

FOLLOW-UP ON ACTIONS RELATED TO BASIC EDUCATION IN RESPONSE TO THE COVID-19 PANDEMIC

The Federal Court of Accounts evaluated the actions carried out by the Ministry of Education (MEC) and the National Fund for Development of Education (FNDE) related to Primary Education, with regards to the School Feeding National Program (PNAE) and the Program for Financial Assistance in Schools (PDDE), as a response to the COVID-19 pandemic crisis.

The follow-up took into consideration actions carried out by managers during March and May 2020, whose objectives were to:

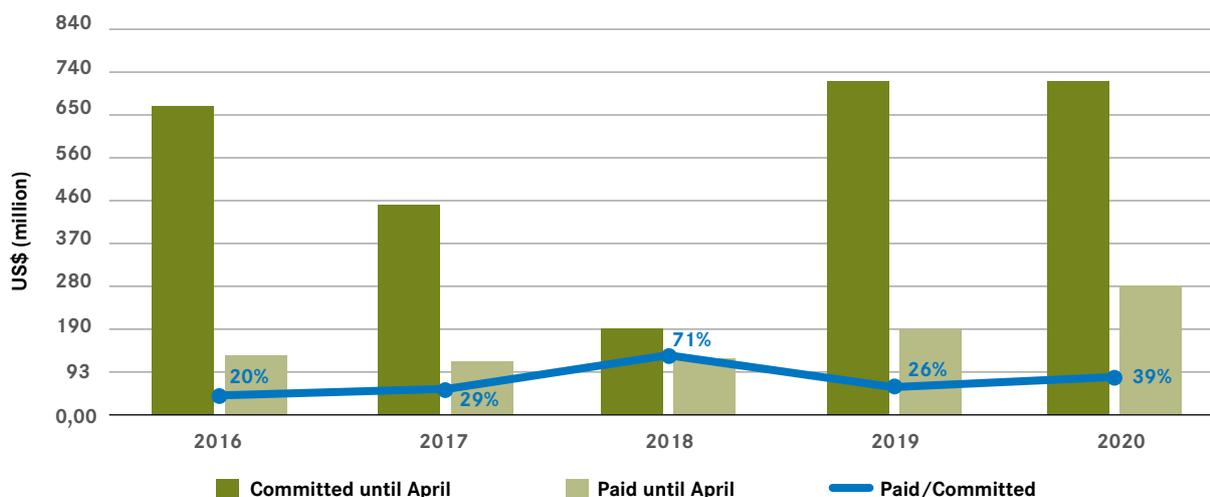
- demonstrate measures adopted by the federal government related to the COVID-19 crisis, with impact on the PNAE and the PDDE;
- analyze budget impacts on the PNAE and the PDDE caused by the COVID-19 crisis until April 2020; and
- help MEC and FNDE on managing risks for the PNAE and the PDDE.

The PNAE has a budget of US\$760 million established by the Annual Budget Act for 2020 (LOA 2020) and its purpose is to benefit more than 40 million students in public primary education, offering more than 50 million daily meals across the 5,570 Brazilian municipalities.

As a response to the crisis, Act 13.987 of April 7, 2020 authorized the immediate distribution to students food acquired with PNAE resources, during the suspension of classes in public schools of Primary Education. Also, US\$66.96 million, corresponding to the payment for the month of May, were transferred in advance to support school feeding, resulting in a total transfer of US\$260 million to states and municipalities until April 2020.

In comparison to the same period of previous years, it is evident the financial impact of advancing the transfer correspondent to May and maintaining transfers in 2020, even with classes being suspended.

▪ **Graphic 1 – Expenses committed and paid by the PNAE until April 2020, starting in 2016**



Source: SigaBrasil.

Regarding the PDDE, LOA 2020 authorized US\$350 million to be allocated to public schools. From January to April 2020, transfers to regional agencies reached US\$137 million and benefited more than 108,000 schools (FNDE, 2020).

Even though the budget execution of the PNAE and PDDE, from January to April 2020, was superior to the one observed for the same period in previous years, there was no additional allocation of resources to any of the programs analyzed.

Since the main source of revenue of the aforementioned programs is the contribution Salário-Educação (social contribution for public education), it was worth pondering the negative impacts on tax collection, due to the economic crisis caused by the health crisis, which reduced the amount expected to be collected for this source of revenue, whose primary destination is education and its supplementary programs.

▪ WHAT HAS BEEN DONE

In this regard, taking into consideration that one of the objectives of this work was to assist MEC and FNDE identify, assess, and manage risks related to the PNAE and PDDE, as well as determine and take advantage of opportunities in order to improve the capacity of such institutions to bring value to society, TCU tried to develop a low-cost and easy-to-use strategy for institutions, enabling them to solidify their procedures of governance and risk management.

As a result, two risk assessment frameworks were structured for each program. In addition, the following criteria were taken into consideration: PNAE and PDDE's objectives; influencing factors, both external (economic, environmental, political, legal, social, and technological) and internal (infrastructure, personnel, procedure and technology); risk assessment (importance, probability, and impact); risk response; and the priority that should be given to each event/risk. Each framework was filled in and validated by managers.

▪ WHAT HAS BEEN FOUND

TCU identified and assessed ten risks that could jeopardize the PNAE's objectives and five related to the PDDE's objectives.

The most serious risk pointed out by managers regarding the PNAE's objectives is the non-compliance to numeric parameters used as reference by dietitians to plan, guide, supervise, and assess all actions related to create meal kits for the program's beneficiaries. On the other hand, managers considered to be of lowest probability and impact the possibility of an increase for enrollment requests in public schools in 2021, due to the migration of students from private to public schools as a result of economic issues.

As for the PDDE, the most serious risk identified referred to having schools with outdated registrations or pending issues related to the rendering of accounts, which may hinder transfers of resources and, therefore, jeopardize services to underprivileged students.

▪ WHAT HAS BEEN DECIDED

The Court recommended that MEC and FNDE develop and implement a Management Plan for risks identified by these institutions related to the PNAE and the PDDE, by assessing, at least: identified risk; priority level to be granted to the identified risk; control activities to mitigate each risk identified; identify who will be responsible for each control activity; resources (human, financial, technological, etc.) needed to implement each control activity; execution schedule planned for each control activity; methodology for monitoring the effectiveness of managing identified risks.

▪ NEXT STEPS

TCU will monitor the preparation and the implementation of the Risk Management Plan. Managers are expected to reevaluate the risks and priority levels defined by the PNAE and PDDE's Risk Frameworks, based on latest events, as some of the risks may have occurred and others may not. Based on this reevaluation, managers should elaborate a Risk Management Plan consistent with the threats identified, considering cost-benefit analysis, so that effective actions are taken to mitigate risks and meet program objectives.

Additional Information:

Decision: 1.955/2020-TCU-Full Court

Rapporteur: Minister Augusto Nardes

Case: TC 016.759/2020-6

Technical department in charge: Department of External Control - Education, Culture and Sports (SecexEduc)