

Chapter 2

Audit objectives and reporting

This chapter analyses the objectives and reporting on Brazil’s Federal Court of Accounts (Tribunal de Contas da União, or TCU) audit of the consolidated year-end government report: the Accounts of the President of the Republic (Contas do Presidente da República, or CPR). The chapter addresses: i) the objectives of the audit of the CPR and the legal basis underpinning this TCU control and oversight process; ii) the extent that audit reporting clearly and concisely presents information on the audit objectives and main findings (i.e. opinion, qualifications and recommendations); and iii) the extent to which the audit report clearly substantiates the main findings using information on the tests conducted and the audit evidence identified. The analysis is framed by International Standards of Supreme Audit Institutions, specifically the “Basic Principles of Government Auditing” (ISSAI 100) and “Reporting Standards on Government Auditing” (ISSAI 400).

Introduction

This chapter analyses the objectives and reporting on the external audit of Brazil’s consolidated year-end government report by the Federal Court of Accounts (*Tribunal de Contas da União*, or TCU). The analysis is framed by *International Standards of Supreme Audit Institutions* (ISSAI), specifically the “Basic Principles in Government Auditing” and “Reporting Standards in Government Auditing”. The “Basic Principles in Government Auditing” (ISSAI 100) define the characteristics of regularity and performance audits – noting, however, that there can be overlap between the two – as instruments for promoting public accountability (INTOSAI, 2001a). Regularity audits are not limited to providing an attestation of financial accountability. Constitutional or statutory obligations may require a supreme audit institution (SAI) to provide “positive assurance” on other matters, such as compliance with budgetary laws, reconciling budgetary estimates and authorisation with the results set out in the financial statements, and the functioning of internal control (INTOSAI, 2001a).

The “Reporting Standards in Government Auditing” (ISSAI 400) define principles for the form and content of reporting for regularity and performance audits. Regularity audits include an opinion and often a supporting report containing information on the tests conducted and substantiating where material weaknesses and/or irregularities occur. A performance audit report includes evidence that highlights matters of serious concern to the public interest and public accountability, and assurance and/or constructive advice to enhance the economy, efficiency and effectiveness of the subject matter audited. Where an SAI is able to provide an overall opinion on the achievement of economy, efficiency and effectiveness in the same way as a regularity audit, the audit report should describe how specific main findings were reached. Moreover, the content of audit reporting should be easy to understand and free from vagueness or ambiguity, and include only information which is supported by competent and relevant audit evidence (INTOSAI, 2001b).

In analysing the objectives and reporting on the TCU audit of Brazil’s consolidated year-end government report – the Accounts of the President of the Republic of Brazil (*Contas do Presidente da República*, or CPR) – this chapter addresses the following questions:

- What are the objectives of the audit of the CPR, and the legal basis underpinning the objectives of this control and oversight process?
- Does audit reporting on the CPR provide clear and concise information about the audit objectives and main findings?
- How effectively does audit reporting on the CPR substantiate the main findings with information on the tests conducted and evidence identified?

The term “main findings” as used in this chapter refers to the audit opinion, qualifications and recommendations on the CPR. An audit opinion is normally in a standard format, which obviates having to state at length the findings of all audit tests but nonetheless conveys a message in an understandable context. Qualifications are material issues identified that may affect the audit main findings. Recommendations are suggestions to the federal executive in order to improve processes and enhance government reporting, performance and accountability.

The Organic Law on the TCU (Law 8 443/1992) grants Brazil’s SAI autonomy to define the objectives of the audit on the CPR, which it does through its Internal Rules. Audit reporting on the CPR is supported by an audit opinion and a supporting report (hereafter “audit report”). The audit opinion focuses on the regularity (i.e. the integrity) of the consolidated financial statements of the federal government – the General Balance of the Union (*Balanço Geral da União*, or BGU) – contained within the CPR as well as the compliance of budget execution with constitutional norms, laws and regulations. The audit report substantiates the audit opinion and includes a separate assessment of the federal government’s compliance with fiscal rules established in the Law on Fiscal Responsibility (Complementary Law 101/2000); the economy, efficiency and impact of resources managed by the federal executive; and the impact of the federal budget and financial administration on Brazil’s socio-economic development.

A key challenge facing audit reporting on the CPR is to ensure that main findings are accessible and clearly understood. As an immediate step, the TCU could align the form and content of its opinion with the principles contained in the “Reporting Standards in Government Auditing” (ISSAI 400). The TCU has already begun to identify gaps in its financial audit practices with international standards and good practice, beginning with the FY 2011 CPR. The TCU could also frame qualifications and recommendations in order to highlight their significance or expected impact on government accountability and performance; this too could better guide the primary audiences’ understanding.

The TCU could also strengthen the link between the audit report and main findings – and in the process, streamline the audit report –elaborating on material challenges and risks identified and that affect the main findings. At present a large share of the audit report appears disconnected from the main findings. The breadth of the audit report’s content raises concern that it overshadows the constitutional responsibility of the TCU to provide an opinion on the CPR. In doing so, the TCU could concurrently assess whether the impact of individual chapters in the audit report could be enhanced by linking them to the accountability and decision-making cycle. The audit of the CPR may not always be the most appropriate vehicle for communicating this information to decision makers within the executive and legislature, or the general public.

Formal audit objectives and reporting elements

The Organic Law on the TCU grants Brazil’s SAI the authority to set the objectives of its audit of the CPR. The objectives are subsequently defined in the TCU Internal Rules and, as of 2012, include:

1. an assessment of whether the BGU adequately represents the financial, budgetary, accounting and asset positions as of 31 December (i.e. the end of the fiscal year);
2. an assessment of whether the implementation of the federal budget, as well as other operations financed using federal public resources, complied with constitutional norms, laws and regulations;
3. an assessment of whether the federal government complied with the fiscal rules established in the Law on Fiscal Responsibility;¹
4. an assessment of the legitimacy, economy and efficiency of programmes in the Annual Budget Law (*Lei Orçamentária Anual*) and the achievement of goals in the Budget Directives Law (*Lei de Diretrizes Orçamentárias*) and Pluri-annual Plan (*Plano Plurianual*); and²

5. an assessment of the impact of the federal budget and financial administration on Brazil's socio-economic development.

As stated in the preceding section, reporting on the audit of the CPR is supported by two elements: the audit opinion and the audit report. These two reporting elements address different objectives, as defined in the TCU Internal Rules, and each has evolved over time (Table 2.1).

Taken as a whole, the objectives of the TCU audit of the CPR are broader than comparable external audit of the consolidated year-end government report in many countries. For example, the SAIs in Australia, Canada, South Africa and the United States, typically focus on the regularity of the consolidated year-end government report, i.e. corresponding with objectives (1) and (2) mentioned previously in the bullets defining the objective of the audit of the CPR. The TCU audit shares similarities with the comparable audits by SAIs in France, Mexico and Portugal, which also cover dimensions of performance (Table 2.2).

Table 2.1. Evolution of the objectives of the Brazilian Federal Court of Accounts' audit of the Accounts of the President of the Republic

1977 (1 st Federal Court of Accounts' Internal Rules)	1993 (2 nd Federal Court of Accounts' Internal Rules)	2002 (3 rd Federal Court of Accounts' Internal Rules)	2012 (4 th Federal Court of Accounts' Internal Rules)
A. Audit opinion, including :			
	Assessment of whether the BGU adequately represents the financial, budgetary, accounting & asset positions as of 31 December		
		Assessment of whether implementation of the federal budget, & other operations financed using federal public resources, complied with constitutional norms, laws & regulations	
B. Audit report, including:			
	Assessment of whether implementation of the federal budget, & other operations financed using federal public resources, complied with constitutional norms, laws & regulations		
			Assessment of compliance with the fiscal rules established in the Law on Fiscal Responsibility
		Assessment of the legitimacy, economy & efficiency of programmes financed by the federal budget & the achievement of goals established in the Pluri-annual Plan & Budget Directives Law	
	Assessment of the impact of the federal budget & financial administration on Brazil's socio-economic development		

Notes:

BGU = General Balance of the Union; CPR = Accounts of the President of the Republic.

Source: Adapted from TCU Resolution 14/1977 (1977 TCU Internal Rules), Arts. 85-86, 92; TCU Resolution 15/1993 (1993 TCU Internal Rules), Arts. 181-182; 2002 TCU Internal Rules (TCU Resolution 155/2002), Arts. 228-229; TCU Resolution 240/2011 (2012 TCU Internal Rules), Art 228-229.

Table 2.2. Objectives of the audit of the consolidated year-end government report in Brazil and selected countries

Country	Audit report(s)	A. Regularity				B. Performance			
		Attestation of financial accountability	Financial systems & transactions	Internal control & internal audit function	Compliance with budget & fiscal targets	Attestation of performance measures & monitoring arrangements	Economy of administrative activities	Efficiency in the utilisation of resources	Actual impact of activities compared with intended impact
Australia	Independent Auditors Report on the Consolidated Financial Statements for the Period Ended 30 June 20XX	●	●	●	0	0	0	0	0
	Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 20XX (supporting report)								
	Audit opinion on the Accounts of the President of the Republic (CPR)	●	●	●	0	0	0	0	0
Brazil	Audit report on the Accounts of the President of the Republic (CPR)	●	●	●	●	●	●	●	●
	Independent Auditor's Report on the Annual Financial Report of the Government of Canada	..	..	..	..	..	..	..	..
Canada	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Chile	Court of Audit Opinion on the State's Annual Financial Report	●	0	●	●	●	●	0	●
	Court of Audit Report on the Execution of Financial Laws (supporting report)	●	●	●	●	●	●	●	●
	Court of Audit Opinion on the Social Security Accounts	●	●	●	●	●	●	●	●
France	Court of Audit Annual Report on the Social Security Account (supporting report)	●	●	●	●	●	●	●	●
	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Germany	Annual Audit Report on the Public Accounts	●	●	●	●	●	●	●	●
Mexico		●	●	●	●	●	●	●	●

Table 2.2. Objectives of the audit of the consolidated year-end government report in Brazil and selected countries (cont.)

Country	Audit report(s)	A. Regularity					B. Performance			
		Attestation of financial accountability	Financial systems & transactions	Internal control & internal audit function	Compliance with budget & fiscal targets	Attestation of performance measures & monitoring arrangements	Economy of administrative activities	Efficiency in the utilisation of resources	Actual impact of activities compared with intended impact	
Netherlands	..	..	..	..	..	..	..	..	..
Portugal	Opinion on the General State Accounts Report of the Auditor-General to Parliament on the Consolidated Financial Statements of the National Departments, the National Revenue Fund, State Debt & Loan Accounts of the National Treasury	●	●	●	●	0	●	●	●	
South Africa	General Report on National Audit Outcomes (supporting report)	●	●	●	●	0	0	0	0	
Spain	..	0	●	●	●	0	●	●	●	
United Kingdom	Certification & Report of the Comptroller & the Auditor General on the Whole of Government Accounts	●	●	●	0	0	0	0	0	
United States	Statement of the Acting Comptroller General of the United States	●	●	●	0	0	0	0	0	

Notes:

● = Yes, 0 = No; n.a. = Not applicable (no audit of the consolidated year-end government report); .. = Missing data.

Australia: In late 2011, the Auditor-General Act 1997 was amended to give the Auditor-General (and the Australia National Audit Office) explicit authority to undertake audits of the appropriateness of key performance indicators as presented in public sector entities' Portfolio Budget Statements and subsequently, the completeness and accuracy with which they are reported in these entities' annual reports. A pilot is under way to establish a methodology and approach for undertaking this work. In the medium term (approximately 3-4 years), if ongoing funding for this function is provided to the ANAO, it is likely that an audit of the appropriateness of key performance indicators and the completeness and accuracy of their reporting will be included as part of each public sector entities' annual financial statements audit and subsequently, the year-end government report.

Source: Response options adapted from INTOSAI (2001), "Basic Principles in Government Auditing", *International Standards of Supreme Audit Institutions* (ISSAI), 100, INTOSAI Professional Standards Committee, Copenhagen, www.issai.org.

While the audit opinion on the CPR is a short one-page document, the audit report is structured into nine chapters spanning over 500 pages. Chapters 2 through 5 of the audit report correspond with one or two of the audit objectives discussed in preceding paragraphs (Table 2.3). Chapter 8 includes a synthesis of the conclusions, listing the TCU qualifications and recommendations.

Table 2.3. Link between the audit report on the FY 2011 Accounts of the President of the Republic and audit objectives as defined by the Brazilian Federal Court of Accounts' Internal Rules

Chapter of the TCU audit report	Link to the TCU audit objective / scope	Chapter content
1. Introduction	n.a.	
2. Brazil's economic performance	An assessment of the impact of the federal budget & financial administration on Brazil's socio-economic development	Assessment of the federal government's fiscal, monetary & credit policies, including <i>i)</i> achievement of the federal government's inflation & employment targets & <i>ii)</i> compliance with the federal government's public debt targets
3. [Compliance of] Budget execution [with budgetary laws & regulations]	An assessment of whether implementation of the federal budget, & other operations financed using federal public resources, have complied with constitutional norms, laws & regulations & An assessment of whether the federal government complied with the fiscal rules established in the Law on Fiscal Responsibility	Assessment of federal revenue collection & compliance with fiscal targets to achieve a primary surplus Assessment of tax expenditure including trends, the management of such expenditure by government systems, & the impact of tax expenditure against policy goals Assessment of the collection of administrative fines, including collection performance by public sector entities, the functioning of government systems to monitor collection, & measures adopted to increase collection Assessment of the volume, composition & collection of federal collectable debt Assessment of implementation of the federal government's priority actions defined in the Budget Directives Law Assessment of government expenditure, by expenditure type & function of government, & compliance with ceilings/limits defined in the Budget Directives Law Assessment of the federal executive's compliance with the Law on Fiscal Responsibility Assessment of the evolution & compliance the investment budgets of state-owned & mixed-capital enterprises financed by the federal government
4. [Compliance & performance of] Government sectoral actions	An assessment of the legitimacy, economy & efficiency of programmes in the Annual Budget Law & the achievement of goals in the Budget Directives Law & Pluri-annual Plan	Assessment of the financial & physical implementation of the Pluri-annual Plan targets & the functioning of systems that support its monitoring & reporting Assessment of financial & physical implementation of the Growth Acceleration Programme & the functioning of systems that support its monitoring & reporting Assessment of the financial & physical implementation of the Annual Budget Law & compliance with constitutional expenditure targets for health, education & irrigation
5. [Regularity of the] BGU	An assessment of whether the BGU adequately represent its financial, budgetary, accounting & asset positions as of 31 December	
6. [Assessment of] Thematic topic(s)	n.a.	Discussion of one or more special topic(s) selected by the TCU minister responsible for the audit of CPR (i.e. the rapporteur)
7. [Status of] Recommendations from previous audit of the CPR	n.a.	Assessment of the implementation of the TCU recommendations from the previous audit of the CPR
8. Conclusions	Synthesis of the findings presented in Chapters 2 through 6, as well as TCU qualifications & recommendations	
9. [TCU] Audit opinion	Synthesis of the findings presented in Chapters 3 & 5	

Notes:

BGU = General Balance of the Union; CPR = Accounts of the President of the Republic; TCU = Federal Court of Accounts; n.a. = Not applicable.

A number of the changes to the audit report on the CPR are not attributed to changes in the TCU Internal Rules. For example, in the mid-1970s, the TCU began including a chapter dedicated to specific thematic topics in the audit report, i.e. Chapter 6. This chapter often focused on urban and regional development programmes in the 1970s and on privatisation and social security in the 1980s. Recent thematic topics have included government actions to support sustainable growth within Brazil's economy (FY 2011), the effectiveness of regulatory agencies in protecting consumer rights (FY 2010), and agricultural priorities, actors, programmes and resourcing (FY 2009) (Table 2.4). More recently, the TCU has sought to develop Chapter 4 of its audit report that focuses on the compliance and performance of government sectoral actions.

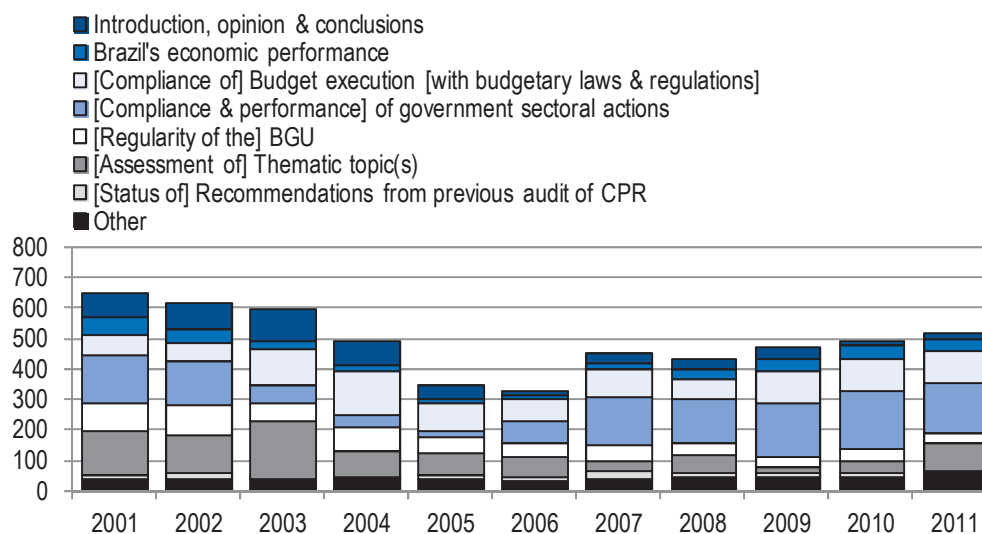
Table 2.4. Thematic topics included in the Brazilian Federal Court of Accounts' audit report on the Accounts of the President of the Republic

Audited fiscal year	Thematic topic(s)
2011	Government actions to support sustainable growth in Brazil
2010	The effectiveness of regulatory agencies in protecting consumers' rights Challenges facing urban mobility & deficiencies in urban planning
2009	Agrarian reform priorities, actors, programmes & resourcing
2008	Key education programmes & TCU control & oversight of each Key social welfare programmes & accountability mechanisms for their delivery Government efficiency in selected sectors
2007	Key infrastructure sectors & recent TCU control & oversight of each
2006	Planning, execution & oversight of voluntarily inter-governmental fiscal transfers The electoral courts & their oversight of electoral campaigns Major federal government assets in Latin America
2005	The roles, responsibilities & performance of Brazil's anti-corruption institutions Challenges for creating an effective system of social control (i.e. citizen oversight)
2004	Main government actions to promote infrastructure in different sectors
2003	Impact of federal government policies to mitigate public violence Sustainability of the public social security system Key programmes for supporting food security among low-income populations
2002	Impact of the budget balance on federal public debt Efficacy of federal policies to reduce regional socio-economic inequality The military programme for surveillance & protection of the Amazon region
2001	Impact of outsourcing on human resources management in public sector entities "Alvorada" project: Federal government project to enhance outcomes in 17 public programmes "Brazil Entrepreneur" programme: Federal government programme intended to support small & medium-size enterprises REFIS Programme: Federal government programme to refinance unpaid government debt Government funding of the penitentiary system The causes, consequences & government actions to address Brazil's energy crisis

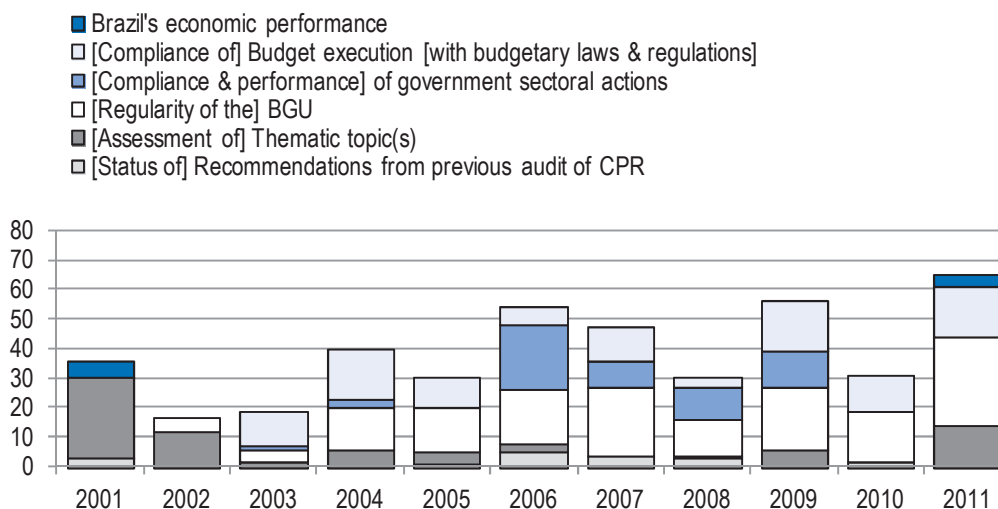
Moreover, the focus of the TCU audit report on the CPR has changed over the last decade, as evidenced by the varying relative attention accorded to different chapters: both in terms of page numbers as well as the number of qualifications and recommendations. Between FY 2001 and FY 2010 the audit report shifted focus from thematic topics (2001-02) to compliance of budget execution with budgetary laws and regulations (2003-04), regularity of the BGU (2004-06 and 2010) and compliance and performance of government sectoral actions (2007-09) (Figure 2.1). Between FY 2001 and FY 2006 there was also an effort to reduce the size of the report, though this trend has since been reversed with a renewed focus on the compliance and performance of government sectoral actions.

Figure 2.1. Evolution of the Brazilian Federal Court of Accounts' audit report on the Accounts of the President of the Republic

A. Page numbers by report chapter, by audited fiscal year



B. Number of qualifications and recommendations by report chapter, by audited fiscal year



Notes:

BGU = General Balance of the Union; CPR = Accounts of the President of the Republic; TCU = Federal Court of Accounts; "Other" refers to material such as the table of contents, chapter cover pages, etc.

Clarity of reported objectives and main findings

This section compares the TCU audit opinion on the CPR against the principles for government audit reporting established in ISSAI 400, and the clarity of the qualifications and recommendations. The analysis highlights that the TCU could enhance clarity of its audit opinion on the CPR particularly with respect to *i)* the subject matter to which it refers (i.e. that the opinion explicitly relates to the CPR); *ii)* the objective of the audit opinion, providing “positive assurance” of what is being tested and “negative assurance” of what is not being tested; *iii)* the audit standards followed in conducting the audit; and *iv)* the presentation of the audit opinion. Moreover, the TCU could frame its other audit conclusions in order to highlight the significance and expected impact of addressing the qualifications and implementing the recommendations on government accountability and performance; this too could better guide the primary audiences’ understanding.

Aligning the opinion with international standards to better guide audiences’ understanding of its meaning

The audit opinion on the CPR could be aligned with the principles for the form and content of audit reporting recognised in ISSAI 400; many of these are currently not addressed (Table 2.5). ISSAI 400 states that the form and content of audit reporting should include *i)* clear identification of subject matter; *ii)* the objectives of audit; *iii)* the legal basis for the audit; *iv)* the relevant audit standards followed in conducting the audit; *v)* the use of a suitable title for audit reporting; *vi)* completeness of audit reporting with the subject matter; *vii)* details on to whom the audit is addressed; and *viii)* the signature and date of the issuing authority.

The audit opinion could more clearly identify the subject matter to which it refers, i.e. the title of the document to which the opinion relates. As it is, the audit opinion makes reference to the “Accounts of the Federal Executive” (*Contas do Poder Executivo*) and the relevant articles of the 1988 Constitution that oblige the President of the Republic to render accounts and for the TCU to issue an audit opinion on these accounts. There is, however, no mention in the audit opinion of the precise title of the CPR presented to the National Congress – i.e. the CPR for Fiscal Year 20XX. Moreover, the audit opinion states that it is based on TCU analysis of the BGU and the report by the central authority for Internal Control System of the Federal Public Administration – but it does not clearly state that these two elements collectively make up the CPR, as defined in the Organic Law on the TCU.

Clear identification of the subject matter is particularly significant as the audit opinion on the CPR is not characterised by “completeness”: i.e. the opinion is not appended to and published together as one with the CPR. Rather, the audit opinion is appended to and published together with the audit report. The incompleteness of the audit opinion is a consequence of the process for consolidated year-end government reporting, as defined in the Constitution since 1934: the TCU audits the CPR after the President of the Republic has presented it to the National Congress. New technologies, however, could enable the audit opinion to be appended to, and presented together with, the online version of the CPR. At present the electronic version of the CPR and audit opinion remain separate and distinct documents. The TCU does not provide a hyperlink from the dedicated webpage hosting its audit opinion to the dedicated webpage hosting the CPR.

The audit opinion on the CPR could explicitly and unambiguously articulate the objective of this control and oversight process, recalling that defined in the TCU Internal Rules. The audit opinion on the FY 2011 CPR makes only implicit reference to the audit objective; nonetheless, that opinion represents an improvement on previous opinions for the CPR. For example, the audit opinion on the FY 2010 CPR made no reference to whether budget execution, and other operations financed by federal public resources, complied with the constitutional norms, laws and regulations. As noted previously, this is one of the objectives of the audit opinion defined in the TCU Internal Rules since 2002. However, in practice, the TCU does not make explicit what is being assessed, and what is not in its opinion.

Moreover, the ambiguity of past audit opinions on the CPR was heightened because the wording made reference to objectives of the audit report, implying that the audit opinion also covered these objectives. Specifically, the audit opinion made reference to providing “*i*) an assessment of whether implementation of the federal budget, and other operations financed using federal public resources, complied with constitutional norms, laws and regulations; *ii*) the legitimacy, efficiency and economy of programmes in the Annual Budget Law and the achievement of goals in the Budget Directives Law and Pluri-annual Plan; and *iii*) the impact of federal budgetary and financial administration on Brazil’s socio-economic development”. This wording was removed from the audit opinion on the FY 2011 CPR.

The audit opinion could make reference to the standards or practices followed in conducting the audit, how these standards compare with generally accepted audit standards – as well as how the standards may be different to those used in the same audit from the previous year. The only reference to standards in the audit opinion is that the opinion seeks to assess whether the BGR is based on “applicable federal accounting standards”. Reference to audit standards can assure audiences that the audit has been carried out in accordance with generally accepted practices, and it comparable with other public and private sector audits – and even other TCU control and oversight processes. Information about changes in the audit standards and practices, can help audiences understand differences in the main findings between years, especially as the TCU enhances its audit capabilities and refines its audit strategies.

The TCU could state the meaning of its audit opinion in a format that is consistent with its audits of year-end and *ad hoc* reports of individual accountable officials. The audit opinion on the CPR has been “approved, with qualifications” for the last decade. This format is not consistent with the opinions for the audits of year-end and *ad hoc* reports of individual accountable officials (Table 2.6). The TCU explains that the different format of the audit opinion on the CPR reflects its broad scope compared with those other audits. However, an audit opinion need not be limited simply to one objective. If deemed necessary, the TCU could issue different opinions for its various audit objectives, such as: *i*) whether the BGR adequately represents the financial, budgetary, accounting and asset positions as of 31 December; and *ii*) whether the implementation of the federal budget, as well as other operations financed using federal public resources, complied with constitutional norms, laws and regulations. In the longer term, and in line with emerging good practice, the TCU may include an opinion on the reliability of non-financial information included in the CPR.

Table 2.5. Content and presentation of supreme audit institution's audit opinion on the consolidated year-end government report in Brazil and selected countries

Country	Name of audit report	Audited fiscal Year	Identification of subject matter	Audit objective	Legal basis	Compliance with audit standards	Suitable title	Completeness	Details on addressee	Signature & date
Australia	Independent Auditors Report on the Consolidated Financial Statements for the Year Ended 30 June 20XX	2010/2011	•	•	•	•	•	•	•	•
Brazil	Audit opinion on the Accounts of the "Federal Executive"	2010	0	0	•	0	•	0	0	0
	Audit opinion on the Accounts of the "Federal Executive"	2011	0	0	•	0	•	0	0	•
Canada	Independent Auditor's Report on the Annual Financial Report of the Government of Canada, Fiscal Year 20XX	2010/2011	•	•	•	•	•	•	•	•
Chile	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
France	Court of Audit Opinion on the State's Annual Financial Report 20XX	2010	0	•	•	•	•	•	0	0
Germany	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mexico	Annual Audit Report on the Public Accounts	2010	•	•	•	•	•	•	•	•
Netherlands	..	..	..	..	..	..	..	..	..	..
Portugal	Opinion on the 20XX General State Accounts Report of the Auditor-General to Parliament on the Consolidated Financial Statements of the National Departments, the National Revenue Fund, and State Debt & Loan Accounts of the National Treasury	2010	•	•	•	•	•	0	•	•
South Africa	..	2010	•	•	•	•	•	•	•	•
Spain	..	2010	•	•	•	•	•	•	•	•
United Kingdom	Certification & Report of the Comptroller & the Auditor General on the Whole of Government Accounts, Year Ended 31 March 20XX	2009/2010	•	•	•	•	•	•	•	•
United States	Statement of the Acting Comptroller General of the United States	2010	•	•	0	•	•	•	•	•

Notes:

• = Yes, 0 = No; n.a. = Not applicable (i.e. no audit of the consolidated year-end government report); .. = Missing data.

Identification of subject matter: The opinion should identify the financial statements to which it relates, including the name of the audited entity and the period covered by the financial statements and the subject that has been audited.

Objectives and scope: The opinion should include reference to the objectives and scope of the audit as a basis for establishing the audit’s purpose and boundaries.

Legal basis: Audit opinions should identify the legislation or other authority providing for the audit.

Compliance with standards: Audit opinions should indicate the auditing standards or practices followed in conducting the audit, thus assuring the reader that the audit has been carried out in accordance with generally accepted procedures.

Suitable title: The opinion should be preceded by a suitable title or heading, helping the reader distinguish it from statements and information issued by others.

Signature and date: The opinion should be properly signed. The inclusion of a date informs the reader that consideration has been given to the effect of events or transactions about which the auditor was aware up to that date.

Details on addressee: The opinion identifies those to whom it is addressed, as required by the circumstances of the audit engagement and local regulations or practice. This may be unnecessary where formal procedures exist for its delivery.

Completeness: The opinion should be appended to and bound with the financial statements to which they relate.

Source: Definitions adapted from INTOSAI (2001), “Reporting Standards in Government Auditing”, *International Standards of Supreme Audit Institution (ISSAI)*, 400, INTOSAI Professional Standards Committee, Copenhagen, www.intosai.org.

Table 2.6. Format for the Brazilian Federal Court of Accounts’ audit opinions on the year-end and *ad hoc* reports of accountable officials

Format of audit opinions as defined by Organic Law on the TCU (Federal Law 8 443/1992)	Format of audit opinions as defined by <i>International Standards of Supreme Audit Institutions</i> (ISSAI 400)
<p>A regular (<i>regular</i>) opinion is given when the TCU concludes that the year-end report/<i>ad hoc</i> accounts provide a clear and objective view of the financial statement and the legality, legitimacy and economy of management actions of accountable officials (Art. 16.I)</p>	<p>An unqualified opinion is given when the auditor is satisfied in all material respects that: <i>i</i>) the financial statements have been prepared using acceptable accounting bases and policies that have been consistently applied; <i>ii</i>) the statements comply with statutory requirements and relevant regulations; <i>iii</i>) the view presented by the financial statements is consistent with the internal audit’s knowledge of the audited organisation; and <i>iv</i>) there is adequate disclosure of all material matters relevant to the financial statements (Para. 10)</p>
<p>A regular opinion with qualifications (<i>regular com ressalva</i>) is given when the TCU concludes that there is evidence that the financial statement is misstated or includes identified errors that do not result in a loss to the state treasury (Art. 16.II)</p>	<p>A qualified opinion is given where the auditor disagrees with, or is uncertain about one or more particular items in, the financial statements that are material but not fundamental to an understanding of the statements. The wording of a qualified opinion normally indicates a satisfactory outcome of the audit subject to a clear and concise statement of the matters of disagreement or uncertainty giving rise to the qualified opinion. It helps the users of the statements if the financial effect of the uncertainty or disagreement is quantified by the auditor, although this is not always practicable or relevant (Para. 13)</p>
<p>An irregular (<i>irregular</i>) opinion is given when the TCU finds evidence of: <i>i</i>) failure to submit a year-end report/accounts; <i>ii</i>) illegal, illegitimate or uneconomical management practices, or a violation of laws and/or regulations related to accounting, financial, budgetary, operational or asset management; <i>iii</i>) loss to the state treasury attributed to an illegitimate or uneconomical management act; <i>iii</i>) embezzlement or misappropriation of public funds, goods or assets. The TCU may also issue an adverse opinion in the case of recurring non-compliance with past audit determination(s) (Art. 16.III)</p>	<p>An adverse opinion is given where the auditor is unable to form an opinion on the financial statements taken as a whole, due to disagreement which is so fundamental that it undermines the position presented to the extent that an opinion which is qualified in certain respects would not be adequate. The wording of such an opinion makes clear that the financial statements are not fairly stated, specifying clearly and concisely all the matters of disagreement. Again, it is helpful if the financial effect of the financial statements is quantified where relevant and practicable (Para. 14)</p>
<p>Accounts are considered “unsettleable” (<i>Ilíquidáveis</i>) if the TCU finds due to a fortuity or to force majeure, proven alien to the will of the accountable official, it becomes materially impossible to issue an opinion (Art. 19)</p>	<p>A disclaimer is given where the auditor is unable to arrive at an opinion regarding the financial statements taken as a whole due to an uncertainty or scope restriction that is so fundamental that an opinion that is qualified in certain respects would not be adequate. The wording of such a disclaimer makes clear that an opinion cannot be given, specifying clearly and concisely all matters of uncertainty (Para. 15)</p>

Notes: ISSAI = International Standards of Supreme Audit Institutions; TCU = Federal Court of Accounts.

Source: Adapted from INTOSAI (2001), “Reporting Standards in Government Auditing”, *International Standards of Supreme Audit Institutions* (ISSAI) 400, INTOSAI Professional Standard Committee Secretariat, Copenhagen, www.issai.org; Organic Law on the TCU (Federal Law 8 443/1992).

From a presentational perspective, the audit opinion on the CPR published on the TCU website could be made more consistent between years and with the version transmitted to the National Congress. For example, the audit report on the FY 2010 CPR included only the draft and not the final opinion of the TCU Plenary. There was no reference to the votes of the individual TCU ministers – as is required by the Organic Law on the TCU – or the remarks by the TCU President and TCU Prosecutor General as in previous audit reports. Moreover, the audit report did not include the decision of the TCU Plenary, as was included in the audit reports for the FY2008 and FY 2009 CPR (Table 2.7). While the print version of the audit report transmitted to the National Congress contains this information, it could also be provided to members of the public

who access the documentation through the TCU website – the main channel that the audit report is accessed (see Chapter 4 of this peer review).

Table 2.7. Materials accompanying the Brazilian Federal Court of Accounts’ audit of the Accounts of the President of the Republic

Audited fiscal year	A. Related to content			B. Related to process	
	Draft TCU opinion	Voted TCU opinion	TCU Plenary decision	Votes of individual TCU ministers	Remarks by TCU President & TCU Prosecutor General
2001	●	●	0	●	●
2002	●	●	0	●	●
2003	●	●	0	●	●
2004	●	●	0	●	●
2005	0	●	0	●	0
2006	0	●	0	●	●
2007	0	●	0	●	●
2008	0	●	●	●	●
2009	0	●	●	●	●
2010	●	0	0	0	0
2011	0	●	0	0	0

Notes:

TCU = Federal Court of Accounts; ● = Yes, 0 = No.

Reference to opinion in FY 2000-06 refers only to the opinion on the federal executive and not the opinions on year-end reports of the Federal Senate, Chamber of Deputies, Federal Supreme Court (*Supremo Tribunal Federal*), Superior Court of Justice (*Superior Tribunal de Justiça*), Federal Courts (*Justiça Federal*), Labour Courts (*Justiça Trabalhista*), Electoral Reports (*Justiça Eleitoral*), Military Courts (*Justiça Militar*), the Courts of the Federal District and Territories (*Justiça do Distrito Federal e Territórios*) and the Public Prosecutor of the Union (*Ministério Público da União*).

Framing main findings to highlight their significance for accountability and performance

The main findings presented in the Chapter 8 of the audit report on the CPR, i.e. “Conclusions”, tend to be technical and presented in an abstract manner. The TCU does not seek to explain why qualifications matter in relation to the audit objectives, or how addressing the qualifications and implementing recommendations can contribute to a “cleaner” audit opinion and enhanced accountability and performance. Explaining clearly the significance of qualifications and/or the rationale for implementing recommendations can empower audiences of the TCU audit report to hold the government to account. The TCU could also delineate qualifications and recommendations that apply to the audit opinion and other audit objectives defined in the TCU Internal Rules, i.e. compliance with the fiscal rules established in the Law on Fiscal Responsibility; the legitimacy, economy and efficiency of programmes in the Annual Budget Law and achievement of goals in the Budget Directives Law and Pluri-annual Plan; and the impact of the federal budget and financial administration on Brazil’s socio-economic development.

Role of the audit report supporting the main findings

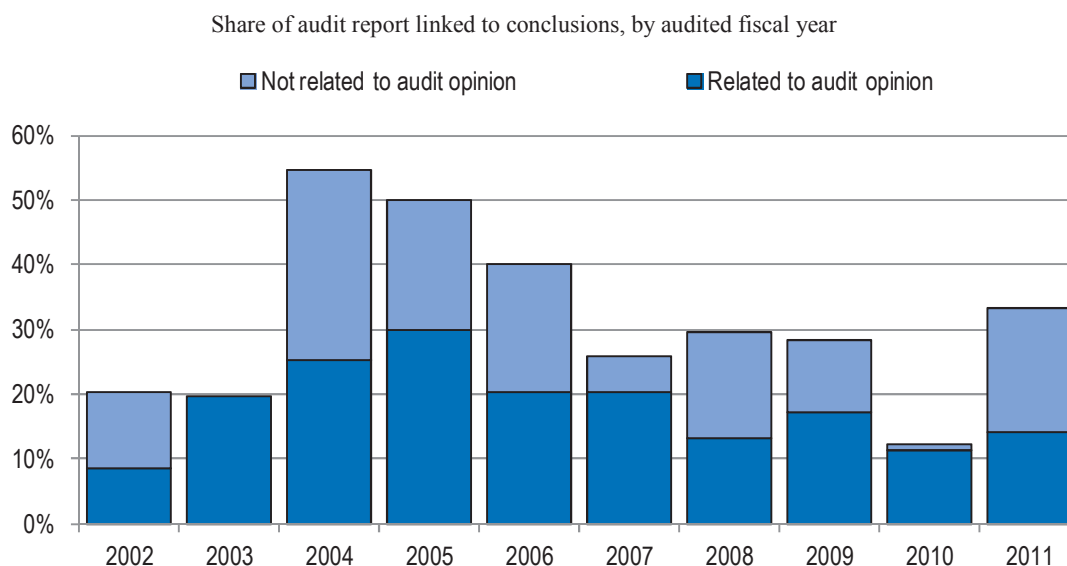
This section assesses the role of the audit report on the CPR and the compares its content with the standards established in ISSAI 400. The analysis highlights that the TCU could consider two specific actions to enhance the role of the audit report. First and foremost, the TCU could strengthen the link between the audit report and main findings, emphasising the role of the audit report to present information on the audit tests and relevant evidence necessary to support understanding of the main findings. The TCU could also concurrently assess whether specific elements of the current audit report could

be better served as stand-alone products linked more closely with accountability and decision-making processes in government. The audit of the CPR may not always be the most appropriate vehicle for communicating this information to decision makers within the executive and legislature, or the general public.

Strengthen the link between the audit report and its main findings, presenting information on audit tests and relevant audit evidence

A key challenge facing the TCU is the disconnect between the content of its audit report and the main findings on the CPR (i.e. opinion, qualifications and recommendations). The audit report appears to have overshadowed the main findings, foremost among them the audit opinion on the CPR. The audit report could be focused to provide information on the tests conducted and evidence supporting the main findings. The link between the audit report and main findings is relatively weak, and has declined significantly between the audits of the FY 2004 and FY 2011 CPR (Figure 2.2). Approximately 55% of the content of the audit report on the FY 2004 CPR was linked to the conclusions, approximately half of which was attributed to the chapters containing analysis related to the audit opinion. In comparison, only 13% of content of the audit report on the FY 2010 CPR was linked to the conclusions, almost of all of which was attributed to chapters containing analysis related to the audit opinion. Although the link between the audit report and conclusions increased for the FY 2011 CPR, the relationship is still limited and raises questions about the rationale for including content not linked directly to the audit conclusions.

Figure 2.2. Link between the Brazilian Federal Court of Accounts' audit report and conclusions on the Accounts of the President of the Republic



Notes:

“Related to audit opinion” = Chapters 3 (“[Compliance of] Budget execution [with budgetary laws & regulations]”) & 5 (“[Regularity of the] BGU”)

“Not related to audit opinion” = Chapters 2 (“Brazil’s economic performance”), 4 (“[Compliance & performance of] Government sectoral actions”) & 6 (“[Assessment] of Thematic topic(s)”).

See Annex 2.A1 for methodology.

The current state of the audit report on the CPR can be seen as a response to two main factors: *i)* a general concern over federal government financial reporting and; *ii)* a desire to use this audit report to communicate conclusions and raise the visibility of other TCU control and oversight processes conducted during the previous fiscal year. Table 2.8 presents a summary of these concerns/challenges, their hypothesised impact on audit reporting on the CPR, the situation today and expected situation in the future. Improvements in government reporting by the federal executive and enhanced TCU communications raise the question as to the need to use the audit report on the CPR as it is today.

Table 2.8. Factors contributing to the current state of the audit report on the Accounts of the President of the Republic

Previous challenges	Hypothesised impact on audit reporting on CPR	Situation today	Expected situation in the future
A. External to the TCU: Concern over federal government reporting			
Systemic weaknesses over the Internal Control System of the Federal Public Administration, including concern over the independence of internal audit	TCU sought to provide a parallel narrative to the CPR in its audit of this report, in order to provide independent information to National Congress & the general public	Internal audit function centralised within CGU; attention focused on introducing a risk-based approach & use of new techniques; however, internal control still remit of internal auditors, not managers	More risk-based approach to internal control within the federal public administration, providing more reliable information in the CPR
CPR voluminous & indigestible - 5 000 pages, 6 volumes - undermining effective transparency in financial reporting	TCU sought to make information contained in the CPR more digestible for the National Congress & the general public	CPR has been condensed with the objective of making information more transparent (1 300 pages, 1 volume)	Federal executive to improve usability of CPR, reflecting commitments to international agreements (e.g. Open Government Partnership, Global Initiative on Fiscal Transparency)
B. Internal within the TCU: Promoting the visibility of control and oversight processes			
Limited interaction between TCU & National Congress (& committees) – focused only on year-end report & quarterly activity reporting, as outlined in the Organic Law on the TCU		Growing interaction between the TCU & the National Congress (& its committees) with a revised mandate of the TCU Congressional Advisory Service since 2008 & a policy of proactive engagement with the National Congress	Continuation of situation today
TCU communications function focused narrowly on publishing information on its decisions & reports, preparing TCU ministers on media engagement, & strengthening internal communications	TCU sought to use year-end report to raise awareness of the findings of its main control & oversight activities conducted during the previous reporting period	Improved reporting to the media & other external stakeholders, with a revised mandate for the TCU Secretariat of Social Communications & a policy of proactive communication	Development of a TCU institutional & product-specific communications strategy, drawing on an understanding of the needs of specific audiences & targeted communications research
Limited availability of TCU instruments to provide a whole-of-government level, with most activities focusing at a micro-level, not permitting the elevation of cross-cutting issues & risks within the public administration		TCU has begun to publish thematic reports presenting main challenges & risks facing the federal government, aggregating main findings & recommendations (e.g. public works, 2014 World Cup, 2016 Olympics)	More systematic publication of thematic reports presenting main challenges & risks facing the federal government, aggregating main findings & recommendations for all government sectors/ functions

Notes: CGU = Office of the Comptroller General of the Union; CPR = Accounts of the President of the Republic; TCU = Federal Court of Accounts.

As a result of discussions linked to this peer review, the TCU has already taken action to partially address this observation. For example, Chapter 5 of the audit report on the FY 2011 CPR was significantly reconfigured to provide only information that substantiates its qualifications and recommendations on the BGU. This marks a departure from the previous audit report in which the analysis on the BGU was descriptive. This is not the case for the other chapters of the audit report which continue to provide a narrative of the federal executive's performance rather than presenting information on key risks and challenges affecting government reporting and performance substantiated by audit tests. In addition, the audit conclusions on the FY 2011 CPR included, for the first time, explicit reference to the relevant chapter and section that they were related.

The TCU could further address this disconnect by questioning the role of the audit report to provide a narrative of government performance and to communicate conclusions from other control and oversight processes.

Question the role of the audit report to provide a narrative of government performance

The TCU audit report of the CPR appears to provide a narrative of the federal executive's performance over the last fiscal year. Chapters 2, 3 and 4 of the audit report closely follow the structure and content of the CPR (Table 2.9). Moreover, the audit report does not systematically assess the information reported in the CPR but presents a separate assessment of government performance using information from many of the same sources as the federal executive. For example, Chapters 3 and 4 of the audit report on compliance with budget execution and performance of government sectoral actions, respectively, do not discuss information reported in the corresponding parts of the CPR. Instead, the TCU sources information from the federal executive's management information systems and other materials requested from the federal executive by the TCU. Similarly, Chapter 2 of the audit report focuses on Brazil's economic performance does not discuss information contained in Part I of the CPR. Rather, the TCU presents its own assessment using data from public sector entities released after the CPR has been presented to the National Congress.

The current state of the audit report can be understood in part as a response to TCU concern over the reliability of government financial reporting and the level of "effective" transparency provided by the CPR in the past. Prior to 1987 federal government financial management was characterised by fragmented accounting systems, long delays in financial reporting, and significant reporting inconsistencies. The conclusions of a 1992 TCU audit of the Internal Control System of the Federal Public Administration and the 1993 "Budgetgate" Congressional Inquiry revealed alarming ineffectiveness of internal controls (OECD, 2012). Moreover, during the 1990s and early 2000s, the CPR was presented in five volumes approximating 5 000 pages, making it voluminous and indigestible and so undermining effective transparency – or the presentation of information in a manner that supports its effective use.

Table 2.9. Structure of Brazilian Federal Court of Accounts' audit report and the Accounts of the President of the Republic

Based on FY 2010 CPR and the corresponding TCU audit report

Audit report on FY 2010 CPR	FY 2010 CPR
Introduction (Chapter 1)	Introduction
Chapter 2: Performance of the macro economy & achievement of macroeconomic policy objectives, including GDP, employment, inflation, the balance of payments & federal government debt	Part 1: Economic policy & performance of the government sector, including GDP, inflation & monetary policy, labour market & employment, balance of payments & federal government debt
Chapter 3: The performance of budget execution, including comparison of actual outcomes against the budget approved by the National Congress & its subsequent amendments & compliance with targets contained in the Law on Fiscal Responsibility & Budget Guidelines Law	Part 2: Management of general & social security budgets, including comparison of actual outcomes against the budget approved by the National Congress & its subsequent amendments Part 3: Management of investment budget of state-owned & mixed-economy enterprises Part 5: Management of official development agencies, e.g. Bank of Brazil & Brazilian Development Bank
Chapter 4: Performance by function of government, including level of financial & physical implementation of the Growth Acceleration Programme & Pluri-annual Plan	Part 4: Actions by government function, including the actions & activities of federal ministries, official development agencies & external funding
Chapter 5: The regularity of the BGU, based on criteria of materiality, accounting rules & procedures	Part 6: BGU
Chapter 6: Thematic topic(s) selected by the TCU minister responsible for the audit of the CPR	
Chapter 7: Implementation of past recommendations contained in the previous TCU audit of the CPR	Part 7: Measures adopted by the federal government to implement recommendations contained in the previous TCU audit of the CPR
Chapter 8: Conclusions & recommendations originating from the present audit of the CPR	
Chapter 9: TCU audit opinion on the CPR	

Notes:

BGU = Consolidated financial statement of the federal government; CPR = Accounts of the President of the Republic; GDP = Gross Domestic Product; TCU = Federal Court of Accounts.

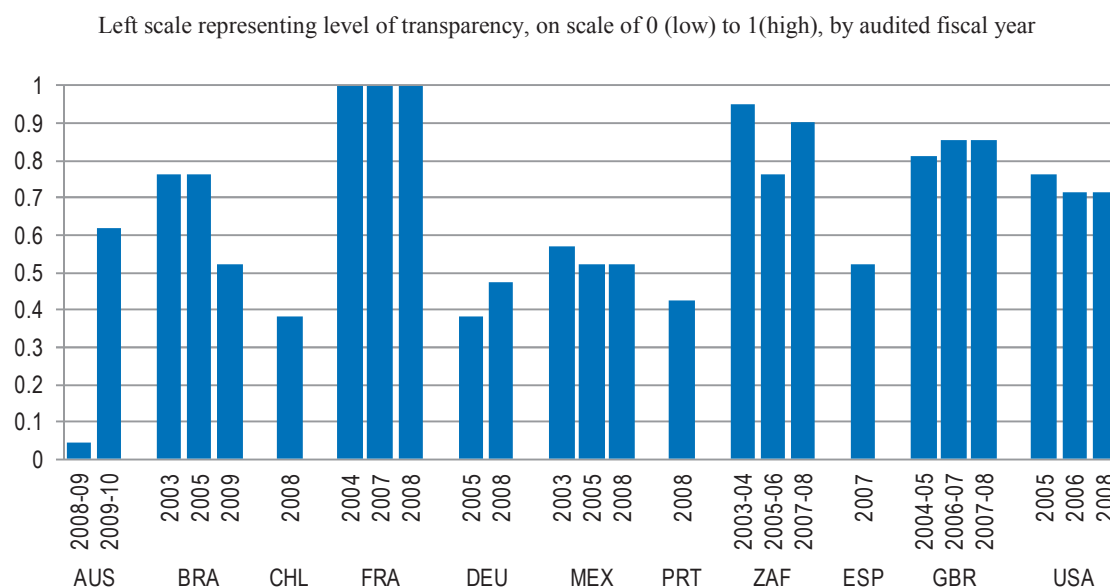
Improvements in financial reporting, internal control and transparency raise the question of whether the TCU still needs to provide a narrative of the federal executive's performance in the audit report on the CPR (Table 2.8A). The Internal Control System of the Federal Public Administration has undergone significant change during the last 20 years. Computerisation of the federal government's back-office systems, core among them the Federal Government Integrated Financial Administration System (*Sistema Integrado de Administração Financeira do Governo Federal*, or SIAFI), has improved internal control and financial reporting. Moreover, in 2001 the federal government promulgated a new framework for internal control. Within this framework the CGU was created to co-ordinate, develop and oversee the functioning of internal control across the public administration. As part of this authority, the CGU has developed its knowledge of public sector entities, their programmes and risks facing their operations. The CGU has also introduced computer-assisted audit tools and piloted operational risk management methodologies.

The federal executive has also taken a number of concrete actions to enhance the level of effective transparency of government reporting and government operations. In 2006/07 the CGU, together with the Secretariat of the National Treasury (*Secretaria do Tesouro Nacional*, or STN), announced plans to enhance the CPR. This included actions to simplify the reporting format of the CPR and to provide information to substantiate the federal executive's performance.³ While some data suggests that these changes have not

had a demonstrable impact on the level of transparency *per se* – Brazil already compared relatively favourably with other countries (Figure 2.3) – the changes are reported to have enhanced the level of effective transparency.

Moreover, Brazil has taken a lead role in a number of international initiatives to enhance transparency suggesting a desire to further enhance and sustain transparency in financial reporting. Actions have included undertaking an OECD peer review on transparency and internal control policies within the federal public administration in 2011 (OECD, 2012); founding the Open Government Partnership, a multilateral initiative to promote transparency and harness new technologies for good public governance in 2011; and founding the Global Initiative for Fiscal Transparency, a multilateral initiative to enhance transparency, citizen engagement and accountability in fiscal management in 2012.

Figure 2.3. Explicit disclosures in the consolidated year-end government reporting in Brazil and selected countries



Note: See Annex 2.A2 for methodology.

Question the role of the audit report to communicate main findings from, and promote visibility of, other TCU control and oversight processes

Another cause of the disconnect between the audit report and main findings is the use of this report to provide a synthesis of main findings from other TCU control and oversight processes conducted during the previous year. In some cases, these processes are directly linked to with the audit objectives of the CPR. For example, the audit report draws upon the conclusions of TCU oversight of fiscal management reports on compliance with fiscal rules issued by each branch of the federal government every four months. However, the challenge arises when the conclusions of TCU control and oversight processes from the previous year are not linked to the objectives and necessary tests supporting the audit of the CPR – such as in Chapter 4 of the audit report on government sectoral actions.

The current state of the audit report can be understood as a consequence of the significance attributed to this specific audit both externally and internally within the TCU (Table 2.8B). The presentation of the audit opinion on the CPR is a considered a key moment of accountability within Brazil's federal government. The audit is a fixed task of the TCU, its first constitutional responsibility, and one of its most longstanding activities, having been conducted since 1892. This TCU audit is also the most comprehensive, allowing the elevation of significant issues and risks cutting across the federal executive. Although the TCU conducts more than 8 000 control and oversight processes each and every year, most are focused at a micro level. Between 40% and 50% of all TCU processes focus on the responsibility of individual accountable officials, through audits of their respective year-end and *ad hoc* reports (Table 2.10, rows A1-A2). A further 30-40% of all processes are initiated by external requests – most of which respond to reports of suspected irregularities (Table 2.10, rows B2.2-B2.3).

The TCU external communications has been somewhat limited in the past. Until the early 2000s the TCU communication activities focused more narrowly on the publication of its audit conclusions in the Official Gazette of the Federal Government of Brazil (*Diário Oficial da União*), the Official Journal of the TCU (*Diário Oficial da TCU*) – and since the late 1990s on the TCU Internal portal. The TCU was not focused on ensuring that its primary audience were aware and understood its audit main findings, or to engage the broader public on issues of accountability and public governance.

Improvements in TCU external communications and relations with the National Congress raise the question of whether the TCU still needs to use the audit report on the CPR to communicate conclusions from other control and oversight processes. Since 2008 the interaction between the TCU and the National Congress and media has grown significantly. This has been shaped by a push internally within the TCU since 2008 for its Congressional Advisory Service (*Assessoria Parlamentar*, or Aspar) to engage more closely with the National Congress. It has also been influenced by an increase in the profile and resourcing of the TCU communications unit (*Secretaria de Comunicação*, or Secom) since 2010 (see Chapter 4 of this peer review). Moreover, in recent years the TCU has begun to produce thematic reports, such as on public works procurement, the 2014 World Cup and 2016 Olympic Games.

Use the TCU powers to enhance consolidated year-end government reporting rather than the audit report

The TCU could focus its attention on positively shaping the CPR rather than using it to provide an independent assessment of government performance and to communicate the main findings of other control and oversight processes conducted during the previous fiscal year. The TCU is in a unique position to positively shape the CPR. The Organic Law on the TCU grants Brazil's SAI the authority to shape the content of the report by the central authority of the Internal Control System of the Federal Public Administration which, together with the BGU, makes up the CPR. As discussed in Chapter 1 of this peer review, the Organic Law on the TCU states that the CPR should comprise two elements: *i*) the BGU; and *ii*) a report by the central authority of the Internal Control System of the Federal Public Administration. The General Norms for the Preparation and Control of the Budget and Financial Statements define the content of the BGU, with the Federal Ministry of Finance regulating the accounting basis for the statements.

Table 2.10. Brazilian Federal Court of Accounts’ control and oversight processes

Control & oversight processes, by type	Audited fiscal year				
	2006	2007	2008	2009	2010
A. Control processes	3 079	2 865	3 698	4 028	3 270
A1. Audits of the year-end reports of accountable public officials	1 366	1 337	1 773	2 062	1 114
A2. Audits of <i>ad hoc</i> reports of accountable public officials	1 712	1 527	1 924	1 965	2 155
A3. Audit of the Accounts of the President of the Republic (CPR)	1	1	1	1	1
B. Oversight processes (=B1+B2+B3+B4)	3 142	3 902	4 549	5 104	4 835
B1. Initiated by TCU (B1.1+B1.2+B1.3+B1.4+B1.5)	665	716	612	697	809
B1.1. Background research	322	258	201	284	104
B1.2. Audits	201	123	140	182	595
B1.3. Inspection	57	284	225	158	25
B1.4. Accompaniment	37	27	18	28	41
B1.5. Monitoring	48	24	28	45	44
B2. Initiated by external request (B2.1+ B2.2+B2.3)	1 985	2 736	3 448	3 828	3 398
B2.1. National Congress requests	76	104	94	127	160
B2.2. Complaints	267	429	491	523	522
B2.3. Representations	1 642	2 203	2 863	3 178	2 716
B3. Inquiries	59	87	68	84	66
B4. Other processes	433	363	421	495	562
C. Total processes (=A+B)	6 221	6 767	8 247	9 132	8 105

Notes:

TCU = Federal Court of Accounts.

Audits of the year-end reports of (individual) accountable public officials aim to verify the legality, economy, legitimacy, efficiency and efficacy of the use of budgetary and non-budgetary resources.

Audits of ad hoc reports of accountable public officials aim to investigate possible illegal or illegitimate activity (e.g. embezzlement, diversion of funds, property or public value), and calculate sanctions as necessary.

The term “accountable official” is defined as “public administrators and other individuals responsible for public money, goods and assets within the direct and indirect federal public administration” (1988 Constitution, Art. 70).

The audit of the Accounts of the President of the Republic (CPR) aims to verify the legality, economy, legitimacy, efficiency and efficacy of the use of budgetary and non-budgetary resources.

Background research aims to support better knowledge and understanding of the functioning of administrative units, governmental systems, programmes, projects and activities; it may also be used to identify areas of future attention by the TCU.

Audits may include *i*) financial audits to examine the financial statements of a specific public organisation; *ii*) compliance audits to examine the legality and legitimacy of management acts; and *iii*) operational (performance) audits to examine the economy, efficiency and effectiveness of public organisations, programmes and activities.

Inspections aim to clarify doubts or gaps created by lack of information or omission. Inspections are also used for verifying complaint and representation processes.

Accompaniments aim to examine the legality and legitimacy of management acts from an accounting, financial and budgetary perspective, and to evaluate public organisation’s systems, programmes and activities, with a focus on economy, efficiency and efficacy.

Monitoring verifies implementation and compliance with TCU audit determinations.

Oversight processes initiated at the request of National Congress may include requests for information, audits and inspections by the Presidents of the Federal Senate and Chamber of Deputies and the chairs of congressional commissions.

Complaints refer to activities to investigate reports made by private, non-government organisations and the public denouncing an irregularity or illegality concerning the public administration.

Representations refer to activities to investigate reports made by public authorities and TCU technical units/officials denouncing an irregularity or illegality concerning the public administration.

Inquiries relate to doubts over the application of legal and regulatory devices addressed to the TCU by the President of the Republic; the Presidents of the Federal Senate and Chamber of Deputies or the chairs of congressional commissions; the President of the Supreme Federal Court or superior courts; the Attorney General of the Union; Prosecutor General of the Union; ministers of state or any authorities within the federal executive, as well as armed forces commanders.

The Organic Law on the TCU gives the Brazil's SAI authority to define the content of the report by the central authority of the Internal Control System of the Federal Public Administration, which it does through the annual instruction (*aviso*). The TCU sends this instruction to the CGU every October, requiring the federal executive to furnish additional information in the CPR (see Chapter 3 of this peer review). The TCU can also positively shape the CPR more informally through its working meetings with the CGU. Both TCU and CGU officials report that they have engaged in greater co-ordination and co-operation over the CPR in recent years.

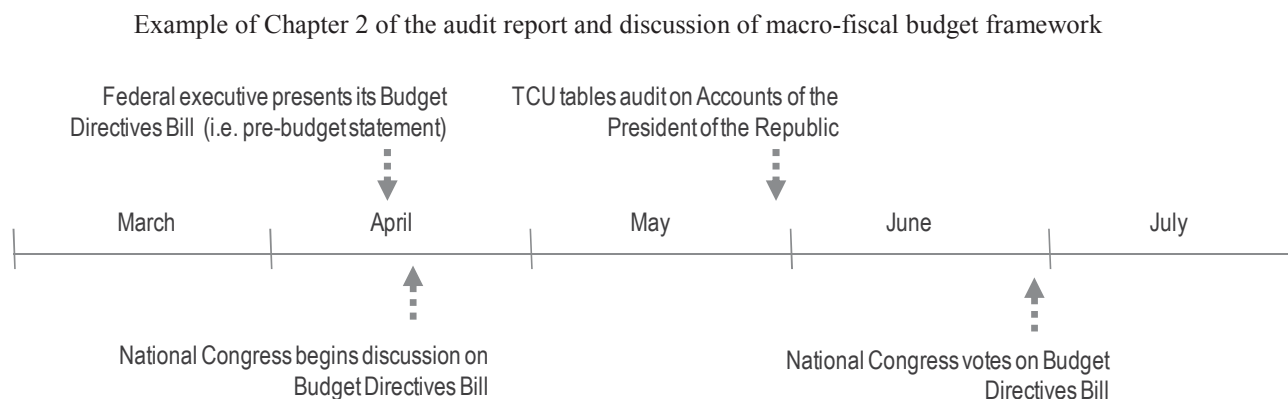
In particular, the TCU instruction could be used to focus the attention of the federal executive to enhance the qualitative characteristics of reported information and not just the display of core information and disclosure of supporting information as currently is the case. Qualitative dimensions include *inter alia* the relevance, intelligibility, verifiability and comparability of the information presented by the federal executive. The TCU could, for example, subsequently include a normative assessment of the federal executive's compliance with the qualitative dimensions of the CPR in this audit. Moreover, this instruction could be used to require the federal executive to make explicit assertions – or statements of compliance – regarding information in the CPR. These assertions could subsequently be audited as part of the tests supporting the audit objectives.

To ensure that actions to positively shape the CPR are aligned with the needs of the report's primary audiences, the TCU could take specific action to understand challenges and barriers facing its use. The independence and objectivity of the TCU make it a meaningful vehicle to moderate and balance the views of the National Congress. In seeking to understand challenges and barriers facing the use of the CPR, the TCU may consider co-ordinating and co-operating with the CGU and the Secretariat of the National Treasury to enhance the CPR. Those two bodies are, as noted previously, responsible for the preparation of the CPR. In engaging with the CGU and the Secretariat of the National Treasury, the TCU may reflect on the existing international guidelines on “Co-ordination and Co-operation between SAIs and Internal Auditors in the Public Sector” to effectively manage any risks that could arise (INTOSAI, 2010).

Assess whether elements of the audit report could better linked to accountability and decision making

The TCU could give closer consideration to the content of its audit report and the timing of the federal government's accountability and decision-making processes. For example, analyses of government debt, the primary surplus, and compliance with targets set in the Law on Fiscal Responsibility contained in the audit report are made available relatively late in congressional deliberations on the macro-fiscal framework for the forthcoming annual budget (Figure 2.4). The Budget Directives Bill is characterised as Brazil's pre-budget document (Blöndal, Goretti and Kristensen, 2003). The OECD (2002) “Best Practices for Budget Transparency” considers that the pre-budget document should explicitly state the government's long-term economic and fiscal policy objectives and medium-term policy intentions for the forthcoming budget and, at a minimum, the following two fiscal years.

Figure 2.4. Link between the Federal Court of Accounts’ audit reporting on the Accounts of the President of the Republic and federal government budget decision-making processes



Source: Adapted from Blöndal, J.R., C. Goretti and J.K. Kristensen (2003), “Budgeting in Brazil”, *OECD Journal on Budgeting*, Vol. 3, No. 1, pp. 97-131, doi: 10.1787/budget-v3-1-en, www.oecd.org/brazil/40139608.pdf.

More generally, the TCU could take concrete actions to understand when the information currently contained in its audit report on the CPR could be most useful with respect to scrutiny of past and the formulation of future annual budgetary laws within the federal executive and the National Congress. Specific attention could also be given to whom this information is useful. Attention could be directed not only at the Planning, Budget and Oversight Joint Committee, but also sectoral committees within the National Congress. Within the federal executive attention could be given to the Office of the President of the Republic and the Federal Ministry of Planning, Budget and Management, the Federal Ministry of Finance, the CGU and/or federal ministries. Finally, the TCU could take concrete actions to understand the level at which information is useful for the needs of these different audiences, i.e. whole-of-government, function of government and/or ministry portfolio.

In a similar regard, it is not known whether presenting information on material challenges and risks affecting reporting and performance within the federal executive is best suited to the reporting of the audit opinion on CPR. One response could be to develop other reports that synthesise the control and oversight processes of the TCU according to different government functions and/or public sector entities. For example, the United Kingdom National Audit Office produces a number of reports on central departments, consolidating its work and knowledge to support its ongoing efforts and to promote best practice. It also produces overviews of individual major government departments (17 in all) (Box 2.1).

Box 2.1. Supreme audit institution reporting on financial management and reporting: The United Kingdom’s National Audit Office

The United Kingdom National Audit Office (NAO) releases periodic reports on financial management focusing on individual government departments as well as on a government-wide level.

Examples of these reports include:

- financial management practices in central departments; and
- overviews of central departments.

Financial management practices in central departments

These reports provide an overview of the department’s financial management against a model developed by the NAO. That model focuses on financial governance and leadership, financial planning, finance for decision making, financial monitoring and forecasting, and financial and performance reporting.

The reports are structured around:

- the department’s operating environment, including its responsibilities, funding and delivery landscape, and organisation of financial management responsibilities;
- financial governance and leadership, including financial skills; internal controls and risk management; and how the department oversees its arm’s-length bodies; and
- planning, monitoring and performance reporting: examining planning and decision making; financial monitoring and forecasting; and financial and performance reporting.

The NAO also periodically publishes synthesis reports drawing upon the findings of reports on individual central departments. Examples are *Managing Financial Resources to Deliver Better Public Services* (February 2008) and *Progress in Improving Financial Management in Government* (March 2011).

Overviews of central departments

These reports cover NAO work on central departments; they provide a quick and accessible overview of each department, focusing in particular on where the NAO believes the department’s performance could be improved using examples from its published work.

The reports cover:

- information about the department, including its responsibilities, how it is organised, how it spends public funds, recent developments, operational and corporate risks, capability and leadership;
- financial management, including budget outturns, improvements in efficiency, findings of NAO reports on financial management and efficiency, summary of NAO audit findings, and issues raised in the statement of internal control;
- use of information, including performance reporting in annual reports and business plans, performance reported by department, testing the reliability of performance data, and use of information by department
- service delivery;
- index of NAO publications specifically focusing on the department, cross-government reports of relevance to the department; and
- index of other government reports on the department, such as those by the public accounts committee and capability reviews.

Conclusions and recommendations

The TCU has sought to broaden the formal audit objective and reporting on the CPR to provide a more holistic basis for holding the federal executive to account. With this development attention has detracted from the audit opinion, and the regularity (i.e. the integrity) of federal executive's reporting, the primary responsibility of the TCU under the 1988 Constitution in relation to the CPR. While the development of the audit report is a positive development it should not come at the expense of the audit opinion. In part recognition of this fact, the TCU has begun a process of reforming audit reporting on the CPR, with specific attention on the BGU. Reforming audit reporting on the CPR could be broadened as many of the historical factors that appear to have contributed to the current state of audit reporting are less relevant today and, based on current trends, are expected to become even less relevant in the future.

The TCU could consider implementing a number of recommendations to advance its audit reporting on the CPR. At the core of these recommendations is the proposition to provide clear and concise information about the audit objective and main findings, and strengthening the link between the audit report and the main findings. In the short term, the TCU could align the content and format of the audit opinion with the ISSAI 400. This could be supported by actions to frame the audit main findings by discussing the expected impact of addressing the qualifications and implementing the recommendations on government accountability and performance. Moreover, focusing the attention of the audiences of the audit report on competent and relevant audit evidence can help guide audiences' understanding of how the main findings were reached. In the medium-term, the TCU could assess the objective of its audit reporting *vis-à-vis* the financial reporting by the federal executive.

Box 2.2. Recommendations for the Brazilian Federal Court of Accounts: Audit objectives and reporting

Audit objective

- The TCU could focus on positioning the CPR as a key document for government accountability and decision making, and positioning the audit reporting as an independent assurance of information reported in the CPR. *In doing so:*
 - Employ the position of the TCU as an auxiliary body of the National Congress to understand the level of understanding and use of the CPR by the Planning, Budget and Oversight Joint Committee and other sectoral committees, while safeguarding TCU independence;
 - Explore possible co-operation and co-ordination with the CGU and STN to understand how the CPR is used by key audiences, taking into consideration standards to safeguard TCU independence, while safeguarding TCU independence; and
 - Utilise the authority of the TCU to shape and enhance qualitative characteristics of the CPR, specifically the relevance, reliability, intelligibility and comparability of reported information.

Audit conclusions

- Align the audit opinion with INTOSAI “Reporting Standards in Government Auditing” (ISSAI 400) to better guide audiences' understanding of its meaning. *In doing so:*
 - Align the form and content of the audit opinion with the principles contained in ISSAI 400, clearly specifying *i)* the explicit title of the subject matter to which the audit opinion relates; *ii)* the objectives of the audit, and what it does and does not provides assurance; and *iii)* (national and/or international) standards or practices followed in conducting the audit, and how these standards and practices have changed between years; and

**Box 2.2. Recommendations for the Brazilian Federal Court of Accounts:
Audit objectives and reporting (cont.)**

- Align the format of the audit opinion with the format for audit opinions on the year-end and *ad hoc* reports of accountable public officials, to avoid ambiguity and facilitate monitoring and reporting of actions taken by the federal government to address material weaknesses in the CPR.
- If deemed necessary, issue multiple opinions addressing individually *i)* the regularity of the financial statements of the federal government; and *ii)* compliance of budget execution with constitutional norms, laws and regulations.
- In the longer term, and in line with emerging good SAI practice, the TCU may wish to include an audit opinion on the reliability of non-financial information reported in the CPR.
- Frame audit qualifications and recommendations to better guide audiences' understanding of their significance, on government accountability and performance.
- Delineate qualifications and recommendations that apply to the audit opinion and other audit objectives defined in the TCU Internal Rules.

Audit report

- Assess whether the impact of individual chapters of the current audit report could be enhanced by releasing them at different times in the accountability and decision-making cycle. *In doing so:*
 - Take concrete actions to understand when information contained in the TCU audit report could be most useful with respect to assessment of the implementation of the past – and the formulation of subsequent – Budget Directives and Annual Budget Laws within the federal executive and the National Congress;
 - Take concrete actions to understand for whom this information could be useful, e.g. National Congress' Planning, Budget and Control Joint Committee and/or sectoral committees and the federal executive (i.e. Office of the President of the Republic, Federal Ministry of Planning, Budget and Management, Federal Ministry of Finance, CGU and/or federal ministries);
 - Take concrete actions to understand what level of information is most useful to the needs of the primary audience – i.e. whole-of-government, function of government, and/or ministry portfolio; and
 - Assess the cost-benefit of including an assessment on macroeconomic performance in the audit report, considering the timeliness of information for the formulation and discussion of the Budget Directives Law and Annual Budget Law.

Notes

- 1 The 2000 Law on Fiscal Responsibility establishes a general framework for budgetary planning, execution and reporting, applicable to all levels of government. It is a "complementary law", requiring a qualified (absolute) majority of the National Congress to be modified. The law comprises general targets and limits for selected fiscal indicators, corrective institutional mechanisms in case of non-compliance, and institutional sanctions for non-compliance.
- 2 The Budget Directives Law is an annual law establishing directives for the formulation and execution of the federal budget over a medium-term framework of three years. It must be submitted to the National Congress for examination and approval 4.5 months before submission of the Draft Annual Budget Law. The Pluri-annual Plan sets the government's priorities over the medium term, together with explicit targets and indicative budgetary appropriations at the programme level. It is

released during the first year of every administration and spans the entire term of the administration.

- 3 Other changes to the Accounts of the President of the Republic (CPR) have included
 - i*) the use of graphic design, colour printing and quality paper in the report;
 - ii*) the preparation of a magazine to accompany the report, providing summary information about the report in an accessible manner (i.e. a citizens guide);
 - iii*) distributing a copy of the report to the National Congress, the main libraries in Brasilia and the bodies responsible for its production, as well as state and municipal governments; and
 - iv*) assigning to the report an International Standard Serial Number (ISSN) to support its cataloguing and classification.

Annex 2.A1

Link between the audit report and main findings

The FY 2006-11 CPRs were analysed to identify the relationship between the audit report and main findings. The term “main findings” as used in this chapter refers to the audit opinion, qualifications and recommendations on the CPR. An audit opinion is normally in a standard format, which obviates having to state at length the findings of all audit tests but nonetheless conveys a message in an understandable context. Qualifications are material issues identified that may affect the audit conclusions. Recommendations are suggestions to the federal executive in order to improve processes and enhance government reporting, performance and accountability.

The analysis was conducted based on the following steps:

- All qualifications and recommendations included in the Conclusions chapter of the audit report (i.e. Chapter 8) were listed, and where applicable recommendations mapped to qualifications so as to avoid double counting of pages linked to both.
- An assessment of the link between each qualification and recommendation and Chapters 2 through 7 of the audit report. For FY 2011, the published qualifications and recommendations already included reference to the chapter and section of the audit report. For the analysis of FY 2006-10, the TCU was provided an opportunity to review and comment on the assessment. No changes were requested by the TCU.
- The pages containing the audit evidence for each qualification and recommendation were counted. Where qualifications and recommendations were explicit in only one paragraph, all pages that were linked to the chapter section were counted, as contextualisation is considered relevant for understanding the qualifications and recommendations. Pages of the audit report were only counted once, irrespective of how many qualifications and recommendations were linked to them.

Table 2.A1.1 presents the analysis of the TCU audit report on the FY 2010 CPR.

Table 2.A1.1. Supporting data on link between the audit report and main findings for the FY 2010 Accounts of the President of the Republic

	Start page	End page	Total pages
Total pages	13	468	446
Pages not considered	1	488	42

Pages in Chapters 3 and 5 linked to qualifications and recommendations	51
Pages in Chapters 2, 4, 6 and linked to qualifications and recommendations	55
% of total	12.3%
% of total pages relating to Chapters 3 and 5	11.4%

#	Qualifications	Recommendations	Chapter	Start page	End page	Total pages
1	Low implementation – 20% -- of priorities & goals included in the 2010 Budget Directives Law (Federal Law 12 017/2009)	Prioritise the implementation of priorities & goals in the Budget Directives Law over other discretionary actions	3	70	72	3
2	Implementation of General & Social Security Budgets without sufficient available funds, compromising the reliability of the financial statements by source of funds & compliance with the Law on Fiscal Responsibility (Art. 8), which requires that resources be used only for their intended purpose	Present within 90 days studies with proposals to curb budget execution where financial resources are insufficient	3	83	85	3
3	Implementing the Investment Budget without sufficient available funds	Focus oversight on implementation of the Investment Budget, in compliance with the limits established in the 1988 Constitution (Art. 167.II)	3	164	169	6
4		Restrict Investment Budget expenditure that exceeds the budget appropriations, in compliance with the limits established in the 1988 Constitution (Art. 167.II)				
5		Observe Investment Budget limits in compliance with the limits established in the 1988 Constitution (Art. 167)				
6	Differences between values of collection of outstanding debt for FY 2010 recorded in SIAFI & those contained in the National Finance Prosecutor General's Integrated Debt Registration System	Adopt an action plan within 30 days, to match values of the collection of outstanding debt in the SIAFI & National Finance Prosecutor General's Integrated Debt Registration System	3	98	101	4
7	Accounting inconsistencies and inadequate procedures detailed in the report that affect the disclosure of assets in the FY 2010 BGU	Identify the remaining balances of public sector entities, & take any necessary steps for the appropriate values in SIAFI	5	371	405	35
8		Evaluate the appropriateness of including, in the federal government's consolidated balance statements, the balances related to the Army Housing Foundation, Indigenous Heritage (Funai), Energy Development Fund and Global Reserves Fund, noting the fact in the BGU explanatory note and the criteria for their exclusion				
9		Reconcile periodically, and especially at year-end, balances of loans with instalments recorded as outstanding debts regarding agricultural loans and pensions constantly registered in the secretariat of federal revenue systems				
10		Reconcile periodically, especially at year-end, the balances of credits recorded as Debt in the National Finance Prosecutor General's systems				

Table 2.A1.1. Supporting data on link between the audit report and main findings for the FY 2010 Accounts of the President of the Republic (cont.)

#	Qualifications	Recommendations	Chapter	Start page	End page	Total pages
11		Consider how events are subject to restriction, in accordance BGU accounting records, on the lack of provision for losses and the failures of credits, property and assets, values and long-term receivables recorded in the balance sheets of the organs of direct administration				
12		Present any changes in the preparation of the BGU in the notes together with the impact of the change(s)				
13		Establish criteria for grouping accounts (various benefits payable, other accounts payable, several settlements, other current expenditure and receivables in the BGU, and report these groups at a reasonable level of disclosure				
14		Verify and correct the balance of the immaterial items contained in the consolidated financial statement of the federal government (BGU)				
15	Accounting inconsistencies and inadequate procedures detailed in the report that affect the disclosure of assets in the FY 2010 BGU (cont.)	Systematically follow, together with the public sector accounting bodies, the recording of additional credits in the Federal Government Financial Administration System to ensure quality of information in the statement of budget balance				
16		Perform studies to identify the causes of differences between expenditure and revenue and to resolve inconsistencies in the BGU				As per item (7)
17		Conduct studies to evaluate the technical aspects of, and possibility of amending the methodology for, calculating income and extra-budgetary expenditure in the BGU, to support effective management, control and transparency of public resources				
18		Present relevant analysis of the variations observed in the BGU				
19		Require federal public sector entities to take timely actions to avoid irregularities in the BGU				
20		Present information on the public sector entities that record revenue on an accrual basis, indicating revenue source and values in the notes to the BGU				
21		Focus federal public sector entities to establish appropriate accounting recordkeeping in the SIAFI				
22		Report income obtained from seignior age obtained in the issuance of currency in the financial statements and disclosure of financial flows				
23	None	Reiterate the recommendation made in the audit of the FY 2009 CPR, to prioritise the full implementation of the Administrative Agreements Management Information System	7	453	454	2
24	Noncompliance with Temporary Constitutional Provision, Art 42.1, which establishes a minimum of 20% of public resources be allocated for irrigation in the Midwest Region during the 25 years following the 1988 Constitution	None.	7	459	460	2

Notes: CGU = Office of the Controller General of the Union; CPR = Accounts of the President of the Republic; SIAFI = Federal Government Integrated Financial Administration System; TCU = Federal Court of Accounts.

*Annex 2.A2***Transparency in consolidated year-end government reporting
in Brazil and selected countries**

Figure 2.3 has been prepared drawing on the results of the International Budget Partnership Open Budget Survey. This survey is conducted every two years to identify what and how much information is publicly available during each of the budget processes, whether it is timely and accessible, and whether there are any information gaps. The Open Budget Survey is based on the OECD (2002) “Best Practices for Budget Transparency”.

The survey is completed by independent civil society researchers from each participating country and peer-reviewed by two independent experts with knowledge of the country being reviewed. Since the 2010 survey, governments have also been invited to provide comment on the responses. Data were not available for Australia, Canada or the Netherlands. Data for Australia were, however, provided by the SAI of Australia.

The underlying data for Figure 2.3 are presented in Table 2.A2.1. Responses are based on a four-level scale. To create Figure 2.3 the responses were normalised and the average taken across response years. A point average was taken, highlighting that elements are mutually independent of one another.

Table 2.A2.1. Transparency in consolidated year-end government reporting in Brazil and selected countries

Country	Report Title	Audited fiscal Year	Explain differences between original macro forecast & outcomes	Explain difference between enacted & actual expenditure	Level of detail to explain difference between enacted & actual expenditure	Explain difference between enacted & actual revenue	Explain difference between the original estimates of non-financial data & actual outcomes	Explain difference between the performance indicators & actual outcomes	Actual outcome for extra-budgetary funds
Australia	Commonwealth Consolidated Financial Statement	2008-09 & earlier	0	0	0	0	0	0	•
		2009-10 onwards	••	••	••	••	••	0	••
Brazil	Year-end report of the President of the Republic	2003	••	••	••	••	••	••	0
		2005	••	••	••	••	••	••	0
		2009	••	••	••	••	•	•	0
Chile	Evaluation Report of the Public Sector Financial Management 2008 and update projections for 2009	2008	••	•	•	•	••	0	•
France	Financial Statements of the Central Government	2004	••	••	••	••	••	••	••
		2007	••	••	••	••	••	••	••
		2008	••	••	••	••	••	••	••
Germany	Budget & Capital Accounts of the Federal Government	2005	0	••	••	••	0	0	0
		2008	0	••	••	••	0	0	••
Mexico	Federal Public Finance Account	2003	•	••	••	••	•	•	••
		2005	•	••	••	••	•	•	••
		2008	•	••	••	••	•	•	••
Portugal	General State Account Annual Report	2008	0	••	••	••	0	0	n.a.
		2003-04	••	••	••	••	••	••	••
		2005-06	0	••	••	••	••	••	••
South Africa	Consolidated Financial Information	2007-08	••	••	••	••	••	••	••
		2007	•	••	••	••	•	0	••
United Kingdom	Public Expenditure Outturn White Paper	2004-05	•	••	••	••	••	••	••
		2006-07	•	••	••	••	••	••	••
		2007-08	•	••	••	••	••	••	••
United States	Financial Report of the United States Government	2005	•	••	••	••	••	••	••
		2006	•	••	••	••	••	••	••
		2008	•	••	••	••	••	••	••

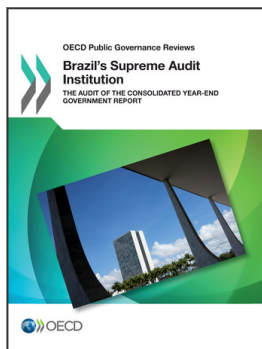
Notes: ●●● = Extensive explanation, ●● = Explanation; ● = Some explanation; o = No explanation; n.a. = Not applicable. Enacted levels include in-year amendments. Survey did not cover Australia, Canada or the Netherlands. Data for Australia provided by the Australian National Audit Office.

Australia: In late 2011, the Auditor-General Act 1997 was amended to give the Auditor-General (and the Australian National Audit Office) explicit authority to undertake audits of the appropriateness of key performance indicators as presented in public sector entities' portfolio budget statements and subsequently, the completeness and accuracy with which they are reported in these entities' annual reports. A pilot is under way to establish a methodology and approach for undertaking this work. In the medium term (approximately 3-4 years), if ongoing funding for this function is provided to the ANAO, it is likely that an audit of the appropriateness of key performance indicators and the completeness and accuracy of their reporting will be included as part of each public sector entity's annual financial statements audit and subsequently, the year-end government report.

Source: Adapted from IBP (various years), Open Budget Survey, <http://internationalbudget.org/what-we-do/open-budget-survey/>, responses to Questions 103-108, 110.

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