" The **Public Expenditure Observatory** has shown to be an effective tool, not only because of its ability to identify indications of potential improprieties, but also because **it has a favorable influence on the adoption of new practices by public officials with regard to the allocation of public funds.** "

Chapter 4

Transparency and Control of Government Spending in Brazil: The Role of the Public Expenditure Observatory

Amon Narciso de Barros and Thiago Alvim Camargo

Introduction

Because of the size of the country and the way that responsibilities are distributed among federal government entities, monitoring public sector expenditures in Brazil is rather cumbersome. Brazil has been steadily improving oversight mechanisms and achieving greater transparency, thanks to a number of initiatives undertaken by various government agencies. The increasing complexity of government programs and the rising volume of expenditures will require further advances and continue to pose new challenges for those who are monitoring the integrity and quality of public spending.

This chapter discusses one initiative that is helping to expand government transparency and public spending monitoring. This initiative, led by the Office of the Comptroller-General (*Controladoria Geral da União*, or CGU), is known as the Public Expenditure Observatory (*Observatório da Despesa Pública*, or ODP). One of the ODP's main objectives is to identify risks of fraud in the use of public funds. Established as part of a CGU effort to increase the effectiveness of existing controls on the use of public funds, the ODP has helped to increase the transparency of the state. Through information technology and skilled personnel, the ODP has gradually increased the number of analyses performed. Currently, it is conducting a project known as *ODP.nano*, which is designed to transfer the lessons learned from the implementation of the ODP to the subnational level, for example, in the states of Santa Catarina and Bahia.

Transparency in the Public Sector

Historically, Brazil has been characterized more by secrecy than transparency when it comes to the actions of government officials and the governments themselves (Oliveira Júnior, Jordão, and Castro Júnior, 2012; Jardim, 1999). Oliveira Júnior, Jordão, and Castro Júnior (2012) point out that the "neoliberal wave" was an important factor leading to greater openness on the part of the state with respect to external controls, inasmuch as it was sustained, in part, on the idea that that government officials are inefficient and need to be

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more closely supervised.[1] From this standpoint, the purpose of transparency can be summed up as primarily curbing and combating corruption. Expanding the influence of civil society and enhancing democracy were not mentioned in the publication as key objectives. However, the fact that social control is a tool that contributes a great deal to the enhancement of democracy, and that it tends to constrain those who would engage in corruption, should not be ignored.

Jardim (1999) observes that with the return of re-democratization in Brazil, the demand for a more "open" government coincided with the opening up of the state to civil society that occurred at the end of the military dictatorship. This new configuration, according to Jardim, even helped shape the administrative reforms that occurred during the 1990s. Such interaction reinforces the idea that, even though control systems are thought of as having a solely administrative bias and are aimed at combating deviant behavior, broadening access to information in various levels of government benefits democracy and is positively correlated with civil society participation.

Pires, Tibali, and Souza (2010) point out several reasons why transparency has increased in the Brazilian public sector. Besides the aforementioned political "opening" that occurred during the post-dictatorship years, the authors cite the need to resolve fiscal imbalances and to improve the quality of public spending, sometimes in order to satisfy demands made by international organizations within the framework of assistance programs.

In order for governments to more closely satisfy demands from civil society, it is extremely important that they make an effort to increase transparency in all aspects that involve the state, thereby bringing citizens closer to public officials. These actions encompass a number of initiatives, from holding public hearings when new laws and regulations are being drafted, to making personnel available for consultation on information pertaining to public sector management. Akustsu and Pinho (2002) find that the difficulties of establishing a transparent relationship between the government and civil society are even greater in a society marked by a patrimonial tradition, such as Brazil.

According to Pires, Tibali, and Souza (2010), there are several possible meanings of the term "transparency" about which there is not much theoretical discussion. This chapter defines transparency as the broadening of government porosity at the time when decisions are being made, enabling participation by civil society. This porosity makes data pertaining to government actions available to citizens, which makes oversight of the acts of government officials possible.

As Pinho and Sacramento (2007) observe, transparency is frequently mentioned as the main component of accountability, a basic requirement for broadening the relationship between the rulers and the governed and making the relationship between the state and civil society more democratic. To Akustsu and Pinho (2002: 731), there are two facets to the concept of accountability: "the first delegates responsibility so that the second can proceed to manage the resources; at the same time, it generates an obligation for the one who administers the resources to give an accounting of his management and to demonstrate good use of those resources." In other words, society gives the state resources and the power to allocate them, but is entitled to receive reports on their application.

However, transparency in public administration goes beyond the mere dissemination or publication of information. It must follow certain standards that enable society to judge the actions of public officials (Pinho and Sacramento, 2007: 49). Oliveira Júnior, Jordão, and Castro Júnior (2012: 3) point out that:

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[1] There has been a great deal of debate, both concerning the nature of neoliberalism and whether or not the reforms of the state that began to be carried out starting in the 1970s were beneficial to the public interest and citizen participation. This issue is, however, beyond the scope of this study.

> Access to public information is, as a rule, not only biased toward enabling citizens to satisfy their needs with respect to the state, but rather to provide the citizens and society in general a means of directly verifying the actions of the government even when oriented toward guaranteeing collective and diffuse rights, inasmuch as the legal framework is not, by itself, a guarantee of rectitude in administering the public trust.

However, due to the large amount of data generated by the public sector, it would be impossible for the ordinary citizen to monitor each of the actions being carried out. This means that the activities of audit and control agencies, such as the CGU, which has its own specialized structure for monitoring the activities of government, become even more important. Furthermore, greater familiarity with the actions of government may help public officials improve the effectiveness of the actions taken and the quality of public expenditures. Rezende, Cunha, and Bevilaqua (2010) and Jardim (1999) believe that the state leans towards opacity, and thus the monitoring and oversight systems are important tools in increasing transparency and accountability.

At the same time, advances in information technology increase the potential for interaction between governments and civil society, as well as for the processing of data and disclosure of information. Whether through organizations that are not part of the government or by government entities, making tools available that enable organized civil society to oversee and more capably demand performance from their governing authorities contributes to transparency.

Abrucio (2007) points out that one of the most successful actions in public sector reform observed in Brazilian public management may have been the incorporation of new technologies as a tool for keeping track of, grouping, and managing data. To the author, "information technology has led to a reduction in costs, as well as an increase in the transparency of government purchasing, thereby reducing the potential for corruption." (Abrucio, 2007: 77). However, he pointed out that "the area in which the least progress has been made in e-Government is precisely that of achieving greater interactivity with citizens for the sake of greater accountability" (Abrucio, 2007: 77). Prado and Loureiro (2007) point out that e-Government prospers in a context that features the emergence of accountability and transparency, allied with the accelerated advance of information technologies.

On the other hand, Zurra and Carvalho (2008) argue that differences in the way the public and private sectors are organized slow the adoption of new technologies by the state. Difficulties in introducing innovations range from formal legal aspects to disputes over the control of information flows, along with complications in incorporating new arrangements, including public sector limitations regarding staffing. Pinho, Iglesias, and Souza (2005: 1) suggest that:

> E-government should not be seen only in terms of the introduction of information and communications technologies (ICT) that are ever more refined and sophisticated, but also in terms of the vast gamut of possibilities for interaction and participation between government and society and the commitment to transparency on the part of governments. In other words, ICT have an enormous democratic potential, but only provided that a political decision has been made in favor of popular participation and transparency.

However, as Pinho, Iglesias, and Souza (2005) and Pinho (2008) observe, transparency does not depend solely on the government, but also on the vitality of civil society and the degree to which it is able to handle the information made available and to use the channels for dialogue that have been opened. According to Pinho (2008), the Brazilian civil society has a shorter tradition and a more limited ability to make demands of the accountability of their governing officials. There is no widespread demand for greater transparency, and the state is historically isolated from social demands.

Pinho (2008) points out, however, that the demand for greater accountability is a process that is still under construction in Brazil, and it must be understood within the historical context of a relatively recent democracy. For more than 20 years, Brazilians lived under a government that was closed to civil society. It is interesting to note that the demand for transparency has been growing at the same time as new tools and technologies that enable that demand to be satisfied are appearing and being adopted (Prado and Loureiro, 2007). This makes the initiatives that prepare citizens to process information and use it to analyze government actions even more significant (Correa and Capanema, 2009).

The actions of oversight entities, although no substitute for an empowered citizenry, are becoming even more important in the effort to ensure that government actions are carefully reviewed and improved. Jóia and Cavalcante Neto (2004) point out the importance of the adoption of new technologies by government. The authors mention that in government-to-government (G2G) processes, there is a greater agility in transactions made possible by information and communication technologies. By adopting electronic tools that enhance collaboration among agencies, governments can speed up transactions which, in turn, increases their transparency.

As Prado and Loureiro (2007) observe, the adoption of tools and technologies is not sufficient to permit an automatic increase in transparency and accountability. Both depend "much more on a consistent policy of making public information available, associated with the presence of institutional mechanisms that foster accountability […]" (Prado and Loureiro, 2007: 358).

These mechanisms are being developed at each level of government, driven by both the efforts on the part of civil society and specific laws that create an institutional framework for the organization of data and release of information. As Akustsu and Pinho (2002) see it, total accountability, in the form of published reports and balance sheets audited by both external and internal auditors, is needed so that citizens can truly participate in government decisions. Furthermore, the authors warn that without a strong civil society, it is less likely that public officials will, on their own, promote accountability. This gives even more relevance to the actions being taken by civil society representatives vis à vis the government.

Increased opportunities for citizen participation and interaction with the government allows for more effective monitoring of public sector agencies and policies, and can also lead to citizen's greater influence on the decisions made by the state. However, much progress remains to be made to increase the porosity of the Brazilian state and guarantee the existence of appropriate channels for citizen participation. In this regard, Pinho and Sacramento (2007: 51) declare, "resistance to the opening of such channels that make participatory management possible constitutes the biggest obstacle to achieving transparency in Brazil's public sector."

The Internet has considerably expanded the range of possibilities for interaction between the rulers and the governed (Akustsu and Pinho, 2002), and within the governments themselves. Furthermore, the web enhances not only the capacity of the governments to make their activities transparent, but also the citizens' ability to pressure their governments through nontraditional channels that did not exist in the previous century, such as social networks.

In addition to a long history of dictatorial governments that have been closed to public participation, Brazil also has a tradition of under-participation by civil society. It has not yet overcome what O'Donnel (1994: 1999) called "delegative, but not representative, democracy," a condition that is partially the result of many years of dictatorship. Brazil still has a strong patrimonial tradition when it comes to politics (Pinho and Sacramento, 2009). However, although they foresee a long road ahead before the Brazilian state becomes accountable, Pinho and Sacramento (2009) look favorably on the initiatives that have been taken since the re-democratization of the country and the adoption of the 1988 Constitution.

In this regard, the institutional structures that have been built and are making it possible to consolidate progress play an important role. Pinho and Sacramento (2009) note that, in addition to initiatives, such as the Participatory Budget and the decentralization of federal power as a result of the 1988 Constitution, there are other areas of progress in the direction of establishing a more accountable government. Among these, the authors mention the Fiscal Responsibility Act and the CGU:[2]

> Having administrative functions of control, prevention, and auditing, the CGU makes available, via the Internet, information on the volumes of federal funds passed along to subnational levels of government. [...] It is appropriate to remember that the CGU spurs the action by important entities aimed at enforcing accountability, which are vital to the punishment of those who violate the rules of public trust, such as the audit offices and the public prosecutors (Pinho and Sacramento, 2009: 1359).

The Public Expenditure Observatory

In order to improve the mechanisms to monitor and combat corruption and to extend the transparency of the state to both the officials of the public administration and society in general, in 2008, the CGU established the ODP (CGU, 2012a). Described by the CGU as a project that has significant potential for using information technology to monitor and analyze government spending, "the ODP simulates a 'fine-tooth comb,' designed to identify situations that may constitute improprieties or irregularities (CGU, 2009a: 11).

The ODP emerged as an instrument to meet the challenges of overseeing the execution of public spending at the federal level, and to deal with the ever-increasing mass of information distributed through various databases. Although the transactions that result in the application of public funds are carried out increasingly via computers, they take place in an environment that is still highly fragmented, composed of a large number of systems managed by different organizations, developed on a wide variety of technological platforms, and lacking standards of development that would facilitate communication among them. By cross referencing and analyzing those databases, the ODP attempts to expeditiously generate reliable information to support the auditing functions and activities that lead to the improvement of government management practices. In this context, building the capability to analyze processes, within the shortest possible time, perhaps even simultaneously, would make overseeing the application of public funds more effective.

The ODP makes two principal contributions to the management of the Brazilian government.[3] First, it establishes a system for the continuous audit of public funds, defining parameters for internal controls and focusing on the operations that are most sensitive to the risk of diversion. The second important contribution is the production and distribution of information that can support the decision-making process at the public management level, in order to increase efficiency in spending by establishing parameters for comparison among government agencies.

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[2] The CGU, established in 2001 and reorganized and newly empowered starting in 2003, has powers associated with "the defense of public property, internal control, public auditing; the redress, prevention, and combating of corruption; ombudsmanship; and the increase in transparency of management in the realm of the federal administration" (President of the Republic, 2006).

[3] Interview with public officials in charge of the ODP.

The search for solutions supported by the latest technology and sophisticated information management methods becomes even more important when considering the "impossibility for the control bodies to be systematically and permanently present"[4] on all fronts where the federal government is active, throughout the territory of a country that is the size of a continent. In this context, "maximizing the control exercised by these bodies is vital,"[5] and the intensive use of information technology is indispensable.

After a period of about two years since it was conceived, and during the year following its installation in December 2008, the Ministerial Directive No. 1219 of 2009 was published, linking the ODP to the Office of the Minister of the CGU, and formalizing the following objectives (CGU, 2009b):

- Anticipate critical situations so that preventive actions can be taken

- Construct scenarios in the strategic support of daily activities of control and management

- Furnish information that helps identify sporadic incidents to be addressed by the control process

- Facilitate the immediate production of knowledge to meet specific demands of control and management

- Increase timeliness and accuracy in strategic decision making.

The aforementioned rule also defines the way in which the ODP is organized. Its format comprises three levels of jurisdiction: the Analysis Council (Conselho de Análise), Liaison Groups (Grupos de Ligação), and Production and Memory Unit (Unidade de Produção e Memória). The Analysis Council is the strategic unit of the ODP, and is composed of members of senior management of the CGU, including the Office of the Federal Secretary for Control, the Office of the Secretary for Strategic Information and Prevention of Corruption, and Office of Internal Affairs. The Analysis Council is responsible for prioritizing the topics to be addressed; determining which offices are to provide the human resources for the Liaison Groups; and, after presentation of the results identified for the topic, determining how the results should be disseminated and what steps should be taken with respect to the improprieties, or appearance of improprieties, that were detected. The Liaison Groups are established for each topic that has been identified as a priority for investigation by the ODP. Their term varies according to the work to be performed. They are composed of technical personnel drawn from various administrative units that specialize in the subject matters to be addressed, and their purpose is to ensure that specialized data will be provided and exchanged. Finally, the Production and Memory Unit (UPM), the third level of the ODP, collects, classifies, and analyzes data. Institutionalized as a unit of the CGU's Bureau of Strategic Information, the UPM disseminates and maintains the knowledge produced, and develops new information technology solutions to support the work of the ODP.

Participation by the units responsible for auditing and correcting errors, which are the end users of the strategic information generated by the ODP, is vital to the incorporation of the ODP's production into the work of the various areas of government. By helping determine the priorities to be analyzed, as well as the strategy for disseminating the information generated, the auditing and correction units become partners and co-authors of the ODP project. This is a key strategy for the implementation of the ODP, and is indispensable for its development within the CGU.

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[4] Ibid.

[5] Ibid.

Three major groups can be identified direct beneficiaries of the ODP:

- **Senior management of the CGU.** Management has strategic information, and can require the auditors of that agency to use the work of the ODP as a tool to facilitate and improve their performance.

- **Other managers.** As consumers within the executive branch, but not of the CGU, any manager responsible for expenditures may benefit from the work of the ODP by using the reports that present and compare information on public expenditures gathered from the various cabinet ministries.

- **Civil society.** The information generated can be made public, thereby making the government more transparent and permeable to oversight by society, especially by the print media.

The work of the ODP is guided, in general, by medium-term planning, based on an analysis of the threats to the proper application of public funds. The team's operating plan indicates that, by the end of 2012, newly established priorities will guide the work of the ODP until 2017. However, these priorities are not isolated from the external environment, and so they may be influenced not only by changes in the priorities of the executive branch, but also by specific demands from civil society, including situations that receive prominent coverage in the media.

The topics already studied by the ODP range from projects that handle significant volumes of funds and involve millions of beneficiaries, such as the *Bolsa Família* program, to actions directed toward activities of lesser scope that involve only federal public officials, such as the execution of expenditures processed via corporate credit cards. In this regard, the decision whether to address a given topic is guided not only by the potential financial impact of an effective audit, but also by the need to ensure integrity in public spending in its diverse methods of application. Positive experiences reinforce the importance of the ODP for the refinement of the internal controls over Brazilian public administration (CGU, 2011b: 24):

> Among the tasks performed by the ODP, special mention should be made of the analyses of: (i) atypical uses of the Federal Government Payment Card; (ii) the Comprasnet database, for verification of specific types of fraud and the production of statistics and managerial reports on Federal government procurement; (iii) federal government outsourcing contracts; (iv) beneficiaries of the Family Allowance Program (Bolsa Família); (v) purchase of travel tickets and payment of per diem; and (vi) NGOs.

The analysis of the *Bolsa Família* program involved verification of the personal data of its beneficiaries, their satisfaction with the conditions for receiving the stipend, and the social progress made by the families served. Furthermore, an inquiry was made into potential improprieties, such as the presence of public officials among beneficiaries, the incompatibility between beneficiary income and program requirements, and the retention of deceased beneficiaries on the cadastre. As an example of the results obtained from crosschecking the database on program beneficiaries against information from the National Department of Traffic (Denatram), it was possible to identify, out of a population of two million people, thousands of beneficiaries, who had registered vehicles with an assessed value greater than R$50,000 (approximately US$ 24,000).

An initiative that was prominently covered in the media was the analysis of expenditures made using corporate credit cards, known as "Federal Government Payment Cards" (CGU, n/d). A total of R$80 million in funds was analyzed in 2010, using 15 audit tracks. In addition, the following aspects were considered in greater detail because they have the potential of demonstrating atypical movements of funds: transactions related to vehicle rental; breakdowns of projects into separate expenditures; expenses for fuel and lodging; purchases at supermarkets, delicatessens and restaurants; spending at atypical establishments; purchases

by public officials who were on vacation; transactions on weekends or holidays in excess of R$1,500.00, etc. In 2010 alone, out of a total of 267,244 transactions reviewed, 28,978, or approximately 11 percent, were flagged for further investigation.

Other experiences that produced favorable results with respect to the performance of the ODP were the analyses made during the "Second Half" program, sponsored by the Ministry of Sports, as well as the pass-through of funds relating to the various agreements signed by the federal government and the National Program for Strengthening Family Agriculture.[6] With respect to the latter, the measures taken, based on analyses by the ODP, ranged from the blocking of pass-throughs in contracts that were under suspicion, to the drafting of new rules and guidelines to regulate the program (CGU, 2012). In the past two years alone (2010 and 2011), the ODP has monitored about R$128 billion in public funds, and has issued thousands of alerts regarding situations that are either atypical or outside the standards that apply to the execution of public expenditures (CGU, 2012b).

By availing itself of the ability to mine data, the ODP permits more effective analyses of simulations of bidding competitions, in which entities created only for the purpose of capturing funds through formal agreements can be identified. Analyses can also be made of possible shareholding conflicts in contracts signed between governments and companies, or connections among bidders in terms of equity holdings (CGU, n/d). Another sensitive issue that the ODP deals with is the breakdown of expenditures in order to avoid having to go through a competitive bidding process or, alternatively, imposing certain complex or specific conditions to facilitate steering the results to a certain bidder. In addition to these situations, the ODP looks into auctions in which the best proposal did not win the award, or investigates the presence of microenterprises or small businesses whose sales exceed the limit established by law for them to be considered as such. A recent example would be the examinations of outsourcing procedures. The ODP looks for signs of nepotism, the presence of the same employee on several different payrolls, civil servants working as independent contractors, deviations from job descriptions, and comparisons between costs and wages and salaries.

It is interesting to note that this "fine-tooth comb" approach, established as part of the refinements introduced by the ODP, produces a great deal of data, in the vicinity of hundreds of thousands of alerts every year, warnings that are subsequently analyzed in order to determine whether or not illegal activity or deviations from the norm are present. The structuring of a complicated solution for overseeing and improving government management practices requires a combination of conditions and spheres of authority that make it possible to build a set of capabilities in an organization—in the case of the ODP, its methodology.

The human capital dimension is supported by the very good career ladder available to the CGU that enables the institution to fill its ranks with personnel who are skilled in various fields of knowledge and have a comprehensive view of the problems to be faced. On this subject, the strategy of the CGU to reserve open positions for information technology professionals, who went through a competitive process before the ODP was conceived, was a determining factor in filling the gaps in the supply of skilled professionals that have been observed in other parts of the Brazilian public sector.

The technology pillar is strengthened by elements of business intelligence. An important factor is the online integration of data processing systems and the use of tools capable of performing statistical processing tasks that permit the use of data and text-mining algorithms. "A set of investigative analysis solutions is also part of the project: diagramming the relationship networks; identifying standard procedures, making visual analyses of information, and using software for modeling and storing information" (CGU, n/d).

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[6] Information obtained in an interview.

The methodological pillar is founded on the development of working procedures that are able to combine technical knowledge and information technology to generate highly reliable strategic information. To that end, elements of scientific methodology are employed to determine the best ways to resolve the questions posed to the working team.

There is yet another attribute that helps explain the results achieved. This is leadership, represented by the unrestricted support by the top management of the CGU for the implementation of the project. This has ensured the flow of financing and helped define the vision of the future of the ODP. Among improvements anticipated in the near future, the reformulation of the ODP's electronic portal is taking shape, to be used by CGU managers and auditors. The new portal will feature, in addition to tools designed to support public sector managers, an application that enables auditors to submit specific demands for the ODP to process and develop certain analyses. This means that the ODP is growing as a strategy that is being transformed from a center that makes available strategic information as defined by an executive committee to a tool that can interact with and assist auditors with their day-to-day workload.

In addition, a pilot procedure is now under way, which has already been adopted by four ministries of the Federal Government. Its purpose is to perfect the interactions between the ODP and the public officials. The aim is to install an information technology tool that enables auditors and public sector managers to communicate more easily, both concerning the alerts issued and the steps taken to resolve the potential problems identified. An internal discussion is under way to identify the best tool for making this closer relationship a reality. It may be consolidated in an arena in which each ministry would have its own username and password to log in and access information that falls within its purview.

This new system will replace the current one, in which follow-up on actions taken by public officials is done only sporadically. Alerts are forwarded to the Office of the Federal Secretary for Control (Secretaria Federal de Controle), which contacts the public officials. Then, time limits are negotiated for the verification and correction of the issues indicated by the ODP, which inserts these new deadlines into its plans. During this process, reviews are conducted for each item that the ODP believes is susceptible to objection, and a new report is prepared by the public officials to describe the sequence of actions taken to solve the problems. In this regard, the development of new procedures that make use of information technology and business intelligence could expedite the interactions between the managers and the ODP. Other tools, already being adopted, would permit the use of filters and online searches for information using the very data generated by the ODP. These tools are designed to facilitate and expedite analyses of procedures, as well as to function as a database that permits ready access to information pertaining to the various processes that the ODP is analyzing.

Another major expansion in the scope of the work done by the ODP came about with its active role in transferring technology to subnational entities. A pilot project is underway, financed by the IDB, known as *ODP.nano*. It calls for CGU support to the installation of units of the ODP in the states of Bahia and Santa Catarina. The selection of these two Brazilian states located in distinct and distant regions (the Northeast and South, respectively) will enable the CGU to develop a new strategy for disseminating the initiative to other Brazilian states and even to municipalities. So far, the difficulties encountered at the state level are similar to the challenges faced by the CGU during its internal structuring. These are related to the shortage of skilled information technology personnel, the difficulty of establishing priorities in the allocation of human resources to the detriment of other government initiatives, and the purchase of the latest-generation equipment and systems, while adhering to all the different competitive bidding procedures in place in Brazil. Replication of the ODP may also occur within the realm of the federal government itself. An independent unit could be set up in an agency or entity of the executive branch, so that analyses can be performed internally for purposes of internal control or improvement of management practices.

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Final Remarks

The ODP has shown to be an effective tool, not only because of its ability to identify indications of potential improprieties, but also because it has a favorable influence on the adoption of new practices by public officials with regard to the allocation of public funds. Intensive use of technology has made auditable what was previously invisible to the eyes of auditors. This changes the perception of public officials as to what can be monitored and what possibilities there are to circumvent the system. Furthermore, by making available information on the quality of expenditures from the standpoint of comparison between public sector ministries, a healthy competition is fostered as public sector managers seek to earn a good reputation among their peers. In general, the ODP encourages appropriate behavior and enables the identification of shortcomings that might open the way to poor use of public funds.

The concrete results that have been achieved in such a short time and the recognition received in the form of awards from outside observers, both Brazilian and international, highlight the merits of the initiative and contribute tremendously to the process of institutionalizing the ODP as a permanent unit of the CGU.[7] Although it has already produced significant results, the initiative still has a great deal of potential that can be exploited, whether internally as a working tool for auditors or among external clients, such as public sector managers. In both cases, the internalization of the tool as a working routine is occurring gradually, thus enabling the ODP to expand its response capability at a moderate pace. The improvements in the interaction with public sector managers and auditors made available, because of the redesign of the electronic portal of the ODP, has tremendous potential to expand the use of the information and, consequently, to improve the application of federal government funds.

Efforts are still being made to enhance the institutional legitimacy of the ODP as an integral part of the agencies of the state. This is important, owing not only to the need to add to the activities of the ODP by extending its coverage to ministries and subnational entities, but also to ensure its consolidation and continued refinement regarding the methodologies employed. As tools for increasing the transparency of the state, these refinements bring a variety of benefits to Brazilian society.

Finally, it is interesting to recall that the state sometimes finds it difficult to institutionalize transparency. By bringing to light new mechanisms for control and monitoring of public expenditures, coupled with information that can serve as input for managerial improvements, the ODP is helping Brazil to overcome deeply routed deficiencies and to move forward toward becoming an increasingly open state.

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[7] The ODP received four awards for good government practices: United Nations Public Service Awards – 2011; the Prêmio Excelência em Governo Eletrônico (e-Gov) 2010; the Prêmio Conip de Excelência em Inovação na Gestão Pública 2009; and the Prêmio TI & Governo 2009.

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