

**STRENGTHENING PUBLIC MANAGEMENT TRANSPARENCY AND CONTROL IN
LATIN AMERICA AND THE CARIBBEAN (LAC)**

RG-T2125


CERTIFICATION

I hereby certify that this operation was approved for financing under the Transparency Trust Fund (AAF) by the Strategic and Eligibility Committee of the AAF on March 18, 2013. Also, I certify that resources from the Transparency Trust Fund (AAF) are available for up to US\$1,000,000 in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of six (6) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.



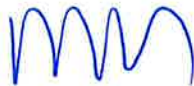
Sonia M. Rivera
Chief

Grants and Cofinancing Management Unit
ORP/GCM


Date

APPROVAL

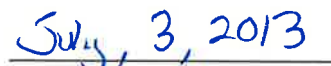
Approved





Ana Rodriguez-Ortiz
Manager

Institutions for Development Sector
IFD/IFD


Date

Strengthening public management transparency and control in Latin America and the Caribbean (LAC) RG-T2125

I. Basic Information for TC

- Country/Region: LAC Region
- TC Name: Strengthening public management transparency and control in Latin America and the Caribbean (LAC)
- TC Number: RG-T2125
- Associated Loan/Guarantee Name: EC-L1119. Program to improve management control function of Ecuador.
- Team Leader/Members: Maria José Jarquín (IFD/ICS), Team Leader; Deborah Sprietzer (VPC/FMP), Co-team Leader; Francisco Javier Urrea (ICS/CBR); Nicolas Dassen (IFD/ICS); Javier Reyes (ICS/CEC); Gilberto Moncada (ICS/CBO); Laurence Telson (ICS/CDR); Gustavo Palmerio (FMP/CEC); Santiago Schneider (FMP/CEC), Marlene Zoraida Arguello (FMP/CBO) Abel Cuba, (FMP/CBO), Vinicio Rodriguez (FMP/CDR) and Christian Contin, (FMP/CDR); Guillermo Eschoyez (LEG/SGO); and Melissa Gonzalez (IFD/ICS)
- Date of TC Abstract authorization: March 18, 2013
- Donors providing funding: Transparency Trust Fund (TTF)
- Beneficiary (countries or entities which are the recipient of the technical assistance): All Latin American and Caribbean borrowing country members
- Executing Agency and contact name: IDB
- IDB Funding Requested: US\$1.0 million
- Local counterpart funding, if any: N/A
- Execution period: 24 months
- Disbursement period: 30 months
- Required start date: June 1, 2013
- Types of consultants (firm or individual consultants): both
- Prepared by Unit: IFD/ICS and VPC/FMP
- Unit of Disbursement Responsibility : IFD/ICS
- TC Included in Country Strategy (y/n); TC included in CPD (y/n): Yes in CPD 2013 for activities preliminarily identified
- GCI-9 Sector Priority: Institutions for Growth and Social Welfare (GN-2587); and Strategy for Strengthening and Use of Country Systems (GN-2538)

II. Description of the Associated Loan/Guarantee

One of the interventions of this Technical Cooperation is related to an IDB loan project, Program to improve management control function of Ecuador (EC-L1119) which is currently under preparation. The objective of this loan is to support a program to improve the management control function of Ecuador which is expected to finance a comprehensive plan for the institutional reform of the Supreme Audit Institution (SAI) of the country, through organizational planning, strengthening the performance management function in relation to its programs, plans and sector projects, process management and Human Resources/Talent Management.

The Project Profile approval is planned for the end of May 2013 and Loan approval by the Board for the end of October 2013. During the Identification Mission (March 25th-26th 2013), the strengthening of internal processes for hiring and supervising private audit firms (i.e., outsourcing) was highlighted as a key priority, as it will enable the SAI to expand its audit coverage, increase its capacity, and better position the country and the SAI to audit future Bank-financed projects. Another relevant finding was the lack of statistics and other information to properly define baseline indicators to evaluate the progress and status of the SAI's capacity and performance in the future.

III. Objectives and Justification of the TC

Objective. The objective of this TC is to contribute to increased transparency, public accountability and efficiency, in the management of public funds and external financing by supporting member countries, in their

efforts to strengthen the national control and audit functions.¹ The specific objectives of the TC are to: i) improve internal audit and external control management capabilities through implementation of innovative control and audit approaches and mechanisms; and ii) identify, advance and disseminate knowledge generation and leverage the Bank's strategic dialogue.

In the case of the loan EC-L1119, this TC will assist in addressing the two priority issues identified during the Identification Mission. These include performing an assessment of the SAI's processes, and designing an integrated and modern audit firm management system to help effectively and efficiently implementing the project. Establishing a proper baseline will allow the project team to properly monitor not only the project's progress, but also the entire SAI's institutional reform program, as well as use the information as a key input for evaluating the project's impact.

Justification. In Latin America, the core of the control system has traditionally focused on legal and procedural aspects of public management.² In the last 15 to 20 years, the region has made progress in strengthening public management systems, which has presented new challenges and opportunities in the area of control and auditing. Audit and control entities must be able to comply with their legal mandates as well as provide added value to the overall public governance framework. In order to do so, they must adopt innovative practices such as performance audit and modern audit techniques such as the use of computer assisted audit techniques (CAATs) to identify possible data anomalies in a more efficient and effective manner.

At the same time, there has been limited development in strengthening internal audit and control, thus diminishing the margins for preventing corruption and for assessing institutional risk that could affect public management objectives. Strengthening internal control may assist governments in the early identification of irregularities that may be stopped, deterred or even prevented before they constitute corruption. Please refer to Table I for other common challenges that both internal and external control and audit institutions face.

| Table I: Main Challenges for External and Internal Audit and Control Entities in LAC | |
|--|---|
| ✓ | Lack of independence |
| ✓ | Outdated legal frameworks, which often do not include frontier practices to meet demands for further contribution to the overall governance in the public sector |
| ✓ | Lack of long-term strategies, detailed action plans, and tools to improve control and audit |
| | Insufficient resources (budgets, skilled staff and technical resources) |
| ✓ | Limited innovation and incorporation of technology to gather analyze and share information online |
| ✓ | Low levels of coordination and effective cross-fertilization and learning between control entities and government offices; and between external and internal control duties |
| ✓ | Lack of indicators and common methodologies for measuring government performance |
| ✓ | Limited culture of disclosure and citizen participation for accountability |

Strengthening external and internal control and audit entities can occur at two levels: internal and external. The **internal level** refers to the institutionalization criteria of the effectiveness, efficiency, quality and transparency within these entities. Control agencies in LAC are making increasingly significant efforts to strengthen their institutional capacity, including the creation of strategic plans; professional training of auditors, definition of strategies and action plans, and the design and definition of key performance indicators and databases. The **external level** refers as to how internal and external control and audit entities add value to the overall public governance framework. Debates around this issue are becoming increasingly important in LAC countries. Major topics include how to do a risk analysis in constantly changing public management schemes, and development of methodologies for measuring the cost, quality and impact of the results of the control and audit functions.

Strengthening the capacity of these institutions to produce, analyze and disseminate sufficient, timely, useful and high quality reports on a government's management and use of public resources is recognized as a powerful tool for: i) increased transparency and accountability, helping to prevent and deter corruption and foster access to information and civil society participation; ii) improved quality of public expenditure systems,

¹ This objective is aligned with the Operational Guidelines of the Transparency Fund (see <http://www.iadb.org/en/publications/publication-detail,7101.html>). Furthermore audit and control is one of the strategic areas for the period 2013-2015.

² Santiso, Carlos. Auditing for Accountability? Political economy of government auditing and budget oversight in emerging economies. April 2007 and OECD. Good Practices in Supporting Supreme Audit Institutions. 2011.

better use of public resources, client service orientation and results-oriented management; iii) augmented use of Country Systems for auditing IDB-financed projects; and iv) increased outreach and partnerships among internal and external audit institutions in the region, through international bodies such as the International Organization of Supreme Audit Institutions (INTOSAI) and its regional bodies.³

The Bank recognizes the important role of control institutions in the region, as stated in the Report on the Ninth General Increase in the Resources of the IDB (AB-2764), as well as other related Bank strategies.⁴ It has also been identified as a sector priority in the 2013 Country Programming Documents (CPD) of Bolivia, Chile, Dominican Republic, Ecuador, Paraguay and other LAC countries. The Bank received a formal request for support from Ecuador (annex I). The Government of Bolivia and the Bank agreed to include support from this Project in a Biannual Operations Programming Aide Memoir (Annex II). In the case of Dominican Republic, the Government has indicated the need of technical support to strengthening the country's internal and external control systems, which will be assessed and eventually formalized during the implementation of this TC.

IV. Description of activities/components and budget

This TC will provide a package of support to contribute in solving challenges at both the internal and external levels through the three following components:

Component 1. Assessments and modernization strategies (US\$195,000). This component is intended to gain a better understanding of the needs of control and audit entities and address these needs through the: i) analysis of mandates, approaches, practices and performance; ii) definition of strategies and action plans to improve the efficiency and transparency of the control and auditing functions; and iii) design of key performance indicators and databases⁵ for measuring and monitoring costs, quality and impact.

Component 2. Regulatory reforms and capacity building (US\$615,000). This component is intended to build the capacity of control and audit entities to report on risks and highlight opportunities for improvement in the way public resources are being managed through the following activities: i) capacity building for risk analysis in public management;⁶ ii) draft legal and regulatory reviews to update and harmonize national legislation in accordance with international standards and best practices; iii) technical assistance to enhance cooperation between control and audit agencies themselves and with civil society organizations; iv) development of information technology and communication tools;⁷ and v) training of auditors.

Component 3. Policy dialogue, south-south cooperation and knowledge generation and dissemination (US\$155,000). The program aims to further develop the capacity of the Bank⁸ and its country members by engaging in strategic and policy dialogue amongst themselves, as well as with key international/regional partners such as INTOSAI, CAROSAI, OLACEFS, and OCCEFS. For doing so, the TC will finance: i) case studies of innovative efforts on control reforms, modernization and strengthening; ii) south-south cooperation for best practices in control and auditing; and iii) knowledge generation and dissemination through regional seminars and workshops.

Main products and expected outcomes are summarized in Table II.

³ Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS), the Caribbean Organization of Supreme Audit Institutions (CAROSAI), and the Organization of Central American Supreme Audit Institutions (OCCEFS).

⁴ The Sector Strategy Institutions for Growth and Social Welfare (GN-2587-2), the Action Plan to Support the Countries in their Efforts to Fight Corruption and Foster Transparency (GN-2540), and the Strategy for Strengthening and Use of Country Systems (GN-2538) which encourages the Bank to use national audit institutions, when deemed to be acceptable.

⁵ The audit databases to be designed will take into account the overall information chain of audit processes.

⁶ The team will assess, during the implementation of the TC, activities to help identify red-flags and raise awareness to enhance integrity.

⁷ For example, in Bolivia, a new TIC system could improve the timely oversight of and support for the Internal Audit Units by the SAI.

⁸ These workshops could include modules or sessions presenting IDB's policies and mechanisms to ensure that financed activities are free of prohibited practices.

Table II. Indicative Results Matrix

| Overall impact: national control and audit functions of LAC countries strengthened | | Comments: Given the diversity of specific challenges that will be address at the country level and that there is no single index that can capture, at the impact level, the contribution obtained from legal and institutional improvements as expected from the TC; but the 'increased number of IDB projects audited using national systems' is relevant for the Bank's policies. | |
|--|---|--|---|
| Components | Products | Suggested Indicators (Outcome) | Means of Verification |
| Component I. Assessments and modernization strategies | Two (2) country analyses of SAI key processes developed, at least one related to the problems to be addressed by the loan EC-L1119 | <ul style="list-style-type: none"> Better design of the loan EC-1119, with updated analysis SAI modernization strategies defined using updated analysis | <ul style="list-style-type: none"> Study reports |
| | Inclusion in two (2) control and audit country strategies and/or action plans to improve efficiency and transparency of control and auditing functions designed and developed | <ul style="list-style-type: none"> Work plans aligned to a coherent strategy | <ul style="list-style-type: none"> Strategy and Action Plan documents Progress reports |
| | At least two (2) SAIs provided baseline and databases built with quality information and indicators | <ul style="list-style-type: none"> Reforms' progress and impact properly monitored and evaluated Provision of information to citizens leveraged | <ul style="list-style-type: none"> Baseline Progress reports Impact evaluation reports |
| Component II. Regulatory reforms and capacity building | At least two (2) country assessments of its regulatory framework performed | <ul style="list-style-type: none"> Gaps identified and required regulatory reforms promoted | <ul style="list-style-type: none"> Assessments' reports Regulatory reforms proposals and/or publish notice |
| | At least one (1) country action plan for performing innovative audit mechanisms such as performance audit designed and applied in at least two (2) sectors | <ul style="list-style-type: none"> Audit and control functions contributed to wider public management in two key sectors | <ul style="list-style-type: none"> Performance Audit reports |
| | At least two (2) SAIs key processes reengineered based on analysis performed under component I of this TC | <ul style="list-style-type: none"> Efficiency of audit and control functions' improved measured by the increased # of audit reports/year | <ul style="list-style-type: none"> SAI statistics |
| | At least one (1) country access to information activity developed | <ul style="list-style-type: none"> Improved citizen understanding of SAIs work | <ul style="list-style-type: none"> Communication products Information portals |
| | At least two (2) ITC applications for leveraging key processes for internal and external control developed | <ul style="list-style-type: none"> Efficiency of audit and control functions' improved measured by the increased # of audit reports/year and | <ul style="list-style-type: none"> internal/external audit systems developed System reports |
| | At least three (3) country training workshops for auditors, both external and internal, from public sector and private firms | <ul style="list-style-type: none"> Increased number of qualified human resources | <ul style="list-style-type: none"> Training programs Training materials Lists of participants |
| Component III. Policy dialogue, south-south cooperation and knowledge generation and dissemination | Two (2) studies on innovative best practices | <ul style="list-style-type: none"> Informed regional dialogue Partnership with INTOSAI/CAROSAI/OLACEFS strengthened | <ul style="list-style-type: none"> Studies |
| | One (1) coordinated audit report, including at least two countries | <ul style="list-style-type: none"> Standardized and comparative information available Strengthened collaboration among countries Partnership with INTOSAI/CAROSAI/OLACEFS strengthened | <ul style="list-style-type: none"> Audit report |
| | One (1) SAI-PMF report | <ul style="list-style-type: none"> Standardized and comparative information available Better informed SAI's institutional strengthening plans Partnership with INTOSAI/CAROSAI/OLACEFS strengthened | <ul style="list-style-type: none"> SAI-PMF report |
| | At least one (1) regional workshop on latest, innovative methods and international standards and best practices | <ul style="list-style-type: none"> Increased number of qualified human resources Reduced learning breach Informed regional dialogue Partnership with INTOSAI/CAROSAI/OLACEFS strengthened | <ul style="list-style-type: none"> Training programs Training materials Presentations Lists of participants |

The total amount of funding needed to achieve the expected outputs is **US\$1.0 million** according to detailed budget in Table III. No local counterpart is planned.

Table III. Indicative Budget

| Components/Activities | Description | Consultant | Travel | Other | Total Funding |
|---|--|----------------|---------------|---------------|------------------|
| Component I. Assessments and modernization strategies | | 195,000 | 0.00 | 0 | 195,000 |
| (i) Analysis of mandates, approaches, practices and performance | Analysis of SAI's key processes and performance in at least 2 LAC countries | 60,000 | | | 60,000 |
| (ii) Definition of strategies, action plans | Design and development of control and audit systems to improve efficiency and transparency of these functions in at least 2 LAC countries | 50,000 | | | 50,000 |
| (iii) Design key performance indicators and database | Definition of internal and external audit performance indicators, development of databases and establishment of a line base for measuring and monitoring progress and impact for at least 2 LAC countries | 85,000 | | | 85,000 |
| Component II. Regulatory reforms and capacity building | | 595,000 | 8,000 | 12,000 | 615,000 |
| (i) Capacity building for risk analysis | Draft and implementation of action plan for carrying out performance auditing in at least 2 sectors at country level (at least 1 LAC country) | 105,000 | | | 105,000 |
| | Reengineering of key processes assessed for improved performance in at least 2 LAC countries. | 100,000 | | | 100,000 |
| (ii) Draft legal and regulatory reforms | Assessment of current legal/regulatory control and audit framework, identification of breaches, and up-dating needs when compared to national legislation and international regulations/standards/principles (i.e. INTOSAI) in at least 2 LAC countries | 100,000 | | | 100,000 |
| (iii) Enhance cooperation | Different activities to reach out civil society and gain cooperation and promote accountability. For example: implementation of social communication strategies and targeted transparency portals, among others | 25,000 | | | 25,000 |
| (iv) Development of Information Technology and Communication tools | Design and development of a modern and integrated system which will enhance the efficiency of key processes in at least 2 LAC countries | 250,000 | | | 250,000 |
| (v) Training | Design and deliver a training program for public sector and private firm auditors on internal audit and control (workshops and internships) in at least 2 LAC country | 15,000 | 8,000 | 12,000 | 35,000 |
| Component III. Policy dialogue, south-south cooperation and knowledge generation and dissemination | | 100,000 | 28,000 | 27,000 | 155,000 |
| (i) Case studies of innovative efforts | Development of two studies on best practices of innovative efforts on control to better inform regional policy dialogue. These will report on both country specific and sector cases. | 25,000 | | 5,000 | 30,000 |
| (ii) south-south cooperation for best practices | At least one "coordinated audit" exercise among two or more countries | 25,000 | 8,000 | 2,000 | 35,000 |
| (iii) knowledge generation and dissemination | Piloting of the SAI Performance Measurement Framework in at least 1 LAC country ⁹ ; regional workshops on external and internal audit, including frontier methods of external audit as performance and risk auditing, and international standards/practices; and other policy dialogue activities in partnership with key stakeholders through active participation in INTOSAI/CAROSAI/OLACEFS events | 50,000 | 20,000 | 20,000 | 90,000 |
| Sub/total | | 890,000 | 36,000 | 39,000 | 965,000 |
| External Evaluation | | | | | 35,000 |
| TOTAL program costs (US\$) | | | | | 1,000,000 |

⁹ Ecuador has expressed its interest in being considered for this exercise.

TC supervision. An Advisory Group will be established to follow up and provide critical guidance on the execution of this TC. The heads of the Institutional Capacity of the State Division (IFD/ICS) and the Operations Financial Management and Procurement Services Office (VPC/FMP) will chair the advisory group. The designated focal points within these two areas of the Bank will be the Team Leader and co-Team Leader of this TC and will jointly supervise the development and implementation of this TC, including the coordination of related initiatives within their respective divisions and corresponding COFs. The chairs of the Advisory Group will meet at least twice per year to provide strategic guidance on the execution of the TC. This supervision will be supplemented by the technical expertise of the ICS and FMP Specialists within the COFs in participating countries.

Monitoring arrangements. The Team Leader and Co-Team Leader of this project will coordinate monitoring activities with the corresponding COF, including: (1) performing semi-annual assessments of the results matrix; and (2) producing an annual report of the general development and status of the project, in accordance with the results matrix. No specific financing source is foreseen for this task. Consistent with the practice of the TTF, the team will seek inputs from the donor and the Technical Secretariat during the evaluation process; as well as the OII when considered appropriate for addressing integrity issues.

Audit and evaluation reports. The project will be evaluated externally, in accordance with the Bank's policies, at the end of execution. This evaluation will focus on the results and impact of the TC activities outlined in the results matrix. Resources from the TC have been budgeted for this evaluation as reported in the Indicative Budget (Table III). No financial audit will be required, since this TC will be executed by the Bank.

V. Executing agency and execution structure

This TC will be self-executed by the Bank, through IFD/ICS. The project team is co-led by IFD/ICS and VPC/FMP, who will jointly supervise the TC components. The Bank has solid experience¹⁰ and a number of institutional framework policies¹¹ supporting work in this area.

VI. Major issues (estimated length: 1 page)

Internal Coordination. IDB's knowledge and expertise related to these issues crosses technical and functional boundaries and requires active cross-sector collaboration and a platform for consolidating expertise, taking advantage of a wide presence from ICS and FMP in the COFs. This regional TC will provide an internal focal point for the development of technical assistance, focused on strengthening the national control and audit functions, as well as complementing this assistance with related issues, such as results oriented management and transparency.

¹⁰ With regards to internal and external control systems, the expected IDB interventions focus on the provision of financing and technical assistance to be managed through IFD/ICS, ensuring consistency of the operation designs and the action plans for strengthening the external auditing and control systems developed under leadership of FMP. Between 2005 and March 2013, the Bank, through ICS in collaboration with FMP, has succeeded in contributing to the region's efforts with a significant portfolio of 14 operations that add up to a little more than US\$ 75.0 million: 4 loans (US\$ 70.8 million) and 10 technical cooperations (US\$ 4.3 million); 3 of them funded by the TTF. By end-2013, the Bank foresees an increased portfolio by US\$ 41.5 million with two loan operations (US\$ 40.0 million) and 2 technical cooperations (US\$ 1.5 million) –one of these being this TC. This portfolio benefits OLACEFS and twelve countries, namely: Bolivia, Brazil, Chile, Ecuador, Guyana, Jamaica, Nicaragua, Paraguay, Peru, the Dominican Republic, Trinidad and Tobago and Uruguay.

¹¹ The Strategy for strengthening and use of country systems (GN-2538) defines the way in which the Bank supports the strengthening of national fiduciary and non-fiduciary systems of the client countries with the aim that they be used in the design, implementation and evaluation of the operations financed by the IDB. Fiduciary systems encompass internal and external control systems. The TTF's Concept Note for Strategy 2013-2015 defines the Fund's support to Targeted Transparency (TT) projects at the sector level as set forth in its Operational Guidelines, including the generation, dissemination and use of specific information to prevent and control corruption in high risk policy areas and the design and implementation of institutional mechanisms (such as policies, legal frameworks, and information management tools) to ensure sustainability of the transparency intervention. It defines the strengthening of control and audit functions as a priority area to be addressed through umbrella projects which will support LAC countries in their efforts to enhance audit and control practices for a better more open government.

Specific Technical Expertise. In addition to internal expertise that will be strengthened from work on this regional TC, the technical team has started to prepare the Terms of Reference for key consultancies and has identified a preliminary pool of external consultants as well as a relevant network of contacts within INTOSAI, OLACEFS and the World Bank. Additionally, this TC will create an advisory group and a set of publications that together will provide a source of technical expertise on these topics.

Risks and Government Buy-In. The team identifies no significant risks associated with the implementation of this TC. All activities proposed in this project are consistent with the role of the Bank in supporting countries' efforts to prevent and combat corruption and strengthen national systems. Technical support at the country level will require a letter of request or a non-objection letter from the Government, as appropriate. Requests have already been received from Ecuador and agreed with Bolivia, as previously highlighted. This TC will also seek to provide assistance to the Dominican Republic, taking advantage of the opportunities offered by the on-going country dialogue, closely coordinated with the World Bank.

Multilateral Coordination. The Bank coordinates closely at the global, regional, and country levels with other multilateral and bilateral donors (i.e., the World Bank, USAID, GIZ), standards setters (i.e., International Federation of Accountants), and SAI organizations (i.e., INTOSAI, CAROSAI, OLACEFS). At the global level, the Bank actively participates in the INTOSAI-Donor Steering Committee, which works to coordinate donor efforts in relation to the strengthening of SAIs, and is in the process of developing a Performance Measurement Framework to evaluate the performance of an SAI (SAI PMF). Together with INTOSAI and the SAIs of Mexico, Chile, Brazil, Peru, Ecuador, and Barbados, the Bank is conducting regional workshops and pilots in relation to the new SAI PMF. This new diagnostic will be used by SAIs and donors to determine the "use of the country system" to audit Bank-financed projects and also develop action plans for strengthening. The Bank is also working with CAROSAI and OLACEFS at the regional level to support coordinated financial and performance audits of common areas (i.e., extractive industries, rainforest) across countries, which should result in potential cost savings to all SAIs involved. Finally, the Bank signed an MOU in 2011 and is working with the International Federations of Accountants and other donors to coordinate efforts to strengthen the accounting and auditing profession in the LAC Region, in order to promote better transparency and accountability within the region.

Sustainability of the Project. This Regional TC will not be able to fulfill all the demands associated with this issue in the LAC Region. Additional sources of financing will be identified to provide a constant flow of advisory services and technical assistance for the strengthening of internal and external control systems. The implementation of this TC will seek partnership in areas that require the combined strengths of multiple actors. In this regard, ORP/ORP involvement from the onset is important.

VII. Exceptions to Bank policy

No exceptions are expected.

VIII. Environmental and Social Strategy

Environmental and Social Classification (ESG) of this TC is "C", since there are no environmental or social impacts associated with this TC activities ([IDBDOCS-#37388750](#)).

Required Annexes:

- Annex I. Letter sent to IDB from Ecuador - "*Contraloría General del Estado de la República de Ecuador*"
- Annex II. "*Ayuda Memoria Programa Operativo bi-anual 2012-2013*" agreed by the IDB with the Government of Bolivia
- Annex III. Indicative Procurement Plan
- Annex IV. Draft Terms of Reference for consultancies to be procured



6322
Oficio: ACG

Quito, 23 MAR 2012

Señor
Carlos N. Melo
REPRESENTANTE DEL BANCO INTERAMERICANO DE DESARROLLO, BID, EN EL ECUADOR
Ciudad

De mis consideraciones:

La Dirección Administrativa de la Contraloría General del Estado, lleva adelante los procesos de contratación institucionales, en los que se incluye los correspondientes a la contratación de firmas privadas de auditoría para proyectos financiados por el Banco Interamericano de Desarrollo, BID.

Los señores Gustavo Palmerio y Santiago Schneider, Especialista en Temas Financieros-Fiduciarios y Especialista Financiero Internacional del BID, respectivamente, nos han hecho conocer de la posibilidad de que este organismo multilateral, nos facilite asistencia técnica para la mejora de los procesos de contratación mencionados.

En tal virtud, mucho agradeceré, nos haga conocer sobre las alternativas de asistencia técnica, que puedan ser aplicadas para este organismo de control y que nos permita mejorar la eficiencia de los procesos internos en materia de contrataciones.

Con sentimientos de alta consideración y estima.

Atentamente,
DIOS, PATRIA Y LIBERTAD


Dr. Carlos Pólit Faggioni
CONTRALOR GENERAL DE LA REPÚBLICA DEL ECUADOR

BOLIVIA
AYUDA MEMORIA PROGRAMA OPERATIVO BIANUAL 2013 Y 2014

I. GENERALES

En fecha 7 de febrero de 2013, en oficinas del Ministerio de Planificación del Desarrollo, se llevó a cabo una reunión de trabajo para ajustar el programa operativo 2013 y acordar una pre-programación operativa 2014. Dicha reunión tuvo la participación de la Sra. Viviana Caro, Ministra de Planificación del Desarrollo; Baudouin Duquesne, Representante (CAN/CBO) y Marcelo Barros, Jefe de Operaciones (CAN/CBO).

II. PROGRAMA OPERATIVO 2013

II.1 Programa de Préstamos con Garantía Soberana del BID con Bolivia, 2013

| Proyecto | Nombre | BID US\$ millones | Otros US\$ millones | Total US\$ millones |
|----------------------------|--|----------------------|------------------------|------------------------|
| BO- L1079 | Proyecto de Reordenamiento Urbano "La Ceja". | 47 | - | 47 |
| BO-L1076 | Infraestructura Aeroportuaria. | 73,5 | 6,5 | 80 |
| BO-L1081 | Programa de Apoyo a la Efectividad del Gasto Público III | 106 | - | 106 |
| BO-L*** | Mejoramiento Autopista La Paz-El Alto | 35 | - | 35 |
| BO-L1082 | Mejoramiento del acceso a servicios de Salud Hospital del Alto (Gemelo Sur), incluye equipamiento. | 38 | - | 38 |
| BO-L1084 | Programa de Riego con enfoque de cuencas II. | 57 | - | 57 |
| TOTAL (Blend 20-80) | | 356,5 | 10 | 363 |

II.2 Cooperación Técnica No-Reembolsable 2013

| Cooperación Técnica | Nombre | BID (FOE) US\$ miles | Otros Fondos US\$ miles | Total US\$ miles |
|---------------------|--|-------------------------|----------------------------|---------------------|
| BO-T s/n | Preparación y ejecución inicial del proyecto Mejoramiento Autopista la Paz – El Alto | 100 | - | 100 |
| BO-T s/n | Preparación y ejecución inicial del proyecto PBL Transportes en Bolivia | 200 | - | 200 |
| BO-T s/n | Preparación y ejecución inicial del proyecto Tramo Caracollo-Confital de la Doble Vía Caracollo - Colomi | 200 | - | 200 |

| | | | | |
|--------------|---|--------------|-----------------------|--------------|
| BO-T s/n | Preparación y ejecución inicial del proyecto Apoyos directos para la creación de iniciativas agroalimentarias rurales CRIAR II. | 200 | - | 200 |
| BO-T1191 | Apoyo a la preparación del SITM del Área Metropolitana La Paz – El Alto ETAPA II. | - | 750 | 750 |
| BO –T1196 | Fortalecimiento Institucional de Entidades Prestadoras de Servicios de Agua y Saneamiento (EPSAs). | - | 500 Fondo del agua | 500 |
| BO-T1197 | Apoyo al sector Agua y Saneamiento para el desarrollo de instrumentos de planificación, regulación y supervisión. | - | 700 Fondo del agua | 700 |
| BO-T1195 | Sistema de Información de Planificación integral del Estado (SI-SPIE). | 300 | - | 300 |
| BO-T1162 | Análisis del mercado laboral y seguridad social | - | 350 | 350 |
| BO-T1184 | Cooperación Técnica en apoyo al Banco Productivo – BDP | - | 365 | 365 |
| RG-T2125 | Fortalecimiento de la transparencia de la gestión pública y el control en Latinoamérica y el Caribe | - | 200 | 200 |
| BO-T1193 | Apoyo a un sistema de prevención de la violencia contra las mujeres | - | 995 | 995 |
| BO –T s/n | Apoyo a la mejora de la información fiscal subnacional | - | 350 | 350 |
| BO-T1199 | Apoyo a la consolidación de las autonomías indígenas en Bolivia | - | 700 | 700 |
| BO-T1192 | Desarrollo de un Plan de Banda Ancha y el entorno normativo para acelerar su uso, adopción y penetración. | - | 780 | 780 |
| RG-T2238 | Mercado de la Quinua en la Región Andina (Bolivia, Perú y Ecuador). | - | 250 | 250 |
| BO –T SN | Reingeniería y Modernización del Fondo de Pre inversión Social - FPS | 670 | - | 670 |
| RG-T2276 | Red de Apoyo Técnico de los Servicios de Empleo de América Latina y El Caribe - FASE II (para los países Bolivia, Brasil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Jamaica, México, Nicaragua, Paraguay, Perú, Panamá y República Dominicana) | | 971 | 971 |
| BO –T SN | Apoyo al Observatorio Nacional de seguridad ciudadana | | 550 | 550 |
| TOTAL | | 1.670 | 7.461 | 9.131 |

NOTAS:

(I) LAS COOPERACIONES TÉCNICAS NO REEMBOLSABLES Y DESTINADAS A LA PREPARACIÓN Y EJECUCIÓN INICIAL DE LOS PROYECTOS PREVISTOS EN EL CUADRO ANTERIOR II.2, SERÁN ADMINISTRADAS POR EL BANCO.

(II) POSTERIORMENTE ALGUNAS COOPERACIONES TÉCNICAS QUE NO CONSTAN EN ESTE LISTADO SERÍAN TRAMITADAS DE FORMA SEPARADA UNA VEZ CONCLUIDOS LOS ACUERDOS INTERNOS EN EL PAÍS (ENTRE EL MINISTERIO DE PLANIFICACIÓN Y LOS OTROS SECTORES)

II.3 Sector Privado 2013

| Número de Proyecto | Nombre (todos FOMIN) | Monto US\$ miles |
|--------------------|---|---------------------|
| BO-M1055 | Vidacard. Servicios prepagados de salud atados al pago de remesas | 700 |
| BO-M1056 | Microfranquicias Rurales para el Acceso a Energía Renovable | 1.000 |
| BO-M1057 | Desarrollo de modelos de microfranquicias en la red de tiendas "Mi Caserita" | 150 |
| BO-M1058 | Mejoramiento de servicios de agua potable y saneamiento en comunidades rurales bolivianas | 1.500 |
| BO-M s/n | Tarija Aromas y Sabores, cohesionando un territorio productivo con identidad | 850 |
| BO-M s/n | Innovación tecnológica móvil para educación financiera | 150 |
| RG-XXXX | La adaptación al cambio climático y la seguridad alimentaria de las comunidades andinas de altura de Bolivia y Perú (regional, pero el monto incluido es sólo para Bolivia) | 420 |
| BO-M s/n | Microseguros Agrícolas en Tarija y Chuquisaca | 400 |
| BO-M s/n | Negocios inclusivos asociativos | 500 |
| RG-XXX | Financiamiento para cocinas eficientes en comunidades rurales andinas | 400 |
| BO-M s/n | Implementación de un modelo de desarrollo productivo sostenible para el sector quinua | 2.300 |
| BO-M s/n | Producción sostenible de amaranto e inserción en mercados diferenciados | 1.130 |
| BO-X1011 | EcoMicro: Banco Los Andes ProCredit | 280 |
| TOTAL | | 9.780 |

III. PROGRAMACION OPERATIVA 2014

III.1 Programa de Préstamos con Garantía Soberana del BID con Bolivia, 2014

| Proyecto | Nombre | BID US\$ millones | Otros US\$ millones | Total US\$ millones |
|----------|--|----------------------|---|------------------------|
| BO-L1080 | Proyecto multipropósito de recursos hídricos para La Paz y El Alto | 35 | 35 (fondos a designar PPCR II y concesional) | 70 |

| | | | | |
|----------------------------|---|--------------|-----------|--------------|
| BO-L*** | PBL del Sector de Transportes en Bolivia. | 106 | - | 106 |
| BO-L*** | Programa de Mejoramiento de Banda Ancha | 40 | - | 40 |
| BO-L*** | Agua y saneamiento periurbano Fase II | 60 | - | 60 |
| BO-L*** | Proyecto Tramo Caracollo-Confital de la Doble Vía Caracollo - Colomi | 70 | | 70 |
| BO-L*** | Apoyos directos para la creación de iniciativas agroalimentarias rurales CRIAR II | 45,5 | - | 45,5 |
| TOTAL (Blend 20-80) | | 356,5 | 35 | 391,5 |

III.2 Cooperación Técnica No-Reembolsable, 2014

| Proyecto | Nombre | BID US\$ miles | Otros US\$ miles | Total US\$ miles |
|--------------|--|----------------------|------------------------|------------------------|
| | A definirse. Básicamente para preparación y ejecución inicial de proyectos a definirse en la programación para 2015. | 1.670 | - | 1.670 |
| TOTAL | | 1.670 | - | 1.670 |

La Paz, 7 de febrero de 2013



Viviana Caro
Ministra de Planificación del Desarrollo



Baudouin Duquesne
Representante

**Strengthening public management transparency and control in Latin America and the Caribbean
(RG-T2125)**

Country: **Regional**

Beneficiary: **All borrowing IDB country members**

Executing agency: **Inter-American Development Bank**

Project name: **Strengthening public management transparency and control in Latin America and the Caribbean (LAC)**

Project number: **RG-T2125**

Brief description of the project's objectives and components:

The general objective of the TC is to contribute to increased **transparency, public accountability and efficiency**, in the management of public funds and external financing by supporting member countries, in their efforts **to strengthen the national control and audit functions**. The specific objectives of the TC are to: (i) improve **internal audit and external control management** capabilities through implementation of innovative control and audit approaches and mechanisms; and (ii) identify, advance and disseminate **knowledge generation and leverage the Bank's strategic dialogue**.

This TC will provide a package of support to contribute solving challenges at both **internal and external level** through the three components: (I) **Assessments and modernization strategies** to gain a better understanding of the needs of control and audit entities and address these needs; (II) **Regulatory reforms and capacity building** to build the capacity of control and audit entities to report on risks and highlight opportunities for improvement in the way public resources are being managed ; and (III) **Policy dialogue, south-south cooperation and knowledge generation and dissemination** to further develop the capacity of the Bank and its country members in engaging in strategic and policy dialogue amongst themselves, as well as with key international/regional partners such as INTOSAI, CAROSAI, OLACEFS, and OCCEFS.

| Ref. No. | Description of and category of procurement contract | Estimated cost in (US\$ thousand) | Procurement method ¹ | Review (ex-ante or ex-post) | Source of financing and percentage | | Prequalification ² (Yes/No) | Estimated Dates | |
|------------|---|-----------------------------------|---------------------------------|-----------------------------|------------------------------------|-----------------|--|--------------------------------------|------------------------|
| | | | | | IDB % | Local / Other % | | Publication of specific proc. notice | Completion of contract |
| 1 | GOODS | None | None | None | None | None | None | None | None |
| 2 | NON-CONSULTING SERVICES | | | | | | | | |
| 2.a | Regional workshop on external and internal audit | 20,000 | PC | N/A | 100% | - | N/A | | |
| 2.b | Participation of the LAC countries in INTOSAI/CAROSAI/OLACEF key regional events | 20,000 | DC | N/A | 100% | - | N/A | | |
| 2.c | Country training activities | 12,000 | PC | N/A | 100% | - | N/A | 3st quarter 2014 | |
| 2.d | Internships | 8,000 | DC | N/A | 100% | - | N/A | 3st quarter 2014 | |
| 3 | CONSULTING SERVICES | | | | | | | | |
| 3.a | Asses the hiring and supervision process of private firms of audit in Ecuador | 220,000 | QCBS | N/A | 100% | - | N/A | 06/15/2013 | 06/15/2014 |
| 3.b | Development of a indicators and baseline for monitoring the Ecuadorian General Comptroller's Strategic Plan 2013-2017 of in | 40,000 | SCC | N/A | 100% | - | N/A | 06/15/2013 | 09/15/2013 |
| 3.c | Analysis of the Ecuadorian General Comptroller's current technical norm | 100,000 | SCC | N/A | 100% | - | N/A | 06/15/2013 | 02/15/2014 |
| 3.d | Technical Assistance to the Ecuadorian General Comptroller's for the TC activities' implementation and alignment to | 40,000 | QCNI | N/A | 100% | - | N/A | 06/15/2013 | 06/15/2015 |

| | | | | | | | | | |
|------------|---|---------|------|-----|------|---|-----|------------------|------|
| | loan EC-L1119 | | | | | | | | |
| 3.e | Analysis of Bolivia's Internal Audit Unit (IAU) and proposal for improvement | 20,000 | QCII | N/A | 100% | - | N/A | 3st quarter 2013 | |
| 3.f | Design and development of a frequent citizen question and answers database and portal for the Bolivian General Comptroller's Office | 5,000 | QCNI | N/A | 100% | - | N/A | 3st quarter 2013 | |
| 3.g | Design and implementation of a unique internal audit system at the Bolivian General Comptroller's Office | 50,000 | QCNI | N/A | 100% | - | N/A | 4th quarter 2013 | |
| 3.h | Design and development of an integrated communication system at the Bolivian General Comptroller's Office | 100,000 | QCNI | N/A | 100% | - | N/A | 4th quarter 2013 | |
| 3.i | Trainers on internal audit for the Bolivian General Comptroller's personnel and budgetary executing units | 15,000 | QCNI | N/A | 100% | - | N/A | 4th quarter 2013 | 2014 |
| 3.j | Application of SAI Performance Measurement Framework in a country to be defined | 50,000 | SCC | N/A | 100% | - | N/A | | |
| 3.k | A "coordinated audit" exercise | 35,000 | SCC | N/A | 100% | - | N/A | | |
| 3.l | Development of best practices studies of innovative efforts on control | 30,000 | SSS | N/A | 100% | - | N/A | | |
| 3.m | External Evaluation of the TC | 35,000 | QCBS | N/A | 100% | - | N/A | | |

¹ Goods and Works: ICB: International competitive bidding; LIB: limited international bidding; NCB: national competitive bidding; PC: price comparison; DC: direct contracting; FA: force account; PSA: Procurement through specialized agencies; PAs: Procurement agents; IA: Inspection agents; PLFI: Procurement in loans to financial intermediaries; BOO/BOT/BOOT: Build, own, operate/build, own, operate, transfer/build, own, operate, transfer; PBP: Performance-based procurement; PLGB: Procurement under loans guaranteed by the Bank; PCP: Community participation procurement; Consulting Firms: QCBS: Quality- and cost-based selection; QBS: Quality-based selection; FBS: Selection under a fixed budget; LCS: Least-cost selection; CQS: Selection based on the consultants' qualifications; SSS: Single-source selection; Individual Consultants: QCNI: Selection based on comparison of qualifications of national individual consultants; QCII: Selection based on comparison of qualifications of international individual consultants.

² Applicable only to Goods and Works in case the new Policies apply. In the case of previous Policies, it is applicable to Goods, Works and Consulting Services.

³ Column “Status” will be used for retroactive procurement and when updating the procurement plan.

ECUADOR**Fortalecimiento de la transparencia de la Gestión Pública y el Control
en América Latina y El Caribe
(RG-T2125)****Consultoría de evaluación de los procesos de contratación y supervisión de firmas privadas
de auditoría (control externo)****1 ANTECEDENTES**

- 1.1 En el 2011, con el objetivo de potenciar el dialogo y apoyo del Banco con la Contraloría General del Estado (CGE) y considerando la prioridad de evaluar el nivel de los sistemas nacionales con su correspondiente potencial mejora, el Banco coordinó la realización de un diagnóstico sobre el trabajo técnico de las Direcciones de Auditoria Externas y de la Dirección de Coordinación de Auditorías Internas de dicha Institución, focalizándose en la evaluación del proceso de auditoría (planificación, ejecución y finalización) y en la administración general de los trabajos que efectúa la CGE. Del diagnóstico realizado se observó que la CGE tiene un nivel de desarrollo medio, con importantes desafíos a futuro y áreas sobre los cuales es necesaria una actualización técnica y profesional apoyada por actividades de fortalecimiento institucional.
- 1.2 Como resultado de dicho diagnóstico y luego de numerosas reuniones posteriores, el 22 y 23 de marzo de 2012, la principal autoridad de la CGE (Dr. Carlos Polít Faggioni, Contralor General de la República del Ecuador) envió dos cartas a la Representación del BID en el país solicitando asistencia técnica y financiera sobre temas de interés institucional que podrían ser apoyados por el Banco con la finalidad de fortalecer las capacidades de gestión en las áreas de planificación y control.
- 1.3 Durante el 2012, con recursos de la Cooperación Técnica ATN/FI-12719-RG, el banco ha trabajado con la CGE en apoyos puntuales sobre algunas de las actividades consideradas como prioritarias de acuerdo al diagnóstico realizado y que eventualmente tendrán un efecto en el fortalecimiento y uso de los sistemas nacionales por parte del Banco.
- 1.4 En concordancia con la Constitución de la República del Ecuador¹, el artículo 1 de la Ley Orgánica de la Contraloría General del Estado (LOCGE), establece el sistema de control, fiscalización y auditoría del Estado, bajo la dirección de la Contraloría General del Estado; sistema que entre sus componentes comprende el control externo ejecutado por la Contraloría General del Estado, y el ejercido por otras instituciones de control del Estado, en el ámbito de sus competencias, según lo prevenido en el numeral 2 del artículo 6 ibídem.

¹ El numeral 1 del artículo 212 de la Constitución de la República, establece que es función de la Contraloría General del Estado, además de las que determine la ley, la de dirigir el sistema de control administrativo que se compone de auditoría interna, auditoría externa y del control interno de las entidades del sector público y de las entidades privadas que dispongan de recursos públicos.

- 1.5 Según las disposiciones de los artículos 18 inciso primero, y 31 numeral 1 de la LOCGE, el control externo se ejerce mediante la práctica de la auditoría gubernamental en cualquiera de sus modalidades (auditoría financiera, de gestión o ambiental) o la realización de exámenes especiales, ya sea que dicho control externo lo ejecute directamente la Contraloría General del Estado, o mediante la contratación de compañías privadas de auditoría externa e independiente, al tenor de lo previsto en el artículo 28 de la LOCGE, que dispone:

“... La Contraloría General del Estado, cuando así lo determinan convenios internacionales... podrá efectuar la auditoría gubernamental, mediante la contratación de compañías privadas de auditoría externa e independiente...”

- 1.6 Tanto del diagnóstico arriba mencionado, como de los problemas detectados durante la contratación realizada por la CGE durante el 2012 de la auditoría de tres proyectos financiados por el Banco, se observó la necesidad de fortalecer todo el proceso de tercerización de trabajos con firmas privadas, incluyendo sus tres macro actividades: contratación, supervisión y emisión-aprobación de informes.

2 OBJETIVOS DE LA CONSULTORÍA

- 2.1 El objetivo principal de esta consultoría es fortalecer la capacidad de la función de control externo de la CGE mediante un análisis detallado de los procesos internos actuales de la institución con relación a la contratación de firmas privadas de auditoría, supervisión del trabajo realizado por las mismas y revisión/aprobación de los informes resultantes de los trabajos involucrados.
- 2.2 Se espera, que una vez fortalecido el proceso mencionado, se reduzcan los tiempos de contratación, se mejore la supervisión del trabajo, se disminuyan los tiempos de emisión de informes haciendo los mismos más oportunos y se incremente la capacidad de control externo de la CGE mediante la tercerización de un mayor número de trabajos.

3 ACTIVIDADES

- 3.1 Las principales actividades a realizar por parte de la consultoría serán:
- (i) La reingeniería del proceso de contratación y supervisión de firmas privadas de auditoría, de forma tal que el mismo se adecue a las mejores prácticas internacionales y asegure la integridad, calidad y oportunidad de los informes emitidos por la CGE cuando el trabajo es realizado principalmente por una firma externa contratada;
 - (ii) La definición de un sistema de gestión que permita mantener un registro actualizado de firmas privadas de auditoría y el monitoreo de la calidad de sus trabajos estableciendo pautas de elegibilidad y selección de las mismas en base al riesgo y complejidad de cada trabajo;
 - (iii) El levantamiento de una línea base de indicadores y la puesta en marcha de un plan de acción y cronograma de trabajo detallado enfocado a implementar los productos mencionados anteriormente; y,
 - (iv) Capacitar al personal de la CGE involucrado en los procesos.

4 PRODUCTOS

4.1 Los principales productos a entregar son los siguientes:

- (i) Diagnóstico y evaluación de los procesos internos actuales de la CGE con relación a la contratación de firmas auditoras, supervisión del trabajo y emisión de informes.
- (ii) En base al diagnóstico realizado, propuesta de los macro procesos rediseñados, modelados, documentados, optimizados y estandarizados considerando las mejores prácticas internacionales. El producto final deberá ser validado por la CGE.
- (iii) Propuesta de un plan de acción, consensuado con la CGE para la implementación de los procesos rediseñados, incluyendo la normativa interna relacionada con los mismos (Ej.: Manual de funciones).
- (iv) Propuesta de un sistema de gestión que permita mantener un registro actualizado de firmas privadas de auditoría y el monitoreo de la calidad de sus trabajos estableciendo pautas de elegibilidad y selección de las mismas en base al riesgo y complejidad de cada trabajo.
- (v) Informe sobre levantamiento de una línea base de indicadores que permitan medir la evolución de los resultados del proceso de tercerización en su conjunto.
- (vi) Informe sobre capacitación al personal de la CGE involucrado en los procesos.

5 FORMA DE PAGO

- 5.1 Para el pago se procederá en la siguiente forma: 30% del valor total del contrato con la firma del mismo y el resto será abonado en 6 pagos iguales a ser cancelados a la entrega de cada uno de los productos indicados en 4.1.
- 5.2 Todos los productos deberán realizarse a satisfacción del Banco y la CGE.

6 COORDINACIÓN

- 6.1 Jefe de equipo: Javier Reyes
Departamento/División: ICS/CEC

7 CARACTERÍSTICAS DE LA CONSULTORÍA

- 7.1 Tipo consultoría: Firma consultora Nacional o Internacional
- 7.2 Calificaciones: Contar con personal de experiencia en procesos de control gubernamental y supervisión de auditorías de gran volumen. Se requiere que el equipo de trabajo esté compuesto, al menos, por un Consultor Principal (Economista, Contador Público, Auditor profesional o título equivalente, con un nivel académico de Maestría o equivalente con mínimo 15 años de experiencia, preferentemente en auditoría externa) y dos Consultores Auxiliares (profesionales con perfiles similares y experiencia no menor a 5 años) que realicen actividades de revisión en apoyo al Consultor principal.

- 7.3 Fecha de comienzo y duración: Fecha estimada de inicio: 1 de Junio de 2013. Los productos resultantes de la consultoría serán provistos en un plazo máximo de 12 meses.
- 7.4 Lugar de trabajo: Quito – Ecuador
- 7.5 Tipo de contratación: Suma alzada, es decir que el monto del contrato incluye gastos de traslado y viáticos.

ANNEX A

[Regional]

[Strengthening public management transparency and control in Latin America and the Caribbean (LAC)]

(Ecuador)2

TERMS OF REFERENCE

Background

- 1.1. In Latin America, the core of the control system has traditionally focused on legal and procedural aspects of public management. In the last 15 to 20 years, the region has made progress in strengthening public management systems, which has presented new challenges and opportunities in the area of control and auditing. At the same time, there has been limited development in strengthening internal audit and control, thus diminishing the margins for preventing corruption and for assessing institutional risk that could affect public management objectives.
- 1.2. In response to the fact that a large part of the EFSs in the region are also the governing body of the national control systems, and therefore responsible for the generation of internal control standards and their promotion (although not their implementation), support for the following: the improvement of the legislation (i.e. COSO internal control methodology), compliance with the processes, the identification and standardization of dedicated public servants with internal control roles (i.e., creation of career profiles, roles, etc.).
- 1.3. According to the present moment, there are some important reasons which are useful to take in consideration in order to improve the regional context:
 - a. Strengthening external control in the countries is an essential tool to ensure not only the integrity but also, and increasingly, the quality and efficiency of public spending. For the latter, the countries increasingly demand support for the adoption of innovative practices such as management audits and modern audit techniques such as the use of computer-assisted audit techniques (CAAT) to identify possible data anomalies more efficiently and effectively.

- b. Significant progress in external control has been made mainly ex post and auditing relegating the development of the public administrations' own capabilities in terms of their internal control systems, and reducing margins in order to prevent corruption and to assess institutional risks that may affect public administration objectives.
 - c. However, throughout Latin America and the Caribbean region, in the last few years, there has been growing consensus on the imperative to strengthen internal control in order to improve the so-called control environment, the management, the efficiency of expenditure and the prevention of corruption; and with it, an equally upward trend in the demand for support on the part of the Bank's member countries to reinforce internal control as a key to improve corruption prevention, as well as public administration and efficiency.
 - d. The collaboration between horizontal and vertical entities responsible for external and internal control benefits from the homogeneity in missions, activities and challenges; but also from having stable public staff, or at least a low-turnover, that will contribute to the continuity and sustainability of efforts over time.
- 1.4. Thus, strengthening control systems poses a triple imperative: (i) of integrity; (ii) of transparency; and (iii) of efficiency.
- 1.5. Those questions are the main reason of existence of this TC, whose general objective is: contribute to increased **transparency, public accountability and efficiency**, in the management of public funds and external financing by supporting member countries, in their efforts **to strengthen the national control and audit functions**.
- 1.6. The specific objectives of the TC are to: i) improve **internal audit and external control management** capabilities through implementation of innovative control and audit approaches and mechanisms; and ii) identify, advance and disseminate **knowledge generation and leverage the Bank's strategic dialogue**.
- 1.7. This TC will provide a package of support to contribute solving challenges at both **internal and external level** through the three following components:

1. Component 1: **Assessments and modernization strategies.** This component is intended to gain a better understanding of the needs of control and audit entities and address these needs through the i) analysis of mandates, approaches, practices and performance; ii) definition of strategies and action plans to improve the efficiency and transparency of the control and auditing functions; iii) design key performance indicators and databases; and iv) training of auditors.
2. Component 2: **Regulatory reforms and capacity building.**
3. Component 3: **Policy dialogue, south-south cooperation and knowledge generation and dissemination.**

Consultancy objective(s)

1.8. On behalf component 1 (assessments and modernization strategies), due to it is really necessary to improve the process of modernization the audit systems for processing large blocks of information (mass-data audit systems), with an emphasis on the use of applied technology. That is why there are two process of consultancy services which will be take in consideration.

The second one is the object of this selection process and its main objective is **to elaborate and consolidate the baseline and indicators with majoring in Strategic Plan 2013-2017 of CGE.**

Main activities

To analyst historical and statistical information about CGE in order to evaluate the control activities and the strategic objectives which are been implemented by CGE before 2013. And also, to define the baseline to evaluate the international best practices on the main mission and vision of CGE. Finally, this consultancy has the training component, in order to professionalize the activity of updating the indicators of previous defined baseline.

As secondary activities, this consultancy could also include:

- a. Diagnoses of regulatory, organizational, human resources, information technology; and preparation of modernization and improvement plans consistent therewith.

- b. Application of new technologies for more efficient information management and access to information policies.
- c. Development and implementation of modern audit practices and tools for greater efficiency and effectiveness.
- d. Regional dialog.

Reports / outputs (Optional)

(i) Work action plan; (ii) Report with reference to international best practices on internal and external audit control; (iii) Training program

Schedule of payment (Optional)

TBD

Coordination

- *Team Leader or Coordinator:* María José Jarquín, Modernization of State Specialist
- *Department/Division:* IFD/ICS

Characteristics of the consultancy

- Consultancy Category & Modality: TBD
- Contract Duration: 3 Months *Contract begin and end dates not required:* TBD
- Place(s) of work: External Consultancy in Ecuador

Qualifications:

- Academic Degree/level and years of professional experience: TBD
- Language : Spanish and English
- Areas of expertise: as a consultancy areas of consideration
- Skills : any other features deemed relevant to carry-out the work (Optional)

Payment and Conditions of Employment: If the work will be carried out at Bank headquarters in Washington D.C. Remuneration will be determined in accordance with Bank regulations and criteria. The Bank will additionally contribute toward travel and moving expenses, if applicable. If a candidate is not a citizen or resident of the United States, the Bank will apply for a G-IV visa from the consulate of the United States in the candidate's country of origin. If a candidate cannot obtain a visa to work at the IDB the contractual offer will be rescinded.

Consanguinity: Individuals with relatives working for the IDB within, and including the fourth degree of consanguinity and the second degree of affinity are not eligible for employment as staff, consultants, or contractors through firms or agencies. Candidates must be citizens of a member country of the Inter-American Development Bank

Other: Only include details of work activities. No individual information such as name/address, etc. Do not include budget or fees as these are not part of the terms of reference. No titles, leadership roles, or supervision are permitted for contractual employees.

ANNEX A

[Regional]

[Strengthening public management transparency and control in Latin America and the Caribbean (LAC)]

*(Ecuador)*³

TERMS OF REFERENCE

Background

- 1.1. In Latin America, the core of the control system has traditionally focused on legal and procedural aspects of public management. In the last 15 to 20 years, the region has made progress in strengthening public management systems, which has presented new challenges and opportunities in the area of control and auditing. At the same time, there has been limited development in strengthening internal audit and control, thus diminishing the margins for preventing corruption and for assessing institutional risk that could affect public management objectives.
- 1.2. In response to the fact that a large part of the EFSs in the region are also the governing body of the national control systems, and therefore responsible for the generation of internal control standards and their promotion (although not their implementation), support for the following: the improvement of the legislation (i.e. COSO internal control methodology), compliance with the processes, the identification and standardization of dedicated public servants with internal control roles (i.e., creation of career profiles, roles, etc.).
- 1.3. According to the present moment, there are some important reasons which are useful to take in consideration in order to improve the regional context:
 - a. Strengthening external control in the countries is an essential tool to ensure not only the integrity but also, and increasingly, the quality and efficiency of public spending. For the latter, the countries increasingly demand support for the adoption of innovative practices such as management audits and modern audit techniques such as the use of computer-assisted audit techniques (CAAT) to identify possible data anomalies more efficiently and effectively.

- b. Significant progress in external control has been made mainly ex post and auditing relegating the development of the public administrations' own capabilities in terms of their internal control systems, and reducing margins in order to prevent corruption and to assess institutional risks that may affect public administration objectives.
- c. However, throughout Latin America and the Caribbean region, in the last few years, there has been growing consensus on the imperative to strengthen internal control in order to improve the so-called control environment, the management, the efficiency of expenditure and the prevention of corruption; and with it, an equally upward trend in the demand for support on the part of the Bank's member countries to reinforce internal control as a key to improve corruption prevention, as well as public administration and efficiency.
- d. The collaboration between horizontal and vertical entities responsible for external and internal control benefits from the homogeneity in missions, activities and challenges; but also from having stable public staff, or at least a low-turnover, that will contribute to the continuity and sustainability of efforts over time.

1.4. Thus, strengthening control systems poses a triple imperative: (i) of integrity; (ii) of transparency; and (iii) of efficiency.

1.5. Those questions are the main reason of existence of this TC, whose general objective is: contribute to increased **transparency, public accountability and efficiency**, in the management of public funds and external financing by supporting member countries, in their efforts **to strengthen the national control and audit functions**.

1.6. The specific objectives of the TC are to: i) improve **internal audit and external control management** capabilities through implementation of innovative control and audit approaches and mechanisms; and ii) identify, advance and disseminate **knowledge generation and leverage the Bank's strategic dialogue**.

1.7. This TC will provide a package of support to contribute solving challenges at both **internal and external level** through the three following components:

1. Component 1: **Assessments and modernization strategies**.

2. Component 2: **Regulatory reforms and capacity building.** This component is intended to build the capacity of control and audit entities to report on risks and highlight opportunities for improvement in the way public resources are being managed through the following activities: i) capacity building for risk analysis in public management, ii) development of methodologies for measuring the cost, quality and impact related to control and audit functions; iii) draft legal and regulatory reviews to update and harmonize national legislation in accordance with international standards and best practices; iv) technical assistance to enhance cooperation between control and audit agencies themselves and with civil society organizations; and v) technical assistance for process analysis and re-design, the development of information technology and communication tools, and training.
3. Component 3: **Policy dialogue, south-south cooperation and knowledge generation and dissemination.**

Consultancy objective(s)

1.8. On behalf component 2 (regulatory reforms and capacity building), due to it is really necessary to improve the process of modernization the audit systems for processing large blocks of information (mass-data audit systems), with an emphasis on the use of applied technology. That is why there are two process of consultancy services which will be take in consideration.

The first one is the object of this selection process and its main objective is to **identify technical normative of CGE**

Main activities

To identify the internal and external legislation of CGE in order to analyst and to evaluate it with the main objective to know the needs of updates it and to develop the other one which is not already exists.

Also, this consultancy has the training component, in order to professionalize the activity of developing the new legislation that CGE need for the next years.

As secondary activities, this consultancy could also include:

- a. Diagnoses of regulatory, organizational, human resources, information technology, audit processes and information management frameworks; and preparation of modernization and improvement plans consistent therewith.
- b. Development of new regulation proposals or regulation changes and alignment with international auditing standards.
- c. Development and implementation of modern audit practices and tools for greater efficiency and effectiveness.
- d. Regional dialog.

Reports / outputs (Optional)

(i) Work action plan; (ii) Report with reference to international best practices on internal and external audit control; (iii) Training program

Schedule of payment (Optional)

TBD

Coordination

- *Team Leader or Coordinator:* María José Jarquín, Modernization of State Specialist
- *Department/Division:* IFD/ICS

Characteristics of the consultancy

- Consultancy Category & Modality: TBD
- Contract Duration: 8 Months *Contract begin and end dates not required:* TBD
- Place(s) of work: External Consultancy in Ecuador

Qualifications:

- Academic Degree/level and years of professional experience: TBD
- Language : Spanish and English

- Areas of expertise: as a consultancy areas of consideration
- Skills : any other features deemed relevant to carry-out the work (Optional)

Payment and Conditions of Employment: If the work will be carried out at Bank headquarters in Washington D.C. Remuneration will be determined in accordance with Bank regulations and criteria. The Bank will additionally contribute toward travel and moving expenses, if applicable. If a candidate is not a citizen or resident of the United States, the Bank will apply for a G-IV visa from the consulate of the United States in the candidate's country of origin. If a candidate cannot obtain a visa to work at the IDB the contractual offer will be rescinded.

Consanguinity: Individuals with relatives working for the IDB within, and including the fourth degree of consanguinity and the second degree of affinity are not eligible for employment as staff, consultants, or contractors through firms or agencies. Candidates must be citizens of a member country of the Inter-American Development Bank

Other: Only include details of work activities. No individual information such as name/address, etc. Do not include budget or fees as these are not part of the terms of reference. No titles, leadership roles, or supervision are permitted for contractual employees.

ANNEX A

[Regional]

[Strengthening public management transparency and control in Latin America and the Caribbean (LAC)]

*(Ecuador)*⁴

TERMS OF REFERENCE

Background

- 1.1. In Latin America, the core of the control system has traditionally focused on legal and procedural aspects of public management. In the last 15 to 20 years, the region has made progress in strengthening public management systems, which has presented new challenges and opportunities in the area of control and auditing. At the same time, there has been limited development in strengthening internal audit and control, thus diminishing the margins for preventing corruption and for assessing institutional risk that could affect public management objectives.
- 1.2. In response to the fact that a large part of the EFSs in the region are also the governing body of the national control systems, and therefore responsible for the generation of internal control standards and their promotion (although not their implementation), support for the following: the improvement of the legislation (i.e. COSO internal control methodology), compliance with the processes, the identification and standardization of dedicated public servants with internal control roles (i.e., creation of career profiles, roles, etc.).
- 1.3. According to the present moment, there are some important reasons which are useful to take in consideration in order to improve the regional context:
 - a. Strengthening external control in the countries is an essential tool to ensure not only the integrity but also, and increasingly, the quality and efficiency of public spending. For the latter, the countries increasingly demand support for the adoption of innovative practices such as management audits and modern audit techniques such as the use of computer-assisted audit techniques (CAAT) to identify possible data anomalies more efficiently and effectively.

- b. Significant progress in external control has been made mainly ex post and auditing relegating the development of the public administrations' own capabilities in terms of their internal control systems, and reducing margins in order to prevent corruption and to assess institutional risks that may affect public administration objectives.
 - c. However, throughout Latin America and the Caribbean region, in the last few years, there has been growing consensus on the imperative to strengthen internal control in order to improve the so-called control environment, the management, the efficiency of expenditure and the prevention of corruption; and with it, an equally upward trend in the demand for support on the part of the Bank's member countries to reinforce internal control as a key to improve corruption prevention, as well as public administration and efficiency.
 - d. The collaboration between horizontal and vertical entities responsible for external and internal control benefits from the homogeneity in missions, activities and challenges; but also from having stable public staff, or at least a low-turnover, that will contribute to the continuity and sustainability of efforts over time.
- 1.4. Thus, strengthening control systems poses a triple imperative: (i) of integrity; (ii) of transparency; and (iii) of efficiency.
- 1.5. Those questions are the main reason of existence of this TC, whose general objective is: contribute to increased **transparency, public accountability and efficiency**, in the management of public funds and external financing by supporting member countries, in their efforts **to strengthen the national control and audit functions**.
- 1.6. The specific objectives of the TC are to: i) improve **internal audit and external control management** capabilities through implementation of innovative control and audit approaches and mechanisms; and ii) identify, advance and disseminate **knowledge generation and leverage the Bank's strategic dialogue**.
- 1.7. This TC will provide a package of support to contribute solving challenges at both **internal and external level** through the three following components:
- 1. Component 1: **Assessments and modernization strategies**.

2. Component 2: **Regulatory reforms and capacity building.** This component is intended to build the capacity of control and audit entities to report on risks and highlight opportunities for improvement in the way public resources are being managed through the following activities: i) capacity building for risk analysis in public management, ii) development of methodologies for measuring the cost, quality and impact related to control and audit functions; iii) draft legal and regulatory reviews to update and harmonize national legislation in accordance with international standards and best practices; iv) technical assistance to enhance cooperation between control and audit agencies themselves and with civil society organizations; and v) technical assistance for process analysis and re-design, the development of information technology and communication tools, and training.
3. Component 3: **Policy dialogue, south-south cooperation and knowledge generation and dissemination.**

Consultancy objective(s)

- 1.8. On behalf component 2 (regulatory reforms and capacity building), due to it is really necessary to improve the process of modernization the audit systems for processing large blocks of information (mass-data audit systems), with an emphasis on the use of applied technology. That is why there are two process of consultancy services which will be take in consideration.

The second one is the object of this selection process and its main objective is **to contract a national technical assistance for the whole period of this TC in Ecuador.**

Main activities

To support CGE in its administrative, logistical and coordination activities defined by this TC.

Reports / outputs (Optional)

- (i) Work action plan; (ii) Report with reference to international best practices on internal and external audit control; (iii) Training program

Schedule of payment (Optional)

TBD

Coordination

- *Team Leader or Coordinator:* María José Jarquín, Modernization of State Specialist
- *Department/Division:* IFD/ICS

Characteristics of the consultancy

- Consultancy Category & Modality: TBD
- Contract Duration: 24 Months *Contract begin and end dates not required:* TBD
- Place(s) of work: External Consultancy in Ecuador

Qualifications:

- Academic Degree/level and years of professional experience: TBD
- Language : Spanish and English
- Areas of expertise: as a consultancy areas of consideration
- Skills : any other features deemed relevant to carry-out the work (Optional)

Payment and Conditions of Employment: If the work will be carried out at Bank headquarters in Washington D.C. Remuneration will be determined in accordance with Bank regulations and criteria. The Bank will additionally contribute toward travel and moving expenses, if applicable. If a candidate is not a citizen or resident of the United States, the Bank will apply for a G-IV visa from the consulate of the United States in the candidate's country of origin. If a candidate cannot obtain a visa to work at the IDB the contractual offer will be rescinded.

Consanguinity: Individuals with relatives working for the IDB within, and including the fourth degree of consanguinity and the second degree of affinity are not eligible for employment as staff, consultants, or contractors through firms or agencies. Candidates must be citizens of a member country of the Inter-American Development Bank

Other: Only include details of work activities. No individual information such as name/address, etc. Do not include budget or fees as these are not part of the terms of reference. No titles, leadership roles, or supervision are permitted for contractual employees.

ANNEX A

[Regional]

[Strengthening public management transparency and control in Latin America and the Caribbean (LAC)]

*(Bolivia)*³

TERMS OF REFERENCE

Background

- 1.1. In Latin America, the core of the control system has traditionally focused on legal and procedural aspects of public management. In the last 15 to 20 years, the region has made progress in strengthening public management systems, which has presented new challenges and opportunities in the area of control and auditing. At the same time, there has been limited development in strengthening internal audit and control, thus diminishing the margins for preventing corruption and for assessing institutional risk that could affect public management objectives.
- 1.2. In response to the fact that a large part of the EFSs in the region are also the governing body of the national control systems, and therefore responsible for the generation of internal control standards and their promotion (although not their implementation), support for the following: the improvement of the legislation (i.e. COSO internal control methodology), compliance with the processes, the identification and standardization of dedicated public servants with internal control roles (i.e., creation of career profiles, roles, etc.).
- 1.3. According to the present moment, there are some important reasons which are useful to take in consideration in order to improve the regional context:
 - a. Strengthening external control in the countries is an essential tool to ensure not only the integrity but also, and increasingly, the quality and efficiency of public spending. For the latter, the countries increasingly demand support for the adoption of innovative practices such as management audits and modern audit techniques such as the use of computer-assisted audit techniques (CAAT) to identify possible data anomalies more efficiently and effectively.

- b. Significant progress in external control has been made mainly ex post and auditing relegating the development of the public administrations' own capabilities in terms of their internal control systems, and reducing margins in order to prevent corruption and to assess institutional risks that may affect public administration objectives.
 - c. However, throughout Latin America and the Caribbean region, in the last few years, there has been growing consensus on the imperative to strengthen internal control in order to improve the so-called control environment, the management, the efficiency of expenditure and the prevention of corruption; and with it, an equally upward trend in the demand for support on the part of the Bank's member countries to reinforce internal control as a key to improve corruption prevention, as well as public administration and efficiency.
 - d. The collaboration between horizontal and vertical entities responsible for external and internal control benefits from the homogeneity in missions, activities and challenges; but also from having stable public staff, or at least a low-turnover, that will contribute to the continuity and sustainability of efforts over time.
- 1.4. Thus, strengthening control systems poses a triple imperative: (i) of integrity; (ii) of transparency; and (iii) of efficiency.
- 1.5. Those questions are the main reason of existence of this TC, whose general objective is: contribute to increased **transparency, public accountability and efficiency**, in the management of public funds and external financing by supporting member countries, in their efforts **to strengthen the national control and audit functions**.
- 1.6. The specific objectives of the TC are to: i) improve **internal audit and external control management** capabilities through implementation of innovative control and audit approaches and mechanisms; and ii) identify, advance and disseminate **knowledge generation and leverage the Bank's strategic dialogue**.
- 1.7. This TC will provide a package of support to contribute solving challenges at both **internal and external level** through the three following components:

1. Component 1: **Assessments and modernization strategies.** This component is intended to gain a better understanding of the needs of control and audit entities and address these needs through the i) analysis of mandates, approaches, practices and performance; ii) definition of strategies and action plans to improve the efficiency and transparency of the control and auditing functions; iii) design key performance indicators and databases; and iv) training of auditors.
2. Component 2: **Regulatory reforms and capacity building.**
3. Component 3: **Policy dialogue, south-south cooperation and knowledge generation and dissemination.**

Consultancy objective(s)

1.8. On behalf component 1 (assessments and modernization strategies), due to it is really necessary to improve the process of modernization the audit systems for processing large blocks of information (mass-data audit systems), with an emphasis on the use of applied technology. That is why there are three process of consultancy services which will be take in consideration.

The third one is the object of this selection process and its main objective is to contract a National Consultancy to **develop the unique communication system**

Main activities

To develop a policy and a methodology in strengthening information technology and communication in order to promote internal control in selected public entities.

And also, to define the baseline to evaluate the international best practices on system information management.

And also, this consultancy includes:

- a. Application of new technologies for more efficient information management and access to information policies.
- b. Adaptation and implementation of mechanisms for articulation and communication between the control bodies.

- c. Definition of public administration articulation and social control mechanisms.
- d. Diagnoses of regulatory, organizational, human resources, information technology; and preparation of modernization and improvement plans consistent therewith.
- e. Development and implementation of modern audit practices and tools for greater efficiency and effectiveness.
- f. Regional dialog

Reports / outputs (Optional)

(i) Work action plan; (ii) Report with reference to international best practices on system information management; (iii) Design a platform on line; and (iv) Training program

Schedule of payment (Optional)

TBD

Coordination

- *Team Leader or Coordinator:* María José Jarquín, Modernization of State Specialist
- *Department/Division:* IFD/ICS

Characteristics of the consultancy

- Consultancy Category & Modality: TBD
- Contract Duration: TBD *Contract begin and end dates not required:* TBD
- Place(s) of work: External Consultancy in Ecuador

Qualifications:

- Academic Degree/level and years of professional experience: TBD
- Language : Spanish and English
- Areas of expertise: as a consultancy areas of consideration
- Skills : any other features deemed relevant to carry-out the work (Optional)

Payment and Conditions of Employment: If the work will be carried out at Bank headquarters in Washington D.C. Remuneration will be determined in accordance with Bank regulations and criteria. The Bank will additionally contribute toward travel and moving expenses, if applicable. If a candidate is not a citizen or resident of the United States, the Bank will apply for a G-IV visa from the consulate of the United States in the candidate's country of origin. If a candidate cannot obtain a visa to work at the IDB the contractual offer will be rescinded.

Consanguinity: Individuals with relatives working for the IDB within, and including the fourth degree of consanguinity and the second degree of affinity are not eligible for employment as staff, consultants, or contractors through firms or agencies. Candidates must be citizens of a member country of the Inter-American Development Bank

Other: Only include details of work activities. No individual information such as name/address, etc. Do not include budget or fees as these are not part of the terms of reference. No titles, leadership roles, or supervision are permitted for contractual employees.

ANNEX A

[Regional]

[Strengthening public management transparency and control in Latin America and the Caribbean (LAC)]

(Bolivia)

TERMS OF REFERENCE

Background

- 1.1. In Latin America, the core of the control system has traditionally focused on legal and procedural aspects of public management. In the last 15 to 20 years, the region has made progress in strengthening public management systems, which has presented new challenges and opportunities in the area of control and auditing. At the same time, there has been limited development in strengthening internal audit and control, thus diminishing the margins for preventing corruption and for assessing institutional risk that could affect public management objectives.
- 1.2. In response to the fact that a large part of the EFSs in the region are also the governing body of the national control systems, and therefore responsible for the generation of internal control standards and their promotion (although not their implementation), support for the following: the improvement of the legislation (i.e. COSO internal control methodology), compliance with the processes, the identification and standardization of dedicated public servants with internal control roles (i.e., creation of career profiles, roles, etc.).
- 1.3. According to the present moment, there are some important reasons which are useful to take in consideration in order to improve the regional context:
 - a. Strengthening external control in the countries is an essential tool to ensure not only the integrity but also, and increasingly, the quality and efficiency of public spending. For the latter, the countries increasingly demand support for the adoption of innovative practices such as management audits and modern audit techniques such as the use of computer-assisted audit techniques (CAAT) to identify possible data anomalies more efficiently and effectively.

- b. Significant progress in external control has been made mainly ex post and auditing relegating the development of the public administrations' own capabilities in terms of their internal control systems, and reducing margins in order to prevent corruption and to assess institutional risks that may affect public administration objectives.
 - c. However, throughout Latin America and the Caribbean region, in the last few years, there has been growing consensus on the imperative to strengthen internal control in order to improve the so-called control environment, the management, the efficiency of expenditure and the prevention of corruption; and with it, an equally upward trend in the demand for support on the part of the Bank's member countries to reinforce internal control as a key to improve corruption prevention, as well as public administration and efficiency.
 - d. The collaboration between horizontal and vertical entities responsible for external and internal control benefits from the homogeneity in missions, activities and challenges; but also from having stable public staff, or at least a low-turnover, that will contribute to the continuity and sustainability of efforts over time.
- 1.4. Thus, strengthening control systems poses a triple imperative: (i) of integrity; (ii) of transparency; and (iii) of efficiency.
- 1.5. Those questions are the main reason of existence of this TC, whose general objective is: contribute to increased **transparency, public accountability and efficiency**, in the management of public funds and external financing by supporting member countries, in their efforts **to strengthen the national control and audit functions**.
- 1.6. The specific objectives of the TC are to: i) improve **internal audit and external control management** capabilities through implementation of innovative control and audit approaches and mechanisms; and ii) identify, advance and disseminate **knowledge generation and leverage the Bank's strategic dialogue**.
- 1.7. This TC will provide a package of support to contribute solving challenges at both **internal and external level** through the three following components:

1. Component 1: **Assessments and modernization strategies.** This component is intended to gain a better understanding of the needs of control and audit entities and address these needs through the i) analysis of mandates, approaches, practices and performance; ii) definition of strategies and action plans to improve the efficiency and transparency of the control and auditing functions; iii) design key performance indicators and databases; and iv) training of auditors.
2. Component 2: **Regulatory reforms and capacity building.**
3. Component 3: **Policy dialogue, south-south cooperation and knowledge generation and dissemination.**

Consultancy objective(s)

1.8. On behalf component 1 (assessments and modernization strategies), due to it is really necessary to improve the process of modernization the audit systems for processing large blocks of information (mass-data audit systems), with an emphasis on the use of applied technology. That is why there are three process of consultancy services which will be take in consideration.

The first one is the object of this selection process and its main objective is to contract an International Consultant **to elaborate the diagnostic and proposal to maximize the mission and vision of UAI**

Main activities

To analyst historical and statistical information about UAI in order to evaluate the control activities and the strategic objectives which are been implemented by UAI before 2013. And also, to define the baseline to evaluate the international best practices on the main mission and vision of UAI.

To identify the internal and external legislation of UAI in order to analyst and to evaluate it with the main objective to know the needs of updates it and to develop the other one which is not already exists.

Also, this consultancy has the training component, in order to professionalize the activity of developing the new legislation that UAI need for the next years and updating the indicators of previous defined baseline.

As secondary activities, this consultancy could also include:

- a. Diagnoses of regulatory, organizational, human resources, information technology; and preparation of modernization and improvement plans consistent therewith.
- b. Application of new technologies for more efficient information management and access to information policies.
- c. Development and implementation of modern audit practices and tools for greater efficiency and effectiveness.
- d. Regional dialog.

Reports / outputs (Optional)

(i) Work action plan; (ii) Report with reference to international best practices on internal and external audit control; (iii) Training program

Schedule of payment (Optional)

TBD

Coordination

- *Team Leader or Coordinator:* María José Jarquín, Modernization of State Specialist
- *Department/Division:* IFD/ICS

Characteristics of the consultancy

- Consultancy Category & Modality: TBD
- Contract Duration: TBD *Contract begin and end dates not required:* TBD
- Place(s) of work: External Consultancy in Ecuador

Qualifications:

- Academic Degree/level and years of professional experience: TBD
- Language : Spanish and English
- Areas of expertise: as a consultancy areas of consideration

- Skills : any other features deemed relevant to carry-out the work (Optional)

Payment and Conditions of Employment: If the work will be carried out at Bank headquarters in Washington D.C. Remuneration will be determined in accordance with Bank regulations and criteria. The Bank will additionally contribute toward travel and moving expenses, if applicable. If a candidate is not a citizen or resident of the United States, the Bank will apply for a G-IV visa from the consulate of the United States in the candidate's country of origin. If a candidate cannot obtain a visa to work at the IDB the contractual offer will be rescinded.

Consanguinity: Individuals with relatives working for the IDB within, and including the fourth degree of consanguinity and the second degree of affinity are not eligible for employment as staff, consultants, or contractors through firms or agencies. Candidates must be citizens of a member country of the Inter-American Development Bank

Other: Only include details of work activities. No individual information such as name/address, etc. Do not include budget or fees as these are not part of the terms of reference. No titles, leadership roles, or supervision are permitted for contractual employees.

ANNEX A

[Regional]

[Strengthening public management transparency and control in Latin America and the Caribbean (LAC)]

(Bolivia)²

TERMS OF REFERENCE

Background

- 1.1. In Latin America, the core of the control system has traditionally focused on legal and procedural aspects of public management. In the last 15 to 20 years, the region has made progress in strengthening public management systems, which has presented new challenges and opportunities in the area of control and auditing. At the same time, there has been limited development in strengthening internal audit and control, thus diminishing the margins for preventing corruption and for assessing institutional risk that could affect public management objectives.
- 1.2. In response to the fact that a large part of the EFSs in the region are also the governing body of the national control systems, and therefore responsible for the generation of internal control standards and their promotion (although not their implementation), support for the following: the improvement of the legislation (i.e. COSO internal control methodology), compliance with the processes, the identification and standardization of dedicated public servants with internal control roles (i.e., creation of career profiles, roles, etc.).
- 1.3. According to the present moment, there are some important reasons which are useful to take in consideration in order to improve the regional context:
 - a. Strengthening external control in the countries is an essential tool to ensure not only the integrity but also, and increasingly, the quality and efficiency of public spending. For the latter, the countries increasingly demand support for the adoption of innovative practices such as management audits and modern audit techniques such as the use of computer-assisted audit techniques (CAAT) to identify possible data anomalies more efficiently and effectively.

- b. Significant progress in external control has been made mainly ex post and auditing relegating the development of the public administrations' own capabilities in terms of their internal control systems, and reducing margins in order to prevent corruption and to assess institutional risks that may affect public administration objectives.
 - c. However, throughout Latin America and the Caribbean region, in the last few years, there has been growing consensus on the imperative to strengthen internal control in order to improve the so-called control environment, the management, the efficiency of expenditure and the prevention of corruption; and with it, an equally upward trend in the demand for support on the part of the Bank's member countries to reinforce internal control as a key to improve corruption prevention, as well as public administration and efficiency.
 - d. The collaboration between horizontal and vertical entities responsible for external and internal control benefits from the homogeneity in missions, activities and challenges; but also from having stable public staff, or at least a low-turnover, that will contribute to the continuity and sustainability of efforts over time.
- 1.4. Thus, strengthening control systems poses a triple imperative: (i) of integrity; (ii) of transparency; and (iii) of efficiency.
- 1.5. Those questions are the main reason of existence of this TC, whose general objective is: contribute to increased **transparency, public accountability and efficiency**, in the management of public funds and external financing by supporting member countries, in their efforts **to strengthen the national control and audit functions**.
- 1.6. The specific objectives of the TC are to: i) improve **internal audit and external control management** capabilities through implementation of innovative control and audit approaches and mechanisms; and ii) identify, advance and disseminate **knowledge generation and leverage the Bank's strategic dialogue**.
- 1.7. This TC will provide a package of support to contribute solving challenges at both **internal and external level** through the three following components:

1. Component 1: **Assessments and modernization strategies.** This component is intended to gain a better understanding of the needs of control and audit entities and address these needs through the i) analysis of mandates, approaches, practices and performance; ii) definition of strategies and action plans to improve the efficiency and transparency of the control and auditing functions; iii) design key performance indicators and databases; and iv) training of auditors.
2. Component 2: **Regulatory reforms and capacity building.**
3. Component 3: **Policy dialogue, south-south cooperation and knowledge generation and dissemination.**

Consultancy objective(s)

1.8. On behalf component 1 (assessments and modernization strategies), due to it is really necessary to improve the process of modernization the audit systems for processing large blocks of information (mass-data audit systems), with an emphasis on the use of applied technology. That is why there are three process of consultancy services which will be take in consideration.

The second one is the object of this selection process and its main objective is to contract a National Consultant to **design and elaborate the unique system of internal audit**

Main activities

To develop a policy and a methodology in strengthening information technology and communication in order to promote internal control in selected public entities.

And also, to define the baseline to evaluate the international best practices on system information management.

And also, this consultancy includes:

- a. Application of new technologies for more efficient information management and access to information policies.
- b. Adaptation and implementation of mechanisms for articulation and communication between the control bodies.

- c. Definition of public administration articulation and social control mechanisms.
- d. Diagnoses of regulatory, organizational, human resources, information technology; and preparation of modernization and improvement plans consistent therewith.
- e. Development and implementation of modern audit practices and tools for greater efficiency and effectiveness.
- f. Regional dialog

Reports / outputs (Optional)

(i) Work action plan; (ii) Report with reference to international best practices on system information management; (iii) Design a platform on line; and (iv) Training program

Schedule of payment (Optional)

TBD

Coordination

- *Team Leader or Coordinator:* María José Jarquín, Modernization of State Specialist
- *Department/Division:* IFD/ICS

Characteristics of the consultancy

- Consultancy Category & Modality: TBD
- Contract Duration: TBD *Contract begin and end dates not required:* TBD
- Place(s) of work: External Consultancy in Ecuador

Qualifications:

- Academic Degree/level and years of professional experience: TBD
- Language : Spanish and English
- Areas of expertise: as a consultancy areas of consideration
- Skills : any other features deemed relevant to carry-out the work (Optional)

Payment and Conditions of Employment: If the work will be carried out at Bank headquarters in Washington D.C. Remuneration will be determined in accordance with Bank regulations and criteria. The Bank will additionally contribute toward travel and moving expenses, if applicable. If a candidate is not a citizen or resident of the United States, the Bank will apply for a G-IV visa from the consulate of the United States in the candidate's country of origin. If a candidate cannot obtain a visa to work at the IDB the contractual offer will be rescinded.

Consanguinity: Individuals with relatives working for the IDB within, and including the fourth degree of consanguinity and the second degree of affinity are not eligible for employment as staff, consultants, or contractors through firms or agencies. Candidates must be citizens of a member country of the Inter-American Development Bank

Other: Only include details of work activities. No individual information such as name/address, etc. Do not include budget or fees as these are not part of the terms of reference. No titles, leadership roles, or supervision are permitted for contractual employees.