



Minister supports promotion of “intelligence of the external control”

Weder de Oliveira

Federal Court of Accounts' Substitute Minister

Weder de Oliveira completed 32 years of service in public administration in 2015. He started his career at Bank of Brazil (Banco do Brasil), and worked at Petrobras, the Federal Revenue Service (Receita Federal), the House of Representatives and the Federal Senate, since 2009 he has held the position of Substitute Minister at the Federal Court of Accounts of Brazil (TCU). In addition to being a civil and oil production engineer, Weder de Oliveira holds a degree in law from the Federal University of Brasilia, and a post-graduate degree in Economics from George Washington University. At the moment he is finishing his Master's degree in Law at the University of São Paulo (USP). The Substitute Minister, who is married to Gabriela and father of Natalia (19) and Julia (16), met with the TCU Journal staff (Revista do TCU) in his office in the beginning of this winter for an interview. In the interview, he talked about important moments of his career and told us about some major works in which he acted as rapporteur, at TCU. During the conversation, he highlighted the benefits of staff specialization for the institution, in addition to talking about the importance of innovating the supervision processes.

1. Minister Weder, what would you highlight in your professional career during these 32 years in public administration?

I can say that I have had an eclectic experience and the opportunity to work in institutions where I learned a lot. I believe I have also been lucky to enjoy doing what I did everywhere I worked, and to be recognized, to be able to leave my contribution in all those places and now, also here at TCU.

When I was 19 I started working at Banco do Brasil, which was a real world school. The managers and supervisors were very

strict. Punctuality, dedication and accuracy in the correspondence we wrote were required. We had manuals for all the processes and they were very well written. It was inspiring to see that all the senior executives, the department heads, were experienced career employees with a post-graduate degree.

At Petrobras, the highlight was a strong policy that encouraged engineers and geologists to engage in post-graduate, master's degree and PhD programs both in Brazil and abroad. Before leaving the company, I was following that professional path. Such policy and its highly qualified research centers have turned Petrobras into a recognized institution and a world leader in deep water oil exploration, and it has not occurred by chance. It was the result of a long-term strategic vision with a view to forming highly qualified human resources.

At Receita Federal I worked as a tax auditor. It was then that I began my training in law and in oversight and auditing. I worked in the coordination of fiscal intelligence, which carried out research, investigated and conducted operations, in conjunction with the Federal Police Department, with a view to unveiling tax evasion and corruption schemes. Such experience, together with the training I took part in at the United States Federal Revenue Service helped me, afterwards, advise several parliamentary investigation Committees (CPIs) at the National Congress. I have no doubt that TCU should develop a culture of "intelligence of the external control" to detect and fight frauds, undue payments, and sources of waste of public resources as soon

as possible. We have conducted several works along those lines, such as the Fiscobras (annual oversight plan aiming at verifying the implementation of projects funded by Government resources) audits.

2. Your arrival at the National Congress coincided with the beginning of the drawing up of the Fiscal Responsibility draft bill. The Court of Accounts celebrated the 15th anniversary of the act in a seminar held in March. What was your participation in the work that led to the emergence of the Fiscal Responsibility Act (LRF)?

At the House, I worked as budget and financial supervision consultant. I had one of the best experiences of my career. As soon as I took up my post, probably for ranking first place in the selection process, I was allocated to the group of budget consultants who advised the Committee responsible for discussing the most important draft bill at the National Congress at the time, and which stirred up the country: the Fiscal Responsibility draft bill. I was involved in the writing of all the versions of the draft and all the discussion meetings. Those were six intense months and the beginning of a series of other very important experiences, such as the technical coordination of the Investigative Committees of Prescription Drugs and Banespa (Bank of the State of São Paulo), and advising the rapporteur of the Investigative Committee of Irregular Occupation of Public Lands in the Amazon region.

Five years later, in 2004, I took over as budget advisor at the Federal Senate, also through competitive examination. Shortly after, I was invited to coordinate the technical team of the

rapporteur of the Investigative Joint Committee of Ambulances (also known as Sanguessugas - Leeches), one of the longest and most shocking cases of fraud and corruption of our history, involving dozens of congressmen and hundreds of municipalities. That Investigative Committee had a hugely surprising outcome, although it fell short of what might have been expected by some: 69 of the 72 congressmen investigated in the first report, in August 2006, were not reelected.

3. What was your first contact with the Federal Court of Accounts like?

During the time I worked at the Congress Budget Office, sometimes we held meetings with auditors from TCU. However, it was at the Senate, when I coordinated the technical team of the Investigative Committee of Nongovernmental Organizations, that I could really interact with TCU. I used many of TCU's decisions in the coordination and preparation of the final report of that CPI. Still at the Senate, I was involved in the Mensalão, the Bingos and the Correios (Post office) Investigative Committees. I also advised the president of the Budget Reform Committee, a memorable work that changed considerably the legislative process of budget evaluation by the Congress.

In 2008, I was invited to advise the Presidency of the Federal Senate, at the Modernization and Strategic Planning Consultancy. As a member of the group discussing the House modernization, I drafted a proposal of amendment to the rules of procedure, to institutionalize the relationship between the Senate Committees and TCU. The Committees would discuss

the main audits at public hearings and would obtain from the Court the necessary analyses for the job of discussing and legislating. At the time, we believed that if the Congress acted through specialized Committees, and then if, in a way, the Court's actions reflected the Committees, the interaction could be improved.

4. So do you agree that the specialization of the TCU technical units represented an improvement for the Court?

Undoubtedly. When I arrived at the Court of Accounts, I continued supporting such institutional convergence. Specialization constitutes a need, especially as we advance in the operational audits, as can be observed at GAO – U.S Government Accountability Office (The American Supreme Audit Institution). GAO hires professionals who are specifically qualified for diagnosing and evaluating programs. Specialization has been improving our ability to understand and interact with the diverse government areas.

The Court of Accounts is an active promoter of improvements in public administration. Its characteristic is being multi-thematic and specialization is unavoidable, especially when society expects a proactive External Control for results.

The systemic reports, the FISC, constitute another relevant improvement. They can offer a systemic understanding on the themes of our specialization. They also tend to be one of our most important instruments of communication with society, the National Congress and the Government. In addition, equally relevant, FISC acts as a tool to induce our self-

knowledge. It is an opportunity our technical units can use to reflect upon what they know and what they can do in their area of expertise. It should be permanently improved, with a view to establishing a better interaction with the specialized Committees of the National Congress – the highest democratic representation body –, which could reverberate, highlight and increase the audience of our works.

5. At the Federal Court of Accounts, you have reported matters that have had a broad impact, such as the regional Labor Courts case, throughout Brazil, which represented an economy of approximately R\$ 1.2 billion to the public coffers. How was that audit conducted?

The work conducted at the Regional Labor Courts (TRTs) represented valuable learning and constituted a huge project characterized by joint and coordinated action. It is an example of how inherent “curiosity” to audit activity can lead to the examination of small evidence and reveal something of huge dimensions, previously unimagined. When evaluating the annual accounts of the 3rd Region Regional Labor Court in Minas Gerais, for the financial year 2009, we took an interest in the information about the recognition of “liabilities resulting from insufficient credits or resources, in the amount of R\$ 575,961,889.00”. As described in the document itself “the recognized liabilities corresponded to 53.99% of the authoritative allocation of values for 2009”. We determined that the Secretariat of Foreign Trade (Secex-MG) looked into the matter. Secex diligently found that the liabilities corre-

sponded to staff liabilities and that the indexation rates and applicable interests on the amounts due were not correct. The adoption of undue indexes generated an undue liability of R\$ 250 million at the Regional Labor Court of Minas Gerais (TRT-MG). We issued a provisional remedy to prevent payments from being made and, then, defined the necessary corrections, which were carried out by the TRT.

We found out that what had occurred in Minas Gerais also occurred in other states. As a result, the work took other proportions. After a year and a half accomplishing several coordinated actions, which involved my office, the Department of Personnel Audit (Sefip), our departments in the states, the Superior Council of Labor Court and the Serzedêlo Correa Institute (TCU corporate education unit for the auditors’

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FROM IMPERTINENCE TO
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training), the liabilities of all the TRTs were reevaluated. The Court's action resulted in blocking undue payments estimated in R\$ 1.25 billion (one billion, two hundred and fifty million Brazilian reais). This was one of the greatest procedures ever undertaken in the history of TCU.

6. Regarding the interaction between the rapporteur's office and the technical unit, could you say a few words about the partnership concerning the audits carried out in the environmental conservation units in the Amazon region?

That work is a great example of the good results we can expect from the harmonious interaction between the minister's office and the technical unit, within a constructive perspective, while respecting their autonomy. I was the rapporteur of the audits in the environmental conservation units, carried out by the Department for Agriculture and Environmental Audit (SecexAmbiental).

From the very beginning, my office met several times with the technical unit to understand the proposed work proceedings, and eventually, based on our experience, discuss the improvements. The audit sought to evaluate whether the protected areas in the Amazon region met the necessary conditions to reach the objectives they had been created for; whether they were being well run and whether the system that interconnected them was being properly coordinated. SecexAmbiental, taking into account international standards and adapting them to our goals, created an index to evaluate the situation numerically.

One of the goals we should permanently try to achieve is to report

our findings consistently, clearly and interestingly. As a result, we proposed the development of a map of the Amazon region that could represent, in three colors (green, yellow and red), the situation of each protected area, according to the value obtained from the calculated index. SecexAmbiental, whose work in that audit was remarkable, developed the idea and designed Indimapa, which created quite a stir then and was presented at the International Intosai Congress in China.

7. Having in mind that the mentioned audit works stand out because they add new experiences to TCU, and because they can be adopted and implemented in other audits, what common features and gains need to be sought in other audits?

This is a very good question. I have to go back in time in order to answer it. In 2009, as a substitute minister and having a better knowledge of the proceedings of TCU, I estimated that the Court should adopt a long-term strategy to develop its financial audits. First, because this kind of performance underlined our historical background, and then, because it is an essential part of the legitimate exercise of our most sensitive political function, which is to issue a prior opinion on the President's accounts. The opinion is based on the analysis of the accounting and financial statements and the budgetary execution. After the structural analysis is conducted, we could advance towards the sector analysis of the economic policy. As I see it, we have a long way to go to enhance the Court's ability to further scrutinize the budgetary execution and the accounting of the government operations.

Since 2009, the financial audits at the Court have gained more space and attention. Besides being inherent to a supreme audit institution, this kind of audit provides insights to better conduct other audits and investigations. It is essential to obtain clues, signs, evidence of possible flaws either in the direct application of resources, or in the management, the execution or in the design of a certain government action. We have seen this happen with the setting up aid policy for land reform settlers, a program carried out by the National Institute for Colonization and Agrarian Reform (Incra), which was modified after the successive and continuing notes the Court made concerning the balance sheets of the superintendencies, since they did not reflect the essence of the program: funding.

I am convinced that, in addition to the typical work of operational audits and, now, governance, we should invest more of our energy in developing strategic models and research work processes, in investigation and timely detection of frauds and wastes in public administration, by means of more active actions. Moreover, not always this kind of action fits one of the three classic types of audit (compliance, financial or operational). This involves External Control Intelligence, a concept that belongs only to us and that should be developed. The Court has already been working on such actions. We have to create methodologies and promote, in the work environment, the culture to detect and fight, as soon as possible, events that can harm the public treasury and the public management efficiency.

8. How could public administration be improved, for the benefit of society, by means of external control?

It is important not to lose sight of the notion that the control over the sound and regular use of resources provided to the states by taxpayers is still one of our first objectives. We can combine, in a more intelligent and articulate way, our different forms of external control. For example, by conducting audits that use methods from financial, compliance and performance audits, in combination with other forms of intelligent information research. We have to clearly define what we are seeking and only then choose the tools we will be working with: a particular external control modality or a combination of them all.

Another important path is the accountability processes. They can be more deeply examined. They have become more comprehensive and full of information demanded by the Court itself. The management reports, prepared according to what has been determined by us, can and should be better used, and should be largely and actively disseminated.

The Federal Court of Accounts is an extraordinary institution with a great ability to prevent misuse of public resources, to induce efficiency gains in public management and enhance the exercise of citizenship. Some of the paths we can follow lie ahead such as improving institutional relationship with the National Congress; communicating more effectively with society, providing and receiving information and knowledge; harmoniously developing our broad spectrum of duties, from the investiga-

tion of complaints to governance evaluations. Other paths also include financial audits; improving coordination of our actions to avoid dispersion of efforts; seeking synergy in our actions related to decentralized use of federal resources, particularly with the courts of accounts of the states; and, maybe the most important one, being consistently guided by the value adding culture.

We are an increasingly well-known, observed and recognized institution. The expectations regarding the Court have grown. Fortunately, we can count on qualified people, with extraordinary will and talent, who will lead us to respond well to new challenges imposed to us by ourselves, because of the good results we have reached, and want to achieve.

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