TCU TRIBUNAL DE CONTAS DA UNIÃO

Peer review
TCU - Organization for Economic Cooperation and Development (OECD)

Structure of this Presentation

1. Information about the OECD study:
   - Period, Purpose, Objectives, and Scope

2. Study phases

3. Expected results

4. Positive aspects and challenges

OECD

- The OECD is an international economic organization founded in 1961 to further economic progress and world trade

- There are currently 34 member countries

- It serves as a platform to compare public policy experiences, seek solutions to shared challenges, identify best practices, and coordinate public policy among member and nonmember states

TCU

Study Period

- July 2011 to October 2012

- As of August, the OECD has already delivered an English language version of the report

- Presentation of the final OECD report: planned for October or November 2012

Purpose of the Peer Review

To assess:

- Audit performed by the Brazilian Court of Audit on the Year-End Accounting Report Prepared by the President of the Federative Republic of Brazil

- In addition: preparation of the report itself by the Executive Branch and its final evaluation by the Legislature

Objectives of the Peer Review

- Analyze and evaluate governance structure with the purpose of preparing the audit report and the audit opinion of the year-end Brazilian government accounts

- Propose measures to enhance the quality and the impact of the TCU's report and audit opinion on the year-end government accounts

Scope of the peer review

a) Structure and content of report

b) Workflow and resources for report preparation

c) Report dissemination mechanisms and impact assessment
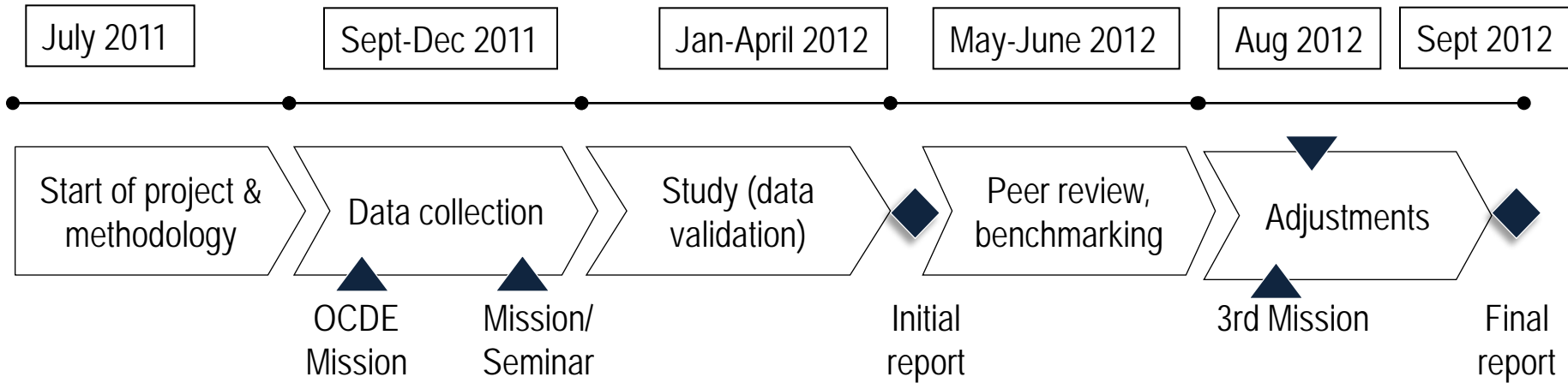
Structure of TCU Report

- Chapter 1: Introduction
- Chapter 2: Macroeconomic overview
- Chapter 3: Analysis of budget and fiscal management
- Chapter 4: Analysis of the performance of government programs
- Chapter 5: Analysis of financial reports
- Chapter 6: Selection of special topic
- Chapter 7: Recommendations

Peer Review Phases

1. Data collection

2. Preliminary study (preliminary report)

   - Data validation

3. Benchmarking

   - The OECD compared Brazilian practices to international best practices

4. Peer review

5. Publication and dissemination of results

Peer Review Phases

Phases

| July 2011 | Sept-Dec 2011 | Jan-April 2012 | May-June 2012 | Aug 2012 | Sept 2012 |

Start of project & methodology → Data collection → Study (data validation) ◆ → Peer review, benchmarking → Adjustments ◆

OCDE Mission | Mission/ Seminar | Initial report | 3rd Mission | Final report

Activities

- Data and literature review
- Interview with TCU employees
- Interview with other players
- Benchmarking workshop with SAIs
- TCU reviews data
- SAIs comment on study
- Meeting with the OECD network on public sector integrity
- Roundtable with TCU and SAI representatives

Data Collection

- Review of laws and reports

- Interviews with various players: Brazil's SAI, Executive branch, Legislative branch, media, academia
  - Brazil's SAI: leadership and civil servants at all levels

- Use of videoconferencing: more than 50 conferences with civil servants and TCU leadership

- TCU auditor "loaned" to the OECD

Preliminary Study

- The OECD prepares a preliminary version of the study for validation with Brazil's SAI

- The report is discussed internally and with the OECD before being set for analysis to other countries

- Another TCU employee is loaned to the OECD

Benchmarking

- The OECD compares Brazilian practices to international best practices

  - Reference institutions: INTOSAI (ISSAIs), IMF, OECD, academia, other SAIs, etc.

- An international seminar was held in Brasilia with the participation of several SAIs

  - Discussion about government accounts reporting in various countries

Peer review

- Selection of 12 countries for the peer review: South Africa, Germany, Australia, Canada, Chile, Spain, United States, France, the Netherlands, United Kingdom, Mexico, and Portugal

- Presentation and discussion of the OECD report in the Network on Public Sector Integrity (May 30 to June 1, 2012)

- Written comments submitted by SAIs

Expected results (1/3)

- Identification of opportunities for improvement in the process of reporting on government accounts, in the following areas:
  - Public governance
  - Transparency and accountability
  - Content and structure of the report and of the audit opinion
  - Planning of the audit of the year-end accounting report
  - Dissemination of audit results
  - Follow-up on recommendations
  - Adaptation to international standards (ISSAIs) and adherence to best practices

Expected results (2/3)

- Analytic survey of the government accounts process at the TCU

- Development and validation of the appropriate strategy for implementing changes in the government accounts process in the medium and long terms

- Dissemination of TCU publications and more active participation in key international forums on public governance

Expected results (3/3)

- Capacity building for auditors loaned to the OECD

- Exchange of experiences with other countries regarding the peer review process

- Opportunity to perform other peer reviews at the TCU

- Possibility of the TCU acting as a peer reviewer

Positive aspects (1/2)

1. Report prepared by a multilateral institution (OECD) with broad knowledge of planning, budget, finances, accounting, governance, transparency, accountability, and so on

2. Multidisciplinary team

3. Peer review performed by various countries, not just one

Positive aspects (2/2)

4. Opportunity to involve representatives from countries' Executive and Legislative branches and obtain their feedback

5. Need for unanimous approval of recommendations by OECD member countries

6. Use of OECD discussion networks

Challenges

1. The OECD is not a SAI

2. The people involved in the process are not auditors

3. Standardizing terminology

4. Resistance of some SAIs in offering comments in the peer review process

5. Possible exposure of SAI weaknesses