



**TRIBUNAL DE CONTAS DA UNIÃO**

**Federal Court of Accounts – Brazil**

# **Audit of Extractive Industries in Brazil**

**Kampala – Uganda, 27th August 2014**



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# Agenda

## ☐ Oil & Gas

- ☐ Audit of Oil & Gas Bidding Rounds
- ☐ Performance audits on the regulator
- ☐ Compliance audits on Petrobras
- ☐ Coordinated audit on Oil & Gas - OLACEFS

# Oil & Gas



# Oil & Gas

## Audit of Oil & Gas Bidding Rounds

**Concession  
Contracts**

**Production  
Sharing**

# Audit of Oil & Gas Bidding Rounds

12 Bidding Rounds of blocks for exploration and production of oil and natural gas between 1999 and 2013 under Concession Contracts Regime

Signature Bonuses raised US\$ 2,6 billion

TCU audited all of 12 Rounds – Internal Rule 27/1998

# Audit of Oil & Gas Bidding Rounds

1 Bidding Round of block under Production Sharing Regime

Signature Bonus raised US\$ 7 billion

41% of the profit oil for the Brazilian Treasury

# Performance audits on the regulator

- ✓ Compliance of Local Content
- ✓ Operational and Environmental Safety on offshore production units
- ✓ Production Measurement
- ✓ Calculation and Payment of Government Take
- ✓ Quality of fuels

# Compliance audits on Petrobras

- ✓ Rendition of annual accounts
  - Judgment of directors personal accounts
- ✓ Regularity of investments
- ✓ Construction of new refineries
  - 4 refineries audited
  - Rise of costs and delays
  - Construction management
  - Pipelines
  - Earthmoving
  - Power lines



P-52 platform, Roncador Field



# Coordinated audit on Oil & Gas - OLACEFS

OLACEFS – Organization of Latin American and Caribbean Supreme Audit Institutions

Public revenues from Oil & Gas exploration defined as strategic theme by OLACEFS Capacity Building Committee

Coordinated performance audit: institutional development among SAs

Participants: Brazil (coordinator), Colombia, Peru

# Coordinated audit on Oil & Gas - OLACEFS

- Preliminary actions
  - GLZ sponsored the hiring of a Consulting group (TCU prepared terms of reference and selected EnerRio)
  - Diagnosis on institutional and regulatory conditions related to the oversight of public revenues from O&G exploration (EnerRio)
  - Research on themes of common interest among participating SAls (EnerRio)

# Coordinated audit on Oil & Gas - OLACEFS

- Themes of common interest
  - **Measurement, calculation and payment of government take**

Theme of choice by participating SAIs
  - Standardization of oversight processes – “manualization”
  - Oversight of declared costs
  - Aspects of technical regulation: gas burning, limits on self-consumption, production during exploration

# Coordinated audit on Oil & Gas - OLACEFS

## Methodology

Common planning

Audits executed by  
each country

Coordinated  
audit:

Independent reports

Consolidated reports

# Coordinated audit on Oil & Gas - OLACEFS

- Common planning
  - TCU designed a preliminary planning matrix
  - On May 2013, Brasilia:
    - ✓ Seminar for technical leveling of audit teams (EnerRio)
    - ✓ Discussion and approval of planning matrix

# Coordinated audit on Oil & Gas - OLACEFS

- Execution
  - Each SAI conducted its own audit independently
  - On October 2013, Rio de Janeiro:
    - ✓ Technical visit to a Petrobras offshore platform – direct observation technique
    - ✓ Meeting to discuss current development of audits
    - ✓ Reference panel with Brazilian O&G Regulatory Agency
  - On December 2013, Colombia:
    - ✓ Discussion panel on audit findings

# Coordinated audit on Oil & Gas - OLACEFS

- Report
  - Each SAI prepared its own report, based on TCU model
  - Each SAI prepared a note on its perceptions about the results of the coordinated audit
  - TCU prepared a final report to disclose and disseminate the experiences and achievements of the coordinated audit

Thank you!

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