



28/04/2022

To promote the audit of extractive industries



FEDERAL COURT OF ACCOUNTS

Down Stream Petroleum and solid minerals audits: Monitoring of Supply outlets, Central Processing facility (CPF) and at Refinery

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Federal Court of Accounts Brazil - TCU

Presentation **Outline**

1

SAI Brazil (Federal Court of Accounts – TCU)

2

Department of External Control – Oil and Gas Infrastructure

3

Audit on Brazil's Oil and Gas Regulatory Agency's monitoring of the distribution of LPG

4

Audit on the government's public policy for the downstream market opening

5

Conclusion

6

Questions

FEDERAL COURT OF ACCOUNTS TCU

- Brazil ●
- France ●
- Belgium ●
- Luxemburg ●
- Spain ●
- Italy ●
- Greece ●
- Portugal ●



Courts of
accounts

Audit Offices
and General
Comptrollers Offices

- United States
- Canada
- United Kingdom
- Ireland
- Denmark
- Most Latin American countries
- Sweden
- Finland

FEDERAL COURT OF ACCOUNTS CONSTITUTIONAL MANDATES



Related to accounting, budget, operational and assets oversight (articles 71, 72, Para 1, 74, Para 2 and 161, sole paragraph of the Federal Constitution)

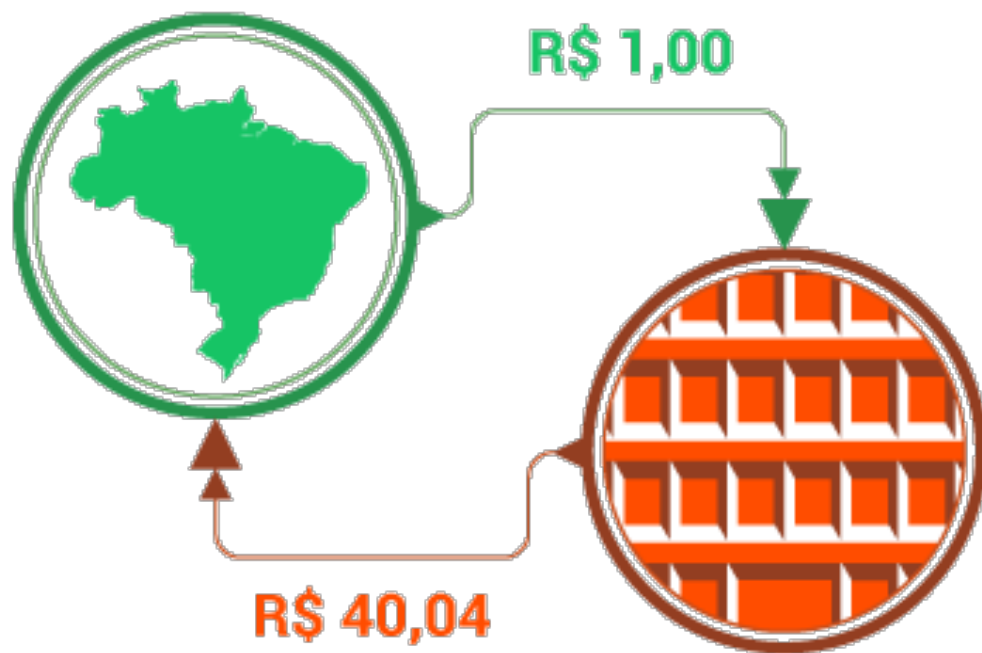
Examine the annual accounts of the President of the Republic

Judge the accounts of the managers and other public officials accountable for public monies, assets and values

Examine legality of the acts for admission of personnel and concession of retirement, reforms and civilian and military pensions

Perform inspections and audits on its own initiative or at the request of the National Congress`

BENEFITS OF GOVERNMENT AUDIT

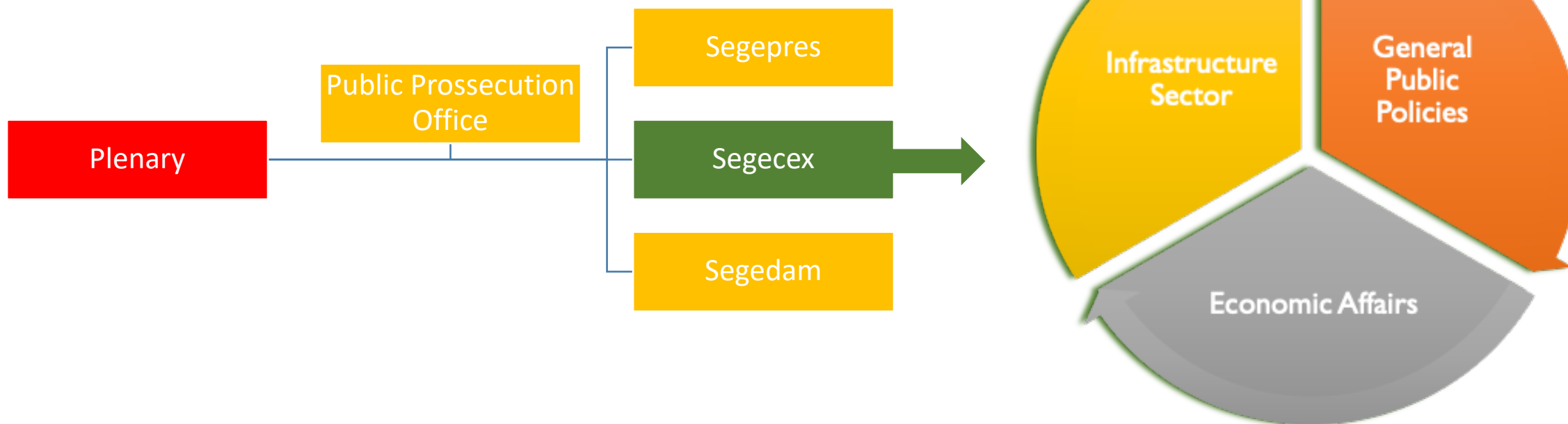


+

- expectations of control
- public money waste prevention
- improvements in the allocation of resources
- suggestion of improvement of laws
- reduction of environmental damages
- improvement of public policies.

TCU Benefits in 2021 = R\$87 billion \rightleftharpoons US\$ 18,49 billion

FEDERAL COURT OF ACCOUNTS **STRUCTURE**



FEDERAL COURT OF ACCOUNTS

INFRASTRUCTURE AUDITING



Water,
Telecommunications and
Mining
Infrastructure



Road and Civil
Aviation
Infrastructure



Urban
Infrastructure



Port and Rail
Infrastructure



Oil and Gas
Infrastructure



Electric Power
Infrastructure

Special operations in infrastructure – anti corruption and compliance

DEPARTMENT OF EXTERNAL CONTROL OIL AND GAS INFRASTRUCTURE



Module 5

Monitoring and Evaluation

Downstream Petroleum and solid minerals audits

- Monitoring of supply outlets such as fuel stations
- Monitoring of meters at the Central Processing Facility (CPF) and at the refinery
- Monitoring of solid minerals up to selling points



FEDERAL COURT OF ACCOUNTS

REGULATORY AGENCIES

TCU
oversees

- Public Concessions
- Contract execution
- Regulator's performance

Focusing on

- Regularity
- Transparency
- Improvement

Aiming at
improve the
agency's
results

- Continuously
- Technically
- Independently
- Effectively

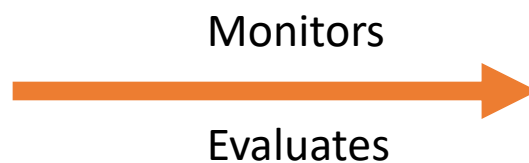


The monitoring of Concession contracts is the responsibility of the regulatory agencies.

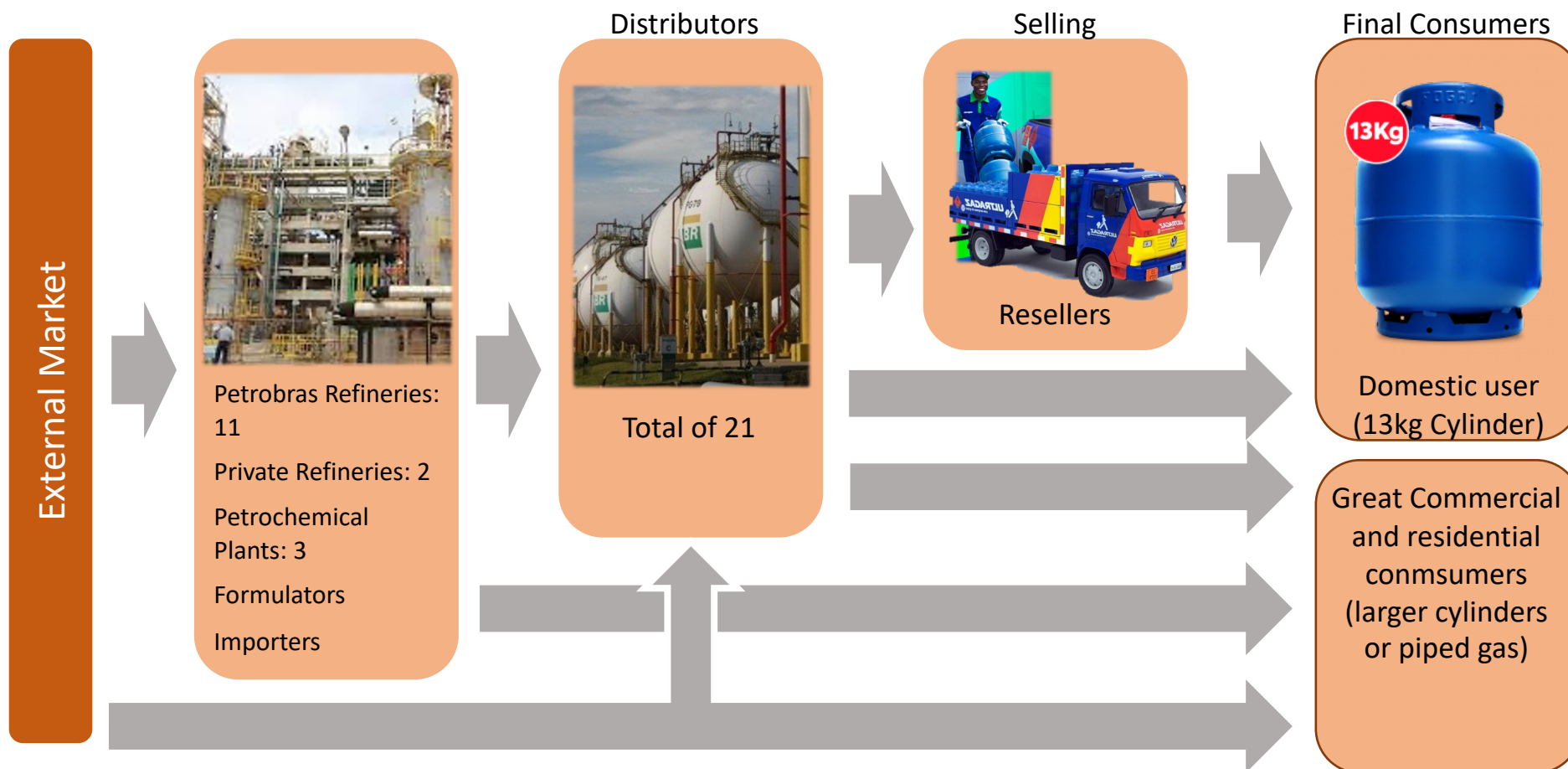
Brazil's Federal Court of Accounts has the responsibility of auditing the agency's operation – it does not regulate the market

DEPARTMENT OF EXTERNAL CONTROL - OIL AND GAS INFRASTRUCTURE

LPG AUDIT - 2014



LPG BRAZIL



ANP'S ROLE **LPG MARKET**



anp
Agência Nacional
do Petróleo,
Gás Natural e Biocombustíveis

- Establishes ordinances and resolutions
- Exercises supervision
- Sanctioning power



TCU

Audit focused on

How ANP conducts its supervision and regulation

- Reliability of information
- Public policy of subsidized 13kg cylinder
- Sanctioning power usage

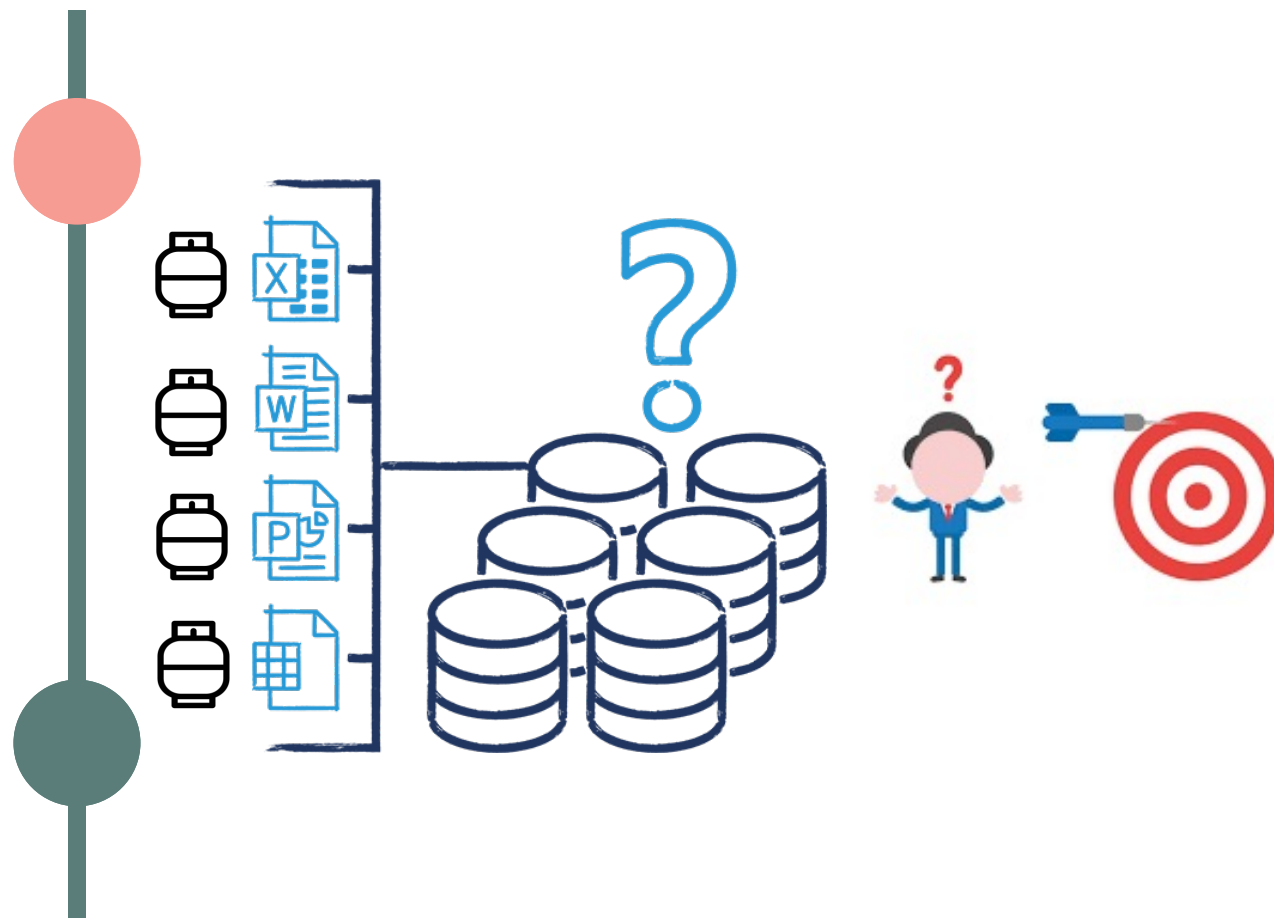


ANP

Has no means of knowing:

- Number of cylinders in circulation
- Quality of cylinders in circulation
- Safety of cylinders in circulation
- Compliance needs are being met

Information Asymmetry



TCU recommended ANP to assess alternatives for regularly validating the data received.

ANP

Has no means of tracking LPG cylinders:

- Illegal resale
- Theft of cylinders
- Sales out of compliance

Regulatory alternative studies without cost-benefit analysis



TCU recommended that cost-benefit analyzes should be carried out for the regulatory alternatives

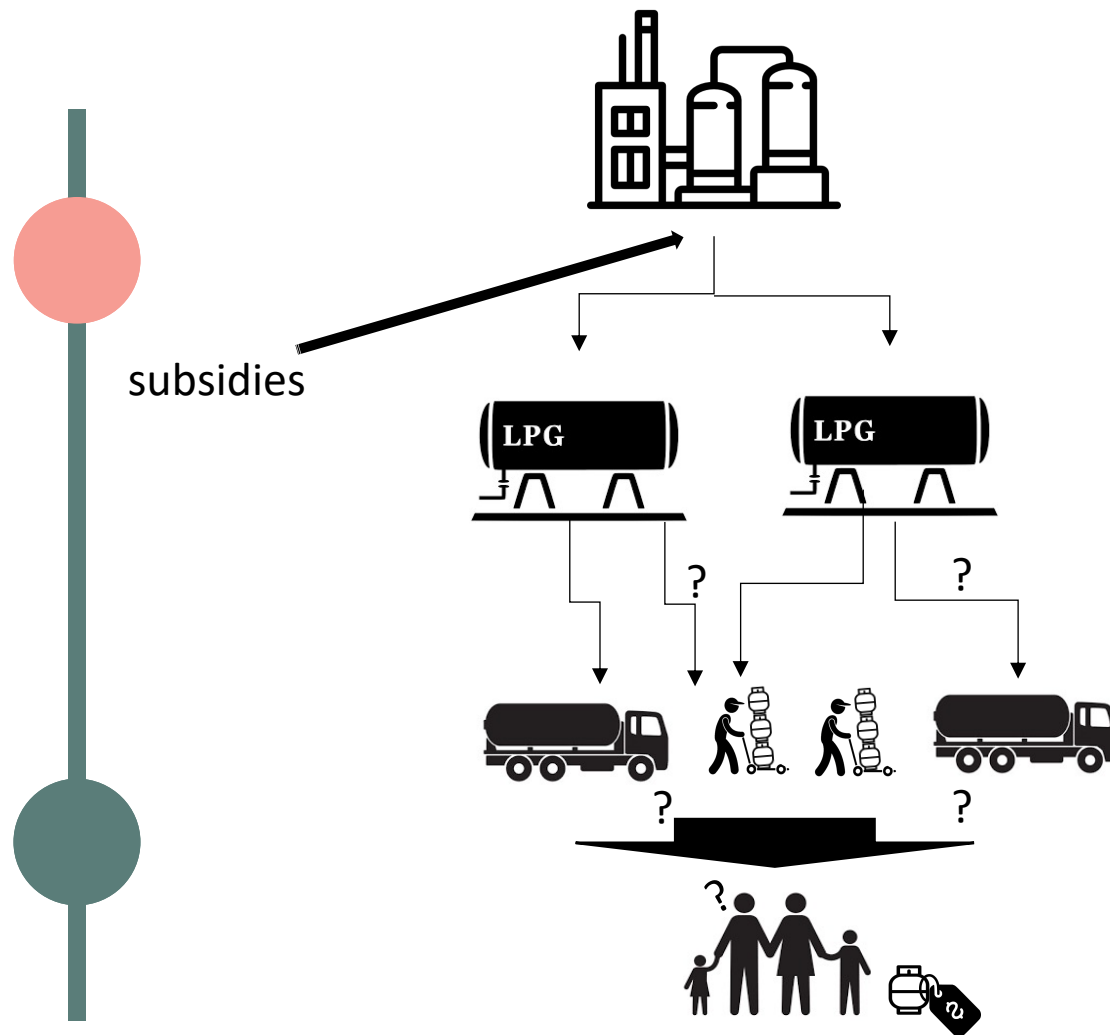
AUDIT FINDINGS

13KG CYLINDER SUBSIDIES

ANP

Has no means of knowing if the subsidies reach the end consumer

TCU – Issued a **determination** for ANP, CNPE and MME to conduct studies to quantify the effects of the policy on the consumer price



AUDIT FINDINGS SANCTIONS

ANP

LPG Inspections carried out by non-ANP agents

- Lack criterion
- Lack transparency
- Lack regulatory support

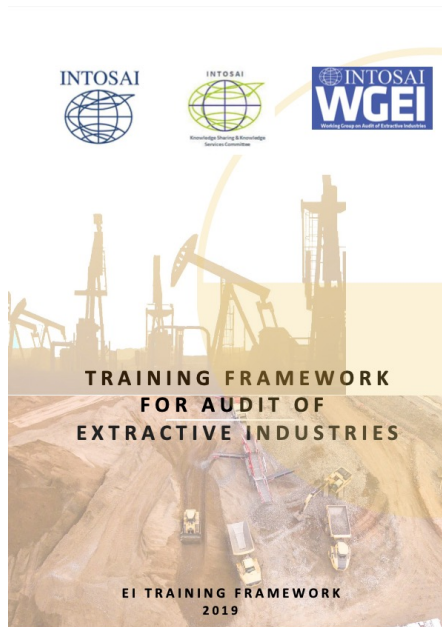
Different sanctions for the same problems depending on who conducted the inspection

ANP conducting studies for new rules for distribution and resale of LPG



TCU recommended that ANP prepares specific manuals for LPG as soon as new LPG rules are enacted

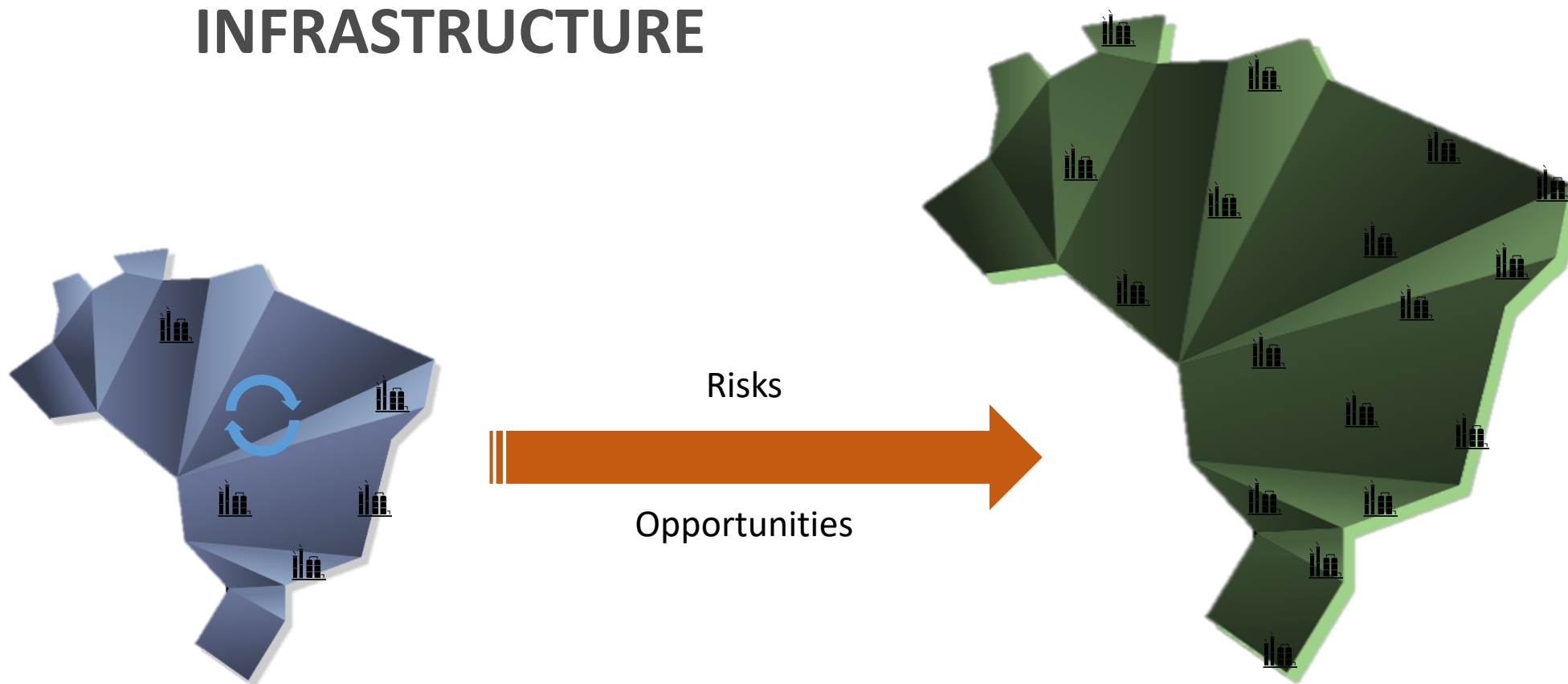
DEPARTMENT OF EXTERNAL CONTROL - OIL AND GAS INFRASTRUCTURE **NEW REFINING MARKET**



Extractive industries, when managed prudently, can generate sustainable development and make a lasting positive impact on the life of citizens. However, **without proper monitoring and evaluation policies**, the same investments have the potential to destabilize public financial management systems. They can also **lead to negative environmental and social** impacts and increase the risk of corruption in the value chain.

DEPARTMENT OF EXTERNAL CONTROL - OIL AND GAS INFRASTRUCTURE

NEW REFINING MARKET



Supply Brazil Initiative

NEW REFINING MARKET
PUBLIC POLICY

Coordinate efforts to ensure a competitive market

- Redesign fuel supply market
- Essential structures access rules
- New investments in refining
- Stimulate competitiveness

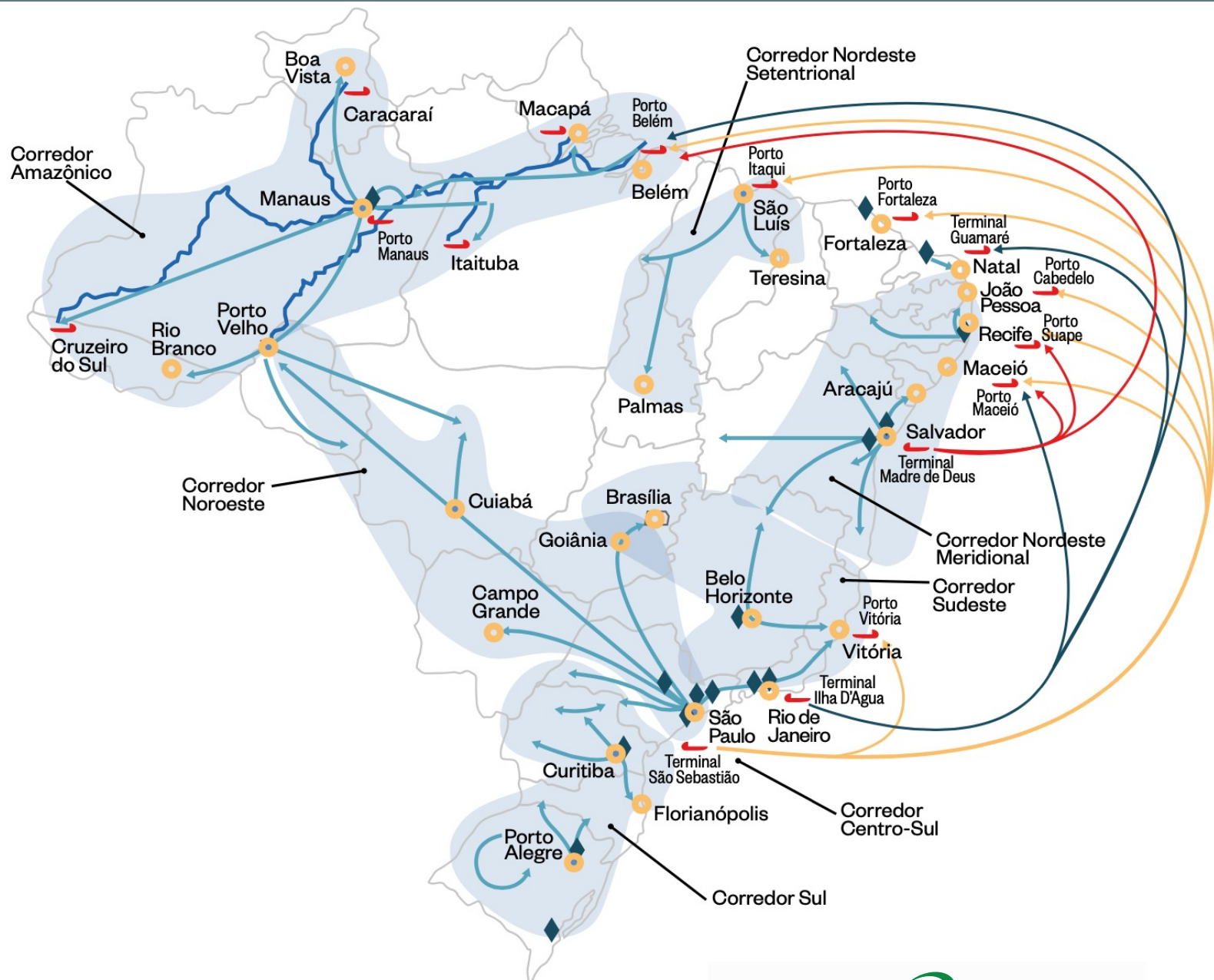


DEPARTMENT OF EXTERNAL CONTROL - OIL AND GAS INFRASTRUCTURE

NEW REFINING MARKET



- Infrastructure Bottlenecks
- Economic Regulation
- Regulatory framework



AUDIT FINDINGS

Infrastructure Bottlenecks

Impact market transition

Risks of shortage:

- Low risk of shortage for liquid fuels
- High risk of shortage for LPG

Government energy plan lacks infrastructure studies



AUDIT FINDINGS



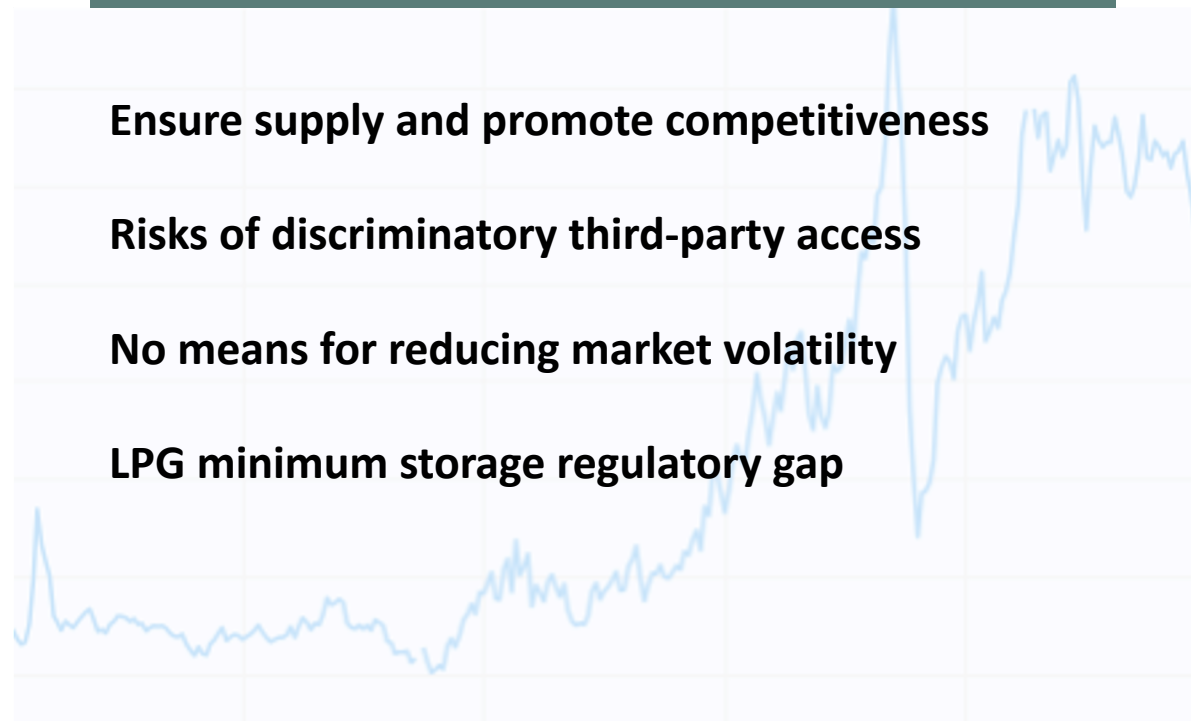
Regulatory Risks

Ensure supply and promote competitiveness

Risks of discriminatory third-party access

No means for reducing market volatility

LPG minimum storage regulatory gap




Audit Results

NEW REFINING MARKET

- Agencies agreed with findings
- Committed to conduct studies addressing the risks
- Audit fulfilled its objectives in the course of the control action
- Anti-trust agency opened an investigation



CONCLUSIONS



portal.tcu.gov.br

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Palavra-chave: **Petróleo** ✕

Filtrar por tipo: Todos

1 - 8 de 8



Atuação da ANP na fiscalização das atividades de desenvolvimento e produção de campos petrolíferos



A eficiência dos regimes de concessão e partilha a partir da análise dos principais componentes fiscais



Estratégia de Investimentos da Petrobras no Novo Mercado de Gás Natural



Descomissionamento de Instalações de Petróleo e Gás Natural Offshore



Gestão Rnest: Uma História que Precisa Ser Contada para Não Ser Repetida

<https://portal.tcu.gov.br/publicacoes-institucionais/lista/tipos/keyword/petroleo.htm>



GET IN TOUCH



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