



# INNOVATING TO TRANSFORM

## THE ROLE OF INNOVATION IN CREATING PUBLIC VALUE

**Fabiana Ruas Vieira**

Deputy Auditor-Chief of the Audit Department for Advancing Innovation in Oversight (InovaAud/TCU).

**Email:** fabianarv@tcu.gov.br

**Rommel Dias Marques Ribas Brandão**

Auditor-Chief of the Audit Department for Advancing Innovation in Oversight (InovaAud/TCU).

**Email:** rommeldm@tcu.gov.br

**Alexandre França de Araújo**

Head of oversight initiatives of the Audit Department for Advancing Innovation in Oversight (InovaAud/TCU).

**Email:** alexandrearaujo@tcu.gov.br

### INTRODUCTION

Over the years, the Brazilian Federal Court of Accounts (TCU) has steadily strengthened its innovation initiatives and gained recognition as an innovative institution. Through not only technological, but also organizational and cultural transformations, the Court has expanded its ability to create public value and generate positive impacts on both public administration and society. The creation of the Audit Department for Advancing Innovation in Oversight (InovaAud) (Brazil, 2025f) is part of this broader institutional evolution.

This article presents TCU's recent journey in promoting innovation; it outlines the principles and objectives behind InovaAud, and discusses how this new structure contributes to transforming oversight by connecting it more effectively to society's challenges.

### INSTITUTIONAL EVOLUTION: MILESTONES OF AN INNOVATIVE CULTURE

Over the past 15 years, the TCU has led innovations that go beyond the mere adoption of new technology. The implementation of the electronic case file management system (e-TCU), for instance, eliminated paper-based workflows between Court departments and modernized the administrative structure. Furthermore, the creation of specialized departments enabled a more strategic and in-depth approach to key public administration issues, shifting oversight focus from jurisdictional boundaries to public policies.



In 2015, the TCU began a pioneering journey in adopting user-centered methodologies such as design thinking, emphasizing empathy with stakeholders and solution prototyping – a strategy showcased in the Court's own Design Thinking Toolkit (2015). It also increased the number of discussions around the use of data analytics and artificial intelligence (AI), including advanced techniques like deep learning by public institutions (Brazil, 2023b, 2024b). This movement not only resulted in the development of new solutions but also contributed to a shift in institutional mindset, promoting a more experimentation-friendly environment rooted in active listening.

Other noteworthy developments include the promotion of innovative procurement within the public sector, through tools like Technology Procurement (Brazil, 2022b), and support for the implementation of the Brazilian Legal Framework for Startups (Brazil, 2021a). Additional milestones include the launch of the *TCU+Seguro* initiative (Brazil, 2021b), aimed at enhancing cybersecurity, and the institutionalization of diversity, equity, and inclusion as core principles. The TCU's recent position as Chair of the International Organization of Supreme Audit Institutions (INTOSAI) (Brazil, 2022a) and its appointment to the United Nations Board of Auditors (Brazil, 2024a) further elevated the Court's global standing and alignment with global best practices.

## THE TCU'S INNOVATION ECOSYSTEM

Today, innovation at the TCU is being structured and implemented as part of a robust institutional ecosystem that brings together various departments, staff members, external partners, and the broader community. The goal is to ensure that this ecosystem operates in sync to drive organizational improvements and foster the development of innovative solutions that benefit society.

Since 2015, with the launch of the TCU Innovation Program (InovaTCU) (Brazil, 2017), the Court has institutionalized innovative practices in its oversight activities, as well as in its management and governance processes. The InovaTCU program was designed to promote a culture of innovation, with support from the Serzedello Corrêa Capacity Development Institute (ISC), the TCU's school of government. One of the program's cornerstone actions was the creation of the Research and Innovation Center (CePI) (Brazil, 2019b), which led to the implementation of the Innovation and Co-Creation Lab (coLAB-i) (Brazil, 2019a).

The coLAB-i – the world's first innovation lab focused on government auditing – was created to promote innovation in public administration through collaboration among managers, oversight bodies, and civil society. It operates open innovation projects by scouting, testing, and scaling methodologies and solutions. In 2025, the coLAB-i became part of the Department of Strategy, Innovation and Organizational Transformation (Seta) (Brazil, 2025e), while maintaining a close partnership with the ISC.

According to the TCU's innovation policy (Brazil, 2025g), the Court's innovation ecosystem is structured as follows:



- General Coordination Committee (CCG) – responsible for setting strategic guidelines and ensuring that innovation is embedded in the institution’s long-term vision;
- TCU Innovation Committee (CITCU) – supports the CCG in monitoring, evaluating, and guiding innovation initiatives, and promotes strategic alignment across the Court;
- Department of Government Audit for Strategic Information and Innovation (Seinc) – fosters and coordinates innovation and technology development actions, promotes innovation culture, and expands the TCU’s innovation capacity in government auditing;
- ISC – coordinates, promotes, and disseminates scientific production and applied research in government auditing and public management, contributing to innovation within both the TCU and public administration;
- Department of Strategy, Innovation and Organizational Transformation (Seta) – proposes innovation policies and guidelines, coordinates their implementation, and monitors outcomes, in collaboration with internal and external stakeholders;
- coLAB-i – supports the development of open innovation projects aimed at generating knowledge and creating scalable experiences within the TCU and public administration;
- Department of Information Technology and Digital Evolution (Setid) – formulates and implements policies, guidelines, and priorities related to information technology, digital services, and the TCU’s digital strategy;
- Organizational leaders – identify the main challenges to be addressed, integrate innovation into workflows, foster a supportive environment for innovation and staff development, and encourage the creation of creative and effective solutions;
- Civil servant staff and external contractors – essential drivers of innovation who actively propose and participate in projects and initiatives;
- External partners – academic institutions, government agencies, the private sector, and civil society, which contribute to knowledge exchange and best practices; and
- Civil society – citizens and organizations that engage with TCU and help identify innovation opportunities and challenges.

## **CITIZENS AT THE CORE OF MANAGEMENT**

The 2025-2027 administration, led by Minister Vital do Rêgo, marks a turning point: in addition to a continued pursuit of technical excellence, it places the citizen at the heart of the TCU’s actions. The motto “It’s all about people” is more than just a slogan – it serves as a guiding principle for the institution’s strategic decisions.



The institutional video released at the beginning of the administration reinforces this idea. Without special effects, dramatic music, or institutional superlatives, it simply presents names – Maria, José, Valentina, João – and their stories. Ordinary people who represent the public that the TCU serves. Through this approach, the presidency invites every staff member and collaborator to reflect on the human impact of their work.

This commitment is reflected in the three guiding pillars below:

- **Citizen engagement** – listening to citizens, including them, and empowering them as active participants in the construction of public solutions.
- **Institutional dialogue** – strengthening partnerships and coordination with various entities and oversight institutions, governments, and civil society organizations.
- **People at the center** – recognizing that it is the staff, contractors, and interns who bring about transformation and ensure the delivery of public value.

## THE MEANING OF INNOVATION

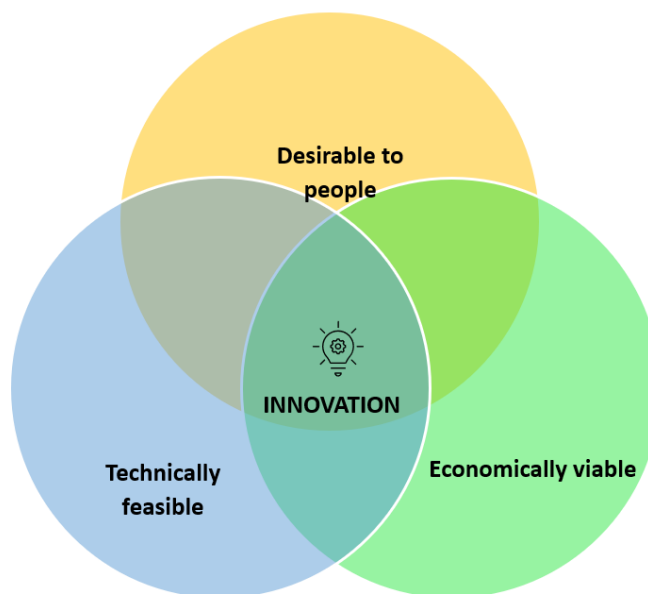
To innovate is to solve complex problems – the kind that cannot be addressed through traditional methods. It means creating new solutions, or adapting existing ones, that not only improve the effectiveness of public services and policies but also enhance the citizen experience. For a solution to be considered innovative, it must meet the following criteria:

- **Desirability** – it must solve a problem that has been clearly perceived by people and that is real and relevant to them;
- **Technical feasibility** – there must be the technology, knowledge, and technical means available to implement the solution; and
- **Economic viability** – the solution must be financially sustainable within the context in which it will be applied.

These three criteria define the intersection where innovation becomes both possible and meaningful, as illustrated in the following image.



Figure 1 – Innovation and Its Pillars



Source: prepared by the authors.

For many years, the TCU's innovation efforts focused heavily on the development of new technologies. The creation of technological solutions and the modernization of structures and workflows profoundly transformed how the Court operates. However, over time, a crucial dimension of innovation received little attention: whether these solutions were truly meeting people's needs – that is, whether they aligned with users' legitimate expectations that their real problems be recognized and solved.

The current administration calls for a rebalancing of this equation. Without discarding the technical progress achieved, the proposal is now to place people at the center of innovation. This represents a paradigm shift: it is not enough for a solution to be technically feasible or efficient – it must, above all, be meaningful to those who benefit from it. That requires active listening, empathy, and a willingness to co-create with citizens, staff, and public managers.

This new approach does not invalidate previous efforts; rather, it complements and deepens them. Desirability becomes just as important as technical and economic feasibility, increasing the impact of innovation and strengthening its social legitimacy. From this perspective, innovation can occur at multiple levels, as outlined below:

- **Individual innovation** – innovative practices applied by individuals in their day-to-day work.
- **Process innovation** – revision and improvement of institutional routines and workflows.
- **Organizational innovation** – changes in the TCU's structure and operating models.
- **Business model innovation** – new ways of creating and delivering value to society.



There are also different types of innovation, described below:

- **incremental** – brings continuous, small-scale improvements.
- **Disruptive** – implies radical change.
- **Open** – involves multiple stakeholders and sectors.
- **Procurement-based** – from the market.
- **Social** – generates positive impacts on people and communities.
- **Sustainable** – focused on the environment, governance, and social responsibility.

## CREATING INOVAAUD

Guided by this vision, InovaAud was created in 2025 (Brazil, 2025f). Linked to Seinc and operating under the General Secretariat for Government Audit (Segecex), the department was created to enhance the TCU's ability to innovate in a structured, strategically aligned and results-driven way. It has a dual mission: to foster a culture of innovation among staff and to promote concrete oversight initiatives that use new approaches, tools, technologies, and perspectives – especially those centered on the citizen experience – to ensure that audit outcomes and their impact on people's lives are even more meaningful.

InovaAud is organized into four complementary teams:

- **Innovative initiatives** – promotes flagship projects and supports experimentation with new auditing practices.
- **Innovative approaches** – encourages the adoption of practices, methods, and approaches that enable innovation, such as design thinking and agile methodologies.
- **Emerging technologies** – focuses on scouting and evaluating the use of technological innovations, such as AI, sensors, and blockchain.
- **Strategic alignment** – ensures that InovaAud's projects are in line with the TCU's management plan guidelines and aligned with the strategic priorities of technical departments.

Although InovaAud was created to drive innovation in government auditing, it is not – and cannot be – the sole hub for innovation within Segecex. Innovation is a shared responsibility of all units and staff. InovaAud's role is to catalyze and support innovations developed across Segecex, while also giving them visibility, promoting collaboration between teams, encouraging the use of emerging technologies and methods, and ensuring that initiatives are aligned with the most relevant public challenges.



To effectively generate public value, innovation must serve the organization's strategy. This means innovation initiatives should not be viewed as isolated or disconnected efforts but rather as instruments to achieve the strategic goals of both the Court and its technical departments. By aligning innovation with the plans and priorities set by each department, the institution expands its capacity to create impact — developing solutions that directly address the most pressing challenges in public administration. This alignment strengthens the intentionality of innovation and increases the likelihood that these solutions will scale and become sustainable.

## ONGOING INITIATIVES

Since its creation, InovaAud has been supporting projects with real potential to transform people's lives, such as the following:

- **Oversight of Highway Concessions with Citizen Participation** – an innovative model that combines open data, digital maps, and AI to engage citizens in assessing the conditions of roads operated by private concessionaires and in monitoring contract compliance. Coordinated by the Audit Department for Road Infrastructure and Civil Aviation (AudRodoviaAviação), this initiative seeks to improve service delivery through transparency and social accountability mechanisms that drive change and discourage contract violations (Brazil, 2025c).

By making information available on concessionaire responsibilities – such as road duplication works or other upgrades – the goal is to enable citizens and other stakeholders to help monitor whether services are being delivered as agreed (Brazil, 2025g).

- **Auditing on the Protection of the Elderly from Online Scams** – this project aims to map the joint efforts of various agencies and institutions to combat digital scams targeting people over 60. Coordinated by the Audit Department for National Defense and Public Security (AudDefesa), the audit assesses the actions of entities such as the Ministry of Justice and Public Security (MJSP), the Ministry of Human Rights and Citizenship (MDH), Bank of Brazil (BB), the Federal Police (PF), the Civil Police of the Federal District (PCDF), and the National Telecommunications Agency (Anatel), among others involved in prevention efforts (Brazil, 2025f).
- **Assessment of the User Journey in the Unified Health System (SUS)** – coordinated by the Audit Department for Health (AudSaúde), this project listens to patients in federal hospitals to understand their experiences, identify service bottlenecks, and build user-based performance indicators. The goal is to ensure that citizens' perceptions are treated as central inputs for hospital management decisions and for the formulation of public health policies (Brazil, 2025d).
- **The TCU in the Municipalities** – an innovative initiative that seeks to understand public issues from a local perspective, based on the experiences of public service users themselves. Its objective is to assess the effectiveness of federal public policies and drive



tangible improvements in people's lives. The main challenge is to design a new approach to external oversight that is centered on active listening and societal engagement – not only in identifying the most pressing issues, but also in proposing strategies to solve them. The initiative is coordinated by InovaAud, in close collaboration with the Department of Institutional Relations (SRI), and involves multiple TCU departments.

The first audit will focus on education. However, the broader goal is to develop a model that can be applied across different areas of oversight and, through firsthand understanding of local realities, provide valuable insights to inform more strategic audits of public policies – especially those aimed at converting public budgets into effective services and benefits for the population.

## PRINCIPLES AND VISION FOR THE FUTURE

InovaAud operates under the following principles, which guide its culture and practices:

- **Social Impact** – results must be measurable and benefit society.
- **Co-creation** – solutions are more effective when built collaboratively by different stakeholders.
- **Safe Experimentation (Sandbox)** – environments should allow for safe and controlled experimentation, enabling teams to test, fail, and learn from mistakes.
- **Transversality** – initiatives should be developed in coordination with other TCU departments and with actors across all levels of government.
- **Continuous Capacity Building** – staff must be equipped to innovate with method, ethics, and empathy.

At InovaAud, efforts are centered around the staff. This means recognizing that the capacity to innovate already exists within Segecex and that the department's role is to create conditions for staff to feel safe, motivated, and supported in proposing and testing new solutions. Designed to empower those on the front lines of oversight, InovaAud acts as a facilitator of innovation initiatives that arise from everyday technical work.

More than just a new organizational department, InovaAud represents a shift in mindset – an invitation to rethink how oversight can be conducted with greater institutional intelligence, closer engagement with citizens, and boldness to drive meaningful transformation.

## CONCLUSION

Through these many initiatives, the TCU has shown that it is possible to combine technical rigor with openness to innovation, institutional discipline with social empathy. InovaAud





emerges as both a tool and a symbol of this new phase in Brazil's government oversight – one that is more people-centered, more open to collaboration, and better prepared to tackle public challenges with creativity, responsibility, and courage.

Rather than a mere response to current problems, the initiative is an open call to active participation, lifelong learning, and collaborative efforts to build impactful solutions that can truly improve people's lives.

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