

## **SURVEY OF IT EXPENSES IN THE BRAZILIAN FEDERAL GOVERNMENT AND PRICE REFERENCE IN PURCHASES OF IT GOODS AND SERVICES**

### **WHY DID THE BRAZILIAN COURT OF AUDIT (TCU – TRIBUNAL DE CONTAS DA UNIÃO) UNDERTAKE THIS SURVEY?**

The IT Audit Secretariat (*Secretaria de Fiscalização de TI, or Sefti*) was created as a specialized unit in the IT field with the purpose of supervising the management and the use of IT resources in the Brazilian Federal Government and to promote improvements in IT governance. In the process of conceiving this unit, it was concluded that it was necessary to obtain detailed information regarding federal government IT expenditures, in order to provide Sefti with representative data that would guide TCU's auditing action in the IT field.

### **SURVEY OBJECTIVE**

This survey had the purpose of measuring the total expenditures of the federal government in IT in the last five years and verifying how the resources committed to Technology are being applied. Issues related to the expenditures were part of the survey scope, such as: analysis of the price formation process for contracting, sources of information for estimating prices, and identification of the management mechanism of the IT budget used by the federal government agencies.

### **TCU'S MAIN FINDINGS**

In regard to the process of formation of prices for hiring IT goods and services, although a significant list of sources of price references on the Internet were identified, in general the websites do not provide mechanisms that are at the same time efficacious and efficient and that allow the manager to find prices used when hiring products and services similar to those they wish to acquire. Among the tools for assessing prices, undoubtedly, the most disseminated are the price bases themselves used in Public Administration procurement.

Based on the mechanisms identified for price estimation and on the recurrent failures shown by the Court of Audit in its sentences, the necessity for improving the governmental procurement systems and the available mechanisms for consulting purchases made in the ambit of the federal government, as well as the necessity of guidance to managers on the use of these tools was found.

In this survey, a method was defined to estimate IT expenditures in the Brazilian Federal Budget (*Orçamento Geral da União, or OGU*), which consists in adding up expenses of the sub-function Information Technology (126), of IT specific sub elements and of State-Owned Enterprises - the last two were identified in the Investment Budget by means of the same sub-function (126) and in the Brazilian Program of Global Expenditure (*Programa de Despesas Globais, or PDG*) by means of IT proper headings.

From the study for delineation of this method, it was concluded that the OGU structure does not permit a precise identification of the federal government IT expenditures, since it does not have specific budgetary classifications for all types of goods and services related to the information technology field, and also due to the dispersion of these expenditures in finalistic actions and in actions that support each agency or entity, which makes a significant part of the IT expenses remain unidentified.

Despite the constraints that were found, it was verified that the identifiable IT expenditures of the Federal Public Administration increased from 2.1 to 3.25 billions of dollars, from 2002 to 2006. The study indicates that the real amount of federal government IT expenditures exceeds the measured amount. The surveyed data also revealed a predominance of IT expenditures in services.

### **TCU DETERMINATIONS AND RECOMMENDATIONS**

With the finality of inducing efficiency and economy in public management by means of improving governmental procurement systems and mechanisms for consulting purchases carried out in the ambit of the federal government, the Court of Audit recommended to the Secretariat of Logistics and Information Technology of the Ministry of Planning (*Secretaria de Logística e Tecnologia da Informação do Ministério do Planejamento, or SLTI/MP*), that they make available, in a centralized and enduring way, the information referring to procurements, to electronic purchase processes and to contracts promoted by the Brazilian Federal Government, thus allowing the access to administrative acts, edicts, bid participants, contracts, minutes and information, establishing a reference base for Public Administration managers. The Court of Audit also recommended to SLTI the arrangement, in order of priority, of a repository for edicts and contracts, in a standardized and complete text format and with an effective and efficient text research tool that facilitates the recovery of similar objects specifications and provides publicity and transparency.

In order to allow a clear, objective and transparent identification of the forecast of expenses and IT expenditures, the TCU made determinations to the Brazilian Federal Budgetary Secretariat (*Secretaria de Orçamento Federal, or SOF/MP*), to the Brazilian Secretariat of National Treasury (*Secretaria do Tesouro Nacional, or STN/MF*) and to the Brazilian Department of Coordination and Governance of State-owned Enterprises (*Departamento de Coordenação e Governança das Empresas Estatais, or DEST/MP*) so they can come up with a proposal to alter the OGU and the Global Expenditure Program, considering the possibility of creating one or more actions that aggregate expenses related to IT; and also the creation of an expense element specific to the area that is capable of embracing all types of IT goods and services.

### **PERFORMED ACTIONS**

In compliance with this Court of Audit's determination, the SOF forwarded to the National Congress of Brazil a proposal for the Budgetary Guidelines Law 2009 with the inclusion of a specific device for the categorization of IT expenditures which was maintained with the approval of Law No. 11.768/2008 (LDO 2009).

As for the IT expenditures of state-owned enterprises, the DEST promoted the inclusion of specific IT headings in the Global Expenditures Programs of Financial Institutions and of the Public Productive Sector.

### **TCU DELIBERATION**

Sentence No. 371/2008 - TCU – Plenário  
Rapporteur: Minister Guilherme Palmeira

## **Business**

External auditing of information technology governance  
in the federal government.

## **Mission**

To ensure that information technology adds value to  
the business of the federal government for the benefit  
of society.

## **Vision**

To be a unit that achieves excellence in improving and  
auditing information technology governance.