

Audit and Environment

Strengthening External Control in the Environmental Field

Context

Environmental and climate protection policies require complex structures of **environmental governance**. State cross-sectoral action in the environmental field is implemented by public bodies, non-governmental organizations and private sector companies. Conflicting objectives for economic growth, environmental protection and social development make it difficult to carry out environmental measures effectively and efficiently, and to achieve the **Sustainable Development Goals**.

Environmental governance is based on good management of public financial resources applied in the sector, which is one of the objects of evaluation of the **Supreme Audit Institutions (SAIs)**. In Latin America and the Caribbean, the SAIs of 22 countries have joined to form the Organization of Latin American and Caribbean Supreme Audit Institutions (**OLACEFS**), whose objective is to promote the exchange of knowledge and experiences related to the oversight and external control of public expenditure, as well as to promote the institutional cooperation and the development of capacities among its members.

The importance of SAIs has been recognized by the UN General Assembly through its **Resolution A/69/228** (December 2014) for "promoting the efficiency, accountability, effectiveness and transparency of public administration, which is conducive to the achievement of national development objectives and priorities as well as the internationally agreed development goals". Under the complex existing governance structures and due to the fact that the conservation of the environment has become increasingly important in the region, the **Brazilian Federal Court of Accounts (TCU)** and other OLACEFS members contribute to the preservation of ecosystems mainly through **audits in the environmental field**.

Objective

The aim of the Project is that Brazil's Federal Court of Accounts and other member SAIs of the Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS) manage to accomplish effectively their role of **improving Public Administration**, especially regarding government investments in the **environmental field**.

Approach

The project is being implemented by the *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH*, on behalf of the German Federal Ministry for Economic Cooperation and Development (*BMZ*), in partnership with TCU and OLACEFS, by

Project Title	Strengthening of External Financial Control in the Environmental Field
On behalf of	German Federal Ministry for Economic Cooperation and Development (BMZ)
Partners	Brazilian Federal Court of Accounts (TCU) Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS)
Country	Brazil / Other 21 countries in Latin America and the Caribbean
Implemented by	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Investment	5.5 million Euros
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means of three fields of action:

1. **Strengthening governmental auditing processes.**
2. **Enhancing the mechanisms of cooperation among the OLACEFS members** and improving the range of services they offer.
3. **Strengthening internal and external communication with stakeholders.**

Status and Progress

Field of action 1 seeks to improve the necessary prerequisites to make the external control processes (planning, execution, monitoring) more effective, in matters relevant to the environment. The ongoing actions aim to develop, strengthen and/or promote innovative audit models, methodologies and instruments, such as the regular execution of performance audits, and the application of geotechnologies in external control actions in the environmental area. The developed instruments are tested and, subsequently, their institutional adoption is promoted as a standard in the TCU. In a second stage, they can be made available to the other OLACEFS members for use, for example, in national audits as well as in coordinated environmental audits in Latin America and the Caribbean. In the same way, innovative tools are developed in direct cooperation with the OLACEFS members, and the exchange of experiences and lessons learned among them is promoted.

Coordinated audits deserve special attention: they are a collaborative model of capacity development, in which the different SAIs involved participate in a training process that seeks to standardize their capacities regarding performance auditing



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and in relation to the specific topic to be addressed. In addition, a planning process is jointly defined, the national audits are executed according to a common schedule and methodology, the presentation of the audit reports in their respective countries is coordinated, and a consolidated report reflecting the regional situation on the subject matter is prepared. Furthermore, special attention is given to the integration of cross-cutting issues related to the Sustainable Development Goals.

Besides advice and coaching for decision makers on relevant processes and systems, the project has a broad HCD approach (Human Capacity Development) for the auditors' and managers' capacities development. The objective is to strengthen auditors' ability to identify an extensive variety of technical issues and organizational contexts, as well as to improve the capacity of reporting complex facts in a logical and meticulous manner.

- Through **field of action 2**, a sustainable offer of services is made available, through the OLACEFS network, to contribute to the execution of audits in the environmental area. In this way, the member SAIs' capacities are strengthened to carry out audits of environmental relevance in greater number and in a more efficient way. The actions aim to establish the conceptual base for improved service offers and innovations in the carrying out joint audits with other SAIs.

At the organizational level, the methods and instruments developed by TCU and by other member SAIs are integrated into the OLACEFS knowledge management and monitoring system.

The different existing approaches for strengthening capacities related to monitoring governmental action in the environmental field (coordinated audits, peer reviews, seminars and workshops, etc.) have a content and methods adapted and made available to the other member SAIs. As for the development of individual capacities, a comprehensive program of continuous training is developed for audits focused on relevant environmental issues, taking advantage of existing formats such as, for example, e-learning.

Field of action 3 establishes the necessary requirements so that TCU and other OLACEFS members can implement a specific communication strategies in accordance with the different stakeholders: the National Congress, civil society organizations, the press, the public opinion, and research institutions, among others. Here the focus of capacity development is to improve communication with internal and external stakeholders, to contribute to favorable impacts on environmental governance and on general social conditions.

To obtain further information about the coordinated audits carried out, the tools developed, the products generated, as well as the registered results and indicators, visit: <https://www.giz.de/en/worldwide/38305.html>

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