

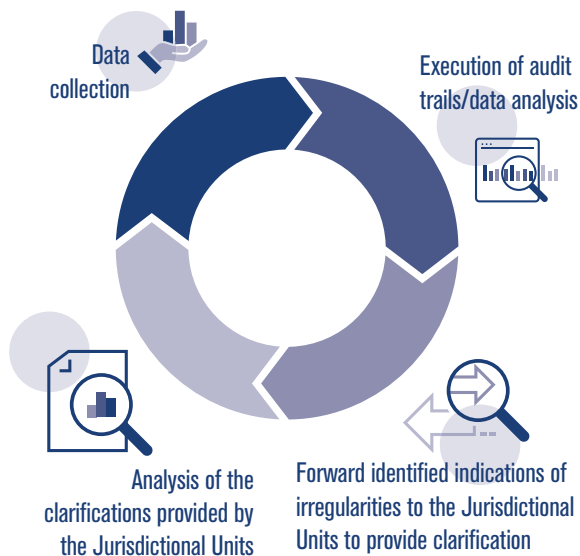


CONTINUOUS PAYROLL AUDIT – SEVENTH CYCLE

Since 2015, the Secretariat for Personnel Actions (Sefip/TCU) has been monitoring signs of irregularities in the payrolls of government entities to ensure the investigation and prevention of illegal situations in payrolls.

In the seventh cycle of the Continuous Payroll Audit, conducted from May 2021 to March 2022, in addition to the payrolls of 594 monitored government entities as shown in Figure 1, we also monitored the measures to use the Digital Bookkeeping System of Tax, Social Security, and Labor Obligations (eSocial) by government agencies and entities.

Figure 1 – Continuous payroll audit – seventh cycle



Source: Personnel Audit Division (Diaup/Sefip-TCU)

GOALS OF THE AUDIT

The audit aimed at:

- **monitoring** federal organizations' operations; **investigating indications of irregularities in their payrolls**, as well as the ongoing measures for the use of the **eSocial by government agencies and entities**; and,
- **monitoring compliance with TCU's decisions** with repercussions on the management of signs of irregularities in the payrolls.

MAIN TCU FINDINGS

The monitoring investigated over 25,000 irregularities detected in the payrolls of the inspected federal organizations, which led to savings of nearly 497 million per year.

On the other hand, nearly 23,800 signs detected in previous inspection cycles remained unsolved at the end of the monitoring, as well as evidence that over twenty thousand acts of personnel hiring, as well as retirement and pension granting, had not been submitted to the TCU for examination purposes after being in the payroll six months or more.

In addition, eSocial data necessary to verify possible payroll irregularities were not made available to federal government agencies and entities.

TCU'S DECISIONS

Given the observed irregularities, the TCU ordered the Ministry of Labor and Social Security to evaluate the most appropriate way and adopt measures to operationalize the Court's unrestricted access to e-Social data.

Regarding this issue, the Court informed the Brazilian Federal Revenue Service and the Ministry of Labor and Social Security that the tax confidentiality rules do not substantiate any attempt to prevent the TCU from accessing data on the execution of expenditures to pay for civil servants' wages, social security or aid benefits of any level of government.

In addition, it issued warnings to the military commanders and six other units from different monitored segments that failure to comply with the deadline for sending personnel acts to the TCU for registration purposes, such as those verified during the audit, may be punishable.

In terms of TCU decisions on payroll, the measures required from 154 federal government organizations were deemed met. In contrast, six orders or recommendations addressed to sixty federal agencies and entities were maintained under "under compliance" or "being implemented."

Finally, under the current regulatory framework and the 10 Steps to Good Governance recommended by the TCU, the Court decided to disclose to the audited organizations that it is possible to establish simplified means of investigating evidence, as done by the Army Command.

EXPECTED BENEFITS

The measures adopted by the TCU can potentially improve the monitored units' control environment, either by adopting the disclosed good practices or monitoring the Court's decisions on payroll and sending of admission, retirement, and pension-granting acts.

In addition, sharing eSocial data can improve the audit of federal government organizations' payrolls.

ROLE OF THE GOVERNMENT: Management – Payrolls and social security

COURT DECISIONS:

Court decision: 2814/2021 – TCU – Full Court

Session date: 24/Nov/2021

Court decision: 1015/2022-TCU- Full Court

Session date: 11/May/2022

Rapporteur Minister: Substitute Minister Augusto Sherman Cavalcanti

TC: 014.927/2021-7

Technical Unit Responsible: Personnel Actions Secretariat (Sefip/TCU)