



TCU concludes opinion on Government's accounts for 2014

For the 80th time, the plenary of the Federal Court of Accounts of Brazil (TCU) examined and issued preliminary conclusive opinion on the Presidency's accounts, for the year 2014, at a meeting held on October 7, 2015. The court recommended that the Congress reject the accounts due to non-fulfillment of constitutional and legal principles governing the federal administration. The recommendation to reject the accounts had not occurred since 1937.

In June, 2015, the TCU issued the first request for clarification on the 2014 accounts, with 30 days to reply. This term was extended twice, after the addition of new facts to the case. The President submitted the counterarguments, but they were not sufficient to justify the irregularities and resulted in the recommendation by the court to reject the accounts.

Among the reasons for the recommendation to reject the accounts are the omission of Federal Government's liabilities with Banco do Brasil, and Banco Nacional de Desenvolvimento Social (BNDES) and the Severance Pay Indemnity Fund (FGTS) in the public debt statistics of 2014. Other reasons were the advances granted by Caixa Econômica Federal for expenses with the programs Bolsa Família, Unemployment Insurance and Special Salary Raise and advances granted by the FGTS for expenses with the program Minha Casa, Minha Vida.

Other irregularities found were the absence of temporary tightening of the Federal Government's discretionary spending in the amount of, at least, R\$ 28.54 billion, the improper entry of remaining accounts payable in the amount of R\$ 1.367 billion related to expenses with the program

Minha Casa, Minha Vida, and the setting of a monthly schedule of disbursement for 2014, disregarding the Ministry of Labor and Employment's statement on the rise of compulsory primary expenditure in the amount of R\$ 9.2 billion and on the Workers Support Fund's frustration of primary revenue in the amount of R\$ 5.3 billion.

The rapporteur of the case, Minister Augusto Nardes commented that "due to the relevance of the effects of irregularities in the implementation of budgets, not removed by the counterarguments submitted by the President of the Republic, there was no full compliance with the constitutional and legal principles governing the federal administration. Neither was there compliance with the constitutional, legal and regulatory norms in the implementation of the Federal budgets and in other operations with

federal funds, which is why the accounts cannot be approved, and we recommend the rejection thereof by the Congress”.

On these grounds, the court recommended that the Congress reject the accounts. During the meeting, the president of the TCU, Minister Aroldo Cedraz, said the court has strived to provide the best product to Brazilian society, seeking improvements in the most advanced control techniques and analysis methods. “The analysis of the accounts has been accumulating, year by year, modern international practices of financial audit, and improving its performance in other areas, such as surveillance related to fiscal and budget management”, assured Cedraz.

CONTENT OF THE OPINION

The TCU's opinion consists of evaluation of the report on the budgets and government's action, prepared by various agencies and consolidated by the Comptroller General of Brazil, as well as the Federal Balance Sheet, prepared and consolidated by the Department of the National Treasury. It is a systemic diagnosis on relevant aspects of the federal administration's performance and compliance in the year to which it relates.

The report contains information on: the performance of the Brazilian economy in the year; in-

struments of planning and budgeting; fiscal management, especially regarding compliance with the limits and parameters established by Complementary Act 101/2000 - Fiscal Responsibility Act (LRF); government's sectorial action from the analysis of indicators and targets of the thematic programs of PPA 2012-2015; and the results of the audit of the Federal Balance Sheet relating to 2014.

In addition to the report, the court provides comprehensive diagnosis related to 2014 on “Public Governance for National Competitiveness”, based on a survey conducted in federal, state and municipal organizations.

THE PROCEDURE

Until sixty days after the opening of the legislative session, the President of the Republic must submit the Federal Government's

accounts to the Congress - which forwards them to TCU for analysis. The court then presents its preliminary opinion accompanied by a detailed report analyzing the documentation submitted.

TCU'S ROLE

The technical analysis of the Government's Accounts is held annually by the TCU pursuant to the Constitution of 1988. The TCU's Secretary of Government Macro Analysis (Semag), Leonardo Albernaz, explains that the documentation originated from the Presidency involves large numbers and complex reports, difficult to understand for both citizens and parliamentarians. “The TCU's role is to ensure the transparency and integrity of these data, ensure that both society and the Congress will receive true, reliable and timely account rendering”, says Albernaz. The TCU's report and prior opinion aim to contribute to the transparency of the government's actions, issue an opinion on the Federal financial statements, provide an overview of economic performance, analyze the planning, budgeting and fiscal management compliance and performance, analyze the compliance and reliability of information, and foster the improvement of governance and public management.

