



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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Regulation Audit**

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 SAIs

Participants: Brazil (coordinator), Colombia, Peru

Coordinated audit on Oil & Gas - OLACEFS

- Preliminary actions
 - GIZ 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 SAIs (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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