)



Member countries are colored

Published by	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, seated in Bonn and Eschborn, Germany	Partners	Tribunal de Contas da União - TCU International Relations Secretariat – Serint Setor de Administração Federal Sul - SAFS Quadra 4 Anexo III - Lote 1 - CEP 70042-900 – Brasília/DF - Brazil +55 61 3316-7442 serint@tcu.gov.br www.tcu.gov.br
	Tropical Forest Programme Strengthening of external financial control in the environmental field Tribunal de Contas da União – Serint SAFS Quadra 4, Anexo III – Lote 1 70042-900 Brasília - DF, Brasil Tel: +55 61 3316-5483 E-mail: giz-brasilien@giz.de www.giz.de/brasilien		Organización Latinoamericana y del Caribe de Entidades Fiscalizadoras Superiores - OLACEFS Secretariat: Contraloría General de la República Teatinos 56, Santiago, Chile +56 2 24025657 E-mail: orudloff@contraloria.cl www.olacefs.com
Responsible	Erwin Alberto Ramírez Gutiérrez	On behalf of	German Federal Ministry for Economic Cooperation and Development (BMZ)
As at	November 2017	Adresses of BMZ	BMZ Bonn Dahlmannstraße 4 53113 Bonn, Alemanha T +49 (0)228 99 535-0 www.bmz.de BMZ Berlin Stresemannstraße 94 10963 Berlin, Alemanha T +49 (0)30 18 535-0