The Brazilian Office of the Comptroller General and the fighting against corruption

Brasília, July 2017
Brazil in Numbers

- 26 states + Federal District
- 5,570 municipalities
- Territory: 8,514,215 km²
- 202,768,562 inhabitants (2014)

- 3 levels of government: municipal, state and federal spheres

- Executive, Legislative and Judiciary branches
• Brazil has a bicameral Congress that votes criminal and civil laws that have a uniform application throughout the country.

• The Judiciary is organized into federal and state branches

• States have autonomous administrations

• They have a governor and a unicameral legislative body elected directly by their voters

• They have independent Courts of Law for common justice
• The states and the federal district may be grouped into regions: Northern, Northeast, Central-West, Southeast and Southern.

• The Brazilian regions are merely geographical, not political or administrative divisions.

• Although defined by law, Brazilian regions are useful mainly for statistical purposes, and also to define the application of federal funds in development projects.

• Municipalities have a mayor and an elected legislative body, but no separate Court of Law. Indeed, a Court of Law organized by the state can encompass many municipalities in a single justice administrative division called “comarca”.
Federal Government

National Congress

Supreme Federal Court

Planalto Palace
“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations” — The Institute of Internal Auditors
Organization Chart – CGU (Simplified Version)

State Minister

- Council for Public Transparency and Fight against Corruption
- Internal Affairs Coordination Committee
- Internal Control Coordination Committee

Executive-Secretariat

- Federal Secretariat of Internal Control SFC
- Federal Secretariat of Transparency and Corruption Prevention STPC
- Federal Secretariat of Internal Affairs CRG
- Ombudsman General of the Union OGU

26 Regional Offices
Legend:
DC: Diretoria de Planejamento e Coordenação das Ações de Controle
DS I: Diretoria de Auditoria de Políticas Sociais I
DS II: Diretoria de Auditoria de Políticas Sociais II
DE: Diretoria de Auditoria de Políticas Econômicas e de Produção
DI: Diretoria de Auditoria de Políticas de Infraestrutura
DG: Diretoria de Auditoria de Governança e Gestão
DAE: Diretoria de Auditoria de Estatais
CGU’s legal competencies

- Public Auditing
- Improvement of public management
- Increase of transparency
- Disciplinary actions
- Ombudsman
- Prevention of corruption
- Defense of Public Patrimony
The role of CGU’s Federal Internal Control Secretariat

Management
- Risks
- Design and implementation of internal controls

Auditing
- Risk mapping
- Assessment of Internal Controls
- Accomplishment of Public Administration’s objectives

CGU: Oversight and normative guidance to the Internal Control System

- Self-control
- Special internal control

Primary Internal Controls
Advisor for Internal Control

Internal Audit units

Policy, External Affairs and Defense

State-owned enterprises, autarchies and foundations
The role of CGU’s Federal Internal Control Secretariat
Auditing Approach

Ministries, Departments and Agencies

- Direct and Indirect Administration
- Funds transferred to states and municipalities
- Funds transferred to NGOs

Government Programmes
Programa de Fiscalização a partir de Sorteios Públicos / Fiscalização em Entes Federativos (FEF)
### Evolution 2003 - 2017

**Programa Fiscalização em Entes Federativos**

<table>
<thead>
<tr>
<th>Ano</th>
<th>Implementação</th>
<th>Total/ano:</th>
<th>Univ:</th>
<th>Carência:</th>
<th>Sort</th>
<th>Escopo</th>
<th>Foco</th>
<th>Discussão</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>Implementação 4 mun - Piloto</td>
<td>281</td>
<td>aumento gradativo</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>50 mun – 8º 9º</td>
<td>400</td>
<td>até 300</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>60 mun – 10º ao 14º</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>60 mun – 20º ao 22º</td>
<td>180</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>60 mun – 23º ao 25º</td>
<td>180</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>60 mun – 26º e 27º</td>
<td>120</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>Avaliação</td>
<td>60 mun – 28º ao 30º</td>
<td>120</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>60 mun – 31º ao 33º</td>
<td>180</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>60 mun – 34º e 35º</td>
<td>120</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>60 mun – 36º e 37º</td>
<td>120</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>60 mun – 38º</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>60 mun – 39º</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>60 mun – 40º</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>26 UF – 2º ciclo</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>60 mun – 3º ciclo</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total/ano:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Implementação FEF**
- 43 mun – 1º ciclo
- Vulnerabilidade: seleção e escopo
The **Programa de Fiscalização a partir de Sorteios Públicos** had its name changed in 2015 for the **Programa de Fiscalização em Entes Federativos**, in view of the adoption of other methodologies for the selection of non-random Municipalities, such as by indication of vulnerability based on the evaluation of several indicators associated to the functions the state. The scope of inspection for any federal resource applied in the Municipality was also widened, either by the City Hall or another private entity.

Increased focus on combating fraud and misconduct
Challenges to CGU performance

- CGU must be concerned with results of public management, but not compromise independ
- Performance auditing x compliance auditing
- Strengthening of denounce channels
- Fostering of integration with the external control and the public oversight
- Fostering of Risk Management, Control and Governance processes within the public administration
Challenges to CGU performance

- Auditing approach to state-owned enterprises
- Restrictions to information due to alleged confidentiality
- Measurement of benefits due to the implementation of CGU recommendations
- Alignement with international standards
Cost of Corruption

• Affects investments;
• Limits economic growth;
• Distorts fair competition and government expenditures;
• Jeopardizes the confidence in the Government
CGU initiatives to face corruption
Thank You!