

Country case: Public Spending Observatory in Brazil

Description

The Office of the Comptroller General of the Union launched the Public Spending Observatory (*Observatório da Despesa Pública*) in 2008 as the basis for continuous detection and sanctioning of misconduct and corruption. Through the Public Spending Observatory, procurement expenditure data are cross-checked with other government databases as a means of identifying atypical situations that, while not a priori evidence of irregularities, warrant further examination.

Public Procurement

Principle: **Integrity,
Accountability**

Procurement Stage:
Tendering

Audience: **Policy Maker,
Procuring Entity**

Based on the experience over the past several years, a number of daily actions are taken to cross procurement and other government data. This exercise generates “orange” or “red” flags that can be followed up and investigated by officials within the Office of the Comptroller General of the Union. In many cases, follow-up activities are conducted together with special Advisors on Internal Control and internal audit units within public organisations.

Examples of these tracks related to procurement and administrative contracts include possible conflicts of interest, inappropriate use of exemptions and waivers and substantial contract amendments. A number of tracks also relate to suspicious patterns of bid-rotation and market division among competitors by sector, geographic area or time, which might indicate that bidders are acting in a collusive scheme.

Finally, tracks also exist regarding the use of federal government payment cards and administrative agreements (*convenios*). In 2013, there were 60,000 instances of warnings originated from the computer-assisted audit tracks used by the Office of the Comptroller General of the Union to identify possible procurement irregularities, like:

1. Business relations between suppliers participating in the same procurement procedure
2. Personal relations between suppliers and public officials in procurement procedures
3. Fractioning of contracts in order to use exemptions to the competitive procurement modality
4. Use of bid waiver when more than one “exclusive” supplier exists
5. Non-compliance by suppliers with tender submission deadlines
6. Bid submission received prior to publication of a procurement notice
7. Registration of bid submissions on non-working days
8. Possibility of competition in exemptions
9. Supplier’s bid submissions or company records with the same registered address
10. Participation of newly established suppliers in procurement procedures
11. Contract amounts above the legally prescribed ceiling for the procurement modality used

12. Contract amendments above an established limit, in violation of the specific tender modality
13. Contract amendments within a month of contract award, in violation of the specific tender modality
14. Commitments issued prior to the original proposal date in the commitment registration system
15. Evidence of bidder rotation in procurement procedures
16. Bidding procedures involving suppliers registered in the Information Registry of Unpaid Federal Public Sector Credits (Cadastro Informativo de créditos não quitados do setor público federal)
17. Use of reverse auctions for engineering services
18. Micro- and small enterprises linked to other enterprises
19. Micro- and small enterprises with shareholders in other micro- and small enterprises
20. Micro- and small enterprises with earnings greater than BRL 0.24 million or BRL 2.40 million respectively

Source: OECD (2016), "[Corruption in Public Procurement](#)".