



# Addressing Fragmentation, Overlap and Duplication in the Brazilian Government: An Approach for TCU

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## **ABSTRACT**

The TCU continuously seeks to develop methods to identify opportunities and promote greater budgetary efficiency. This is particularly critical as Brazil attempts to improve and expand government services under the spending limits established under the 2017 Constitutional Amendment. This Paper focuses on assessing the possibility of using GAO's approach to identify and report on fragmentation, overlap and duplication (FOD) among government goals and activities, and it will explore two groups of issues: (1) how the TCU might include FOD in its audits; and (2) how the TCU might report founded FOD cases on a consolidated annual report. Nine actions are proposed to help the Court overcome challenges to include FOD reviews in its Report on Government Policies and Programs (RePP). These proposals include the establishment of general guidelines, a guide on identifying and conducting performance audits addressing FOD, redefinition of the RePP's content and experimentation of new approaches for leveraging TCU's performance, based on practices of so-called Exponential Organizations. This Paper also registers some resources that the TCU could consider to implement recommended actions, including its own experience in a previous audit in 2016.

**Keywords:** Public Policies. Fragmentation. Overlap. Duplication. Methodology.



## 1. 1. INTRODUCTION

The New Fiscal Regime established in Brazil at the end of 2016 by the Constitutional Amendment No. 95, also known as “Public Expenditure Ceiling”, created pressing challenges for federal government agencies. In short, it requires that over the next 20 fiscal years primary public expenditures cannot exceed the amount spent in the previous year, adjusted for inflation. A Federal legislation passed in May 2017 created the Fiscal Recuperation Regime, encouraging states and municipalities to take similar measures. As a result, several Brazilian states have passed analogous spending limit rules. These constitutional and legislative changes seek to manage problems arising from Brazil’s large and growing public fiscal deficit, but are likely to create significant challenges to provide government services for the Brazilian population.

One key effect of moratorium is that any expansion of public services - and even their maintenance at current levels - will depend on providing such services in a more efficient and effective manner.

In this context, the World Bank published a report in November 2017 assessing the efficiency and equity of public expenditure in Brazil. The report pointed to a potential overlap of social policy initiatives, such as programs on the social area, like health and unemployment services (World Bank, 2017, p. 85).

The World Bank report indicates that there are opportunities to improve the State’s performance, including where federal programs or activities are fragmented, overlapping, or duplicative, both within and across federal organizations.

The U.S. Government Accountability Office (GAO) has conducted performance audits to identify federal programs and initiatives with fragmented, overlapping, or duplicative goals or activities, and since 2011 has consolidated the results in an annual report to the U.S. Congress. These reports also include opportunities for achieving cost savings or enhancing the collection of government revenue. GAO tracks the implementation of the recommendations it makes to government agencies and the Congress. In the first eight annual reports, GAO identified 329 areas and 805 actions with opportunities for improvement. By May 2019, 621 actions (77 percent) had been partially or fully addressed by Congress and executive branch agencies, resulting in about US\$262 billion in financial benefits (GAO, 2019).

GAO also issued a guide in 2015 to help federal agencies, analysts, and policymakers identify and address fragmented, overlapping, or duplicative programs. Expertise and lessons learned by GAO provide insights and approaches that the Federal Court of Accounts (Tribunal de Contas da União – TCU, by its Portuguese initials) could utilize to improve Brazil’s government, which is particularly critical in this constrained fiscal environment.

In August 2017, the Brazilian National Congress included a provision in the Budgetary Guidelines Law requesting the TCU, the Supreme Audit Institution (SAI) of Brazil, to send information about the execution of programs to support the Federal Budget discussion. Therefore, the TCU issued its first Report on Government Policies and Programs (RePP) in



September 2017 and November 2018, and since then it has been improving its work process to provide more effective information to the Congress.

Consequently, the TCU is seeking to develop methods to identify opportunities and promote greater government efficiency. The general objective of this Paper is to assess the possibility of using GAO's approach to identify and report on fragmentation, overlap and duplication (FOD) among government goals and activities, and propose actions to overcome implementation challenges and ensure the effort is sustainable over time. Therefore, this Paper will explore two groups of issues: (1) how the TCU might include FOD in its audits and (2) how the TCU might report founded FOD cases on a consolidated annual report.

The specific objectives are the following:

- a. Describe GAO's approach to identify fragmentation, overlap and duplication among government goals and activities;
- b. Identify resources used by GAO in its FOD reviews;
- c. Develop a proposal for the TCU that may allow it to integrate FOD reviews into its audit work;
- d. Describe the process used by GAO to develop an annual consolidated report of FOD evaluations;
- e. Propose a sustainable process for reporting and monitoring FOD reviews and providing such information to the National Congress.

This paper is not intended to serve as an audit guide or establish a process for developing the TCU's Report on Government Policies and Programs. It only serves as potential suggestions to overcome challenges that may arise if the TCU could adopt FOD evaluations into agency policies and processes.

The methodology used in this study includes research of GAO and the TCU documents and reports, as well as interviews with GAO's staff. Brief original exploratory research was conducted on practices of so-called Exponential Organizations.

This paper is organized into 5 sections, including this introduction.

Section 2 describes GAO's definitions of fragmentation, overlap and duplication, cost savings, and revenue enhancement.

Section 3 describes GAO's approach to developing FOD examinations and potential opportunities and challenges to adapt this approach to the TCU.

Section 4 presents strategies for promoting a comprehensive approach to identify significant cost savings opportunities.

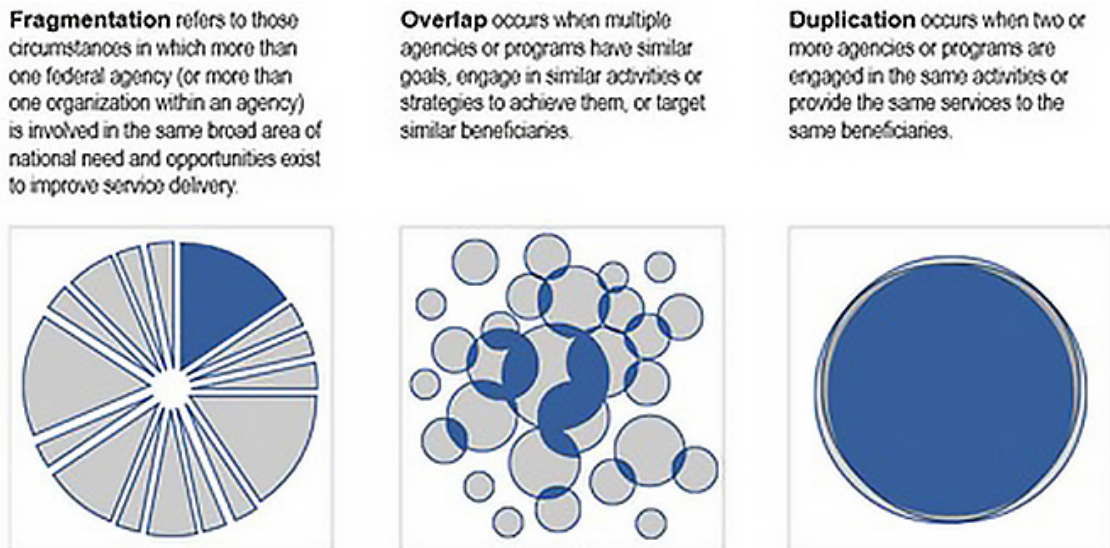


Section 5 presents conclusions, including both potential obstacles and opportunities when addressing them, in a risk management approach.

## 2. BACKGROUND: WHAT DUPLICATION AND COST SAVINGS ARE

Based on the Federal Constitution, federal, state, and municipal governments provide public services in Brazil, involving thousands of agencies within these three levels, in a complex model. This arrangement has been an obstacle to integrate governmental actions, both horizontally (federal policies) and vertically (multilevel governance policies). This is analogous to the federal system in the United States, with federal, state, local (city, county and other jurisdictions) governments, with significant differences in legal, administrative, and jurisdictional responsibilities and authorities.<sup>1</sup>

Figure 1: GAO’s definitions of Fragmentation, Overlap, and Duplication



Source: GAO, Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide. GAO-15-49SP.

This complex network of public service providers frequently causes multiple agencies or entities to be involved in the same programmatic or policy area. Although sometimes it may be appropriate or beneficial, in some cases, this multiplicity of providers can be fragmented, overlapped, or duplicated, creating inefficient or ineffective service delivery.

Figure 1 presents GAO’s definitions for these 3 concepts - fragmentation, overlap, and duplication (FOD).

The following short list exemplifies concrete cases of fragmentation, overlap, and duplication of governmental goals and activities reported by GAO that may be occurring in the Brazilian Public Administration:

<sup>1</sup> Lecture named “Federal, State and Local Overview” presented during the IAFP Program on 3/26/2018.



- Overlapping between disability and unemployment insurances was identified and, in some circumstances, there were beneficiaries receiving benefits from both programs. Even though this is not necessarily illegal, it might cause unnecessary burden to achieve the programs' goals<sup>2</sup>. Recommendation is no longer in effect because the addressed agency included a legislative proposal to reduce or eliminate disability insurance benefits in any month unemployment benefits were received<sup>3</sup>.
- Overlapping and duplication of similar services and resources offered by many federal data centers were identified<sup>4,5,6,7</sup>. Consolidating federal data centers provides the opportunity to improve government efficiency and GAO reported cost savings and avoidances of \$3.9 billion from fiscal years 2011 through 2018, based on its analysis of agency reported data<sup>8</sup>.
- Fragmentation among federal surface transportation programs, because they included a variety of approaches and structures that did not result from a specific rationale or plan, but rather an agglomeration of policies and programs established over half a century without a well-defined overall vision of the national interest and federal role in the U.S. surface transportation system. This has resulted in a fragmented approach as five DOT agencies with 6,000 employees administer over 100 separate programs with separate funding streams for highways, transit, rail, and safety functions, which impedes effective decision-making and limits the ability of decision makers to devise comprehensive solutions to complex challenges. For example, the federal government largely lacks mechanisms for aiding projects that span multiple jurisdictions and implementing projects that involve more than one state or local sponsor or multiple transportation modes.

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2 GAO, Income Security: Overlapping Disability and Unemployment Benefits Should be Evaluated for Potential Savings. GAO-12-764.

3 See recommendation status on [https://www.gao.gov/products/GAO-12-764#summary\\_recommend](https://www.gao.gov/products/GAO-12-764#summary_recommend) (accessed on 4/27/2018).

4 GAO, 2011 ANNUAL REPORT - Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits. GAO-11-318SP.

5 Information Security: Governmentwide Guidance Needed to Assist Agencies in Implementing Cloud Computing. GAO-10-855T.

6 Information Security: Federal Guidance Needed to Address Control Issues with Implementing Cloud Computing. GAO-10-513.

7 Social Security Administration: Effective Information Technology Management Essential for Data Center Initiative. GAO-09-662T.

8 Source: GAO, 2018 ANNUAL REPORT - Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits. GAO-18-371SP (page 11).



GAO's annual reports also include suggested actions to achieve additional cost savings or enhance revenue. The following is a short list of concrete cases of opportunities to improve State action performance, even without identification of fragmentation, overlap, or duplication reported by GAO, and that may be occurring in the Brazilian Public Administration:

The use of strategic sourcing could better leverage agencies' buying power and help them achieve additional savings<sup>9</sup>. In 2013, GAO recommended selected agencies to direct more procurement spending to existing strategically sourcing contracts and further expand strategic sourcing practices to their highest spending procurement categories<sup>10</sup>. As an example, the Department of Veterans Affairs evaluated strategic sourcing opportunities and set goals and metrics such as increasing managed spend for information technology (IT) products and services, resulting in cost avoidance of about \$3.6 billion from fiscal years 2013 through 2015, according to the agency's estimates<sup>11</sup>.

In case the U.S. Government replaces the US\$1 note for a US\$1 coin, it may achieve an estimated financial benefit of \$4.4 billion over 30 years<sup>12</sup>.

There are several areas where the federal government can enhance its collection efforts by taking action to limit issuance of passports to applicants, levy payments to Medicaid providers, or identify security clearance applicants with unpaid federal taxes, and it is estimated that taking such actions could increase tax revenues by hundreds of millions of dollars over a 5-year time period<sup>13</sup>.

Regularly reviewing federal user fees and charges can help the Congress and federal agencies identify opportunities to address inconsistent federal funding approaches and enhance user financing, thereby reducing reliance on general fund appropriations<sup>14</sup>. In order to help agencies, GAO issued a User Fee Design Guide<sup>15</sup>.

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9 GAO, 2011 ANNUAL REPORT - Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits. GAO-11-318SP.

10 Strategic Sourcing: Improved and Expanded Use Could Provide Significant Procurement Savings. GAO-13-765T.

11 Source: GAO, 2018 ANNUAL REPORT - Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits. GAO-18-371SP (page 11).

12 GAO. U.S. Coins: Replacing the \$1 Note with a \$1 Coin Would Provide a Financial Benefit to the Government. GAO-11-281.

13 GAO, 2014 ANNUAL REPORT - Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits. GAO-14-343SP.

14 GAO, 2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue. GAO-12-342SP.

15 GAO, Federal User Fees: A Design Guide. GAO-08-386SP.



Although the guide issued by GAO states that it does not include information on how to identify opportunities for cost savings or enhanced revenue collection that are not associated with fragmentation, overlap, or duplication<sup>16</sup>, the guide is still able to offer some tips<sup>17</sup>. Moreover, additional resources were found during this research<sup>18</sup> and all resources for dealing with additional opportunities not related to FOD were considered in this Paper.

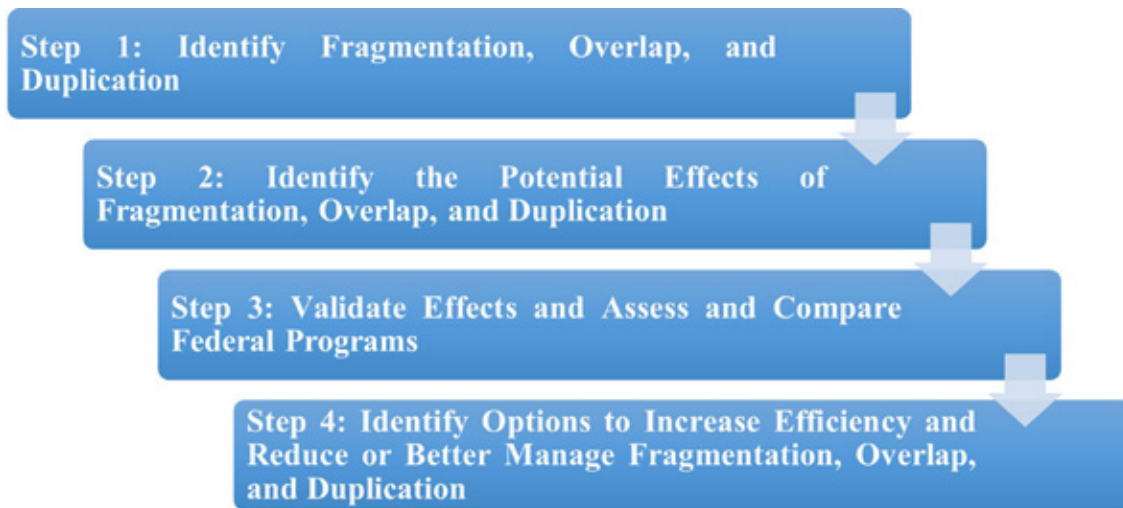
### 3. GUIDE FOR EVALUATION OF FOD ISSUES

#### 3.1 DESCRIPTION OF GAO'S GUIDE

GAO-15-49SP report – “Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide” (GUIDE), contains two parts: one focused on program reviews and another on decision makers.

Evaluations conducting a FOD review can follow a four step process and each proposed step contains guidance on what information to consider and what steps to take.

Figure 2: Part one of GUIDE (FOD review)



Source: GAO, Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide. GAO-15-49SP (adapted).

16 See footnote 3 on page 2 of GAO-15-49SP.

17 See task 4.1 of GAO's guide (GAO-15-49SP).

18 See subsection 3.2.





Figure 3 describes the tasks involved in the first step.

Figure 3 - Tasks for step 1: Identify Fragmentation, Overlap, and Duplication



Source: GAO, Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide. GAO-15-49SP.

To perform task 1.1, programs may be selected to be examined by five distinct approaches (or a combination of them):

- By their goals and outcomes (e.g., programs designed to heat the economy);
- By groups of beneficiaries, customers, or other target population to which they expect to deliver results (e.g., programs designed to stimulate certain economic segment, like the automotive industry);
- By key benefits, services, or products aligned with the primary goals or outcomes of a program they intend to deliver (e.g., programs that supply cash-assistance);
- By the organizational structure responsible for them (e.g., programs under the Ministry of Agriculture's responsibility);
- By appropriations or budget structure in which they were proposed (e.g., programs in the presidential budget)<sup>19</sup>.

To identify a program for review (task 1.2), existing information may be consulted or original research has to be conducted. If existing information is limited, unreliable, or nonexistent, original research has to be conducted. For the purposes of the review, variations on the definition or scope of the term "program" may lead to different program lists and potential uses of the analysis.

In the following task (1.3), information about programs under review has to be gathered, and a tool to document background information obtained is suggested (Tool 1 in Appendix III).

For task 1.4, in order to make comparisons between programs and find flags of issues on FOD, both qualitative and quantitative approaches can be employed. Qualitative methods may be used for compiling and assessing detailed descriptions of similarities and differences between programs, while quantitative methods may produce scores of the degree of similarity between programs. In addition, it may also be necessary to further exam the existing Sources of information and conduction of original research to identify FOD issues.

<sup>19</sup> As Brazilian government budget is unique, this approach is not applicable in Brazil.



Figure 4 provides an example of a qualitative approach to identify potential FOD issues. More examples of both quantitative and qualitative methods are in Appendix 1 – Examples of comparisons among programs done by GAO.

Figure 4 - Result of qualitative approach to raise issues on FOD (example)

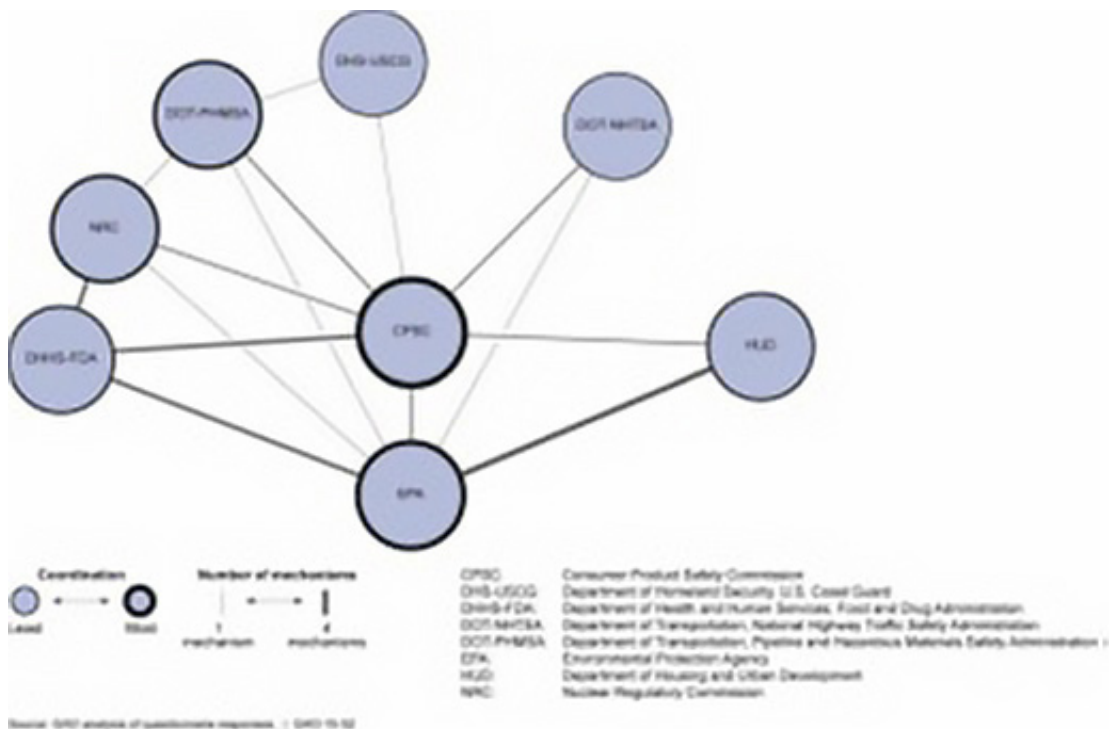
**Interactive**      **Directions:** Hover over consumer products (in blue) or table text for additional information.

Product	Regulatory or oversight agency									
	CPSC	FDA	EPA	PHMSA	NIST	ATF	FCC	NHTSA	DOE/NOSH	
Drugs and other products with child-resistant packaging	●	●	●							
Soaps and detergents	●	●	●							
Toy laser guns	●	●			●					
Consumer fireworks	●	●		●		●				
Mobile phones/wireless devices	●	●					●			
Adult portable bed rails	●	●								
Food contact articles	●	●								
Lithium batteries	●			●						
Infant car seats/hand-held carriers	●							●		
Respirators		●								●

Source: GAO, Consumer Product Safety Oversight: Opportunities Exist to Strengthen Coordination and Increase Efficiencies and Effectiveness.GAO-15-52.

Task 1.5 involves determining the relationship between programs, which can help determine if fragmentation, overlap, or duplication exists and whether the effects are potentially positive or negative. Diagrams of these relationships may help further understanding and analysis. As shown in Figure 5, these diagrams may represent relationships among various elements: programs, goals, agencies, products etc.

Figure 5 - Identification of relationships among programs (example)



Source: GAO, Consumer Product Safety Oversight: Opportunities Exist to Strengthen Coordination and Increase Efficiencies and Effectiveness.GAO-15-52.



For the last task of the first step (task 1.6), findings have to be confirmed with key personal (relevant agencies and other key stakeholders). Findings that may be presented are (1) list of programs and related information, especially agencies responsible for administering and overseeing programs; (2) flags of fragmentation, overlap, and duplication identified; (3) relationship among programs.

The second step for a FOD review is identifying the potential positive and negative effects of any fragmentation, overlap, or duplication found in Step 1. As shown in Figure 6, there are three tasks in this step.

Figure 6 - Tasks for step 2: Identify the Potential Effects of Fragmentation, Overlap, and Duplication



Source: GAO, Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide. GAO-15-49SP.

Second step (task 2.1) starts with the identification of potential (positive and negative) effects of fragmentation, overlap, or duplication including: (1) program implementation, (2) outcomes and impact, and (3) cost-effectiveness. GUIDE identifies questions to consider when assessing the potential effects on these three dimensions with examples.<sup>20</sup> In addition, a tool to collect and assess information during this task is suggested (Tool 2 in its Appendix III).

Task 2.2 leads to the following step of the evaluation process. If negative aspects are identified or if it is not possible to define whether the effects of FOD are positive or negative, step 3 has to be taken to further evaluate and compare performance of programs under review. Otherwise, review should continue from step 4.

In the last task of this step (task 2.3), findings should be confirmed with key personnel.

The third step for a FOD review involves validating the effects of identified FOD issues, and assessing and comparing the fragmented, overlapping, or duplicative programs in order to determine their relative performance and cost-effectiveness. Figure 7 presents four tasks in this step.

Figure 7 - Tasks for step 3: Validate Effects and Assess and Compare Federal Programs



20 See Table 3: Questions and Examples to Help Identify Potential Effects of Fragmentation, Overlap, and Duplication in GAO-15-49SP.



Source: GAO, Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide. GAO-15-49SP.

Task 3.1 begins with the identification of existing evaluations of programs with flags of FOD issues. Typically, these program evaluations are assessments of program operations or results, and many different actors can conduct them (GAO, inspector general, academic institution etc.). Once they find evaluations, it is necessary to decide if they are relevant to determine potential positive and negative effects of the identified FOD issues. To complete this task, the soundness (i.e., reliability and validity) of evaluations has to be assessed, and there is a suggested set of questions to help on this activity in GUIDE (Tip sheet 3 in Appendix III).

Task 3.2 will be executed if there is a conclusion from the previous task that existing evaluations are not available, relevant, or sound. In this case, a new evaluation is necessary to supplement reviews, and GUIDE contains suggestions of resources on how to scope, design, and conduct an evaluation (Tip Sheet 4 in Appendix III).

Task 3.3 consists of two activities. The first one consists of validating the actual positive and negative effects of issues identified in step 1. The other one involves assessing and comparing the relative performance and cost-effectiveness of the identified programs, which can result in an assessment of a single program, comparison of two or more programs, assessment of a system (or group) of programs or evaluation of interactions or relationships between programs.

In task 3.4, findings should be confirmed with key personnel.

The fourth and last step for a FOD review involves identifying options to increase efficiency and reduce or better manage negative effects of fragmentation, overlap, and duplication. Figure 8 presents 3 tasks in this step.

Figure 8 - Tasks for step 4: Identify Options to Increase Efficiency and Reduce or Better Manage Fragmentation, Overlap, and Duplication



Source: GAO, Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide. GAO-15-49SP.

Even when there are no apparent negative effects of FOD issues, there may be opportunities to improve efficiency, and GUIDE contains two suggested Sources to help find such opportunities. One Source<sup>21</sup> focuses on management approaches, like restructuring outmoded government

21 GAO, Streamlining Government: Opportunities Exist to Strengthen OMB's Approach to Improving Efficiency. GAO-10-394.



organizations and operations, and the other one<sup>22</sup> contains a number of key practices used in identified efficient initiatives, such as engaging employees to obtain their ideas and promote their ownership of transformation. Both Sources may provide insights on how to improve efficiency.

If there are any negative effects caused by some FOD issue identified on Step 2, task 4.2 has to be performed in order to identify options to reduce or better manage these effects on beneficiaries, customers, and other stakeholders, as well as the benefits and trade-offs of these options.

Options include:

- improving coordination and collaboration within and across agencies (Tip Sheet 2 in Appendix III contains information on best practices in agency collaboration);
- engaging in performance management activities (refer to Tip Sheet 5 in Appendix III for more information on performance management);
- changing the statute, regulation, or guidance to revise or explicitly define the roles and responsibilities of agencies and program administrators;
- consolidating or streamlining programs (refer to Tip Sheet 6 in Appendix III for information on consolidating programs);
- eliminating programs.

Task 4.3 presents specific actions that must be taken to implement these options. Specific actions as well as any associated trade-offs have to be communicated to appropriate stakeholders. In addition to identifying options to increase efficiency and better manage FOD issues, it should detail the expected outcomes or benefits of the proposed changes and any trade-offs that should be considered before changes are implemented.

Part two of GUIDE is dedicated to providing policymakers - both congressional decision makers and executive branch leaders - with guidance on making decisions based on information produced from the FOD evaluations, and it is divided in two sections, one for each of these groups of stakeholders. Both sections provide guidance on how to assess information and implement recommendations contained on reviews. Additionally, the section for congressional decision makers includes information on making decisions in the absence of recommendations from analysts (primarily when limited information is available about the performance of programs).

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<sup>22</sup> GAO, Streamlining Government: Key Practices from Select Efficiency Initiatives Should Be Shared Governmentwide. GAO-11-908.



Figure 9 - Guidance for Policymakers



Source: GAO, Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide. GAO-15-49SP.

### 3.2 PROPOSAL - GUIDELINES FOR IDENTIFYING FOD ISSUES DURING PERFORMANCE AUDITS

The TCU could develop a guide to help auditors and policymakers evaluate and manage fragmentation, overlap, and duplication among programs and policies, by considering GAO's issued guide (GAO-15-49SP), other resources registered on this Paper, and its previous experience.

GAO's Guide described on the previous section contains a complete process that allows a comprehensive evaluation focused on FOD issues, from the definition of an approach to select programs to the identification of how congressional requesters and policymakers may use information on reports to reduce or better manage identified issues.

The TCU had one experience of using a FOD approach in 2016, when the Department of External Control - Agriculture and Environment audited the preparation of the Brazilian Federal Government for the implementation of the Sustainable Development Goals (SDG)<sup>23</sup>. Although FOD issues were not the main objective of such audit, this approach helped the team achieve audit goals. In 2017, the TCU shared this approach with other 11 SAIs of OLACEFS. The TCU's team learned lessons include the following<sup>24</sup>:

- Need to consider "Gap" as another category of FOD issues, separately from fragmentation<sup>25</sup>;
- Possibility to consider the FOD approach with contradiction issues, which should occur when there are two or more regulations in opposite directions;

23 Court Decision 1968/2017 – Full Court (Acórdão 1968/2017 - Plenário) available at <http://portal.tcu.gov.br/biblioteca-digital/relatorio-de-auditoria-preparacao-do-governo-federal-brasileiro-para-implementacao-dos-objetivos-do-desenvolvimento-sustentavel-ods.htm> (accessed on 4/27/2018).

24 Source: interview with the Secretary of TCU's Department of External Control - Agriculture and Environment.

25 See in Table 2 that the last line in each cell of the column named "Fragmentation" is a gap issue.



- Besides GAO's Guide, audit teams need an additional roadmap to identify FOD issues;
- Development of a roadmap to apply GAO's FOD guide in that particular audit.

GAO's guide is a good starting point to develop the TCU's guide, but there are some tasks, especially on Step 1, that may be more detailed and explained in order to be performed in a more systematic way, so the TCU could develop some complementary guidance for helping auditors deal with issues of fragmentation, overlap, and duplication as summarized in Table 1. For guidance, some useful information has also been presented.

Table 1 - Tips for developing guidance on Step 1 (identifying FOD issues)

Description of Tasks in Step 1 of GUIDE	Challenges	Tips
1.1 Identify an approach for selecting programs	Comprehensiveness of GAO's process	Approach may be complete or partial (baby steps) Inform about different possibilities of granularity (programs, actions, processes <i>et al.</i> )
1.2 Identify programs to examine for a FOD review	Information about public policies and programs is dispersed and unstandardized	Preliminary scan is necessary
1.3 Gather background information on the identified programs	Information about public policies and programs is dispersed and unstandardized	Scan information about governance practices in annual accounts
1.4 Determine whether fragmentation, overlap, or duplication exists among the selected programs	Lack of orientation in GAO's guide	Use information in Table 2
1.5 Identify relationships between the fragmented, overlapping, and duplicative programs	Lack of orientation in GAO's guide	Present concepts of data modeling and samples using it
1.6 Confirm findings with relevant agencies and other key stakeholders	-	-

Source: Authors.

At first, considering GAO's guide is largely comprehensive, the analysis of FOD may imply the need for extensive audits. However, useful partial results may be obtained by performing only part of the process, as presented in the followings examples.





- By performing all tasks of step 1 and also task 2.1, the need of further investigation on programs can be flagged<sup>26</sup>. This fits as a typical TCU scanning process<sup>27</sup>;
- By performing only tasks 1.1 and 1.2, a list of programs that address the same issues are obtained (e.g., same goals, same target, to same beneficiaries or producing the same services/products), and it may be useful, for example, to discuss the creation of new programs;
- By adding 2 more steps (tasks 1.3 and 1.4), flags of FOD can arise;
- Given a list of programs, by performing task 1.4 to 1.5, relationships among programs are not covered.

An additional advantage of the baby steps approach is that in many organizations the TCU may not gather enough data to accomplish a complete evaluation. Performance evaluations and the development of a result-oriented program may have not matured to the point it could limit the ability to conduct FOD evaluations.

In conclusion, the process may be performed completely or partially, useful products may be obtained in both cases, and additional guidance indicating some variety of possible applications of FOD analysis may be helpful when performing task 1.1.

Task 1.2 of GUIDE highlighted that the term “program” should be defined or scoped by the engagement team<sup>28</sup> based on the specific needs and goals of the evaluation. In addition, the review should clearly indicate that in most cases the teams’ decisions should be taken into consideration when deciding the appropriate way to characterize and describe the list of programs identified.

Guidance to highlight possible approaches may also contribute to a better internalization of this methodology, and considerations could include:

- Different programs<sup>29</sup>;
- Actions, all within the same program;
- Actions, within different programs;

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26 GAO issued a report titled “FEDERAL LOW-INCOME PROGRAMS: Eligibility and Benefits Differ for Selected Programs Due to Complex and Varied Rules” (GAO-17-558) that exemplifies this approach and, according to items 3 and 4 of this Paper, it presents a situation that may be similar in Brazil.

27 TCU’s Scanning Patterns are available at <http://portal.the TCU.gov.br/control-e-externo/normas-e-orientacoes/normas-the TCU/levantamento.htm> (accessed on 4/27/2018).

28 Tip tool 1 in Appendix III of GAO’s Guide contains a variety of sources to help define the term “program”.

29 On this paper, a program is considered a set of actions.





- Processes within an organization;
- Processes that cross organizations.

Another issue to be considered when identifying programs to examine for a FOD review is that information about public policies and programs is dispersed and unstandardized in Brazil. A preliminary scan of this information is necessary to develop any guidance in this regard, and performance audits may also be conducted to help the Center of Government provide an accurate inventory of federal programs, in the same way that GAO has done<sup>30,31</sup>.

To gather background information on the identified programs when performing Task 1.3, besides the information suggested by GAO’s guide (Tool 1, in Appendix III), an additional guideline to scan information about governance practices may be useful. Information about organizations’ governance is available on accounts reports presented annually to the TCU since 2018.

As for task 1.4, it may be difficult to determine whether fragmentation, overlap, or duplication exists among the selected programs without a systematic roadmap. To improve this point, Table 2 contains some red flags that can be considered on reviewing programs and scanning FOD issues. Additional samples of quantitative and qualitative methods to perform this task may be helpful and can be found in Appendix 2 – Examples of comparisons among programs done by GAO.

Table 2 - Red flags on FOD issues

Perspective	Fragmentation	Overlap	Duplication
Goals	<ul style="list-style-type: none"> <li>• Program has many goals.</li> <li>• Goals are defined too broadly or vaguely.</li> <li>• Set of programs’ goals does not completely address the key issue or problem.</li> </ul>	Programs with similar goals.	Programs with the same or similar goals.
Client	<ul style="list-style-type: none"> <li>• Programs have many set of clients.</li> <li>• Set of clients is defined too broadly or vaguely.</li> <li>• There is a subset of clients in a program that is not receiving services.</li> </ul>	Clients are receiving services from the same or different providers to achieve the same or different goals.	Clients are receiving services from different processes or actors, due to the same or different goals.

30 GAO. Government Efficiency and Effectiveness: Inconsistent Definitions and Information Limit the Usefulness of Federal Program Inventories. GAO-15-83.

31 GAO. Federal Programs: Information Architecture Offers a Potential Approach for Development of an Inventory. GAO-17-739.



Perspective	Fragmentation	Overlap	Duplication
Services	<ul style="list-style-type: none"> <li>• Programs or processes are designed to offer a broad set of services.</li> <li>• Programs broadly or vaguely specify services they intend to deliver.</li> <li>• There is a shortage of services for programs to achieve the goals.</li> </ul>	Similar services are offered by more than one provider.	Same products are offered by more than one provider.
Administrator	<ul style="list-style-type: none"> <li>• Responsibility for administration is divided among many administrators.</li> <li>• Responsibilities for administration are defined broadly or vaguely.</li> <li>• Responsibility for administration is not assigned.</li> </ul>	Some administration responsibilities are assigned to multiple people.	The same administration responsibilities are assigned to multiple people.
Process	<ul style="list-style-type: none"> <li>• Programs are designed with too many processes.</li> <li>• Processes are defined too broadly or vaguely.</li> <li>• There is a service for which no processes or inadequate processes have been developed</li> </ul>	One process or part of a process is doing similar things or have similar objectives.	One process or part of a process is doing the same thing or has the same objective.
Information Systems (ISs)	<ul style="list-style-type: none"> <li>• There are many ISs supporting programs/goals/processes.</li> <li>• ISs (with similar information or not) are not integrated.</li> <li>• There are no ISs supporting program/goal/process.</li> </ul>	ISs that manipulate similar information are not integrated.	ISs that manipulate the same information are not integrated.

Source: Produced by authors.

To perform task 1.5, a graphical modeling of relationships between programs can help identify potential FOD issues. Concepts of data modeling, like those existent in entity-relationship or multidimensional models, may be useful and should be included in the guidance, accompanied by examples of use.

Finally, the TCU could establish a guideline for teams to consider issues on fragmentation, overlap, and duplication when they are planning all performance audits.

In GAO's structure, the primary responsibility for identifying the possibility of FOD in engagement processes remains with Managing Directors and their mission teams, and this task normally occurs in the initial phases of engagement (Acceptance or Design Phases). To help with this duty, the staff is designated in each mission team as a Point of Contact (POC) for FOD issues, and they receive guidance<sup>32</sup> and support of a Core Team. In addition, teams examine and make determinations throughout the engagement process as to whether the findings are FOD-related.

32 GAO, Identifying Potential New Submissions for Fragmentation, Overlap, Duplication, Cost Savings and Revenue Enhancement - Guidance for Mission Team Points of Contact (POC). July 2017 (available only offline).



Besides the guideline, training on this methodology may increase auditors' professional judgment capability on identifying FOD issues. GAO has no specific training on FOD, but the Strategic Issues Team coaches other teams about such issues in ongoing engagements.

## 4. STRATEGIES FOR INCORPORATING FOD INTO THE REPP

### 4.1 GAO'S ANNUAL REPORT PROCESS

Under the mandate issued by the U.S. National Congress in 2010, GAO conducts "routine investigations to identify programs, agencies, offices, and initiatives with duplicative goals and activities within Departments and government-wide, reporting annually to the Congress on the findings, including the cost of such duplication, with recommendations for consolidation and elimination to reduce duplication, identifying specific rescissions"<sup>33</sup>.

As a result, GAO has reported to the U.S. National Congress 8 times until this Paper was finished. In the first eight annual reports, GAO identified 329 areas and 805 actions with opportunities for improvement. By May 2019, 621 actions (77%) had been partially or fully addressed by the Congress and the executive branch agencies, resulting in about US\$262 billion in financial benefits (GAO, 2019). GAO has also issued a methodological guide discussed in subsection 3.1.

GAO's duplication work is divided in two major efforts. One is to identify new areas of duplication and cost savings and the other is to monitor the status of agencies' efforts to address previously identified issues. GAO has an internal wiki page<sup>34</sup> with a wide range of resources on developing its duplication and cost savings work, but every wiki page and many documents linked on it are only accessible by GAO's employees.

Since most of GAO's engagements are performed due to a congressional request, GAO does not select previously which engagements will point to FOD issues and will be part of the annual report. As a result, engagements consolidated on annual reports are identified in many ways. In some cases, the language of the mandate or congressional request letter flags that teams will be dealing with issues of potential fragmentation, overlap, duplication or cost savings and revenue enhancement. In other cases, such issues may arise as teams develop their objectives and methodology, or even as they conduct their audit work. Each mission team has a designated Point of Contact (POC) that is responsible for helping teams with FOD issues.

Currently GAO's Strategic Issues team takes the lead in managing the duplication report development, and a core team is designated for this duty. This core team helps coordinate the development of annual reports, GAO's Action Tracker updates, and requests for technical assistance. The core team works with mission teams throughout the year to help identify

<sup>33</sup> Pub. L. No. 111-139, § 21, 124 Stat. 8, 29 (2010), codified at 31 U.S.C. § 712 note.

<sup>34</sup> [https://wiki.gao.gov/wiki/index.php/Duplication\\_Mandate\\_Work](https://wiki.gao.gov/wiki/index.php/Duplication_Mandate_Work), (last accessed on 4/20/2018).



potential issues of fragmentation, overlap, and duplication as well as cost savings and revenue enhancement. It also liaises with agency officials and clients about this work.

Therefore, the core team supports points of contact of mission teams that support engagement teams.

GAO has developed a guidance<sup>35</sup> to inform mission teams on how to submit proposals for annual duplication report. This guide contains: (1) schedule with key dates for the 2018 consolidated report; (2) guidance on new submissions; (3) guidance on filing action tracker matrices; (4) guidance on collecting information on programs for the duplication work. It also contains detailed steps with examples for each activity, besides templates of all documents required for submission.

The steps established by the guidance on new submissions are basically: (1) mission teams create and review their submissions (there is a checklist in the guidance to help mission teams), and send them to the duplication core team; (2) the duplication core team reviews the submissions and sends them to the Audit Policy Quality Assurance Team (APQA), Chief Operation Officer Office (COO) and Controller-General Office (CG) to review and approve the version to be sent for agencies' comments; (3) the duplication core team coordinates the agencies' comment process; (4) final approvals for each submission are conducted by the duplication core team, APQA, COO and CG.

GAO publishes recommendations that have been included in all previous GAO's annual duplication and cost savings reports in an interactive tool named Action Tracker as well as in downloadable files (XLSX or CVS formats)<sup>36</sup>.

Statuses of recommendations are updated on the Action Tracker by monitoring the progress that federal agencies and the Congress have made in addressing the actions included in the Action Tracker. To provide these updates, GAO has developed another guidance<sup>37</sup>. This guidance covers how teams should provide information for updating the Action Tracker, which basically occurs by filling a matrix prepopulated by the duplication core team.

Mission teams are supposed to execute three steps: (1) to review each column in the matrix sent by the duplication core team for accuracy purposes; (2) to provide a progress update for each action; (3) to provide an assessment by categorizing the "progress" made on each action item by selecting one of the following three categories: "Addressed", "Partially Addressed" or "Not Addressed".

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35 GAO, Fragmentation, Overlap, and Duplication - Guidance for New Submissions. August, 2017 (it is available only offline).

36 Action Tracker may be accessed at [http://www.gao.gov/duplication/action\\_tracker/all\\_areas](http://www.gao.gov/duplication/action_tracker/all_areas) (last accessed on 4/17/2018).

37 GAO, Guidance for Completing Action Tracker Follow-up Matrices. October, 2017 (available only offline).



The Guidance states that teams should verify, with supporting documentation, that an agency's reported actions are adequately being implemented before assessing an action as addressed.

GAO does not regularly train its staff to specifically conduct FOD evaluations. As it was said, as part of the normal audit process, the staff determines whether an FOD issue may be present or not when designing and implementing an engagement. If present, the team may use the guide described on subsection 3.1 to inform its approach. So far, there has been only one training session, in October 2015, just few months after the guide was issued<sup>38,39</sup>.

#### 4.2 THE TCU'S REPORT ON GOVERNMENT POLICIES AND PROGRAMS (REPP)

In August 2017, the National Congress included a provision in the Budgetary Guidelines Law<sup>40</sup> requiring the TCU to send information about the execution of programs to support the discussion of the Draft Annual Budget Law on their Committee on Plans, Public Budgets and Surveillance. The Law requires that the TCU send "a summary Table on the quality of implementation and the achievement of goals and objectives of the programs and government actions subject to performance audits carried out<sup>41</sup>".

So far, the TCU has issued two Reports on Government Policies and Programs (RePP) and delivered them to the Committee in the end of 2017 (Brazil, 2017) and 2018 (Brazil, 2018).

Both RePPs have two main sections: (1) issues on governance of the government center and (2) a summary of performance audits carried out.

Regarding issues on governance of the government center, while the first report contains an evaluation and recommendations, the second one registers the monitoring of actions taken by the government.

The 2017 RePP describes key issues on State's operation like deficiencies in strategy, coordination and articulation, budgetary governance, monitoring, and risk management, all pointed out by the TCU's decisions as having transversal and systemic consequences that may affect coherence and effectiveness of the State's performance (TCU, 2017, Chapter II). According to the report, these institutional gaps in Brazilian States were evaluated using national and international good practices on governance, and deficiencies may cause and

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38 Video accessible only to GAO employees at <https://intranet.gao.gov/home/gaotv/917> (last accessed on 4/25/2018).

39 PowerPoint material is available only offline (ALL\_STAFF-#468874-v1-FOD\_GUIDE\_BB\_SLIDES.ppt).

40 Law 13.473/2017, article no. 123 (available at [http://www.planalto.gov.br/ccivil\\_03/\\_ato2015-2018/2017/lei/L13473.htm](http://www.planalto.gov.br/ccivil_03/_ato2015-2018/2017/lei/L13473.htm), accessed on 17/4/2018).

41 Free translation of "quadro-resumo relativo à qualidade da implementação e ao alcance de metas e objetivos dos programas e das ações governamentais objeto de auditorias operacionais realizadas".



perpetuate low quality on public expenditure. The audits that produced the information of such chapter considered as criteria practices from three guides previously developed by the TCU: Reference for Governance Assessment of the Government Center, Reference for Governance Assessment in Public Policies and Basic Reference of Governance Applicable to Public Administration Bodies and Entities.

The 2018 RePP contains monitoring of the main actions the government is implementing to improve the institutional framework of planning and public policies (governance of government center), and concludes that “the Union has been implementing measures for effective compliance with the recommendations, demonstrating initiative in adopting improvements in all pillars of state actions analyzed” (TCU, 2018, Chapter I).

Both RePPs also present a summary table of performance audits carried out by the TCU in policies, programs, and government actions in recent years and promotes a consolidated analysis of the information obtained. In 2017, the report contained a summary of 7 audits, while in 2018 it involved 16 audits. The summaries synthesize information to achieve an overview of the reality of audited public policies, describing the recurrent risks, irregularities and deficiencies in the set of audited policies.

The TCU selected performance audits already carried out to develop both RePPs, even though the Court did not design or conduct them as a purpose of consolidation. Consequently, there was a lack of information required for consolidation. In some cases, teams were able to fill the gap with additional work. In others, there were aspects with no evaluation.

The 2017 RePP report previewed some insights to improve its own elaboration process on future RePP efforts:

- Establish a systematic approach to select programs and actions to be audited;
- Design more integrated audits resulting in approaching transversal questions related to solve complex problems;
- Standardize: (1) analysis, resulting in the possibility of consolidating results about common aspects of audited programs and actions; (2) timeframe for both scope and audits; (3) granularity of selected control objects;
- Consider requesting agency self-assessments;
- Invite states to participate in the process.

#### 4.3 PROPOSAL - COMPREHENSIVE APPROACH TO ISSUE THE REPP

The TCU could reformulate the content of its Report on Government Policies and Programs (RePP) by balancing information on causes and effects of findings.



When comparing contents of GAO's annual report on duplication and the TCU's RePP, both present their findings with all elements previewed on ISSAIs (condition, criteria, cause and effect), but with different emphasis. While GAO focuses on consequences, once it strongly highlights benefits that may be obtained from proposed recommendations, the TCU focuses on causes, especially considering it presents an analysis of deficiencies in governance practices.

The RePP may be more useful for both congressional members and heads of public organizations if it contains better articulated information on the causes and effects of the audit findings. This could help support and inform decision-making on the cost and benefit tradeoffs when addressing a finding. Better balanced reporting may be accomplished by using the approach presented in Table 4.

In short, besides the introduction and conclusion, the three main sections contain (1) identified opportunities on cost savings, in a similar way as presented by GAO in its report; (2) fragile governance practices in three different perspectives – center of government, public policies and organizations – that may have caused, may be causing or will cause poor State performance; and (3) status of issued recommendations previously included in the past RePP accompanied, if possible, by financial benefits obtained.

Table 4 - Content of the Report on Government Policies and Programs (proposal)

Section or subsection title	Specific Content	Observations
(1) Introduction	-	-
(2) Improving State action performance		
(2.1) New opportunities	Audits in new areas with cost saving issues.	Areas in which actions are needed to improve State performance and the effects of these deficiencies.
(2.2) Additional opportunities	Audits in areas already present in the RePP that add recommendations about cost saving.	
(3) Issues on Governance		Assessment should be more comprehensive and with as little burden for management as possible. It should also consider the Control Self-Assessment approach as much as possible in order to have a reasonable cost-benefit for the TCU.
(3.1) Governance of Government Center	Assessment of Governance Practices in Government Center.	
(3.2) Governance in Public Policies	Assessment of Governance Practices in Public Policies.	
(3.3) Governance of Public Organizations	Assessment of Governance Practices in Public Organizations.	
(4) Status of issued recommendations		Summary of the status of all issued recommendations (present and past RePPs).
(5) Conclusion	-	-

Source: Authors.





The TCU could develop a guidance for Secretariats to produce standard information for the Report on Government Policies and Programs (RePP).

The first two RePPs were elaborated based on audits that had not been planned for consolidation, which limited the general view provided.

This guidance should help teams produce standardized information about programs when conducting performance audits, as, for example, to collect basic data about audited programs, to register issues on Governance in both Public Policies and Public Administration Bodies and Entities, and also to register FOD issues or other cost savings and increased revenue.

This guidance should contain tasks and templates of documents for future submission to be included in the RePP, and resources mapped on subsection 4.1 may help to elaborate it.

Moreover, the TCU could establish an approach to elaborate the RePP oriented around the Sustainable Development Goals (SDG).

A major deficiency identified in the first RePP is the lack of an integrated approach for government management (also known as a whole-of-government approach).

The development model proposed in the 2030 Agenda is based on the three pillars of sustainability: social, economic, and environmental. Alignment among the various public policies is critical to accomplish the goals of this Agenda due to their transversal characteristics, leading to an opportunity for Brazil to align its many public policies.

The TCU may be more effective in influencing the Brazilian State to be more convergent and synergistic in its planning and decision-making by establishing an approach for the RePP focused on achieving the Sustainable Development Goals (SDG). If the TCU uses an approach to select programs or actions to review FOD issues (Task 1.1 of GUIDE) based on the SDG, that is, if it selects programs that contribute to the same SDG, the RePP may help Brazilian governments to establish a plan to accomplish the 2030 agenda.

#### 4.4 PROPOSAL - TRACKING OF ISSUED RECOMMENDATIONS

The TCU could develop a useful tool to track issued recommendations and their implementation status

Considering that any recommendation is only effective if it is implemented, another approach to improve State performance is to increase implementation of issued recommendations.

According to GAO's 2019 annual report on cost savings (GAO, 2019), 77% of the actions recommended by GAO have partially or fully been addressed by Congress and executive branch agencies, which is regarded as a high percentage especially considering GAO does not have any enforcement authority over agencies.



GAO publishes and monitors its FOD recommendations through the Action Tracker tool, making stakeholders more accountable and actions to achieve cost savings more transparent<sup>42</sup>, which may be contributing for the high percentage of implemented recommendations. Since 2017, GAO has also published all these recommendations and their status on downloadable files in open format (on XLS and CVS formats).

However, although The TCU frequently monitors its recommendations, this information - recommendations and their status - is spread over the TCU's database, resulting in limited effectiveness due to stakeholders' poor monitoring, also causing low transparency and accountability for both the TCU and the recipients of recommendations.

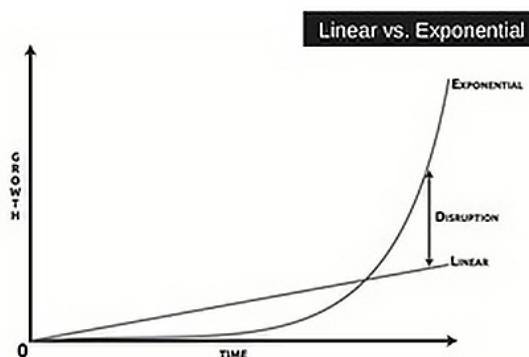
#### 4.5 PROPOSAL - EXPERIMENTAL APPROACHES FOR LEVERAGING

The TCU could adopt innovative Exponential Organization approaches to leverage its contribution and performance to improve government

The expenditure of all Brazilian Public Administration will be restricted in the next 20 years as a consequence of the Constitutional Amendment that came into force in 2017 and its correlated legislation. At the same time, this may be considered both a threat to Brazilian State's objectives and an opportunity to experiment with new approaches in the public sector. OECD (OECD, 2018) supports the idea that organizations within the public sector need new approaches to better deal with change. This document highlighted the book named "Exponential Organizations" among its sources.

An Exponential Organization (ExO) is "one whose impact (or output) is disproportionately large – at least 10 x larger – compared to its peers because of the use of new organizational techniques that leverage accelerating technologies" (GEEST, 2015). To analyze the trajectory of exponential technologies, authors of ExO presented the 4 D's - Digitization, Disruption, Demonetization and Democratization. Figure 11 presents what occurs in the disruption phase.

Figure 11 - Linear and exponential organizations



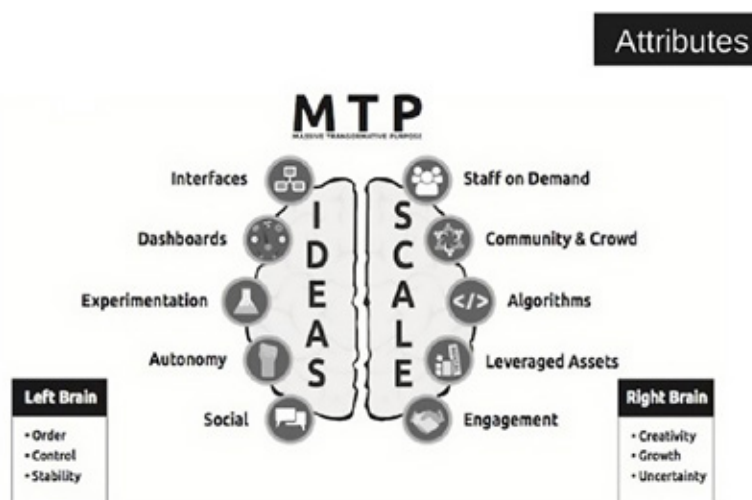
Source: Slides available at <https://www.slideshare.net/vangeest/exponential-organizations-h>.

42 Duplication Action Tracker achieved nearly 30,000 page views in Fiscal Year 2017 (source: GAO's internal report on web pages access available only offline)

In short, an organization starts its exponential trajectory when it passes through a digitalization stage, that is, when it organizes business in an information-based perspective. Afterwards, when the organization needs to change from a shortage to an abundant condition of resources, it changes paradigm for its business. Basically, the combination of an abundance of resources and the digitalization of information of such resources creates an environment for disruption, allowing the exponential growth to be disproportionately larger than the linear one. For example, the combination of digitized information about lodging with an abundance of available properties created a condition for AirBnB to disrupt the lodging sector.

Figure 12 represents a model with characteristics that ExO may have in common. For the purpose of this Paper, only three of these elements will be briefly described: staff on demand, community and crowd, and experimentation.

Figure 12 - Exponential Organization model



Source: Slides available at <https://www.slideshare.net/vangeest/exponential-organizations-h>.

Staff on demand is a practice that consists in allocating external personnel to perform activities – simple or complex, supportive or finalistic – temporarily, resulting in greater speed, functionality and flexibility to ExO, when compared to the option of hiring employees. An example of this practice occurs when a network of stores surveys clients, usually by offering some coupons of discount, asking about the situation of stores and attendance.

Community may be understood as stakeholders, followers, and partners of an organization, while crowd refers to the people affected by or interested in the business. ExO may leverage community and crowd for many functions traditionally handled inside the enterprise, including idea generation, funding, design, distribution, marketing, and sales. The practice consists of developing shared projects with the people involved, since they have common or similar purposes with the organization and some free time. This may cause disruption, because free time in a connected world may mean a huge untapped resource, like university professor and social media guru Clay Shirky stated<sup>43</sup>: “The world has over a trillion hours a year of free time

43 TED talk “How cognitive surplus will change the world”, by Clay Shirky (last accessed on 5/1/2018).



to commit to shared projects”. The open Source software development is a great example of community, while recent Initial Coin Offers (ICO) used to funding some cryptocurrencies initiative is an example of crowding.

Experimentation is the implementation of the lean startup methodology<sup>44</sup> and other techniques that state that new ideas and concepts should be tested and implemented as fast as possible in a controlled environment, and both tests and implementation should grow as soon as their risks are controlled. Experimentation enables an organizational culture of risk-taking and failure accepting, and it stimulates employees to be innovative.

Authors of the Exponential Organization book states that any organization, private or public, large, medium or small, may apply ExO’ s concepts, and they also present some approaches that an existing organization may use to adapt to this new paradigm.

Table 5 presents 2 proposals of approaches based on ExO concepts that may help the TCU increase the number of FOD reviews to be included in the RePP.

Table 5 - Proposed approach based on ExO concepts

Recommendation	Observation
<p>The TCU could experiment with performing a coordinated FOD review with States’ Courts of Accounts.</p>	<ul style="list-style-type: none"> <li>• To assess programs implemented under the multilevel governance framework with the approach proposed on this Paper is also possible.</li> <li>• For example, GAO conducted an examination of federal housing grants in partnership with 25 state and local auditors in 2 States, and they reported flags of fragmentation and overlap among programs in both States<sup>45</sup>.</li> </ul>
<p>The TCU could experiment with the Control Self-Assessment (CSA) approach, by inviting a mature federal public organization and acting in coordination with its Internal Control Department.</p>	<ul style="list-style-type: none"> <li>• Control-Self Assessment (CSA) is a process in which managers evaluate their own control systems and the audit role is typically to facilitate the process.</li> <li>• The TCU has been using the CSA approach since 2007, by surveying practices of governance and management in some public sector areas (for example, information technology, human resources, procurement, health, and public security).</li> <li>• The CSA may use guidelines proposed in subsection 3.3.</li> <li>• By sharing knowledge of this methodological approach with Internal Audit Bodies and management, the TCU may create an environment in which this community increases the number of FOD reviews.</li> <li>• The first RePP has already raised the possibility for the CSA to be a part of the report<sup>46</sup>.</li> </ul>

Source: Authors.

44 It can be accessed at <http://theleanstartup.com> (last accessed on 5/1/2018).

45 GAO, Affordable Rental Housing: Assistance Is Provided by Federal, State, and Local Programs, but There Is Incomplete Information on Collective Performance. GAO-15-645.

46 See section 4.3.



## 5. ISSUES ON IMPLEMENTATION

The purposes of this Paper were to explore two groups of issues:

- In the medium term, how the TCU might include FOD in its audits;
- In the long term, how the TCU might report FOD cases on a consolidated annual report.

This paper includes 9 proposals for the TCU to improve its performance:

- (P1) Develop a guide to help auditors and policymakers assess and manage fragmentation, overlap, and duplication among programs and policies, by considering GAO's issued guide (GAO-15-49SP), other resources registered in this Paper, and its previous experience (section 3.2).
- (P2) Develop a complementary guidance to help auditors deal with issues of fragmentation, overlap, and duplication (section 3.2).
- (P3) Establish a guideline for teams to consider issues on fragmentation, overlap, and duplication when planning all performance audits (section 3.2).
- (P4) Reformulate the content of its Report on Government Policies and Programs (RePP) by balancing information on causes and effects of findings (section 4.3).
- (P5) Establish an approach to elaborate the RePP focusing on the Sustainable Development Goals (SDG) (section 4.3).
- (P6) Develop a useful tool to track the implementation status of past recommendations (section 4.4).
- (P7) Consider adopting innovative Exponential Organizations approaches to leverage its contributions and performance to improve government (section 4.5).
- (P8) Experiment with performing a coordinated FOD review with States' Courts of Accounts (section 4.5).
- (P9) Experiment with the Control Self-Assessment (CSA) approach, by inviting a mature federal public organization and acting in coordination with its Internal Control Department (section 4.5).

Table 8 presents the connection between proposals and purposes of this Paper, including a first approach to analyze the effects of their implementation, based on the authors' professional judgment.



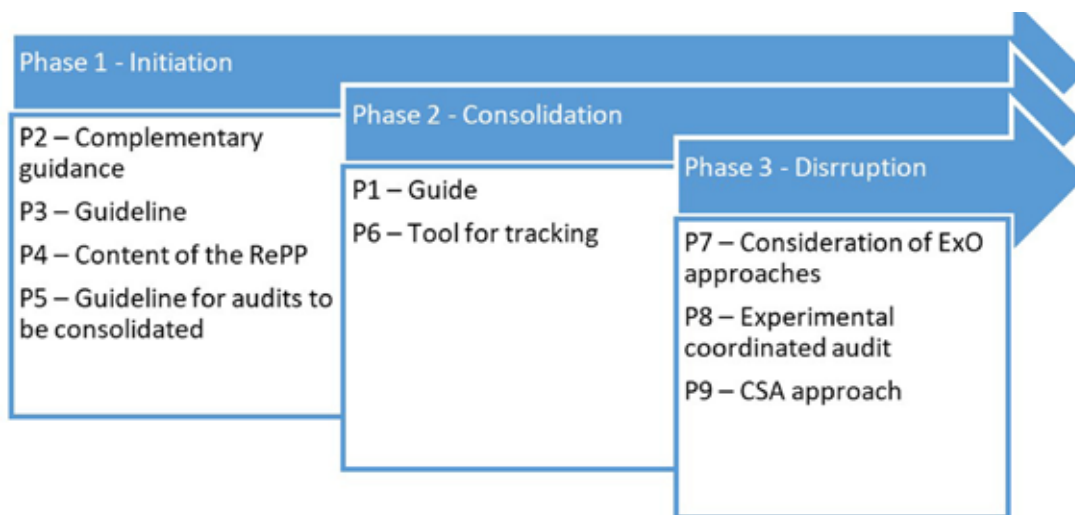
Table 6 - Impact and effort of proposals

Proposal	Vision	Impact	Effort
P1 – Guide	medium term	High	Medium
P2 – Complementary guidance	medium term	Medium	Low
P3 – Guideline	medium term	Medium	Low
P4 – Content of the RePP	medium term	High	Low
P5 – RePP focused on the SDG	medium term	High	Low
P6 – Tool for tracking	long term	High	High
P7 – Consideration of ExO approaches	long term	High	Medium
P8 – Experimental coordinated FOD review	long-term	High	High
P9 – CSA approach	long-term	High	High

Source: Produced by authors based on their professional judgment.

Figure 12 contains suggestions of phases to implement these proposals. Proposals in phase 1 are enough to include FOD issues on the RePP.

Figure 12 - Phases to implement proposals



Source: Produced by authors based on their professional judgment.

Table 9 presents anticipated challenges to implement this approach-assessment of FOD issues - and their inclusion on the RePP. They were presented on a risk system, followed by the first approach to manage them, based on the authors’ professional judgment. Besides the TCU’s internal measures, the Table points out that collaboration and coordination are the central



challenge. Therefore, the TCU may use Tip Sheet 2 of GAO’s guide (Best and Leading Practices in Collaboration) to assure efforts addressing these challenges will be successful.

Table 9 - Anticipated obstacles (risk management)

Risk	Likelihood	Impact	Inherent Risk	Suggested Control	Residual Risk
Change in TCU’s presidency (end of 2020) and emergence of new priorities	High	High	High	<ul style="list-style-type: none"> <li>To present the content of this paper to the new President’s staff as soon as possible</li> </ul>	Low
Dispersion of information about public policies and programs	High	Medium	High	<ul style="list-style-type: none"> <li>To provide guidance</li> <li>To monitor the determination provided by TCU in order to fix it</li> </ul>	High (short term) Medium (medium term) Low (long term)
Incipience of management based on the results in the Brazilian Public Administration	High	High	High	<ul style="list-style-type: none"> <li>To apply a new approach in a partial way</li> <li>To monitor the determination provided by the TCU</li> </ul>	High (short term) Medium (medium term) Low (long term)
Most programs are implemented under multilevel governance framework	High	Medium	High	- To coordinate with States’ Courts of Accounts	Low
Incipience of a culture of collaboration among Brazilian’s Courts of Accounts (the TCU and States’ Courts of Accounts)	Low	High	Medium	- To present this paper to States’ Courts of Accounts	Low
No-standardization of information on programs implemented under multilevel governance framework	High	High	High	- To coordinate audits with States’ Courts of Accounts to promote data standardization	High (short term) High (medium term) Medium (long term)

Source: Produced by authors based on their professional judgment.

Remark: Likelihood, impact and risk are evaluated on a simple triple scale (low, medium, high).





## 6. CONCLUSIONS

On this Paper, authors presented how GAO implements the FOD systematic approach to help this government to cost savings. They explored issues on how TCU might include FOD in its audits and also report FOD cases on a consolidated annual report.

Besides the GAO's practices, this paper presented: 1) 9 proposals for TCU to improve its performance; 2) a first approach to analyze the effects of their implementation, based on the authors' professional judgment; and 3) suggestions of phases to implement these proposals.

The numbers presented in GAO's Cost Savings annual reports highlight the results with this approach, and GAO obtained and assessed them by using the GAO Cost Estimating and Assessment Guide (GAO, 2009). Although cost estimating is one of the most important parts of the work, it was intentionally excluded of the scope of this Paper because the Brazilian Public Administration is incipient in result-oriented management, which might jeopardize this first approach. Therefore, this Paper focused on two processes: 1) auditing aimed at identifying FOD issues and 2) reporting of such issues on a consolidated annual report. Future studies may discuss actions to overcome implementation challenges of cost estimation in the Brazilian Public Administration.

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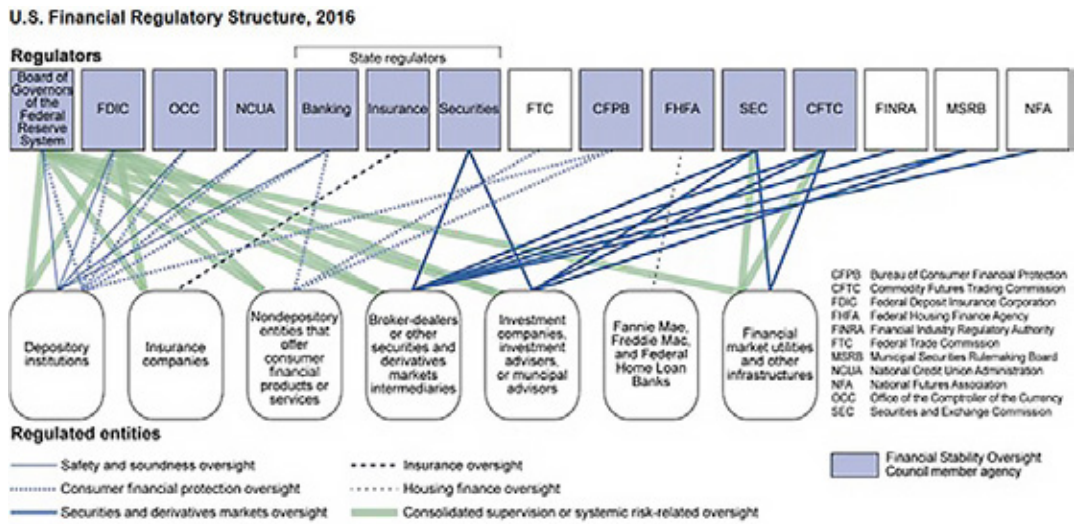
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## APPENDIX 1 – EXAMPLES OF COMPARISONS AMONG PROGRAMS DEVELOPED BY GAO

Figure 14 - Result of the qualitative approach to raise FOD issues (example of fragmentation on the supervision structure)

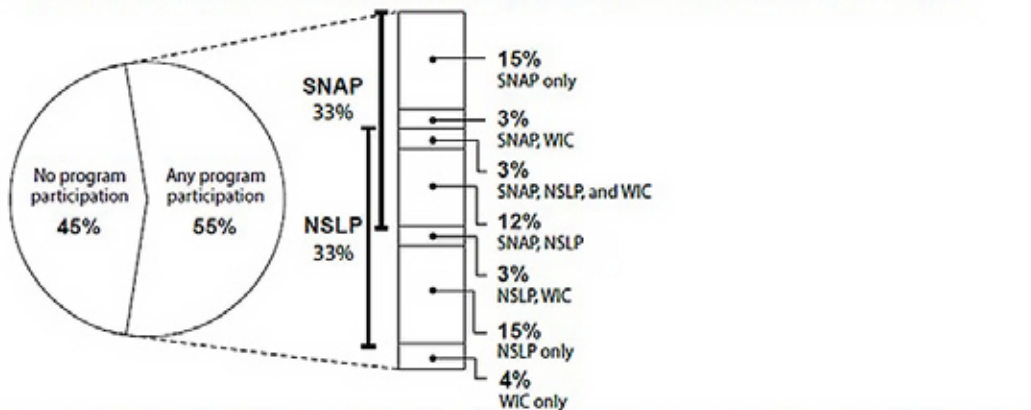


Source: GAO, Financial Regulation: Complex and Fragmented Structure Could Be Streamlined to Improve Effectiveness. GAO-16-175.

Figure 15 - Result of the quantitative approach to raise issues on FOD (example of overlapping on services)

Figure 6 illustrates signs of overlap in food and nutrition assistance programs as some low-income households participated in more than one program. USDA data indicated that a small portion of food insecure households received assistance from more than one of the primary food assistance programs. According to USDA, of the food insecure, low-income households, only about 3 percent participated in all of the three largest programs—SNAP, NSLP, and WIC. Additionally, 12 percent participated in both SNAP and the NSLP, about 15 percent participated in only SNAP, and another 15 percent participated in only the NSLP.

**Figure 6: Program Participation of Low-Income Households with Low or Very Low Food Security, 2007-2008**



Source: GAO, Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide. GAO-15-49SP.



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