

# Risk management in the Brazilian Federal Government: a ministerial analysis

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This paper describes the current stage of the development of the ministries' risk management systems, considering the demands and orientations given by the Joint Normative Instruction MP/CGU n. 01/2016 and the Public Governance Decree (Decree n. 9.203, of November 22, 2017, altered by the Decree n. 9.901, of July 8, 2019). With the intention of identifying how each ministry has been managing the risks that aim at ensuring that the goals of the public policies and the strengthening of their own governance structures will be met, this research formulated indicators that allow cases to be described, based on the recommendations of national and international standards of governance and risk management. The results show that Brazilian ministerial risk management is still incipient, due to the fragile institutionalization associated with political-administrative instability. There is still a need for institutionalizing a culture of risk management and mainly, adopting a long-term perspective in the public sector organizations so that consistent risk management systems can be effectively implemented.

**Keywords:** risk management, public governance, public management

## A gestão de riscos no Governo Federal: uma análise ministerial

Esta pesquisa descreve o estágio atual do desenvolvimento dos sistemas de gerenciamento de riscos dos ministérios, considerando as demandas e orientações da Instrução Normativa Conjunta MP/CGU nº 01/2016 e do Decreto da Governança Pública (Decreto nº 9.203, de 22 de novembro de 2017, alterado pelo Decreto nº 9.901, de 8 de julho de 2019). Com o intuito de identificar como cada ministério tem gerenciado os riscos que visam garantir o cumprimento das metas das políticas públicas e o fortalecimento de suas próprias estruturas de governança, esta pesquisa formulou indicadores que permitem descrever os casos, com base no recomendações dos padrões nacionais e internacionais de governança e gerenciamento de riscos. Os resultados mostram que a gestão de riscos nos ministerios brasileiros ainda é incipiente, devido à frágil institucionalização associada à instabilidade político-administrativa. Há ainda a necessidade de institucionalizar uma cultura de gestão de risco e principalmente adotar uma perspectiva de longo prazo nas organizações do setor público para que sistemas consistentes de gestão de risco possam ser efetivamente implementados.

**Palavras-chave:** gestão de riscos, governança pública, gestão pública

## La gestión de riesgos en el gobierno federal brasileño: un análisis ministerial

Esta investigación describe la etapa actual del desarrollo de los sistemas de gestión de riesgos de los ministerios, considerando las demandas y orientaciones dadas por la Instrucción Normativa Conjunta MP/CGU n. 01/2016 y por el Decreto de Gobernanza Pública (Decreto n. 9.203, de 22 de noviembre de 2017, modificado por el Decreto n. 9.901, de 8 de julio de 2019). Con la intención de identificar cómo cada ministerio ha manejado los riesgos que objetivan garantizar el cumplimiento de los objetivos de las políticas públicas y el fortalecimiento de sus propias estructuras de gobierno, esta investigación formuló indicadores que permiten describir los casos, en función de recomendaciones de las normas nacionales e internacionales de gobernanza y gestión de riesgos. Los resultados muestran que la gestión de riesgos em los ministerios brasileños aún es incipiente, debido a la frágil institucionalización asociada con la inestabilidad político-administrativa. Aún existe la necesidad de institucionalizar una cultura de gestión de riesgos y principalmente adoptar una perspectiva de largo plazo en las organizaciones del sector público para que se puedan implementar de manera efectiva ese tipo de sistema.

**Palabras clave:** gestión de riesgos, gobernanza pública, gestión pública

## Introduction

Entities of the public administration's scope have delivering value to society as their mission. In that way, they must meet the demands of several interested parts in solving public issues. The management's performance in public agencies is evaluated, directed and monitored by the public governance structure, in order to ensure the conduction of public policies and the provision of public services aligned with society's interests (BRASIL, 2018). The meeting of those objectives must be ensured not only through legislation, but also through the implementation of suitable mechanisms of direction and management control (FORTINI & SHERMAM, 2017).

In 2016 and 2017, the Normative Instruction n. 01, of the Ministry of Planning, Development and Management, alongside the Comptroller General of the Union, and the Public Governance Decree (Decree n. 9.203, of November 22, 2017, altered by the Decree n. 9.901, of July 8, 2019), of the Presidency of the Republic, were respectively published, both directed at federal executive agencies. These normative acts determine the implementation of mechanisms to improve public governance, defining the establishing of risk management systems in public agencies of the federal public administration. This system must allow public agencies to create and preserve value by controlling risks that might interfere in society's interests, compromising the use of public resources and the trust in public institutions – with risks to integrity and budget, as well as operational and legal ones (BRASIL, 2016; BRASIL, 2017).

In this context of renovation of the ministerial governance structures, the risk management systems of the ministries that make up the Federal Government (according to the Provisional Measure n. 870, of January 1, 2019) were analyzed. To do so, 22 indicators were created, following the recommendations of the ABNT and COSO standards, besides the recommendations of the IFAC and the Federal Court of Accounts (TCU), which consider that risk management systems must operate within a wider governance structure (ABNT, 2018; COSO, 2017; IFAC, 2013; TCU, 2014). This design allowed us to describe the ministries' risk management systems, and to identify their main characteristics, according to good practices. Thus, this paper explains the recent evolution experienced through the edition of these new normative limits, revises the main literature on the theme of risk management and its relation with governance structures, and formulates and applies its own indicators to analyse ministerial risk management systems

that allows for their characterization and for making conclusions on their stage of development.

## **Risk management**

Risk management is a set of activities driven towards identifying, analyzing, evaluating, and treating risks (ABNT, 2009). It is a continuous process that aims at offering a reasonable guarantee of reaching organizational goals, and generating and preserving value to organizations, within a wider scope of governance that is applicable to the public or corporative sector (COSO, 2017). The risk management process starts by establishing the culture that the organization aims at, based on ethical principles and on the understanding of risks. The governance and management of an organization are strengthened when risk management is integrated to the planning and execution of its strategies, as it enables the alignment of strategies and performance with its institutional mission and fundamental purposes. Process revision and fluent communication sustain this alignment (COSO, 2017).

According to Holton (2004), there are risks when we are exposed to uncertainties. Risks are the effects of uncertainty in the goals established by the organization (ABNT, 2009). Thus, as all organizations are exposed to uncertainty and its effects can interfere in the reaching of their goals, the need for risk management emerges. To this end, strategies that reduce negative affects (risks) and seizes positive outcomes (opportunities) from uncertainty to the creation and preservation of value are developed (COSO, 2007). Risk management acts preemptively, balancing risks and opportunities within organizations (HILL & DINSDALE, 2003; DAMODARAN, 2009). The strategies required for the organizations to obtain a reasonable guarantee of reaching their objectives, when effectively implemented, can be found in the components of the risk management process (COSO, 2007). With the goal of promoting good practices in risk management, several institutions began to disseminate their risk management standards, contributing internationally to the consolidation of guidelines for implementing this process, such as Orange Book (2004), COSO ERM and GRC (2007, 2017), and ISO 31.000 (2009, 2018), considered the main international standards (UNITED KINGDOM, 2020; COSO, 2007; 2017; ABNT, 2009; 2018).

The COSO-ERM standard determine eight components for the risk management process. The first component is the control environment, where the culture of the organization is established, including its awareness of risks and the ethics and competence of those who integrate it. In the control environment, the level of risks that the organization is willing to face, that is, its appetite and tolerance to risk, is also established. Later, there is the objective setting. The objectives must be established according to the previously defined risk appetite. Setting objectives is essential for the existence of the following components: event identification, risk assessment and risk response (COSO, 2007).

In Brazil, the ISO risk management standard (ISO 31.000:2009 and its update ISO 31.000:2018) was adopted by the Brazilian Association of Technical Standards (ABNT NBR 31.000:2009 and its update ABNT NBR 31.000:2018). According to ABNT (2018), the purpose of risk management is the creation and protection of value. It aims to improve performance, encourage innovation and support the achievement of objectives. The ABNT standard established three components for risk management: principles, framework, and process.

Principles include the requirements for the risk management initiative to be integrated, structured and comprehensive, customized, inclusive, dynamic, apply the best information available, human and culturally sensitive, and continually improved. The framework assists with integrating risk management into governance and all activities and functions of the organization, including decision-making. The principles and framework are closely related since principles outline what must be achieved and the framework outlines how to achieve it. The framework emphasizes the extent of leadership and commitment that is required, and the range of activities involved in designing and implementing risk management systems. Then, the process component comprises a series of iterative steps undertaken in a coordinated manner: scope, context and criteria; risk assessment and risk treatment; communication and consultation; monitoring and review; and recording and reporting. Risk assessment is described as having the three stages of risk identification, risk analysis, and risk evaluation. The risk assessment and treatment are at the centre of the risk management systems (ABNT, 2018). The ABNT NBR 31.000:2018 is complemented with standards such as ISO Guide 73:2009 (Risk management – Vocabulary), ISO/TR 31004:2013 (Risk management – Guidance for the implementation of ISO 31000), IEC 31010:2019 (Risk management — Risk assessment

techniques), ABNT ISO 9001:2015 (Quality management systems – Requirements), etc (ABNT, 2009; 2015; 2018; ISO, 2013; 2019).

The COSO-ERM and ABNT frameworks have some components in common, such as event identification and risk identification, respectively. Both components deal with identifying the events that arose in the organization's external and internal environments and which consequences they can have on the reaching of its goals, if they come to be. In these components, the goal is to use qualitative and quantitative techniques to evaluate the degree of the effects in the objectives and the probability of them occurring. According to COSO's component, selecting measures that must be taken after evaluating the risks impacts and probabilities means responding to risks. To ensure that the responses to risks will be executed, control activities are necessary. For ABNT, selecting these measures means treating risks. The responses or treatments can be accepting, avoiding, mitigating or transferring risks. Both models establish that the decisions on these treatment measures must consider their costs and benefits (ABNT, 2018; Coso, 2007).

The COSO model also establishes that the component of information and communication must be coherent and timely, and that communication is fluid in all levels of the organization to facilitate risk management decisions. Finally, COSO-ERM and ABNT determine continuous monitoring for identifying necessary adjustments and ensuring the effective functioning of the risk management process. In these documents, it is made clear that the implementation of the components, routinely, does not happen in a specific order, for they have an inter-relationship (ABNT, 2018; Coso, 2007).

For good communication and conduction of the risk management process, the essential roles and responsibilities of people and groups in the organizations must be clearly defined. For that, there are “three lines of defense” mechanisms, which present: (1) the roles that manage and have priority on risks, (2) the roles that supervise the risks, and (3) the roles that provide independent evaluation. In the first line, risk management takes place through operational managers in their daily activities of identifying, evaluating and controlling risks. In the second line, high administration supervises procedures done by the first line, to ensure they take place and are appropriate. In the third line, there is assurance through an internal audit, which evaluates how previous lines of defense reached risk management goals (IIA, 2013).

The strategical feature of risk management makes this tool a competitive advantage for corporations (COIMBRA, 2004). In the public sphere there is not the same competitiveness; however, the reaching of results and goals, the creation and preservation of values, are purposes common to all organizations. Besides that, the current emphasis on the improvement of public governance, modifying the manner of governing the Estate, has contributed to the diffusion of risk management in public organizations (OLIVEIRA, 2016; VIEIRA & BARRETO, 2019).

Nevertheless, there are numerous pitfalls that can cause failure in the public sectors risk management systems. Some of these managerial traps were summarized by Christopher Hood and Henry Rothstein (2000) as the mechanistic application of risk management systems, excessive concentration on organizational risks at the expense of government-wide or social risks, and blame-shifting rather than an overall problem-solving approach. Others like Christian Huber and Tobias Scheytt (2013) stressed the political use of risk management systems to shift power relations in favor of governmental elites, calling our attention to a “calculative culture” while denouncing risk management incapacity to actually prevent disasters such as the 2008 financial crisis (POWER, 2009; TALEB; GOLDSTEIN; & SPITZNAGEL, 2009; MIKES, 2011). In Brazil, the debate is incipient, since the process of implementing risk management systems started late and its challenges seem to assume another feature.

### **Risk management in Brazilian public administration**

In the last few years, the governmental agencies’ initiatives for reaching good practices of governance in Brazilian public institutions have increased, highlighting the need for implementing adequate risk management processes as an essential part of the efforts that aim to improve the delivery and preservation of public value to society (VIEIRA, 2019). In 2016, the Ministry of Planning, Development and Management (MP) and Office of the Comptroller General (CGU) published the Joint Normative Instruction n. 01/2016, directed at the Federal Public Administration’s agencies, in scope of the Executive power, establishing the usage of measures to systematize practices related to internal controls, risk management and governance. This normative instruction is organized in six chapters. In the third chapter, the necessary structure for the model of

risk management to be implemented in agencies and entities is presented, noting the components present in the COSO standard (BRASIL, 2016).

According to this general orientation, the risk management policies of these institutions must specify their organizational principles and objectives and specify guidelines on: (a) how risk management will be integrated to the organizations' strategical planning, processes and policies; (b) how, and how often, the risks will be managed and monitored; (c) how the performance of risk management will be measured; (d) how the instances responsible for risk management will be integrated; (e) the use of methodology and tools to support risk management; (f) the continuous training of public agents in risk management. These policies must also specify the competences and responsibilities of the high administration, leaders, agents and managers for making risk management effective. The implementation of these policies stays under the responsibility of the committees of governance, risks and controls of the public entities themselves; and the policies, procedures and internal controls implemented by them will be periodically evaluated by the CGU, responsible by their assurance (BRASIL, 2016).

The following year, guided by the orientations of the Federal Court of Accounts (TCU) in the judgment n. 1.273/2015, the Presidency of the Republic edited the Governance Decree (Decree n. 9.203, of November 22, 2017, altered by the Decree n. 9.901, of July 8, 2019), which institutes governance policies of the federal public administration as direct, autarchic, and foundational. The Governance Decree specifies the principles and guidelines that constitute the public governance and mechanisms necessary for its practice (BRASIL, 2017). This normative act determines that agencies and entities institute internal governance committees to aid in the implementation and maintenance of processes, structures and mechanisms required for the execution of principles and guidelines for this governance policy. Thus, the committees must contribute to the operation of risk management systems and internal controls should be run and monitored by the high administration. The risk management must be subordinate to public interest, documented and implemented in a systematically structured and timely manner, integrated to strategical planning processes and to all other activity work processes and existing projects in order to fulfill institutional objectives at all levels in the organization (BRASIL, 2017).

In 2018, carrying on with the initiatives for the improvement of public institutions, the TCU disclosed the Basic Risk Management Framework (Referencial Básico de

Gestão de Riscos) – a document with technical guidelines to assist managers in implementing politics of public governance (TCU, 2018a). In the same year, it disclosed the Risk Management Maturity Assessment Roadmap (Roteiro de Avaliação de Maturidade da Gestão de Riscos), directed at the auditors of the public sector and recommended to public managers as a tool of evaluation to perfect risk management practices in the institutions where they act (TCU, 2018b).

### **Governance structure for risk management**

According to Bhatta (2003), governance corresponds to the obtainment and distribution of power in society, while corporative governance is the way which organizations are governed and managed. An organization's corporative governance is comprised of organizational structure, culture, politics, strategies, and the manner in which it relates to its interested parts (BARRETT, 2002). Through this corporative governance system, the means to reach institutional objectives and monitoring of the organization's performance are established.

In governmental entities, public governance is comprised of leadership, strategic and control mechanisms put into practice to evaluate, direct and monitor management, with the goal of conducting public policies and service provisions for society's interest (TCU, 2014; BRASIL, 2018). Governance in the public sector consists of protecting the inter-relationship between management, control and supervision that occurs within governmental institutions, which aim at the efficient achievement of political objectives and the communication and income statement for the benefit of society (MELLO, 2006). The accountability occurs through governmental agencies that are part of the governance structure of public entities. These agencies must act in the strategical guiding, the guarantee of internal control, and the observance of the principles of governance (VIEIRA & BARRETO, 2019).

Public governance constitutes systems of accountability directed at the Ministers and the parliament. On that level, management objectives and guidelines for public offices are established (BARRETT, 2002). With the objective of properly tending to society's interests, public offices must integrate good practices in their governance structures through their agencies, in order to conciliate mechanisms of performance and conformity (VIEIRA & BARRETO, 2019). The International Federation of Accountants –

IFAC recommended the best practices in their framework of good governance in public offices for improving codes of conduct, organizational structures and processes, controlling practices, and procedures for external reporting (IFAC, 2001).

Good governance requires that the notion of risk be integrated in the organization's culture, with all its members aware of risk management as a continuous and essential process for the accomplishment of their activities (IFAC, 2013). According to Sobel and Reding (2004), the governance structure for risk management consists of stakeholders, the highest governance body, risk management and assurance. In that structure, the highest governance body is responsible for supervising and directing risk management policies. The primary responsibility for risk management rests with senior management, whom delegate authority to risk owners, specify risk tolerance limits and report risk management strategies and results to the highest agency. The risk owners give other employees authority to manage specific risks, communicating the level of risk tolerance and reporting the results to senior management. Finally, internal and external audits provide assurance on the processes effectiveness (SOBEL & REDING, 2004).

The highest governance body is responsible for overseeing strategic decisions, financial reporting, auditing practices, risk management and internal control activities to protect and promote stakeholders' interests. To do that, it tends to delegate roles of supervision to committees fit for the themes, keeping the accountability through these delegated roles (REZAEI, 2010). As for the governance structure for risk management, the senior management can be supervised and directed by a risk management committee or constitute it (SOBEL & REDING, 2004). The opening of a risk committee is a good governance practice, as it prevents the concentration of power and responsibilities to the highest agency of the organization. The risk committee should include independent members and members experienced in risk management practices. This governance structure is fundamental for the direction and control of risk management systems (OECD, 2015 & TCU, 2014).

## Methodology

This research adopts a qualitative multiple case study design (GERRING, 2007; BLAIKIE, 2010; CHMILIAR, 2010). This approach, which adopts the typical descriptive and classificatory perspective of in-depth studies, replicates the analysis of an instrumental

series of case studies, allowing the generalization of results and getting close to the comparative logic of a cross-sectional design (GALLOWAY & SHERIDAN, 1994; YIN, 2010).

Data collection and analysis combine qualitative and quantitative techniques (CRESWELL & CLARK, 2006). The data collection is based on qualitative analysis of documents (legal and managerial), including the meetings minutes of the ministerial committees of governance, combined with the verification of information, when necessary, through phone contact. Later, part of this data was transformed and codified into a database that allowed for descriptive quantitative data analysis. The analysis of official documents, publicly available, contributes to reinforce the criteria of authenticity, credibility, representativeness and meaning that ensure the quality of data source and allow the replication of the analysis (SCOTT, 1990; BRYMAN, 2008).

Twenty-two ministries were analyzed, according to the ministerial configuration that began in January 2019. The cases analyzed were those of the Chief of Staff Office; the Comptroller General of the Union; the Secretary of Government; the Secretary-General to the President Office; the General Attorney of the Union Office; the Central Bank of Brazil; the Institutional Security Office; and the Ministries of Justice and Public Security; of Economy; of Citizenship; of Regional Development; of Environment; of Women, Family and Human Rights; of Science, Technology, Innovation and Communication; of Education; of Defense; of Tourism; of Health; of Infrastructure; of Mines and Energy; and of Foreign Affairs.

The research analyzed 22 indicators, built from the analysis of theoretical and legal references discussed in the previous chapter. For the first 11 indicators (first half), the classification of cases observed a scale of adherence to the item, ranging from 0 to 1 - in which 0 means “does not meet the requirement”, 1 means “meets the requirement”. This codification allowed for the later quantitative analysis of the cases, through descriptive statistics techniques. The other half of the indicators (last half) was qualitatively analyzed. A detailed description of these indicators is displayed in chart (1) (appendix).

The references applied to determine the points above were the practices of good governance in public offices recommended by the IFAC (2001); the practices related to the components of the governance mechanisms of the public sector of the TCU (2014);

and the twenty principles of risk management associated with the components of the COSO model (2017).

## Results

We analyzed eleven indicators in a quantitative way after codifying a portion of information collected from the ministries. The quantity and respective percentage of these points' fulfillment in the ministries are displayed below (Table 1).

**Table 1 – Quantity and Percentage of Fulfillment of the Points by the Ministries**

Ministry	Qty.	%
Justice and Public Security (MJSP)	6	55
Economy (ME)	2	18
Citizenship (MCid)	2	18
Regional Development (MDR)	1	9
Environment (MMA)	5	45
Women, Family and Human Rights (MMFDH)	4	36
Agriculture, Livestock and Supply (MAPA)	2	18
Science, Technology, Innovation and Communication (MCTIC)	5	45
Education (MEC)	4	36
Defense (MD)	4	36
Tourism (MTur)	4	36
Health (MS)	4	36
Infrastructure (MInfra)	4	36
Foreign Affairs (MRE)	6	55
Mines and Energy (MME)	4	36
The Office of the Comptroller General (CGU)	6	55
Secretary of Government (SeGov)	2	18
General Secretary to the President Office (SG/PR)	1	9
Attorney General Office (AGU)	4	36
Central Bank of Brazil (BCB)	5	45
Chief of Staff Office (CC/PR)	0	0
Institutional Security Office (GSI/PR)	5	45

Source: Elaborated by the authors.

The MJSP, MRE and CGU reached the highest number of quantitative points (55% adherence). The difference between them is in the MRE, which allows for the presence of external members in its governance committee's meetings; however, it does not disclose their minutes and documents, unlike the other two ministries. The ministries that reached the lowest points were those that did not have risk management policies and committees, but only governance committees. MCid and MDR scored 18% and 9%, respectively. The ordinance that institutes the MCid's governance committee anticipates professional training for ministry's agents and the possibility of participation of external members in its meetings. The MDR only specifies the payment policy. The CC/PR did

not score, as no item was answered by the ordinance that institutes its committee. The quantity of ministries that answer each quantitative point analyzed and their corresponding percentages are displayed below.

**Chart 2 – Quantity and Percentage of Ministries That Cater to the Points**

Item	1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11
Qty.	12	17	16	1	6	0	2	7	0	4	15
%	55	77	73	5	27	0	9	32	0	18	68

Source: Elaborated by the authors.

The foreseen professional training for public agents in risk management (item 1.2) and the presence of a committee or a sub-committee for risk management in the ministries (item 1.3) were the points most considered by the ministries (77% and 73%, respectively). Next, 68% of the ministries credit risk management by processes (item 1.11), 55% allege the responsibility of all their agents for risk management (item 1.1), 32% specify payment policies of their body collegiates' members (item 1.8), 27% allow the presence of external members in their meetings (item 1.5), 18% disclose the minutes of their meetings and documents (item 1.10). The existence of performance indicators for risk management in the ministries (item 1.7) scored 9%, only because the MJSP and BCB contain these items in their manuals and policies. The existence of a permanent Secretary for risk management structure was predicted only by MEC (item 1.4). Finally, the establishing of objectives and goals for risk management (item 1.6) and the disclosing of reports on risk management (item 1.9) are not practiced in any Ministry. The information not codified (appendix C) was analyzed in a qualitative way.

In most ministries, the statutory responsibility (item 1.12) is attributed to the Minister's Office, and those who hold the presidency (item 1.13) of their councils or committees of governance are the ministers themselves. The MMFDH, MAPA, Minfra, MME and SeGov attribute their statutory responsibility to the Executive Secretary, and those who hold the presidency of their committees are the executive secretaries. The ME attributes the statutory responsibility to the Executive Secretary, and the MJSP attributes the responsibility for the risk management committee to the Special Internal Control Advisory Office (AECI), however in both cases the presidency is held by the Minister. The MTur, the SG/PR and the CC/PR do not attribute statutory ties to the committees. In the BCB, the statutory responsibility is tied to the Board of Directors of Foreign and the

Directory of Management and Corporative Risks (Direx). The bank's President is the one who holds presidency.

The first line of defense (item 1.14) is defined by MMA, MTur, MRE, MME, MJSP, MInfra, SeGov, and MMFDH as risk managers, processes managers or risk processes managers; meanwhile, MEC defines them simply as servers. In these nine ministries, the second line of defense (item 1.15) is their risk committees. The other ministries define their first line as their committees, sub-committees or risk cores and define the second line as an overlying instance. The third line of defense (item 1.16) in the ministries is the CGU; however, the MD defines it as its Audit Management Office. At the BCB, the third line is its internal audit. The third line at CGU is the Internal Control Secretariat inside the Secretary-General of the Brazilian Presidency of the Republic.

The risk management frameworks (item 1.17) applied by MJSP, MAPA, MCTIC, MEC, CGU, and GSI are COSO and ISO. The AGU applies COSO-ERM, ABNT and Orange Book (COSO, 2007; ABNT, 2009; UNITED KINGDOM, 2020). The BCB uses only ABNT, while the MS uses only COSO-ERM. The other ministries do not specify which frameworks they use (appendix C). As for the categories of risks (item 1.18) listed by MJSP, MCTIC, MEC, MD, MTur, MRE, MME, and CGU were only the categories recommended by the Joint Normative Instruction: legal, operational, financial and reputational risks. MCTIC and CGU added risks to integrity. Only MAPA, BCB, and AGU listed the specific risks of their fields of work (appendix C). The other ministries either do not cite in their risk management policies which categories of risks can be identified, or do not have established policies. Lastly, the members of governance and risk management collegiates bodies did not receive training (item 1.21), even though 77% of the agencies' policies presume their agents' professional qualification in risk management. And, despite 68% of the ministries presuming risk management by processes, it has been identified that none of them have fully integrated management by processes (item 1.22).

According to the Governance Decree, the ministries should institute their own internal governance committees. These committees' minutes of meetings have been analyzed to verify the progress of the processes and decisions regarding the themes governance structure, and risk management policy in those entities (Table 2).

**Table 2 – Minutes of the Ministries' Governance Committees' Meetings**

Ministry	Name	Creation*	Meetings	Situation (June 2019)
<b>MJSP</b>	Committee of Strategic Governance (CGE)	2019	2	Implementing the pilot scheme for risk management.
<b>ME</b>	Committee of Risk Management, Transparency, Control, and Integrity (CRTCI)	2019	3	Risk management policy is approved
<b>MCid</b>	Internal Committee of Governance (CIG)	2019	1	Approval of the strategic plan.
<b>MDR</b>	Internal Committee of Governance (CIGov)	2019	0	Committee has not met.
<b>MMA</b>	Council of Governance, Risk Management, and Controls (CONSEGOV)	2018	0	Council has not met.
<b>MMFDH</b>	Internal Committee of Governance, Risks, and Control (CIGRC)	2019	1	Risk management policy is about to be implemented.
<b>MAPA</b>	Committee of Governance, Risks, and Control (CGRC)	2019	1	The minutes of this year's meetings have not been disclosed.
<b>MCTIC</b>	Committee of Governance, Integrity Management, Risks, and Internal Management Controls (COGIR)	2018	5	Governance structure has been renovated and the committee's role has been determined.
<b>MEC</b>	Committee of Governance, Integrity, Risk Management, and Controls (CGIGRC)	2019	-	The minutes of this year's meetings have not been disclosed.
<b>MD</b>	Committee of Strategic Management (CGE)	2018	0	Committee has not met.
<b>MTur</b>	Committee of Strategic Governance (CGE)	2019	1	Reorganizing the governance structure and updating the policy of risk management.
<b>MS</b>	Internal Committee of Governance (CIG)	2018	0	Committee has not met.
<b>MInfra</b>	Strategic Committee of Governance (CEG)	2019	0	Committee has not met. Governance structure under revision.
<b>MRE</b>	Committee of Governance, Risks, and Controls (CGRC)	2017	-	Minutes not disclosed.
<b>MME</b>	Committee of Governance, Risks, and Controls (CGRC)	2017	7	Pilot risk management project has been underway
<b>CGU</b>	Committee of Internal Governance (CGI)	2018	5	Elaborating strategic planning 2020-2023.
<b>SeGov</b>	Committee of Governance, Risks, and Control (CGRC)	2019	1	Minutes not disclosed.
<b>SG/PR</b>	Committee of Institutional Governance (CGI)	2019	2	Aggregation of risk management competencies in one single collegiate body
<b>AGU</b>	Committee of Governance (CG)	2017	7	Change in the Committee of Governance. Policy of risk management approved.
<b>BCB</b>	Committee of Governance, Risks, and Controls (GRC)	2017	9	Risk appetite is declared

Ministry	Name	Creation*	Meetings	Situation (June 2019)
CC/PR	Interministerial Committee of Governance (CIG)	2017	6	Recommendations for the ministries.
GSI/PR	Committee of Governance, Risks, and Controls (CGRC)	2019	-	No minutes made.

\*Appendix B – Ordinances for creation and modification of committees.

Source: Elaborated by the authors.

After the change of government and the ministerial's reorganization in 2019, some ministries renewed their governance systems and/or instituted new governance committees, as well as renewed their risk management policies. In those ministries, we analyzed the documents generated that year. In other ministries, we analyzed the documents generated in the period of 2017 to 2019. The most significant changes and/or ministerial situations are described below.

In 2019, the **MJSP** updated its risk management policy and started implementing a pilot project on risk management in its units. The ordinance that instituted its Governance System, created the supervision instances, and made the Risk Management and Internal Controls Committee responsible for risk management. In the same year, the **ME**, created by the merger of four ministries (Treasury; Planning, Development and Management; Industry, Commerce, and Supplies; part of Labour), ended the committees of the old ministries and instituted the Ministerial Governance Committee and seven more thematic committees, among them the Risk Management, Transparency, Control, and Integrity Committee. According to the minutes of the meeting that took place in June 2019, the ministry's risk management policy was approved in a collegiate body resolution, which is yet to be published in the late Ministry of Treasury's webpage. Due to this, it could not be analyzed.

The **MTur** renewed its governance committee at the first meeting of 2019, changing its name, bylaws, and governance structure. Until the date of this research's conclusion, the Ministry would still elaborate a strategic plan and its risk management policy would be renewed for implementation. Before that, its agents would receive training on public governance and risk management. Still in 2019, the **MAPA** instituted the Governance, Risks, and Controls Committee and ended the committee of the same name. The extinct collegiate body held two meetings. In the last meeting in 2018, it decided to elaborate a plan of governance acts and update the risk management policy instituted in 2017. The committee created in 2019 met once, but the minutes of the meeting were not registered. In the same year, the **MCid**, created by the merger of four

ministries (Social Development; Sports; Culture; part of Labour) and the **MDR**, created by the merger of two ministries (City Planning; National Integration) revoked the risk management policies of the late ministries and instituted Internal Governance Committees, giving them the responsibilities for promoting and monitoring risk management. However, the agencies did not present new risk management policies; and the MDR did not institute instances for risk management.

In 2018, the **MMA** instituted the Governance, Risk Management, and Controls Council, but the collegiate body has not met since then. In 2019, its governance structure was put into revision due to the Decree n. 9,759, of April 11, 2019, which establishes guidelines, rules, and limits for the federal public administration's body collegiates. As a result, the process of implementing the 2018 risk management policy was interrupted. That same year, **CC/PR** created the Governance Committee, where the minutes of its meetings were not disclosed. The minutes made available were those from the meetings of the Interministerial Governance Committee (CIG), instituted through the Governance Decree and composed by the Minister of CC/PR, which coordinates it, and the Ministers of Economy, and CGU. CIG's objective is to advise the Presidency of the Republic in the conducting of the federal public administration's governance policy. One of its competences is to secure recommendations to the ministries' thematic body collegiates, so that their programs and governance policies are well-coordinated (BRASIL, 2019b). The minutes made available display these recommendations.

In 2017, **SG/PR** created its committee and approved its risk management policy. In 2019, it ended the risk committee and instituted the Institutional Governance Committee, which has never met. The risk management policy remained, but with the revocation of the chapters regarding the operating structure and responsibilities for risk management. The responsibilities of promoting and keeping up with the execution of the risk management were given to the Committee of Governance. The **MInfra** (formerly Ministry of Transport, Ports, and Civil Aviation) stopped its risk management activities in order to comply with the Governance Decree in 2017 but has not resumed them since then. In addition, the ministry had its regulatory and organizational structures modified through Decree n. 9,676, of January 2, 2019. Still in 2017, the **MS** created the Strategic Management Committee for Integrity, Risks, and Internal Controls. In 2018, it created the Internal Governance Committee, but none of its collegiates bodies met.

## Analysis and discussion on the results

As it was addressed in Oliveira (2016), administrative discontinuity caused by the turnover in political offices due to elections can bring changes or ruptures in policies and practices adopted by late governments. While analyzing the information collected from the ministries, it was verified that, in 2016, 2017 and 2018 (during the Temer government), most of the ministries had their risk management systems under development, to be later executed. With the change of government in 2019, some agencies kept the risk management policies that had been set up, while others extinguished them (MCid, MDR), updated them (MJSP, MMFDH) or are updating them (MTur). There are also others that extinguished their committees (MC, MDR, SG, ME, MAPA) and others that recreated them (ME, MAPA). The extinction of committees has also been corroborated by the Decree n. 9.759, of April 11, 2019, which establishes guidelines for the creation of collegiates bodies and extinguishes those that were created before January 2019 that are not in agreement with the requirements stipulated by the Decree (BRASIL, 2019a).

Regarding governance structure, most ministries define the roles and responsibilities of their agents for conducting management programs by specifying the lines of defense for risk management, attributing statutory responsibility to the committees of governance and/or risks, and specifying their presidencies (HILL & DINSDALE, 2003; IFAC, 2013; TCU, 2014). However, the collegiates members did not receive training. Moreover, it has been identified that none of the 22 ministries has independent members in their bodies collegiates. The ordinances that institute the bodies collegiates of governance and/or risk management of some ministries (ME, MCid, MCTIC, MInfra, MRE, GSI) mention only the possibility of inviting external members to engage in their meetings.

Generally speaking, the ministries present inadequate governance structures, because some of them extinguished their risks committees and some kept them, though they do not have independent members and/or sustain a great quantity of themes under their responsibility. The power and authority belong to the higher governance body, when it does not delegate its functions to instances of support and when there is no independence. The recommendation for a governance system to be well-structured is to avoid the concentration of power. Besides, the critical decisions and activities must be

taken or executed by a collegiate body composed of competent and mutually independent members (TCU, 2014).

As described in the previous section, half of the ministries specified in their policies the references to be used for the design and implementation of their risk management systems, as well as the categories of risks to be identified. However, only three ministries (MAPA, BCB, AGU) specified the inherent risks to their areas, whilst the others only listed the categories of the Joint Normative Instruction. Adopting a consolidated reference for risk management is important to assist in implementing a well-structured system, while listing the categories of risks in which the entity is exposed to helps to identify them (HILL & DINSDALE, 2003; IFAC, 2013). The identification of risks is one of the stages specified by all ministries that have instituted risk management policies and listed the components of its process.

After requesting the meetings minutes of the ministries' governance and risk management committees, it was possible to identify that the collegiates bodies of some of these agencies had never had a meeting (MMA, MD, MS, Minfra), and others simply did not make their minutes public (MRE, GSI, MAPA, SeGov). The ministries that have not made the minutes of their collegiates' meetings public – by not registering them or not disclosing the content of their meetings – or that did not disclose reports on their risk management systems to the external public, made their governance structures and the public transparency fragile. The principle of transparency is one of the three fundamental principles of good governance (transparency, integrity, and responsivity), since it guarantees that the stakeholders trust the processes of decision-making and the actions of the public sector's entities in the managing of their activities and of their agents (BRASIL, 2017; IFAC, 2001).

In the long term, risk management aims to contribute for increasing the resilience of an organization in face of changes and uncertainties. That means that it is necessary to adopt a long-term vision and to be transparent in relation to the existing conflicts between the expected results and the short-term factors that can influence them, such as political cycles and other external issues. In the period between 2016 and 2018, when most of the normative acts on public governance and risk management were published, the ministries only catered to the legal requirements when instituting their collegiates bodies and policies but did not effectively implement the predicted management programs. For that reason, for us more than ever, it seems fundamental that public entities need to promote

an increase in their resilience to cater to the public interest by properly managing the risks (Coso, 2017; IFAC, 2013).

Finally, the evidences of the merely formal accomplishment of the cases of risk management in the ministries, corroborate the fact that there are no objectives, no goals, nor indicators of performance for their risk management systems. The absence of these procedures prevents the ministries from monitoring and evaluating the performance of their risk management system, hindering its improvement (HILL & DINSDALE, 2003; IFAC, 2013; TCU, 2014). Practically speaking, it can be acknowledged that, despite there being a normative-legal orientation, there are no strong evidences that management procedures (and their respective underlying cultural change), necessary for the creation of an effective risk management system, have been adopted in these public agencies.

### **Final considerations**

In the past few years, legal norms and orientative documents on governance and risk management have been edited, directed at agencies of the federal public administration that began to demand the implementation of systems of governance and risk management in the ministries. This initial movement aims at establishing a fundamental change in how direction and control take place in these agencies, emphasizing the need for generating and preserving public value, recognizing the uncertainty, and properly managing the risks that come from it. However, this reorientation towards a new public governance, based on risk management, can still be described as an incipient process in the ministries.

The results point out that, despite the risk management systems, defined by the ministries after the Joint Normative Instruction MP/CGU was put forth, being inserted in new structures of governance; in most cases, the required activities for an effective implementation of these systems have been consistently interrupted. That took place not only for adequacy to the guidelines established in Governance Decree, in 2017, but also for the ministerial reconfiguration of 2019, that started to completely “revise the former structures of governance”. In most of those entities, the systems that were in different phases of formulation or implementation started to be completely redesigned. Nevertheless, it was possible to identify that there is a great variation between the ministerial risk management systems. The MJSP, for example, met most points analyzed,

and its risk management system is currently under implementation. On the other extreme, there is the CC/PR, which, despite its prominent coordinating role in the government, does not meet any of the analyzed points. Curiously, this office does not have its own policy or committee for risk management, despite coordinating the Interministerial Committee of Governance.

For future studies, it is important to explore in greater depth the management practices adopted by the MJSP that allow for the continuity of their risk management system, and what are the institutional fragilities faced by the other ministries that led to the pausing and/or the reversing of their own systems. Hypotheses such as the absence of an adequate managerial culture, bureaucratic resistance, lack of technical qualification, or undue political interference can be raised from the evidence, but further in-depth analysis is still required to provide empirical support. Currently, academic literature on risk management flaws says little about some of these barriers in the context of bureaucratic-patrimonial public administration such as Brazil, privileging the debate about unsatisfactory results or the political manipulation of fully implemented risk management systems in advanced pos-bureaucratic regimes such as the United Kingdom or Australia. Thus, as part of this wider research agenda, a growing number of studies on the Brazilian public management effort to implement new public governance mechanisms, such as risk management, is not just expected, but necessary to increase its performance.

This study provides evidence that the ministries' risk management is incipient and few meet the principles, framework, and processes typical of a new public governance perspective. There is still need for institutionalizing a culture of risk management and mainly, adopting a long-term perspective in the public sector organizations, so that consistent risk management systems can be effectively implemented. This is how risk management systems could help to fulfill the goals of the Brazilian public management of reaching objectives that cater to the public interest, whilst keeping society's trust in public agencies.

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## APPENDIX A – INDICATORS

### Frame 1 – Indicators Description

Governance structure for risk management	Theoretical framework	Data source	Rating
1.1. Does it involve the stakeholders within the Ministry?	TCU (2014): E2.1	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	1 = meets the requirement (stakeholder's participation is foreseen by the program). 0 = does not meet the requirement (stakeholder's participation is not foreseen by the program).
1.2. Does the risk management policy foresee the agents' training?	COSO (2017): item 5	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	1 = meets the requirement (agent's training is foreseen by the program). 0 = does not meet the requirement (agent's training is not foreseen by the program).
1.3. Is there a thematical committee for risk management?	TCU (2014): L1.1	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems.	1 = meets the requirement (there is a risk management committee). 0 = does not meet the requirement (there is not a risk management committee).
1.4. Is there a permanent Secretary?	TCU (2014): L4.1 and L4.2	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	1 = meets the requirement (there is a permanent secretary for the risk management system). 0 = does not meet the requirement (there is not a permanent secretary for the risk management system).
1.5. Are there external members in the council/committee?	COSO (2017): item 2	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	1 = meets the requirement (there is an external member in the council/committee). 0 = does not meet the requirement (there is not an external member in the council/committee).
1.6. Are there objectives and goals for risk management?	IFAC (2001): rules and responsibilities, item d	Documentary analysis of the ministerial ordinances for the creation of risk management	1 = meets the requirement (risk management objectives and goals are established).

Governance structure for risk management	Theoretical framework	Data source	Rating
		and/or governance systems and other legal and managerial documents.	0 = does not meet the requirement (risk management objectives and goals are established).
1.7. Are there performance indicators for risk management?	TCU (2014): L4.2	Documentary analysis in ministerial risk management manuals and electronic portals.	1 = meets the requirement (risk management performance indicators are established). 0 = does not meet the requirement (risk management performance indicators are established).
1.8. Is the payment policy specified?	COSO (2017): itens 6-9	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	1 = meets the requirement (it is specified in the documents whether or not agents would be payed for participating in the risk management system). 0 = does not meet the requirement (it is not specified in the documents whether or not agents would be payed for participating in the risk management system).
1.9. Are the reports disclosed?	TCU (2014): E2.2	Documentary analysis in ministerial electronic portals.	1 = meets the requirement (reports are disclosed). 0 = does not meet the requirement (reports are not disclosed).
1.10. Are the minutes of meetings/documents disclosed?	COSO (2017): item 16	Documentary analysis on the ministerial electronic portals and the minutes of meetings requested through the Electronic System of the Citizen Information Service (e-SIC).	1 = meets the requirement (minutes are disclosed). 0 = does not meet the requirement (minutes are not disclosed).
1.11. Does the risk management system foresee management by processes?	IFAC (2001): performance measurement	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	1 = meets the requirement (risk management system foresee process management). 0 = does not meet the requirement (risk management system does not foresee process management).
1.12. Is there statutory responsibility?	TCU (2014): L3.4	Documentary analysis of the ministerial ordinances for the creation of risk management	Qualitative analysis. Top management assesses, directs and monitors the system

Governance structure for risk management	Theoretical framework	Data source	Rating
		and/or governance systems and other legal and managerial documents (such as organizational charts).	risk management and internal control and establishes measures that ensure that do managers implement the necessary measures?
1.13. Who holds the presidency?	COSO (2017): item 5	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	Qualitative analysis. Which member of the ministry chairs the risk management committee?
1.14. Who is the first line of defense?	IFAC (2001): rules and responsibilities, item f	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	Qualitative analysis. Which instance of the risk management system has ownership over risks and the responsibility for managing them?
1.15. Who is the second line of defense?	TCU (2014): L1.4	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	Qualitative analysis. Which instance of the risk management system is responsible for supervising risk management?
1.16. Who is the third line of defense?	COSO (2017): item 20	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	Qualitative analysis. Which body has the responsibility to independently assess risk management?
1.17. Which risk management framework is applied?	IFAC (2001): periodic reports	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	Qualitative analysis. Which risk management model was used as a reference for designing the ministry's risk management system?

Governance structure for risk management	Theoretical framework	Data source	Rating
1.18. What are the risk categories?	TCU (2014): C3.2	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	Qualitative analysis. What are the risk categories adopted by the ministry?
1.19. Which components are applied?	COSO (2017): itens 19 and 20	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	Qualitative analysis. What components or steps in the risk management process are adopted by the ministry?
1.20. What is the audit's competence?	TCU (2014): C3.1	Documentary analysis of the ministerial ordinances for the creation of risk management and/or governance systems and other legal and managerial documents.	Qualitative analysis. What is the audit competence in the ministry's risk management system?
1.21. Did the council receive training?	COSO (2017): item 2	Phone call with the ministry's risk manager.	Qualitative analysis. Have members of the governance board and / or the risk management committee received risk management training?
1.22. Is there processes management?	IFAC (2001): rules and responsibilities, item b	Phone call with the ministry's risk manager.	Qualitative analysis. Is process management implemented in the ministry?

Source: Elaborated by the authors

## APPENDIX B

### ORDINANCES FOR THE CREATION AND MODIFICATION OF COMMITTEES

#### Frame 2 – Ordinances for the Creation and Modification of Ministerial Committees of Governance And/or Risks

<b>MJSP - Justice and Public Safety</b>
Ordinance n. 86, of January 29, 2019 institutes the System of Governance, creates the Committee of Strategic Governance (CGE), creates the Committee of Risk Management and Internal Controls (CGRC), creates other committees and instances of supervision.
<b>ME - Economy</b>
Ordinance n. 123, of March 27, 2019 institutes the Ministerial Committee of Governance (CMG), the Committee of Risk Management, Transparency, Control and Integrity (CRTCI), and further instances of support.
<b>MC - Citizenship</b>
Ordinance n. 641, of April 4, 2019 institutes the Internal Committee of Governance of the Ministry of Citizenship (CIGMC) and further instances of supervision.
<b>MDR - Regional Development</b>
Ordinance n. 1.079, of April 24, 2019 institutes the Internal Committee of Governance (CIG).
<b>MMA - Environment</b>
Ordinance n. 409, of October 29, 2018 institutes the Policy of Governance, Risks and Controls, creates the Council of Governance, Risk Management and Controls (CONSEGOV) and other instances of supervision.
<b>MMFDH - Women, Family and Human Rights</b>
Ordinance n. 23, of February 15, 2019 addresses the instituting and acting of the Internal Committee of Governance, Risks and Controls (CIGRC).
<b>MAPA - Agriculture, Livestock and Supply</b>
Ordinance n. 202, of January 17, 2019 institutes the Committee of Governance, Risks and Control (CGRC).
<b>MCTIC - Science, Technology, Innovation and Communication</b>
Ordinance n. 3.394, of June 29, 2018 institutes the Policy and the Committee of Governance, Management of Integrity, Risks and Internal Controls (COGIR). Ordinance n. 452, de 12 de fevereiro de 2019 changes the composition and lists the competences of the COGIR.
<b>MEC - Education</b>
Ordinance n. 313, of February 7, 2019 institutes the Committee of Governance, Integrity, Risk Management and Controls (CGIGRC). Ordinance n. 314, of February 7, 2019 institutes the Advisory Subcommittee.
<b>MD - Defense</b>
Ordinance n. 29, of May 22, 2018 institutes the Committee of Strategic Management (CGE), the instances of supervision and the policy of risk management.
<b>MTur - Tourism</b>
Ordinance n. 183, of July 29, 2016 institutes the Committee of Governance, Risks and Controls. Ordinance n. 11, of January 22, 2019 changes the Committee's composition.
<b>MS - Health</b>
Ordinance n. 1.822, of July 20, 2017 institutes the policy, the Committee of Strategy Management of Integrity, Risks and Internal Controls, and the instances of supervision. Ordinance n. 4.389, of December 28, 2018 institutes the Internal Committee of Governance.
<b>MIinfra - Infrastructure</b>
Ordinance n. 318, of April 26, 2018 institutes the Task Group. Ordinance n. 2.873, of June 29, 2019 institutes the instances of governance, comprising Risk Management, Internal Controls, Transparency and Integrity.
<b>MRE - Foreign Affairs</b>
Ordinance n. 531, of July 5, 2017 institutes the Committee of Governance, Risks and Controls (CGRC). Ordinance of February 26, 2019 changes the Committee.

<b>MME - Mines and Energy</b>
Ordinance n. 142, of April 10, 2017 institutes the Committee of Governance, Risks and Controls (CGRC).
<b>CGU - The Office of the Comptroller General</b>
Ordinance n. 1.308, of May 22, 2015 institutes the governance structure. Ordinance n. 665, of February 7, 2019 updates the governance structure. Ordinance n. 1.163, of March 20, 2019 institutes the governance structure of the risk management and creates the Managing Committee of Risks and Integrity (CGRI).
<b>SeGov - Secretary of Government</b>
Ordinance n. 64, of August 29, 2017 institutes the Committee of Governance, Risks and Controls (CGRC) and the policy of risk management. Ordinance n. 3, of January 28, 2019 changes the previous Ordinance.
<b>SG - Secretary General to the President Office</b>
Ordinance n. 17, of April 9, 2019 institutes the Committee of Institutional Governance (CGI).
<b>AGU - Attorney General Office</b>
Ordinance n. 414, of December 19, 2017 institutes a system of corporative governance, a committee of strategic management and further instances, and institutes the policy of risk management. Ordinance n. 195, of March 15, 2019 changes the governance system, instances of supervision and policies.
<b>BCB - Central Bank</b>
Ordinance n. 64.846, of May 4, 2011 institutes the Executive Managing of Corporative Risks and Operational References (Geris), currently named Department (Deris). Resolution n. 4.557, of February 23, 2017 outlines the risk management structure. Ordinance n. 97.827, of April 26, 2018 changes some internal guidelines on risk management. Ordinance n. 102.261, of March 28, 2019 changes internal guidelines.
<b>CC - Chief of Staff Office</b>
Ordinance n. 873, of July 28, 2018 outlines the Committee of Governance of the Chief of Staff Office and defines the Executive Secretary of the Interministerial Committee of Governance (CIG).
<b>GSI - Institutional Security Office</b>
Ordinance n. 62, of June 26, 2019 outlines the Committee of Governance, Risks and Controls (CGRC).

Source: Elaborated by the authors

## APPENDIX C

## DATA ON THE QUANTITATIVE AND QUALITATIVE INDICATORS

Chart 1 – Quantitative Indicators

Ministry	1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10	1.11
MJSP	0	1	1	0	0	0	1	1	0	1	1
ME	0	0	1	0	1	0	0	0	0	0	0
MC	0	1	0	0	1	0	0	0	0	0	0
MDR	0	0	0	0	0	0	0	1	0	0	0
MMA	1	1	1	0	0	0	0	1	0	0	1
MMFDH	1	1	1	0	0	0	0	0	0	0	1
MAPA	0	1	1	0	0	0	0	0	0	0	0
MCTIC	1	1	1	0	1	0	0	0	0	0	1
MEC	1	1	1	1	0	0	0	0	0	0	0
MD	1	1	1	0	0	0	0	0	0	0	1
MTur	1	1	1	0	0	0	0	0	0	0	1
MS	1	1	1	0	0	0	0	0	0	0	1
MInfra	1	1	0	0	1	0	0	1	0	0	0
MRE	1	1	1	0	1	0	0	1	0	0	1
MME	1	1	1	0	0	0	0	0	0	0	1
CGU	1	1	1	0	0	0	0	1	0	1	1
SeGov	0	0	1	0	0	0	0	0	0	0	1
SG	0	0	0	0	0	0	0	0	0	0	1
AGU	1	1	0	0	0	0	0	0	0	1	1
BCB	0	1	1	0	0	0	1	0	0	1	1
CC	0	0	0	0	0	0	0	0	0	0	0
GSI	0	1	1	0	1	0	0	1	0	0	1

Source: Elaborated by the authors.

Chart 2 – Quantitative Indicators

Ministry	1.12	1.13	1.14	1.15	1.16	1.17
<b>MJSP</b>	AECI (organization chart)	Minister (attachment I, art.3)	Process Managers (attachment IV, art.3)	CGE	CGU	COSO, ISO
<b>ME</b>	Executive Secretary (organization chart)	Minister (art.5)	CRCTI (art.9, VI)	CMG (art.1)	CGU	Not mentioned
<b>MC</b>	Under revision	Minister (art.2, §1)	CTGR (art.12) and NG (art.14)	CIG (art.3) and SGMC (art.4, II)	CGU	No risk management policy
<b>MDR</b>	Under revision	Minister (art.2)	Not specified	CIGov (art.1)	CGU	No risk management policy
<b>MMA</b>	Minister Office (organization chart)	Minister (art.34)	Risk Managers (art.26)	NGO and SGOV (art.32)	CGU	Not mentioned
<b>MMFDH</b>	Executive Secretary (organization chart)	Executive Secretary (art.3, §1)	Risk processes manager and UGRCI (art.9)	NGR (art.9)	CGU	Not mentioned
<b>MAPA</b>	Executive Secretary (organization chart)	Executive Secretary (art.2)	UGRCI (art.12)	CGRC e SRCI (art.12)	CGU	COSO, ISO
<b>MCTIC</b>	Minister Office (organization chart)	Minister (art.1, §1)	NGIRC (art.8, §1, c)	UGIRC (art.8, §1, b)	CGU	COSO, ISO
<b>MEC</b>	Minister Office (organization chart)	Minister (art.1, §1)	Servants (art.16)	CGIRC (art.19)	CGU	COSO, ISO
<b>MD</b>	Armed Forces Joint Staff Office (organization chart)	Minister (art.7)	Uircode (art.6)	Sircode and Nircode (art.6)	Audit Management (website)	Not mentioned
<b>MTur</b>	No bond	Minister (art.23)	GT-GRC and Risk Managers (art.27)	CGRC (art.9)	CGU	Not mentioned
<b>MS</b>	Minister Office (organization chart)	Minister (art.10)	Managers (art.19)	SIRC and NIRC (art.9) UIRCs	CGU	COSO
<b>MInfra</b>	Executive Secretary (organization chart)	Minister (art.3)	Processes Managers and UGIRC (art.1)	CEG and SCGRC (art.1)	CGU	No risk management policy
<b>MRE</b>	Minister Office (organization chart)	Minister (art.3)	Risk Managers (art.10, §1)	CGRC (art.1)	CGU	Not mentioned
<b>MME</b>	Executive Secretary (organization chart)	Executive Secretary (art.20)	Risk Managers (art.13)	CGRC and cores of supervision (art.13)	CGU	Not mentioned
<b>CGU</b>	Minister Office (organization chart)	Minister (art.3, §1)	UO (art.8)	CG (art.7)	CISSET	COSO, ISO

Ministry	1.12	1.13	1.14	1.15	1.16	1.17
SeGov	Executive Secretary (org. structure)	Not specified	Processes Managers (art.2, XXI, a)	CGRC (art.2, XXI, b)	Not specified	Not mentioned
SG	No bond	Minister (art.3)	AG (art.8)	CGI (art.13)	Not specified	Not mentioned
AGU	General Attorney of the Union Office (organization chart)	Substitute General Attorney of the Union (art.9)	NG (art.16)	CT-CG (art.7)	Not specified	ISO, COSO, Orange Book
BCB	Direx (manual, p.13)	BCB President (manual, p.13)	AGR (manual, p.11)	Deris (manual, p.14)	Internal Audit (manual, p.14)	ISO
CC	No bond	Executive Secretary (art.2)	Not specified	Not specified	Not specified	No risk management policy
GSI	Minister Office (organization chart)	Minister (art.1, §1)	Not specified	CGRC (art.2)	Not specified	COSO, ISO

Source: Elaborated by the authors.

### Chart 3 – Continuation of the Qualitative Indicators\*

Ministry	1.18	1.19
MJSP	Operational, image or reputation, financial or budgetary, legal	(1) internal and external environment; (2) setting objectives; (3) event identification; (4) risk evaluation; (5) response to risks; (6) internal controls, information and communication; (7) monitoring
ME	No risk management policy	No risk management policy
MC	No risk management policy	No risk management policy
MDR	No risk management policy	No risk management policy
MMA	Not cited in the ordinance that institutes the risk management policy	(1) definition of the scope; (2) risk identification; (3) risk analysis; (4) risk evaluation; (5) risk prioritization; (6) response to risks; (7) communication and monitoring; (8) definition of appetite to risk
MMFDH	Not cited in the ordinance that institutes the risk management policy	(1) understanding of context; (2) risk identification; (3) risk analysis; (4) risk evaluation; (5) risk prioritization; (6) definition of response to risks; (7) communication and monitoring
MAPA	Ambiental, climatic, phytosanitary, sanitary, economic fraud, legal, image or reputation, operational	Not cited in the ordinance that institutes the risk management policy
MCTIC	Legal, operational, image or reputation, financial or budgetary, for integrity	(1) understanding of context; (2) risk identification; (3) risk analysis; (4) risk evaluation; (5) risk prioritization; (6) definition of response to risks; (7) communication and monitoring

Ministry	1.18	1.19
<b>MEC</b>	Operational, image or reputation, financial or budgetary, legal	(1) internal environment; (2) setting objectives; (3) event identification; (4) risk evaluation; (5) response to risks; (6) activities of internal controls; (7) information; (8) communication; (9) monitoring; (10) good governance practices.
<b>MD</b>	Operational, image or reputation, financial or budgetary, legal	Not cited in the ordinance that institutes the risk management policy
<b>MTur</b>	Operational, image or reputation, financial or budgetary, legal	(1) internal environment; (2) setting objectives; (3) event identification; (4) risk evaluation; (5) response to risks; (6) activities of internal controls; (7) information and communication; (8) monitoring
<b>MS</b>	Not cited in the ordinance that institutes the risk management policy	(1) internal environment; (2) setting objectives; (3) event identification; (4) risk evaluation; (5) response to risks; (6) control activities; (7) information and communication; (8) monitoring
<b>MInfra</b>	No risk management policy	No risk management policy
<b>MRE</b>	Image or reputation, financial or budgetary, legal, operational	(1) environment recognition; (2) risk identification; (3) risk evaluation; (4) definition of priorities; (5) selection of responses to risks; (6) monitoring; (7) communication
<b>MME</b>	Image or reputation, financial or budgetary, legal, operational	(1) internal environment; (2) setting objectives; (3) event identification; (4) risk evaluation; (5) response to risks; (6) internal controls; (7) system of management information; (8) systematized monitoring
<b>CGU</b>	Operational, legal, financial or budgetary, integrity	(1) understanding the context; (2) risk identification; (3) risk analysis; (4) risk evaluation; (5) risk prioritization; (6) definition of response to risks; (7) communication and monitoring
<b>SeGov</b>	Not cited in the ordinance that institutes the risk management policy	Not cited in the ordinance that institutes the risk management policy
<b>SG</b>	Not cited in the ordinance that institutes the risk management policy	Not cited in the ordinance that institutes the risk management policy
<b>AGU</b>	Operational, legal, reputation, corruption, financial, fraud, ethic	(1) context and scope; (2) risk identification; (3) risk analysis; (4) risk evaluation; (5) risk treatment; (6) control monitoring; (7) communication
<b>BCB</b>	Credit, market, liquidity, interest rate, operational, socioenvironmental, other relevant risks	(1) context; (2) risk identification; (3) analysis; (4) evaluation; (5) tratamento; (6) communication and monitoring
<b>CC</b>	No risk management policy	No risk management policy
<b>GSI</b>	Not cited in the ordinance that institutes the risk management policy	(1) understanding the context; (2) risk identification; (3) risk analysis; (4) risk evaluation; (5) risk prioritization; (6) definition of response to risks; (7) communication and monitoring

\*Indicators **1.20** (What is the audit's competence?), **1.21** (Did the council receive training?) and **1.22** (Is there processes management?) have the following answers, respectively: no ministry specifies; only a few members have been trained, when there was training; there is processes management, but only partially.

Source: Elaborated by the authors.