SHARING BEST PRACTICES AND EXPERIENCES OF THE FEDERAL COURT OF ACCOUNTS – BRAZIL (TCU) IN THE FIELD OF FIGHTING CORRUPTION AND MONEY LAUNDERING

The Federal Court of Accounts – Brazil (TCU) is leveraging advanced data analytics and artificial intelligence (AI) to promote transparency and improve the effectiveness of its auditing and monitoring procedures. This is achieved through a combination of innovative tools and continuous auditing methodologies.

To identify risks of control activities, TCU has, among other instruments, a platform called LabContas, which is structured through 80 public administration databases, a catalog of information, tools and solutions for the treatment and analysis of data intended for the exercise of external control activities. It is worth mentioning, among them, the **LabCor**, aimed at intelligence and combating corruption actions, the **Alice**, a tool for automatic analysis of auction announcements, and the **SAO**, a public works budget automatic analysis tool.

In line with the TCU's strategic goal of Digital Transformation outlined in its Management Plan, the court is working on a project to integrate the use of data and structured information into the auditing process, enabling more responsive and efficient audits. The goal is to develop semi-automated reports and instructions, as well as generate extensive data for decision-making, focusing its efforts on the areas of greatest risk. This approach is designed to provide value to society and expedite various stages of the auditing process while facilitating data-driven analyses.

Some specific initiatives are worth mentioning:

Data-Driven Digital Innovation to Strengthen Integrity: TCU's Payroll Oversight in Brazil

Since 2015, TCU has carried out the Continuous Inspection of Payroll, with the objective of auditing and monitoring the resources that are spent on the payment of active, inactive and pensioners. By crossing databases, 39 audit trails are executed automatically. The most common irregularities are illegal payments and irregular accumulation of positions. The methodology employed by TCU is already shared by other Brazilian audit courts. The initiative of the Brazilian Court of Accounts was transformed into a technical note by the Inter-American Development Bank (IDB). The case study will serve as a reference for higher control institutions in other countries that seek to combat fraud and corruption. This work has already generated an accumulated savings of about R$ 2 billion to the public coffers.

More information about the Continuous Inspection of Payroll is available in Judgement 2551/2022-Plenary and at the following link: https://portal.tcu.gov.br/imprensa/noticias/banco-interamericano-de-desenvolvimento-publica-estudo-de-caso-sobre-a-fiscalizacao-continua-de-folha-de-pagamento.htm.

A Remote and Continuous Inspection Method. Sinapse Project (Computerized Audit System in Education Programs)

TCU led the subnational audit courts in creating a method for remote and continuous oversight of education programs executed by any of the federative entities: Union, States and

Municipalities. As a result, the Sinapse Project - Computerized System for Auditing Education Programs was created.

The System detected a lot of irregularities by crossing several databases, including the existence of remuneration payment to dead public servants. The methodology was disseminated among the different courts of accounts and has resulted in many convictions. The project aims to use the findings in a pedagogical way, guiding managers to correct the flaws.

More information about the Sinapse Project can be found in Judgement 1341/2022-Plenary.

National Corruption Prevention Program - PNPC

The PNPC is an innovative proposal adopted by the National Strategy to Combat Corruption and Money Laundering (Enccla), with coordination and execution of the Control Network in the States, sponsored by TCU and the Comptroller General of the Union (CGU). It has the support of the Association of Members of the Audit Courts of Brazil (Atricon), the National Council of Presidents of the Courts of Accounts (CNPTC), the Brazilian Association of Municipal Audit Courts (Abracom), the National Council of Internal Control (Conaci) and the National Confederation of Municipalities (CNM).

The Program is aimed at all managers of public organizations (from the three spheres of government and the three branches in all states of the federation) and aims to reduce the levels of fraud and corruption in Brazil to levels similar to those of developed countries. Through a continuous online self-service platform, the manager has the opportunity to evaluate his institution, previously discovering the most vulnerable and susceptible points to failures. From this diagnosis, he has access to a specific action plan that presents suggestions and proposals appropriate to the needs of his entity. The Program also offers guidance, training and models, in addition to having partnerships with public and private agencies and entities for the implementation of corruption control mechanisms.

More information about the PNPC is available at the following link: https://sites.tcu.gov.br/estrategia-nacional-de-prevencao-a-corrupcao/.

Governmental Governance Index (IGG)

TCU has focused on improving public governance with several important publications, in particular those related to the Governmental Governance Index (IGG). This work strongly contributed to the inclusion of integrity as one of the principles of the Federal Public Administration Governance Policy, materialized by Decree 9.203/2017 (Available in: https://portal.tcu.gov.br/publicacoes-institucionais/lista/?query=governan%C3%A7a).

Reference for Combating Fraud and Corruption

TCU made great progress by compiling practical knowledge of public and private organizations in a guide to public managers of all spheres of government, related to the prevention and fighting of corruption in the public service (Available in: https://portal.tcu.gov.br/referencial-de-combate-a-fraude-e-corrupcao.htm).

Price Analysis of Bidding Items with a Focus on Medicines (APRIL)

This initiative is supported by the "Regional Project for the Strengthening of External Financial Control for the Effective Prevention and Fight against Corruption", implemented by OLACEFS (Latin American and Caribbean Organization of Higher Supervisory Entities), in alliance with the German Cooperation through GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) and carried out in partnership with UFCG (Federal University of Campina Grande).

April is a solution that provides the market price benchmark of common goods that are being acquired by the public administration. The solution is in development and will initially focus on drug pricing.

Link to APRIL Pannel: https://www.tcu.gov.br/Paineis/_Aut/?workspaceId=18b8b75d-6084-471a-9f7b-a174a3a775e3&reportId=dbfa0fb7-c136-45ab-b4dc-f6abad4f0ceb

OpenGeoHub e Panoptes

The OpenGeoHub and Panoptes initiatives have been developed by the TCU technical team through cooperation and with funding from the Organización Latinoamericana y del Caribe de Entidades Fiscalizadoras Superiores (OLACEFS) and the German Cooperation, through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

OPENGEOHUB (2022-2024)

The OpenGeoHub initiative is the continuation of the effort that OLACEFS has been undertaking since 2016 to develop geospatial skills of the employees of the SAIs. It also aims to train multipliers and develop projects applied to concrete control cases. Competencies related to geotechnologies were considered the ones with the greatest gap by two Olacefs Training Needs Diagnostics (2018 and 2021).

In 2022, one pilot training took place for TCU students, who had individualized mentoring, in the form of consulting, to conduct their respective projects. The courses, both in the theoretical part and in the practical part, were customized to the specificities of each student and respective project. As a result of the training, each project developed generated a product.

In 2023, the Capacity Building Committee (CCC) of OLACEFS, chaired by TCU, selected servers nominated by 9 countries in Latin America and the Caribbean to participate in the Training of Geocontrol Specialists under OpenGeoHub. The training will take place from October to December 2023. Students will develop projects on the anthropic pressures (deforestation, degradation, burning, mining, etc.) incident on public lands. Evaluation and prioritization techniques will be developed for each Conservation Unit and Indigenous Land of a given country. OLACEFS, in its three-year plan, envisions a third OpenGeoHub offering in 2024.

PANOPTES (2023-2024)

Panoptes aims to develop technology that allows SAIs to conduct continuous audits through satellites. From 2024, it should be possible to conduct monitoring of territorial typologies (red flags). The concept of typologies in continuous audits is widely used in control. The innovation, in the case of Panoptes, will be the definition and development of a digital tool for monitoring territorially based typologies.

The targets of the territorially based typologies can be captured by satellites and stored and processed using tools, data, and concepts typical of geographic information systems (GIS).

As a possible application, the almost R$ 2 million rural credit operations that are contracted annually are mandatorily registered by financial institutions in the Rural Credit and Proagro Operations System (Sicor), under the responsibility of the Central Bank of Brazil. Data cross-checks might be made between Sicor and the satellite-based information to try to identify risks of illegalities and non-compliance, for example, the non-application of the resource according to the Rural Credit Manual and the terms of the credit operation. Both satellite images and classifications of land use and occupation might be used – determining, for example, the type of cultivation – generated through machine learning techniques for the entire national territory.

All these initiatives combine to form a proactive, comprehensive approach to control and auditing in the field of fighting corruption, which leverages modern technologies to protect and promote the public interest.