

2022

HIGH- RISK LIST

IN THE FEDERAL PUBLIC
ADMINISTRATION

1ST
EDITION



FEDERATIVE REPUBLIC OF BRAZIL
FEDERAL COURT OF ACCOUNTS - BRAZIL

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HIGH- RISK LIST

IN THE FEDERAL PUBLIC
ADMINISTRATION

BRASILIA 2022

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WHAT THE TCU FOUND

A decorative line graphic consisting of a horizontal line that transitions into a diagonal line pointing upwards and to the right.

The TCU, Federal Court of Accounts - Brazil, identified 29 areas that represent a high-risk for the Federal Public Administration, due to vulnerability to fraud, waste, abuse of authority, mismanagement, or the need for profound changes to achieve public policy objectives.

The areas were selected based on work carried out by the Court in the last five years, in which chronic and high-impact problems were identified for which the responsible managers did not present effective solutions.

The first themes on the list show: risk of making payments, in the personnel area, and undue concessions for assistance benefits; difficulty in identifying the target audience and delay in granting assistance benefits administered by the National Social Security Institute (INSS), mainly due to the high number of lawsuits.

In the tax area, the risks involve the governance and management of tax revenue waivers. Weaknesses were identified that prevent the full inspection of the Tax Administration and deficiencies in the collection of tax disputes - taxes questioned by the taxpayer.

In addition, the list points out that the fiscal rules established in the Federal Constitution and the Fiscal Responsibility Act have not been effective in preventing the imbalance between government revenues and expenditures, providing sustainability to the public debt, and ensuring credibility with creditors.

In the area of regional development, the Court identified problems in the formulation, implementation, and monitoring of public policies, which harm the fundamental objective of reducing social and regional inequalities, established in the Federal Constitution.

The report is essential for the Court to be able to plan its external control actions, considering the greatest risks afflicting the nation, and continuously monitor them, communicating to the National Congress and society the progress observed, at least every two years.

The TCU technical units updated these risks in April and May of this year. The purpose was to verify if there were any changes since the execution of the works that identified such risks until the delivery of the list to the National Congress.

As of March 2023, the technical units will carry out monitoring of each new external control plan, on a biannual basis, which will give rise to the next editions of the High-Risk List. At the end of each management, the presidency of this Court of Accounts may present them to the National Congress, demonstrating the progress identified by the TCU, in relation to the risks identified in the previous edition. In future editions, it will be possible to include other areas that require attention.

I PRESENT THIS DOCUMENT TO
THE NATIONAL CONGRESS, WITH
THE COMMITMENT THAT THE RISKS
IDENTIFIED ARE CONTINUOUSLY
MONITORED BY THE COURT.

IT IS EXPECTED THAT THE
WORK WILL CONTRIBUTE TO
THE IMPROVEMENT OF PUBLIC
POLICIES AND THAT, TOGETHER,
WE CAN IMPROVE THE LIFE OF
EVERY BRAZILIAN.

MINISTER
ANA ARRAES

President of the Federal Court
of Accounts - Brazil



LIST OF THEMES IN HIGH- RISK

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Criteria for admission and removal from the high-risk list

8

Compliance with personnel payments and social benefits

9

Timeliness and focusing of assistance benefits

10

Management of benefits administered by the National Social Security Institute

11

Compliance with fiscal authorities

12

Transparency and effectiveness of tax waivers

13

Credibility of Federal Tax System information

14

Efficiency of tax collection and litigation

15

Regional development

16

Effectiveness of public innovation policies

17

Electricity rate sustainability

18

Sustainability of electric power supply

19

Waters safety

20

Sustainability of the refining, derivatives, and gas market

21

Business sustainability, investments, and completeness of Petrobras

22

Transparency of data and information on urban infrastructure policies

23

Management of paralyzed works

24

Planning and prioritization of multimodal transport integration

25

Regulation and inspection of road and rail transport

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Structuring of the National Mining Agency

27

Codevasf's institutional capacity in managing public funds received

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Effectiveness of the commitments agreed with Anatel in regulatory instruments

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Management of federal public real estate assets

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Qualidade, compartilhamento e transparência dos dados governamentais

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Quality, sharing and transparency of government data

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Control of illegal deforestation

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Territorial and land governance

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Public Health System: access and sustainability

35

Equity in access to education

36

Management and completeness in public procurement

CRITERIA FOR ADMISSION AND REMOVAL FROM THE HIGH-RISK LIST

ADMISSION CRITERIA

- Problems already audited by the TCU, related to:

Program, policy, or governmental action of **national importance**

Essential managerial role for **society and public transparency**

- Issues that affect more than **one million people** or involve amounts greater than

BRL 1 billion

- Possible damage in:

- Health
- Education
- Environment
- Services provision
- National security
- National defense
- Economic growth
- Right of privacy or of the citizen
- Data reliability for decision making
- Trust in the government
- Confidentiality of information

Areas in which effective sanitizing actions are verified were not considered or significant evolution in solving the problems identified

Monitoring of risks by the TCU every 2 years, to review the list

REMOVAL CRITERIA

- Management commitment
- Solution capacity
- Formalized action plan
- Monitoring of corrective measures
- Demonstration of progress

CONFORMIDADE DOS PAGAMENTOS DE PESSOAL E BENEFÍCIOS SOCIAIS



IMPACT

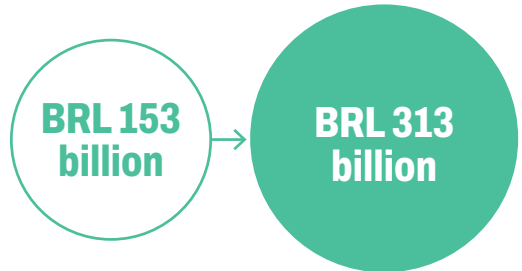
- **BRL 1.13 trillion**
in the annual budget in
social benefits

PROBLEMS

- Low reliability of information supporting these payments
- Deficiencies in information systems
- Absence of data integration in “**connect gov br**”

NUMBERS

- Personnel expenses and social charges **doubled** between 2009 and 2019



- **2,460,138**
Improper payments in the areas of **social assistance, social security, and work** in 2020

Estimated loss of BRL 5.65 billion/year

- **14,993**
irregularities found by the TCU in the **payroll** in 2020

Savings of BRL 386 million/year

- **176,329**
evidence of irregularities in payrolls being processed

Potential savings of BRL 1.9 billion/year

TIMELINESS AND FOCUSING OF ASSISTANCE BENEFITS



NUMBERS

BRL 160 billion

ABP/BPC Budget for 2022

BPC

- ▶ The average time of concession of the BPC for people with disabilities has increased to **311 days in 2020** while the normative term foreseen is of **45 days**
- ▶ Queue of **422 thousand** benefits to analyze (Oct/2020)

BOLSA FAMÍLIA PROGRAM (BFP) / AUXÍLIO BRASIL PROGRAM (ABP)

- ▶ Queue of **1.34 million** of families waiting for BFP benefits in Jan/2021

EMERGENCY AID → POSSIBLE UNDUE CONCESSIONS TO

- ▶ **8.2 million** people
- ▶ **6.5 million women** Single parent family providers

CAUSES

BPC

- ▶ Excessive CadÚnico registration requirements;
- ▶ Inadequacy in the order of procedures
- ▶ Insufficient personnel

PBF/PAB

- ▶ Budget constraint from June 2019
- ▶ Insufficient controls over **legal criteria** family composition
- ▶ Inconsistencies in the registration of assistance benefits.

MANAGEMENT OF BENEFITS ADMINISTERED BY THE NATIONAL SOCIAL SECURITY INSTITUTE (INSS)



IMPACT

- **100 million**
insured and beneficiaries

PROBLEMS

TIME TO GRANT THE BENEFITS EXCEEDS THE LEGAL TIME LIMIT OF 45 DAYS

- More than 100 days for RGPS benefits not related to disability
- More than 200 days for BPC benefits
- Absence of indicators that adequately monitor the legal deadline in the INSS

IN 2017, 11% OF THE 34 MILLION BENEFITS PAID EACH MONTH WENT THROUGH THE COURTS

- **R\$ 92 billion**
were paid through the courts (15.1% of total paid)
- **4x more**
than administrative route
- Operational cost estimated in **R\$ 4.7 billion**
with judicial claims
(24% of the total bodies involved)
- Some causes:
 - Inefficiencies and errors in the administrative process
 - Problems and gaps in legislation
 - Divergences between the Judiciary, the Social Security Appeals Council (CRPS) and the INSS and lack of integration between their systems
 - Inadequate defense by the Federal Government
 - Procedural incentives to litigation



THE PROBLEM AND ITS NUMBERS

- **Reduction of discretionary expenses**, especially investments and maintenance, given the **pressure of mandatory spending**
- Situations that characterize attempts to circumvent the **restrictions imposed by the Spending cap**, as:
 - Capitalization of state-owned companies to outsource the execution of typical Direct Administration expenses.
 - Expenditure without budget forecast or beyond the limits authorized by the Annual Budget Law
- The golden rule has not prevented the government from **incurring debt to cover current expenses**
- The Gross debt of the general government went from **51% of GDP in 2013 to 80.3% in 2021**
(Average of emerging countries: 64.8%)
- Primary deficits since 2014

CAUSES

- **Normative gaps**, in particular:
 - Approval of the Supplementary law on Public Finances
 - Setting the debt ceiling of the Federal Public Debt
 - Creation of the Fiscal Management Board
- Insufficient tax risk management strategy
- **Lack of coordination** between the Executive and Legislative Branches capable of securing the necessary commitment so that the authorities comply with their objectives



THE PROBLEM AND ITS NUMBERS

- Concession of benefits **without prior assessment** on the potential social and economic benefits against the fiscal cost
- Trend of **perpetuation of benefits** awarded irrespective of assessments of the results achieved
- **BRL 329.4 billion** of waivers in 2021
- **3.8% of GDP** in incentives and benefits of a tax, financial and credit nature

CAUSES

- Structuring problems in **governance and management of waivers** of tax revenue, **no estimates in** budgetary and financial impact in the assessment *ex ante* and *ex post*
- **Uncertainty** about:
 - Competencies and procedures for instituting and expanding tax waivers
 - Objectives, goals, indicators, term, management body and quantitative and qualitative information necessary for the monitoring and assessment processes
- **Coordination mechanisms**
Insufficient gaps between central and sectoral bodies for the management of public policies financed with tax waivers
- Inexistence of **systematic follow-up strategy** of the policies, including a timeline of periodic reviews of related waivers

CREDIBILITY OF FEDERAL TAX SYSTEM INFORMATION



PROBLEM NUMBERS

- Risk to the credibility of information from **BRL 7 trillion** managed by the Tax Administration in 2021

(R\$1.89 trillion in collections, R\$2.06 trillion in tax credits, R\$2.71 trillion in Active Federal Debt and 325.7 billion in tax expenditures)

- More of **600 systems** isolated and not integrated with each other and without direct interface with Siafi and with risks of errors

CAUSES

- **Vulnerabilities in systems and controls** involved in the production and processing of accounting information held by the RFB and PGFN
- **Lack of integration between systems**, without proper Accreditation from the area responsible for data migration
- **Weaknesses in the process** of operation and consolidation and in the **segregation of duties** in the tasks necessary for the accounting of tax credits (TC) imply **risk of errors in your accounting**
- **Untimely implementation of control systems** of special installment programs on isolated and non-integrated bases
- **Lack of locks, alerts, and access levels** for the execution of billing system operations
- **Absence of monitoring and assessment** of internal controls

EFFICIENCY OF TAX COLLECTION AND LITIGATION

IMPACT

➤ **BRL 2.32 trillion**
Union active debt



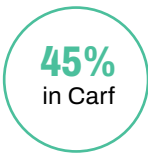
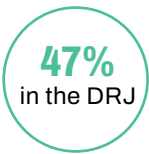
PROBLEMS

TAX LITIGATION

- Average duration time **higher** than the legal period of 360 days

2.6 years	for Trial in the Federal Revenue Offices of Brazil
4 years	on the Administrative Council for Fiscal Resources (Carf)
9 years	in the tax execution at the Attorney General's Office of the National Treasury (PGFN)

- High cancellation of tax assessments



- Low effectiveness of the Tax Administrative Process → Only **5%** of the value of the assessments held was collected from the National Treasury coffers
- Increasing judicialization of cases submitted to trial by Carf

COLLECTION OF TAX CREDIT

- Low effectiveness of Tax Recovery Program
 - high **number of Tax Recovery Program**
 - **long deadlines** for payment
 - **no penalty** for delinquent taxpayers
 - **no legal restriction** to the entry of a new Tax Recovery Program for defaulters of previous programs
- Contracts, payments, and Concession of loans by ADF to debtors registered with Cadin
 - In 2017, 31,684 contracts signed between 2012 and 2016 were identified, from 10,450 business taxpayers with active registration in Cadin, nominally totaling in **BRL 21.90 billion** in credit operations
- Failure, by the RFB, of the 90-day term to forward the credits to be registered in the active debt

REGIONAL DEVELOPMENT



IMPACT

- **BRL 45.4 billion**
for FNE, FNO
and FCO in 2022
- Tax incentives for 2022:
BRL 16.7 billion
North and Northeast
BRL 45.6 billion
ZFM

PROBLEM NUMBERS

- **80%**
of resources is intended for municipalities with a
high level of social and economic development
- GDP per capita/Northeast
~ 50% of GDP
per capita/national
- GDP per capita/North
~ 62% of GDP
per capita/national
- The **PNDR does not promote the reduction
of inequalities** between the poorest and
richest regions of the country

CAUSES

- **Absence of approval** of PRDNE, PRDCO and
PRDA by the National Congress
- **Absence of formalization of goal pacts** with
states and municipalities
- **Insufficient integration** between the tax
incentive policy of the Manaus Free Trade
Zone and other regional development policies
- Ineffectiveness of the bodies responsible for
federative and inter-ministerial articulation
- **Absence of systematic assessment** and
satisfactory results of the PNDR and the
programs, actions and tax incentives aimed
at regional development
- **Inadequate regionalization** of the indicators
and targets of the Pluriannual Plan (PPA)

EFFECTIVENESS OF PUBLIC INNOVATION POLICIES



IMPACT

2022 BUDGET

- **BRL 14.76 billion**
for MCTI and FNDCT
- **BRL 14.8 billion**
in tax benefits for the Science
and Technology function
- Return on public investment
in research is
3 to 8x
the amount invested

PROBLEMS

PLANNING FAILURES

- **Failure to accurately diagnose problems** for
the elaboration of the National Innovation Policy
- **Too many prioritized themes**
- **Lack of long-term strategic planning**
- **Inefficient tax benefits** to induce the
competitiveness of companies and
products incentivized

EXECUTION FAILURES

- Lack of coordination between actors →
Fragments, overlaps and duplications of
projects

FAILURES IN MONITORING AND ASSESSMENT

- Inexistence of global **goals** that are prior and
clear, and **indicators** of result and impact

ELECTRICITY RATE SUSTAINABILITY



IMPACT

→ **75 million units Consumers**
of residential electrical energy and more than
200 million Brazilians

PROBLEMS

- **High-rate value** compared to international benchmark
- Value of electricity for consumers **rose 351%** compared to **230%** of increase in the IPCA in the last 20 years
- The high values put pressure on the **family budget** and contribute negatively to Brazil's competitiveness.

CAUSES

- **Lack of structuring of the tax policy**, especially with deficiencies in planning and follow-up in the implementation of policies
- Adoption of **palliative measures to contain tariff increases**, without a structural solution
- **Burden of taxes and charges**
- **Transfer of hydrological risk** to the consumer
- **Involuntary exposure of distributors** in the short-term market
- **Market reduction** regulated captive consumer
- **Subsidies included in the rate** of electricity
- Adoption of public policies **without assessment of its tariff impact**



IMPACT

- **75 million consumer units** of residential electricity and more than **200 million Brazilians**

PROBLEMS

- **Structural problems** that increase the risk regarding the electrical energy supply, in particular, in the occurrence of **extreme hydrological regimes**, as experienced by the country in 2021

CAUSES

- **Input data inconsistency** of the models used for electrical system planning
 - Conflicts of **multiple uses of water**
- Need to **review physical guarantees** of the hydroelectric plants
- **Absence of a strategic contingency plan** to deal with hydropower crises
- **Significant changes in the national electricity matrix**, such as the relative reduction of hydroelectric plants with reservoirs and the increase in the share of wind and solar energy

WATER SAFETY



PROBLEM

- **Lack of systemic planning and risk management** in the water infrastructure sector
- **Impossibility** to assess the real contribution of interventions to meet social needs and demands for infrastructure projects
- Recurrence of **irregularities** such as overpricing, overbilling, deficient projects, additives above legal limits

CAUSES

- **Inexistence of a personal policy** that regulates the public utilities provided by the water infrastructures of multiple uses and its model of compensation
- **Lack of integration of long-term planning** with other water resources sectors
- Absence of a **central coordination of the investment portfolio**
- Great **dependence on the federal budget**
- **Lack of technical and objective criteria** for the selection and prioritization of investments
- **Heterogeneity of procedures** for the preparation of feasibility studies and ways of organizing the preparation of projects in the sector



MAIN BARRIERS IN THE TRANSITION TO THE NEW REFINING AND NATURAL GAS MARKET

- **Infrastructure criticality** for internalization and storage of fuels
- **Low effective competition** at the fuel supply due to the current logistics system (High volume shipping)
- **Regulation misalignment** in operational fuel inventories of the new reality of the refining market
- **Low effectiveness of regulation current access to third parties to infrastructure** essential of movement and storage of fuels primary
- Legal uncertainty caused by the **constant threat of intervention State-owned company in the price policy of fuels**
- imposition of **entry barriers** due to the dominant position of Transpetro in the logistics of pipelines and port terminals



PROBLEM

- Acts of **illegal and uneconomic management** that threatened the **economic-financial sustainability** of the company
- Between 2010 and 2015, the sale of fuel **below** its market price and the waivers of income and investments badly **planned and executed** led to the rapid deterioration of financial indicators, reaching almost **double the maximum limit** of the net debt/Ebtida indicator → **Risk of insufficiency in cash flow**

Even with established authorities

- in regulations, **economically unfeasible projects were approved and executed**, without the control instruments and governance bodies to detect failures, illegalities, and risks, **exposing the company and the country to huge losses**

CAUSES

- **Mismatch of capital structure in relation to the goals established in the strategic planning**, impacting short, medium and/or long-term economic-financial sustainability
- **Insufficient governance mechanisms** relating to regulations and authorities for the management of the investment portfolio from Petrobras
- **Inadequacy of project portfolio management** of investments in view of the best market practices
- **Selection/prioritization criteria for investment projects** for inclusion in the strategic plan are not adequate and/or adequately regulated
- **Dynamics of the decision-making process does not guarantee the taking of reflective, informed, and disinterested decisions** at the level of higher management
- **Weaknesses of completeness due diligence procedures** in relationships with counterparties (suppliers, financiers, etc.), exposing the company and its employees to completeness risks
- **Failure to comply with bidding rules and contracts**
- **Uncertainty of Petrobras' social role**, in the sense of realizing the collective interest or meeting the imperative of national security in compliance with Law 9,478/1997



THE PROBLEM

- The management of information on urban infrastructure policies is carried out in a system with several **limitations of use** and of **reliability**
- Information published on the internet is **insufficient** and has **reliability problems**
- There are **inefficiencies** due to failures in risk management in the prioritization process: resources are allocated to projects with **low probability of execution**, while others are paralyzed by **insufficiency of resources**
- A considerable part of the portfolio of projects of the Ministry of Regional Development (MRD) **is not registered** in the Integrated Register of Investment Projects (IRIP)

CAUSES

- Many **pulverized and disconnected systems**, without a consolidated platform with all the information consistent with each other
- **Information asymmetry** between MDR and Caixa
- Limitations related to banking/financial **information confidentiality**
- There are no suitable conditions to give **timely support for allocative decisions** under the MRD

PROBLEM NUMBERS

- **37%**
of federal public works are paralyzed
- **14 thousand**
paralyzed contracts
(out of a total of 38 thousand)
- **BRL 144 billion**
in paralyzed works, among the
planned investments of
BRL 725 billion



CAUSES

- **Deficiencies in the project**
- **Insufficient financial resources**, especially those of counterpart of subnational entities
- **Low institutional capacity of subnational entities** to lead the projects
- **Information and management Systems** are **unreliable**, incomplete, and inefficient when providing timely and adequate decisions by managers
- **Absence of a single registration**, which allows recording reliable and timely, relevant, and standardized information on the execution of public works
- **Insufficient dialogue** between Executive and Legislative branches in the budget allocation process, to ensure the necessary resources to finish works started

PLANNING AND PRIORITIZATION OF MULTIMODAL INTEGRATION IN TRANSPORTATION



IMPACT

→ **BRL 450 billion**
of public and private resources
to be applied in the next 15 years

PROBLEMS

- **Logistics planning** of transportation by the federal government
- **Weaknesses in integration and use** of more efficient modes in the transport matrix
- **Improvement opportunities** in the integration of transport modes
- **Absence of a uniform criteria** for prioritizing investments
- **Failures in project prioritization** in favor of integration between transport modes



PROBLEMS

HIGHWAYS

- Federal Highway Concession Program → **absence of good practices** in planning and management: objectives, indicators, targets, attributes for monitoring
- Duplication and construction projects of urban contours **unrealized** by the concessionaires → conclusion of only 30% of the duplication projects contracted in the 2nd stage of the Federal Highway Concessions Program
- Celebration of **contractual additive terms** for the inclusion of relevant investments not initially foreseen in the concessions

RAILWAYS

- **Abandonment of much of the existing grid** → Railway lines currently in use: 10,000 km (already had more than 35,000 km) → **inefficiency of the Brazilian transport matrix** → **excessively road transport, in view of the great potential of other modes**
- ANTT - **weaknesses** on the western rail network
 - **Deficiency** in action to ensure the provision of adequate service
 - **Lack of stimulus for rail transport** in the areas covered by the grid
 - Inefficiency to **prevent degradation** of the operational conditions of the railway

Action of ANTT →

Low timeliness and efficiency in the process of **regulation and inspection** of road and rail concessions.



IMPACT

- **4% of GDP BRL 339 billion**
in 2021
- **80% of total balance**
of the trade balance
in Brazilian
\$49 billion
- Investments of
\$41.3 billion
in the period from 2021
to 2025

THE PROBLEM AND ITS NUMBERS

- Deficiencies in **transparency, risk management and internal controls** of the ANM, with an impact on the planning, regulation, and inspection of the mining sector
- **High** exposure to agency fraud and corruption
- Only **38 servers** to inspect **911 dams**

THE PROBLEM AND ITS NUMBERS

- **Absence of regulatory framework** specific to the management of mining environmental liabilities
- **Lack of economic instruments** for the recovery of **orphan and national inventory mines**, enabling the identification of risks to the environment and the prioritization of liabilities to be recovered
- **Budget and financial deficit from ANM**
- Insufficiency of **technological materials** of information and **human resources**
- **Gaps in regulations** relating to the follow-up and inspection of the collection of the Financial Contribution for the Exploration of Mineral Resources (FCEM) and the granting of mining titles



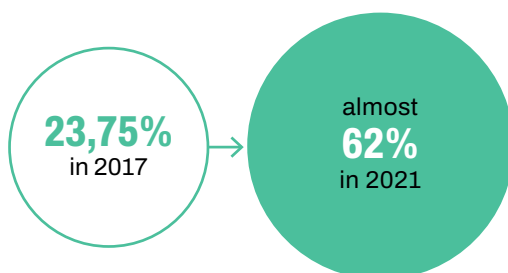
IMPACT OF THE DEVELOPING COMPANY OF THE SÃO FRANCISCO AND PARNAÍBA VALLEYS (CODEVASF)

- ▶ acts in sixteen federation units
- ▶ reaches **36.59%** of the national territory
- ▶ **2,681 municipalities** and a population of nearly **90 million inhabitants**

It received
BRL 2.1 billion
in parliamentary amendments
between 2020 and 2021

THE PROBLEM AND ITS NUMBERS

- ▶ Increase of **dependency** of parliamentary amendments to carry out the finalizing actions of Codevasf:



CAUSES

- ▶ Codevasf **does not perform careful analysis** regarding the social interest and need of the demand, as well as the legal/fiscal regularity of the beneficiary entities
- ▶ **Insufficient capacity** from the company to monitor/control the use of assets donated and the execution of services, without adequate processes of planning, execution, and control of expenses



THE PROBLEM AND ITS NUMBERS

- Growing and predominant use of **investment commitments in regulatory instruments:**
 - To the detriment of raising public funds from the Union treasury
 - With high values involved
 - Urgence of alignment with sectoral public policies and the objective of digital inclusion and reduction of regional and social inequality
 - Need to evaluate the efficiency, effectiveness, efficacy, and cost-benefit of this regulatory action

- In the 5G tender, of the economic value of the frequencies estimated at

BRL 45 billion

by the Agency, approx.

BRL 37 billion

were allocated to investment commitments to be carried out by the companies that won the auction

RISKS

- Failure to meet the objectives established in public policies
- Overlapping goals and commitments
- Failure to carry out investments and commitments according to the parameters established in the regulatory instruments
- Lack of effectiveness in monitoring established commitments
- Lack of transparency in the preparation of commitments



IMPACT

- **BRL 1.34 trillion**
in real estate
- **BRL 1.6 billion**
Annual rent expenses
- **BRL 180 million**
Annual condominium expenses
- **BRL 18 billion**
Annual depreciation of assets

PROBLEMS

- Deficiency in the identification, registration, and management of
700 thousand properties
- Lack of occupation in
10 thousand properties
- **Abandonment and depredation** from several properties
- **High expenses** of the Union with these properties
- Difficulty in selling properties unserviceable to the public administration
- Absence of collection of equity income (forum and laudemium) with real estate not registered correctly
- Risk of invasion of properties unsuitable for occupation



PROBLEM NUMBERS

- **450 thousand** evidence of irregularities in databases of information systems managed by **18 federal public organizations** (2018)

- These indications involved resources on the order of **BRL 40 billion**

PROBLEMS

- **Inconsistency and insufficiency** of the evaluated data
- **Difficulty of public policies in validating criteria** by the absence of consultations to databases of other bodies
- **Formulation, assessment, and monitoring of incomplete or deficient public policies** due to lack of access to databases of other bodies

CAUSES

- **Low integration** between information systems
- **Difficulty accessing databases** from other bodies
- **Insufficiency of control** systems and data processing routine
- **Incomplete database catalog**



IMPACT

→ **73.1%**

of public services provided by the Federal Government are now fully digital, and

86.7%

are partially digital (2021)

PROBLEMS

- **Inadequacy of the national macrostructure** responsible for the governance and management of Information Security and Cybersecurity
- **APF incapacity** in responding to and handling security incidents
- **Various vulnerabilities** in information security and cybersecurity within most federal public organizations

PROBLEM NUMBERS

- **74.6%**
of organizations (306 of 410) do not have a formally approved backup policy
- **71.2%**
of organizations that host their systems on their own servers/machines (265 out of 372) do not have a specific backup plan for their main system
- **66%**
of organizations that claim to perform backups (254 out of 385), do not store them encrypted
- **60.2%**
of organizations (247 out of 410) do not keep their copies on at least one non-remotely accessible destination
- **More than 80%**
in early stages of capacity in institutional continuity management and IT service continuity
- **62%**
in inexpressive capacity stage in institutional continuity
- **46%**
in inexpressive capacity stage in IT service continuity

CONTROL OF ILLEGAL DEFORESTATION



PROBLEM NUMBERS

- Deforestation in the Legal Amazon has been increasing since 2012, reaching almost **3x** of the deforested area in 2012



Prepared by the Federal Court of Accounts - Brazil based on data from the Brazilian Amazon Forest Monitoring Program by Satellite (PRODES), of the National Institute for Space Research (INPE).

- **44%** of Brazilian emissions of **greenhouse gases in 2018** came from changes in land use, especially deforestation in the Amazon and Cerrado, according to the Climate Observatory

CAUSES

- Problems in the governance structure of policies to control illegal deforestation:
 - Absence of **fundamental elements** in the deforestation control plans in place
 - Lack of **clear definition of competencies** of the main actors involved in the formulation and coordination of the policy, in addition to the reduction, over time, of the participation of stakeholders in this policy
- **Reduction of inspection capacity** of the Brazilian Institute for the Environment and Renewable Natural Resources - Ibama over the years
- **Improvement is needed of the normative-institutional arrangement** of the policy to control deforestation in the Amazon



IMPACT

Risk of reducing global food productivity in **up to 12%**

in the next 25 years, due to land degradation

PROBLEMS

- Deficiency in **definition of priorities for land occupation and use** and for the actions to promote the sustainability of land and water use
- Little knowledge about the occupation of the territory and the capacity of land use
- Inconsistency between government intervention and diagnosed soil and water problems
- Absence of integrated planning for public policies to regulate land occupation and sustainability of soil and water resources, as well as the assessment and monitoring of these policies
- Absence of articulation between the institutions responsible for collecting and storing data and generating georeferenced information on the land situation in the country (MAP, INCRA, MMA, RFB and others)
- Lack of organization, systematization and operability of data resulting from soil surveys in Brazil
- Absence of survey and integration **of rural cadastral systems used in public administration**
- **Complexity and fragmentation of related land legislation**

- Deficiencies in **implementation of the regularization policy in rural areas of Legal Amazon**

- No reversal of irregularly occupied areas
BRL 2.4 billion

- Increase in deforestation
(**82 thousand hectares** in the inspected region)
- Inconsistencies and overlaps in georeferenced systems (Sigef, Sinter)
- Evidence of irregular titles

- Signs of irregularities in the **list of beneficiaries of the National Agrarian Reform Program** → potential financial losses from

BRL 2.83 billion

(R\$ 89.3 million in the short term)

- Failures in the process of **family selection**
- Failures in the actions of **occupational supervision**
- Low adoption of measures that mitigate occurrences related to **irregular occupation of lots**



IMPACT

2017

- **BRL 115.3 billion**
Federal health spending
- **BRL 31.68 billion**
Amount needed to make up for the estimated care deficit

PROJECTION FOR 2030

- **BRL 219.48 billion**
Federal expenditure projection
- **BRL 57.53 billion**
Amount needed to cover the estimated care deficit

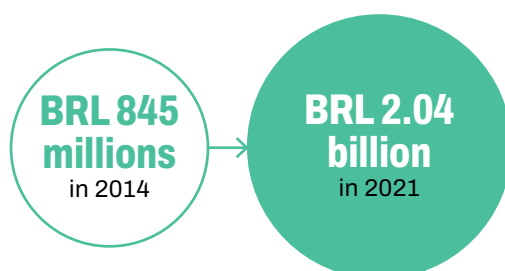
PROBLEM NUMBERS

- **BRL 22 billion/year**
Waste of health resources
(World Bank estimate in 2017)

PROBLEMS

RISK TO THE SUSTAINABILITY OF THE PROVISION OF PUBLIC SERVICES OF UNIVERSAL, FREE AND COMPREHENSIVE HEALTH

- Challenging fiscal scenario, which gives rise to difficulties in expanding spending
- Inflation of health products and services higher than the IPCA
- Growth of the judicialization of health



- Rising health expenditures due to population aging

RISKS TO PUBLIC HEALTH GOVERNANCE AND MANAGEMENT

- Inefficiencies in the provision of health services by public hospitals
(lack of planning, insufficient personnel, low integration of health services and systems)
- Deficiencies of the interfederal agreement model → damage to the regionalization and hierarchy of the SUS service network
(lack of clarity in the definition of responsibilities, fragmentation of health policies, inexistence of a risk management process)
- Limitations of Denasus
(insufficient staff, inefficient work processes, limitations on access to data from the Ministry of Health)



PROBLEMS AND EFFECTS

- **Partial implementation** of the Permanent Instance of Negotiation and Cooperation between the federated entities
 - Difficulty making decisions together
 - Risk of gaps or overlaps in educational policies
 - Difficulty in achieving PNE goals
- **Absence of regulation** of the National Education System (SNE) and Student Quality Cost (CAQ)
 - Fragility of the collaboration regime
 - Difficulty in equalizing opportunities
- **Threats and bottlenecks** of the Policy of Innovation and Connected Education (PIEC)
 - Failure to take advantage of the potential use of digital information and communication technologies (TDIC) by public schools as an instrument for the democratization of knowledge
 - Difficulty for schools to thrive as environments for digital inclusion
- **Absence of systemic management and performance indicators** of the actions of the National Student Assistance Program (PNAES)
 - Inability to track program performance



IMPACT

- **BRL 130 billion** in approved value in sales in 2021
- More of **142 thousand purchasing processes** homologated in 2021
- The public purchases correspond to about **12% of the GDP** of Brazil
- Savings potential in purchases between **BRL 24 billion and BRL 35 billion** via the introduction of customized strategies for public tenders

PROBLEMS

- Low governance and acquisition management capacity
 - More than 1/3 of the organizations assessed declare that they are at an early stage of capacity in hiring governance and **only 23% consider themselves in an improved stage in management**
 - **Low level of transparency** of the acquisition processes
 - **Fragmentation** of government purchases
- Limitations on the capacity of the Annual Hiring Plan (PAC) and the Hiring Planning and Management System (PGC) to contribute to the improvement of the planning of public contracts
 - **Design, usability, and availability weaknesses** of the PGC and its connectivity with the other systems used during the process of purchases by the Federal Public Administration
 - **Low contribution** of the PGC for the elaboration and management of the PAC
- National Public Procurement Portal – PNCP
 - **Lack of definition of strategy and schedule** to implement the portal
 - **Absence of modules and regulations** essential to ensure the effectiveness of the New Bidding Law (Law 14,133/2021)

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MISSION

Improve public administration for the benefit of society through external control.

VISION

To be a benchmarking in promoting an effective, ethical, agile and responsible public administration.

FEDERAL COURT OF ACCOUNTS

