





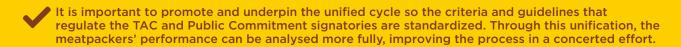
INFO BOI NO. 8 MAR/2023

UNIFIED AUDIT CYCLE: ITS IMPORTANCE AND MAIN CHALLENGES

Louise Nakagawa¹, Lisandro de Souza Inakake²

1 PhD in Energy, Researcher of Agricultural Chain Projects at Imaflora 2 Agronomist Engineer, Senior Project Coordinator in the Area of Responsible Agricultural Chains at Imaflora

mensagens-chave





Since the launch of the Audit Protocol for the Monitoring of Cattle Suppliers in the Amazon in November 2021, several training workshops have been held for meatpackers that operate in the Amazon, and audit companies. The document sets out the guidelines used to verify the Terms of Adjustment of Conduct (TAC) of the states of Acre, Amazonas, Mato Grosso, Pará and Rondônia, the Beef TAC program, as well as the Public Livestock Commitment, and is fully aligned with the criteria of the Protocol for Monitoring Cattle Suppliers in the Amazon (PMCSA).

The Audit Program was implemented in 2022 with the mission of organising the unified cycle of audits in the meatpackers that signed the

TAC and the Public Livestock Commitment. This program involves primarily six stages:

- 1. Obtaining and preparing databases
- 2. Communicating with the signatory companies via a letter from the Federal Public Prosecutor's Office
- Distributing the databases to the audit firms
- 4. Setting up the audits
- 5. Performing checks and reporting to the Prosecutor's Office
- 6. Analysing and publishing results

In all, 28 companies are participating in this cycle, totalling 60 meatpacking plants in the five states mentioned above. The expectation is for this first unified cycle to end in the first half of 2023 and the results to be published by June.

































IMPORTANCE OF THE UNIFIED CYCLE IN THE PERCEPTION OF STAKEHOLDERS

In the training workshops held throughout 2022 for the meatpackers, the attendees unanimously agreed that the unified auditing program is important and requires very clear and necessary rules. According to one of the interviewees, and a representative of civil society, the importance of the unified cycle, as the name suggests, lies in the unification and standardisation of the criteria and guidelines that the TAC and Public Commitment signatories must abide by. Previously, the companies in each state of the Legal Amazon followed their own rules and the standards established by the Public Prosecutor's Offices, when no determination was available, including different audit frequency and periods. At the end of this process, the performances presented were very different, which made a comparative analysis between processing plants difficult or impossible and, as such, could not be used to improve the process in a collective way.

According to a representative of the signatory meatpackers, it is important to ensure the uniformity of the checking processes of different companies in the sector so the results can be compared. For the company, the unified auditing cycle generates gains in project efficiency, budgets and in demand management and teams. The public prosecutor's representative, in turn, pointed out that, based on the new protocol, the auditors should analyse the compliance of the purchases made by meatpackers and the management systems used by the companies. Possible weaknesses and inconsistencies can then be pinpointed so that robust actions can and should be implemented in the next cycles. In addition, the Prosecutor stated that noncompliant purchases can be justified, eliminating possible distortions.

With basis on the audit program, the intention is to bolster the TAC by not only encouraging new companies to join but also to offer qualified information that will help in the decision making of the consumer markets, which are looking for suppliers more committed to the socio-environmental agenda. Based on this, the participants of the training workshops stated that the role of the Public Prosecutor's Office is crucial because it ensures that meat-packing plants operating illegally are held accountable, become regularised and sign the TAC, but it also recognises the efforts and performances of the companies that have met the commitments.



































WHAT ARE THE BIGGEST BOTTLENECKS?

Since this is the first unified cycle, there are still some obstacles and challenges that need to be addressed and/or adapted in the coming years. The main one concerns the access and unification of databases between states. This is essential for the meatpackers to comply with the TACs. It is worth noting that, although the companies and the Public Prosecutor's Office have limited access to the database of the Rural Environmental Registry (CAR) of the cattle breeders as well as the historic database, and the Animal Transport Forms (GTA), organizing these databases to advance in the unified audit process is still very difficult. Therefore, the Prosecutor's Office has a key role in obtaining, organizing and providing this information, which initially depends on the relevant state agencies to provide the bases. Therefore, to ensure the quality of the audits, it is essential for the databases to be available, the GTAs to be fully filled in, and the CARs to be updated within a predefined time routine, covering the same periods as the purchases made, i.e., the audits use the same data available at the time of the cattle purchase. In this way, the whole process will become standardised and more consistent.

The workshop attendees also pointed out that it is necessary to bring cattle suppliers into the conversation and decision-making process and think about translating the criteria of the Monitoring Protocol for Cattle Suppliers in the Amazon into the language of the producers.

This would open the sector's communication and understanding and would add more legitimacy to the work that has been done by the meatpackers. The meatpackers believe the biggest bottlenecks lie in the grey areas in the Audit Protocol, either due to a lack of clarity in the instructions, technical vagueness or the lack of consensus among the stakeholders involved. The harmonization proposed in regard to the criteria of the designed program also still needs to improve given that no consensus has been reached about the audit requirement in states in which companies do not have links with existing commitments, such as the TAC for example.

Another point worth mentioning is the number of meatpackers that have joined the program, since not all the TAC signatories appointed an audit company. From a total of 107 plants that signed the Beef TAC, only 60 will be audited in the unified cycle. This breaks the cycle of continuous improvement, which - given the difficulties in accessing GTA and CAR information - in turn, increases the delay in consolidating the databases used in the audits, which then leads to delays in the original schedule. Despite this, however, the Public Prosecutor believes that the results will be available in the first half of the year. Within this context, the greatest hurdle is to establish the unified audit cycle as a rite, on a continuous basis, and with predefined periods for collecting, preparing and making available information and data, previously known and communicated frequencies. This practice will enhance the performance comparison process of companies operating in different contexts and regions, based on a time scale.





































Beef on Track: The transparency platform of the beef value chain.

The Beef on Track platform is a hub that offers access to systems, tools, data and technical information for a deforestation-free beef chain.

Behind the scenes, a team of experts works with national and international strategic partners to develop solutions. There are two main objectives - to support and expand the implementation of socio-environmental commitments. As such, producers, meatpackers of all sizes, tanneries, supermarket chains and also investors can find in this environment the materials that will help them implement their commitments.

As well as, of course, civil society, which now has a source of data and resources to track the performance of the agreements undertaken by the chain.

See more here and join us!

www.beefontrack.org

Imaflora is a Brazilian non-governmental organization created in 1995 to promote the conservation and sustainable use of natural resources by generating social benefits in the forestry and agricultural sector.





Acknowledgements

The perceptions set out in this document were recorded from interviews with representatives of the Public Prosecutor's Office, the meatpackers and civil society.

References

Imaflora (2021). Protocolo de Auditoria dos Compromissos da Pecuária na Amazônia [Protocol for the Monitoring of Cattle Suppliers in the Amazon]. Available at: https://www.beefontrack.org/public/media/arquivos/1653932196-completo_protocolo_de_auditoria-_portugues_-_boi_na_linha_-_imaflora_-_060-8088_-_alt6_web.pdf

































