

Executive summary

# FISCOBRAS

## Public Works Audit





**FEDERATIVE REPUBLIC OF BRAZIL  
FEDERAL COURT OF ACCOUNTS - TCU**

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FEDERAL COURT OF ACCOUNTS **TCU**

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Brasília, 2022





**PLURIANNUAL  
PLAN FOR  
PUBLIC WORKS  
AUDIT**

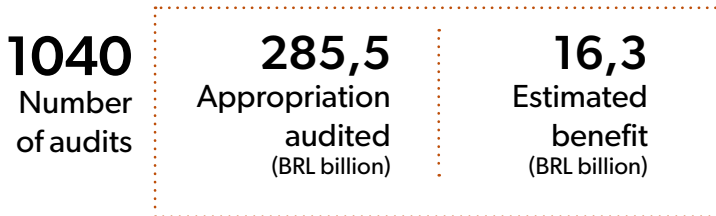
**T**he TCU's Pluriannual Plan for Public Works Audit (Fiscobras) has been a product of a long tradition within this Court of Accounts and is currently on its 26th edition. Fiscobras has been part of the yearly Budget Guidelines Act (LDO) since Act 9,473 of 1997 (LDO of 1998) and aims to provide the National Congress with information on public works indicating serious irregularities. The TCU's analysis supports the elaboration of the Draft Budget Act of the following year.

Fiscobras is the operational force within TCU's Audit Plan. It focuses on following-up public works totally or partially financed by federal resources and is carried out by technical units specialized in infrastructure.

In addition, Fiscobras assists the National Congress in planning the annual budget for public works and deciding a possible budget freeze in case public managers fail to promptly address the irregularity at hand. Furthermore, this product enables the external control to follow-up the main national public works, allowing for the prompt identification of irregularities and the proposition of solutions to those responsible.

According to the table below, 1,040 audits have been carried out in the past ten years alone. These audits have verified appropriations of BRL 285 billion and yielded financial benefits estimated at approximately BRL 16 billion. Non-financial benefits have also been achieved, such as fixing irregularities in the bidding process and contract execution as well as the encouragement to improve public works planning, projects, budget, and execution.

### Number of audits, appropriation audited, and estimated benefit in the last ten years



In order to manage such endeavor, the TCU relies on the Office of the Coordinator General for the Infrastructure Sector (Coinfra), which has teams specialized in each audited infrastructure sector: road, aviation, rail, port, oil and gas, electrical energy, urban mobility, sanitation, housing, telecommunications, mining, and water works. These teams include over 250 auditors with multidisciplinary knowledge.

During its 25 years of existence, Fiscobras mainly encompassed a set of works selected year by year according to materiality, relevance, and risk criteria. These works included projects such as oil and gas platforms, refineries, hydroelectric power plants, transmission lines, rail, road, port, and airport implementation, interbasin transfer, and construction of channels to supply water, among others.

In addition, the federal budget is allocated to thousands of small engineering works and services of local value and great social impact. Even though they are relevant for the country and significant for the decision-making process of the National Congress, Fiscobras may not focus on such works.

For example purposes only, the TCU recently carried out a diagnosis that identified more than 37 thousand public works registered in the government's databases using federal resources, among which 14 thousand were suspended. Most of them are small construction works of schools, nurseries, healthcare centers, urban mobility, among others.

Every year, billions of reais are destined to these works, many of which have present issues with viability, planning, project, and execution, as well as lack proper assessment.

Furthermore, the aggravation of the country's fiscal status, followed by the tendency of a decrease in investments made directly by the government in public works, drew attention to the urgent need of rationalizing budget expenditures. This scenario motivated Fiscobras' modernization in 2022, which is based on the main guideline that, when there are insufficient resources to invest, expenditure must be as effective as possible. As a result, in order to support the Congress' decision, there is an urgent need of previously assessing the cost-benefit of budget allocation regarding the various public infrastructure projects in the country.

Therefore, although the TCU, with the help of Fiscobras, has recently contemplated the results of performance audits on public works governance, it is evident the need to reposition the Court's role regarding public works auditing. This new position includes broader and more systemic and systematized assessments without prejudice to compliance audits typically carried out on large work projects selected according to materiality, relevance, and risk.

Thus, Fiscobras' ongoing 26th edition has been reformulated: in addition to the traditional performance audits on a selected list of public works based on materiality, risk, and relevance criteria, two new products will be forwarded to the Congress: (i) analysis of the scenario

- ▶ **37 thousand**  
public works registered
- ▶ **14 thousand**  
public works suspended

Recent diagnosis  
made by the TCU





involving public works financed by federal resources; (ii) analysis of criteria for selecting and prioritizing investment projects on public works with federal resources.

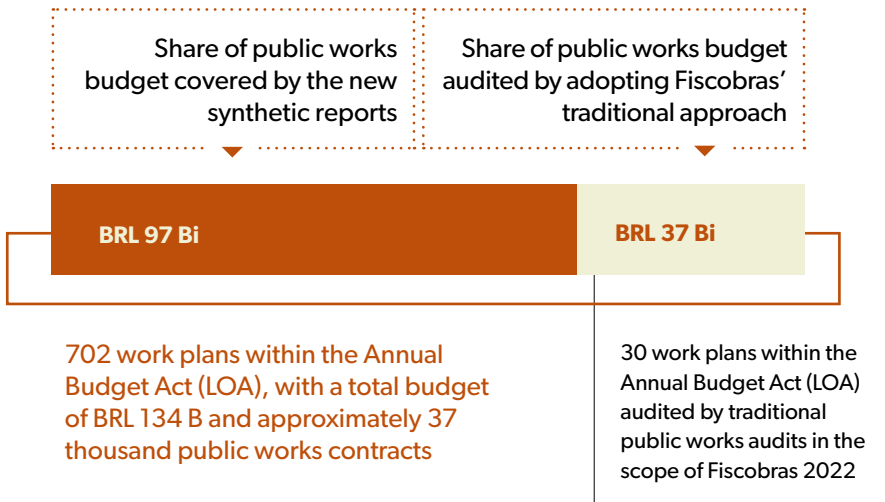
These complementary analyses aim to meet an increasing need for a diagnosis on the main issues and challenges involving national public works as well as for an efficient allocation of budget resources on projects with a higher return potential to society. As a result, Fiscobras will start including not only compliance exams in some public works, but also diagnoses and occasional exams of operational, performance, and governance nature of a large part of national public works.

The control overview of ongoing and suspended investments will be developed for each entity or body that manages public investments on public works. The purpose is to identify the presence of control over suspended and ongoing projects and establish a systemic diagnosis of federal public works.

Another aspect to be considered is a diagnosis to identify whether there is a process dedicated to select and prioritize public works projects for each entity or body that carries out public investments. The goal is to determine whether the sector under analysis has a well-defined and institutionalized portfolio of priority projects and if it has been developed in accordance with technical criteria and priority objectives, such as the cost-benefit analysis.

The image below shows how Fiscobras' new products will provide management and systemic information on public works that did not use to be the focus of specific audits because, individually, they presented low materiality and high capillarity. However, when put together, these works represent large sums of public investments.





With this new Fiscobras approach to audit public works, it is now possible to improve audits year by year, based on the diagnosis provided. As a result, it enables the elaboration of external control indicators subject to the public works cycle, such as governance and management aspects of institutions that plan and execute public works, maturity aspects of viability studies and projects; improvement and evolution of priority and selection criteria; measurement of public works results in terms of social and economic benefits, according to the objectives of infrastructure public policies.

From an operational perspective, a key factor for the TCU in implementing its new control approach is the continuous improvement of the digitization strategy of infrastructure control through the intensive use of data and information, as well as the application of technology tools. This was possible despite the significant challenge of carrying out analysis and diagnosis on the thousands of existing federal public works.

As an example of this strategy, the TCU currently has an automatized analysis system of public works budget (the SAO System), which, with little operational effort, helps assess risks related to additional costs of public works. The Court also counts with an automatized

search system of public works bids and risk analysis of invitations for bids, based on previously established criteria (Alice System).

Additionally, there are ongoing initiatives to integrate public works data with government systems, which aim to supply information panels for external control analysis.

Furthermore, as part of the 26<sup>th</sup> Fiscobras, the TCU will also launch the consolidation of information on public works and present, on a visual and objective format, the main results achieved. These panels will be available on the TCU website and will make the information more accessible and comprehensible to the National Congress, public managers, and society.

TCU's efforts have traditionally helped to prevent the waste billions of reais on public works. In addition, the expectation is that Fiscobras, by bringing new control approaches and providing strategic diagnosis regarding federal public works (both planned and underway), may contribute even more to the National Congress' legislative-budgetary process and also to overall public management to the benefit of society.



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## MISSION

To improve public administration for the benefit of society through external control.

## VISION

To be a reference in the promotion of an effective, ethical, timely and responsible Public Administration.

