



# FORENSIC ACCOUNTING IN THE FIGHT AGAINST CORRUPTION AND MONEY LAUNDERING

## THE EXPERIENCE OF TCU - BRAZIL

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**Mexico City, Mexico  
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**12<sup>th</sup>** meeting of the **INTOSAI Working Group on**

**Fight against Corruption  
and Money Laundering (WGFACML)**

# Do Government Audits Reduce Corruption?

## Estimating the Impacts of Exposing Corrupt Politicians\*

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### Abstract

Political corruption is considered a major impediment to economic development, and yet it remains pervasive throughout the world. This paper examines the extent to which government audits of public resources can reduce corruption by enhancing political and judiciary accountability. We do so in the context of Brazil's anti-corruption program, which randomly audits municipalities for their use of federal funds. We find that being audited in the past reduces future corruption by 8 percent, while also increasing the likelihood of experiencing a subsequent legal action by 20 percent. We interpret these reduced-form findings through a political agency model, which we structurally estimate. Based on our estimated model, the reduction

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Keywords: Corruption, Audits, Political Selection, Political Accountability, Judicial accountability

JEL: D72, D78, H41, K42, O17.

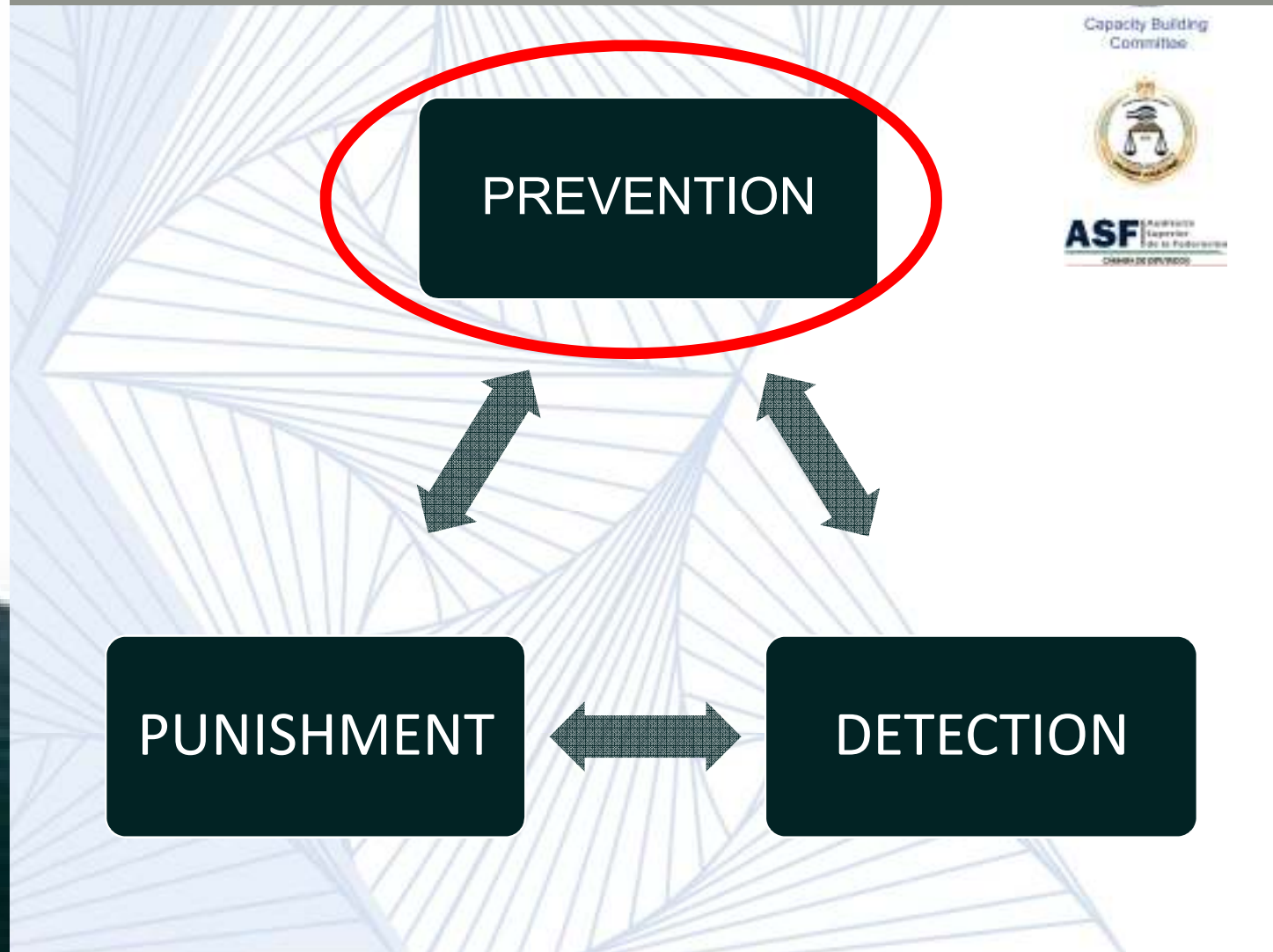


By highlighting how audits can help spur legal sanctions, our findings offer important policy implications. While the existing literature has shown that information obtained through audits can help promote electoral accountability, this channel alone might not be sufficient to reduce corruption in the long run, especially if in response, public officials are able to adjust their electoral strategies or find alternative forms of corruption (Bobonis et al. (2015), Olken and Pande (2012)). A sustainable reduction in corruption may instead require policies aimed at improving the state's capacity to detect and prosecute corrupt politicians (e.g. Besley and Persson (2011)). Our results suggest that channeling resources to anti-corruption agencies who can implement well-executed random audits may be an important step towards this direction.

Although we have emphasized the importance of legal accountability for reducing political corruption, our understanding of how best to improve a country's legal system remains limited, particularly in a context where corruption is endemic. More research is needed to better understand how we can improve the selection of public prosecutors and judges, and the incentives they face to punish corrupt politicians.



# Fight against fraud and corruption

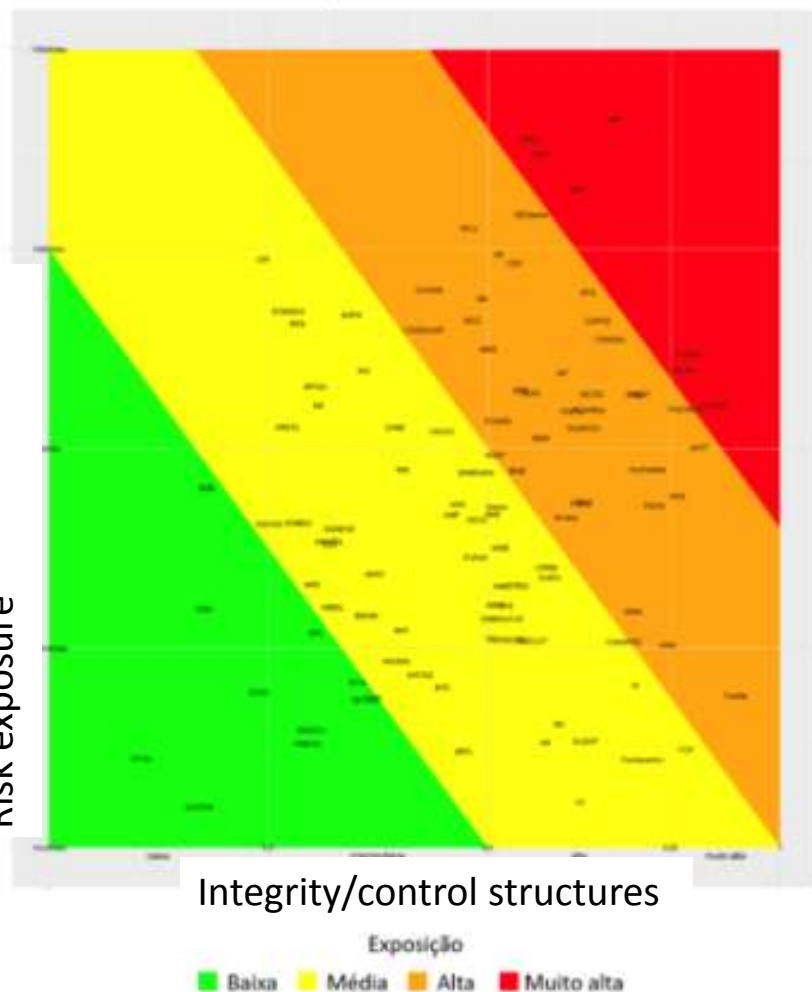




TRIBUNAL DE CONTAS DA UNIÃO  
Secretaria Geral do Controle Externo  
Secretaria de Relações Institucionais de Controle no Combate a Fraude e Corrupção

#### Apêndice H – Mapas de Exposição da APF a fraude e corrupção

Figura 29 – Mapa de Exposição da APF a fraude e corrupção – Poder Econômico OGU (sem instituições de ensino e de saúde)



## Risk exposure x Integrity

A risk map of more than 150 public bodies

Risk Exposure =  
Financial Power + Regulation power

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ASF  
Audit Superior da Função Pública  
CHAMBA DE ENQUADRAMENTO



## Corruption in Brazil

# The big oily

### The Petrobras scandal explained

Jan 3rd 2015 | SÃO PAULO | From the print edition

NEARLY as ominous as the economic cloud hovering over Dilma Rousseff is the scandal surrounding Petrobras, the state-controlled oil company. It nearly cost her re-election, and could yet spoil her second term as Brazil's president.

The affair began in March, when federal police arrested Paulo Roberto Costa, Petrobras's chief of refining from 2004 to 2012, in a money-laundering investigation. Mr Costa, seeking leniency, confessed to far more than that. Construction companies that won contracts from his division diverted 3% of their value into slush funds for political parties, he said. Police identified 10 billion reais (\$3.7 billion) of suspicious payments, making the *petrolão* (the "big oily") Brazil's biggest corruption scandal.

In November police arrested two dozen



The  
Economist

## INTERNATIONAL BUSINESS

# *Corruption Scandal Leads to a Big Loss for Petrobras*

By THE ASSOCIATED PRESS   APRIL 22, 2015

RIO DE JANEIRO — Brazil's state-run oil company Petrobras said Wednesday that it lost \$2.1 billion in an eight-year kickback scheme that saw the firm's executives taking bribes for awarding inflated contracts to suppliers.

The company released its long-delayed fourth-quarter financial results that included a write down of 6.2 billion reais — about \$2.1 billion. It attributed the losses to a series of inflated contracts and other graft during the scheme it says ran from 2004 to 2012.



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## Petrobras scandal: Brazilian oil executives among 35 charged

Huge corruption case centres on state oil company, alleged to have funnelled kickbacks to governing Workers' party and others



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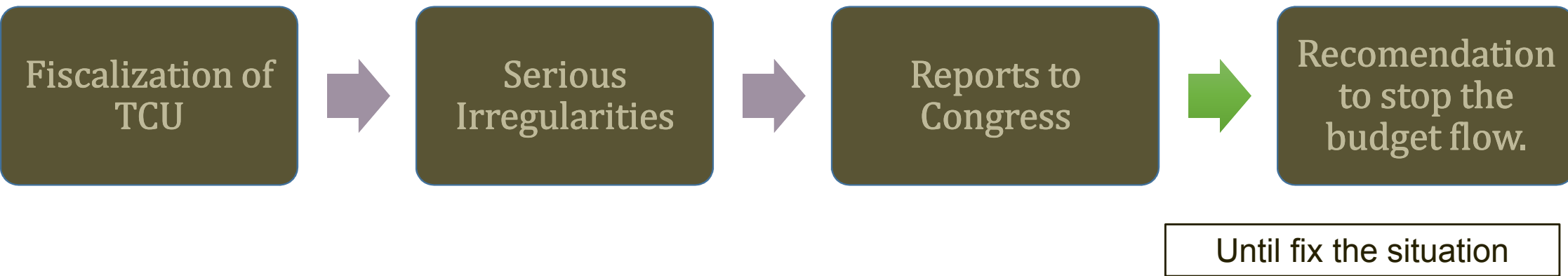


ASF  
Auditoria Superior  
do Rio de Janeiro  
Câmara de Deliberação

# Operação **LAVA JATO**

**Have we timely seen that?**


# THE FISCOBRAS



2017 benefits – Over than U\$ 1 billion

The background of the slide features a grayscale image of a construction site with several cranes and building frameworks under construction.



The background of the slide is a photograph of the Abreu e Lima Refinery. It shows a large industrial complex with numerous storage tanks, distillation columns, and piping. The facility is situated in a coastal area, with the ocean visible in the background under a clear sky.

## **Abreu e Lima Refinery U\$ 20 billion**

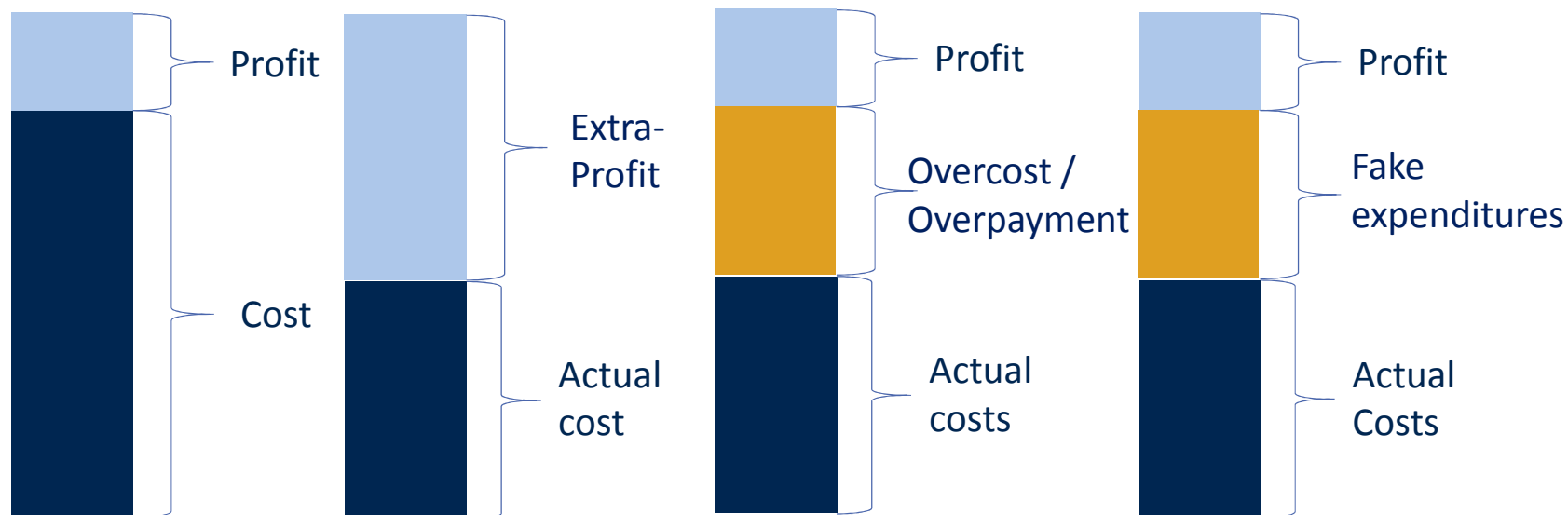
**TCU audits in 2008-2009: losses over than U\$ 1 billion**

**Recomend Congress to block investments until fixing the situation.**

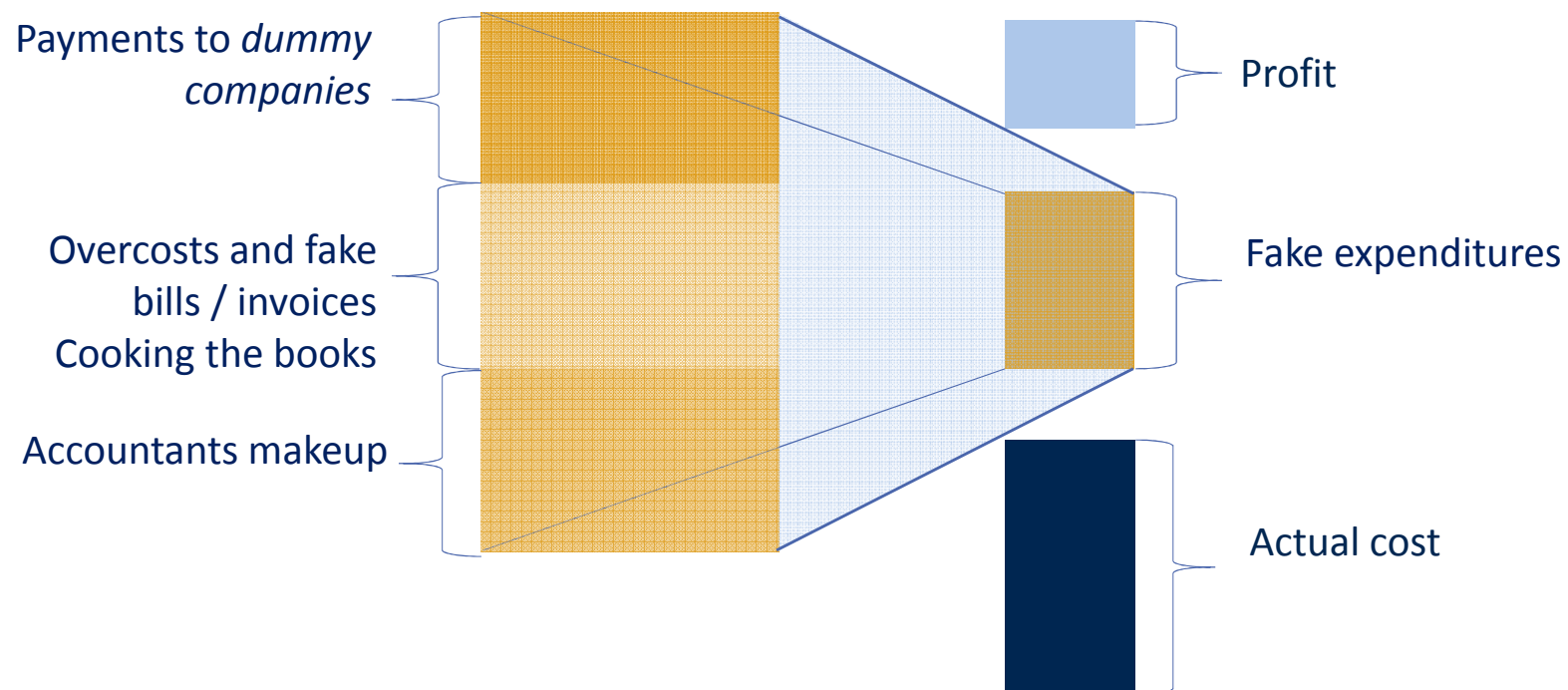
**The Republic President, in 2009, has vetoed the article in National Budget Law which would limit the expenditures until correction of those addictions.**



## Overestimated contracts



## Overestimated contracts





## Overestimated contracts

Payments to *dummy companies*

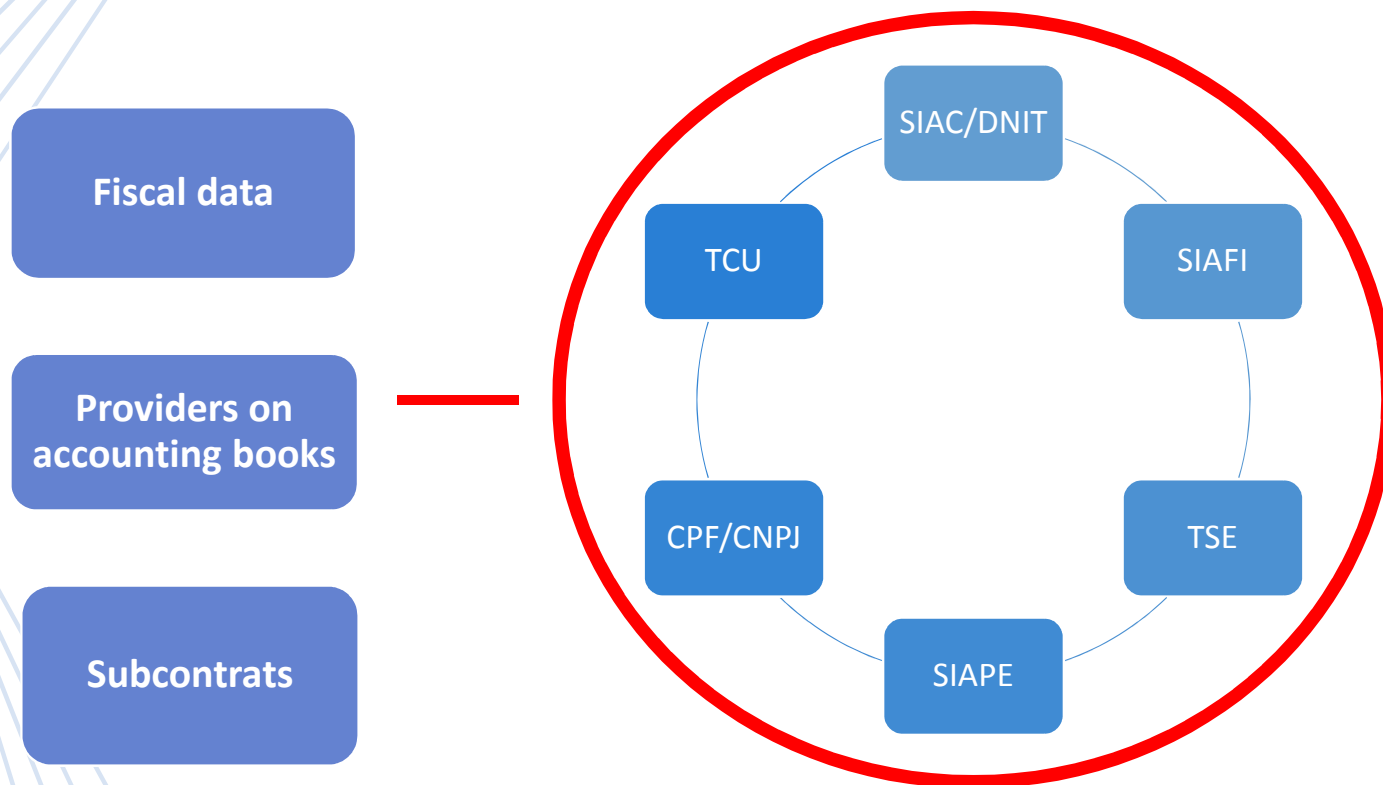
Profit

**And what if could we investigate other ventures where fake firms was subcontracted by companies in public contracts? It would provide, of course, an excelent risk criteria! We are doing it, right now at TCU.**

Accountants makeup

Actual cost

## We want crosses!



**More than 70 data sets**

## Meus serviços

Relação de sistemas escolhidos como favoritos no catálogo de serviços de TI



Processos relevantes Coinfra



Fiscalis



Avaliar



e-TCU



Juris



Indicador eletrônico



GRH



Folha de pagamento



Correio eletrônico



Painéis de  
Informação

Administrar meus favoritos no **Catálogo de Serviços**

Relatórios e instruções:



TCU lança aplicativo de  
jurisprudência



Bem-vindo ao DGI Consultas!

**Atenção: as informações disponibilizadas devem ser utilizadas para fins de relatórios de inteligência. Logo, para constituição de prova em processos administrativos, os dados e informações devem ser confirmados ou homologados nos sistemas de origem.**

## Consultas CPF/CNPJ

CPF ou CNPJ:



Consultar

Limpar

## Consulta Textual

Base de:

CPF

CNPJ



Busca por:

Expressão

Palavras



Nome:

VIAÇÃO BUIÃO LTDA



Consultar

Limpar

## Links úteis

[DGI Consultas - Ajuda](#)

[LabContas - Ajuda](#)

[LabContas - Acesso](#)

[Wiki de Controle Externo](#)

[Wiki de TI](#)

[Apresentação do sistema em 21/3/2017 \(vídeo 7:00\)](#)

[Informações sobre as bases de dados](#)

[Rede de controle](#)

[Comunidade de análise de dados](#)

[e-TCU](#)



## What information do we have?

### **Enterprises**

- 1 – Address
- 2 – Capital share
- 3 – List of partners
- 4 – Date of constitution and date of ownership changings
- 5 – List of employees
- 6 – Accountant registration
- 7 – List of hirings and dismissings
- 8 – Electoral donations
- 9 – List of public contracts and public payments
- 10 – Public fines, penalizations and convictions
- 11 – Vehicles registration
- 12 – Vessels/ships registration
- 11 – Rural properties registration
- ... (other dozens of data sets)



## What information do we have?

### **Person / Company partner**

- 1 – Address (income tax)
- 2 – Electoral registration
- 3 – Vehicle / vessel registration
- 4 – Social programs registrations
- 5 – Employee registration
- 6 – Enterprises ownership
- 7 – Civil servant registration
- 8 – Dead citizens list
- ... Other dozens of data sets....





How could we link all those information with fiscal and accounting data?







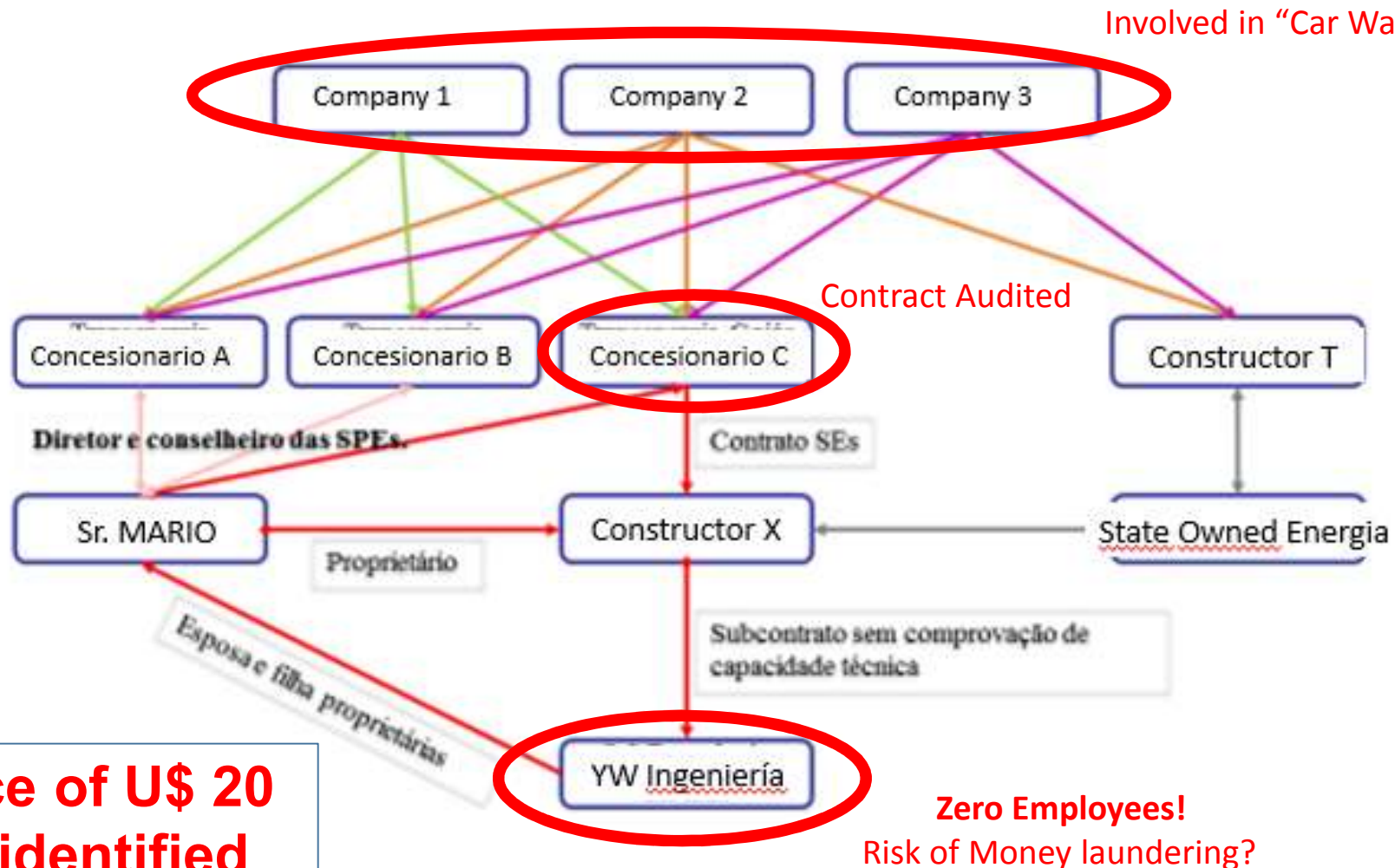








## Powerlines (transmission line)



PARÁ

04.707 [REDACTED] COMERCIO EIRELI EPP – ME

RUA NOVE [REDACTED] PA

[https://goo.gl/maps/Z\[REDACTED\]](https://goo.gl/maps/Z[REDACTED])

MESMO ENDEREÇO DO PROPRIETÁRIO

227 [REDACTED] JOSE E [REDACTED]

SEM RAIS ENTRE 2012 A 2014, FOLHA ATUAL DE R\$ 2 MIL MENSAIS

EMPRESA POSSUI VEÍCULOS QUE NÃO CONDIZEM COM PORTE E IMÓVEL

FIAT/FIORINO 1.4 FLEX	[REDACTED]	2015	2014	CAMINHONETE	CARGA
I/FORD RANGER LTD CD4 32	[REDACTED]	2014	2014	CAMINHONETE	ESPECIAL
TOYOTA/ETIOS HB XLS	[REDACTED]	2015	2014	AUTOMÓVEL	PASSAGEIRO
NISSAN/FRONTIER S 4X4	[REDACTED]	2014	2013	CAMINHONETE	ESPECIAL

Rótulos de Linha	Soma de Valor	Período	2016	2017
[REDACTED]	267.240,16	out-dez/16	132.925,00	61.883,00
[REDACTED]	134.529,50	dez/16-fev/17	489.742,00	263.515,00
[REDACTED]	109.379,75	ago-dez/16	444.245,00	258.440,00
[REDACTED]	44.070,00	set-dez/16	351.412,00	189.221,00

Ano	CNAE(Classif. Nacional de Ativ. Ec	Remun.Janeiro	Remun.Fevereiro	Remun.Março	Remun.Abril	Remun.Maio	Remun.Junho	Remun.Julho
2016	Comércio atacadista de medicam	4.865,44	6.006,10	5.148,06	6.035,74	5.369,98	5.369,98	5.369,98
2015	Comércio atacadista de medicam	4.463,72	4.463,72	4.463,72	6.070,60	4.865,44	4.865,44	4.865,44
2014	Comércio atacadista de medicam	4.095,16	4.095,16	4.463,72	4.463,72	4.463,72	5.282,07	4.389,32
2013	Comércio atacadista de medicam	3.722,88	4.177,89	5.005,19	4.095,16	4.095,16	4.732,19	4.823,19
2012	Comércio atacadista de medicam	2.600,82	2.644,90	3.722,88	3.722,88	3.722,88	3.722,88	3.722,88
2011	Comércio atacadista de medicam	3.898,24	3.364,91	3.344,91	2.691,58	2.644,91	2.644,91	2.644,91
2010	Comércio atacadista de medicam	11.478,24	12.178,24	12.244,91	14.144,90	13.728,05	12.110,08	11.554,91
2009	Comércio atacadista de medicam	10.380,96	10.447,62	9.727,62	11.594,29	12.244,91	12.244,91	12.244,91
2008	Comércio atacadista de medicam	12.227,62	12.347,62	13.878,49	12.229,28	11.662,62	11.862,62	10.702,62
2007	Comércio atacadista de medicam	10.443,67	9.810,33	12.309,50	11.477,00	11.382,97	9.140,64	9.180,95
2006	Comércio atacadista de medicam	9.978,18	10.100,00	10.687,33	12.043,08	12.942,00	11.117,00	12.077,00

Doações incompatíveis com o porte da empresa (R\$ 1,3 milhão, dos quais 650 mil para [REDACTED] deputado federal e ex-Ministro [REDACTED])

#### Principais clientes:

Town X	a partir de 2017 (R\$ 5,4 milhões empenhados)
Town Y	ias, até 2016 (R\$ 13 milhões em 2015/2016)
Town Z	3, até 2016 (R\$ 1,1 milhão em 2015/2016)



# 8. Consulta a Sistemas

RAIS (Relação Anual de Informações Sociais): sem qualquer remuneração desde abertura (anos de 2014, 2015 e 2016)

10. Relacionados aos processos licitatórios acima foram identificados os seguintes contratos, observando-se o desconto irrisório em relação ao estimado pela Administração:

Número	Modalidade	Inabilitadas	Habilitadas	Convênio Federal	Ministério	Contrato	Valor	Desconto
[REDACTED]	Tomada de Preços	Sem informação		[REDACTED]	[REDACTED]	[REDACTED]		
	Tomada de Preços	4	1				293.954,64	0,2%
	Tomada de Preços	6	1				866.135,15	0,2%
	Tomada de Preços	3	1				588.351,07	0,2%
	Convite						147.100,00	

SIASG – sem informações

Sem veículos registrados no Renavam



12th

Meeting of the INTOSAI Working Group

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Fight against Corruption  
and Money Laundering (WGFMCL)

(+55 61) 3316-7805 – Rafael Jardim

**Thank you**

