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CONTROLADORIA GERAL
DEPARTAMENTO DE ATOS E CONTRATOS
GERÊNCIA DE COMPRAS E LICITAÇÕES

Internal control
as state effectiveness
Guillermo Toral

CONTROLDORIA GERAL DO MUNICÍPIO
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PREFEITURA MUNICIPAL DE OURO PRETO

Agendam

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Joseane Luzia Costa Fernan
Maria da Conceição André d

Constraining rent-seeking at the local level

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 - Various labels in Latin America, including *controladorías, procuradurías*
 - They are often key to public management at the local level, yet they are understudied

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- **Causally identified evidence of:**
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- **Causally identified evidence of:**
 - The **effects of local reforms of internal control systems** on the hiring of controllers and on patronage
 - The **effects of external audits on internal control** strengthening
- Complementary insights from **descriptive cross-sectional analyses**, and in-depth **interviews with local controllers**
"Internal control"

Preview of the empirics

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- **Federal anti-corruption audits** by the local government lead to:
 - A growth of internal control bureaucracies, at least especially when they reveal medium levels of corruption

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 - Yet being embedded in day-to-day operations of the local government, and empowered to act
- This combination **requires strong legal and bureaucratic capacity** that cannot be easily undone by incumbents

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 - Political use of internal control by political opponents

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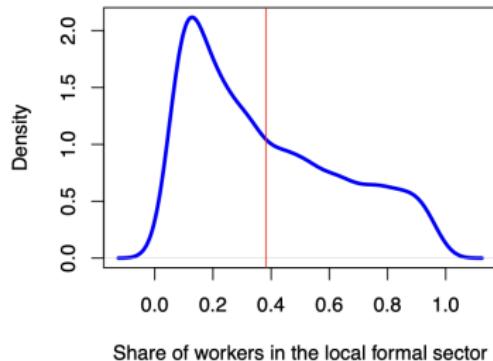
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- Actions in court and convictions are not uncommon
- Consequences for politicians are potentially severe

MORALIDADE MUNICIPAL

De cada dez cidades de São Paulo, quatro têm prefeitos condenados

28 de fevereiro de 2016, 7h53

[Imprimir](#) [Enviar](#) [Facebook](#) [Twitter](#) [Gmail](#)

Por Lilian Matsuura, Thiago Crepaldi e Claudia Moraes

* Texto publicado originalmente no [Anuário da Justiça São Paulo 2016](#)

Contratações sem licitação, fraudes a licitações, dispensa de concurso público, uso indevido de verbas públicas, uso da máquina para propaganda pessoal, nepotismo. Estes foram os principais motivos para as 266 condenações de prefeitos e ex-prefeitos do estado de São Paulo por improbidade administrativa, de novembro de 2014 a outubro de 2015. O levantamento, feito pelo [Anuário da Justiça São Paulo](#), baseou-se na análise de 402 apelações julgadas no mérito em ações de improbidade administrativa contra prefeitos no período.

Constatou-se que 66% das ações terminaram com a condenação do acusado. Na maioria dos casos de absolvição (34%), a falta de provas ou da presença de dolo na irregularidade apontada fundamentam os acórdãos. De janeiro a setembro de 2015, 1.132 novos casos de improbidade (de diversos cargos públicos, não só de prefeito) foram distribuídos na Seção de Direito Público do Tribunal de Justiça de São Paulo.

Os processos de improbidade contra prefeitos começam na primeira instância. Uma das principais matérias-primas para ações de improbidade contra prefeitos são os pareceres do Tribunal de Contas do Estado. Promotores baseiam-se nos motivos para rejeição ou aprovação parcial das contas para pedir a responsabilização judicial do mandatário.

AÇÕES DE IMPROBIDADE

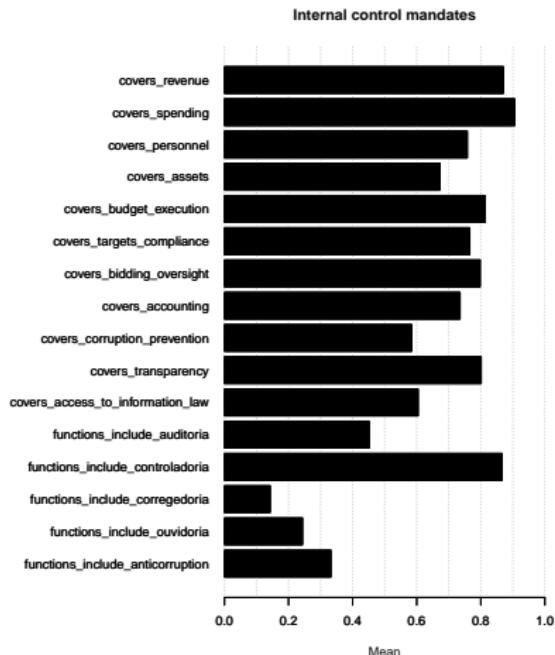
Procedentes	266	66%
Improcedentes	136	34%
Total	402	100%

PENAS APLICADAS

Multa	221	83%
Ressarcimento	208	78%
Cassação de direitos políticos	182	68%

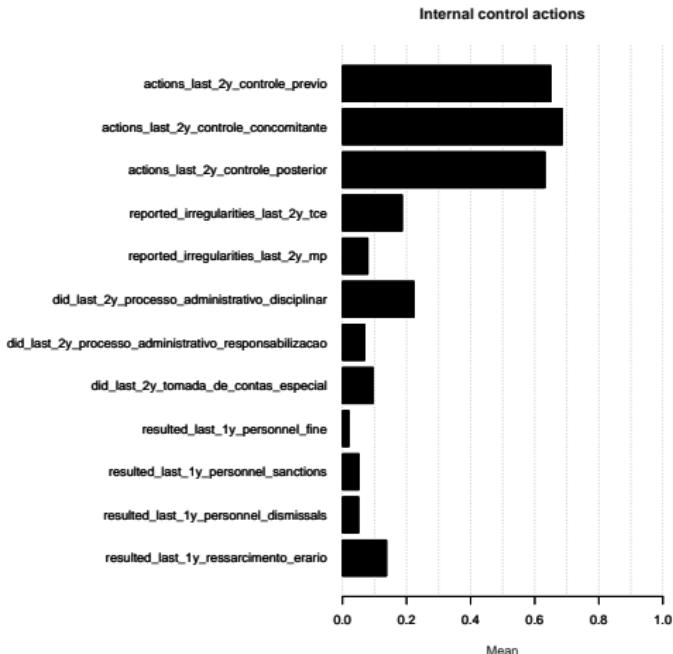
Context: Internal control systems

- Municipalities show **wide variation in their internal control system**



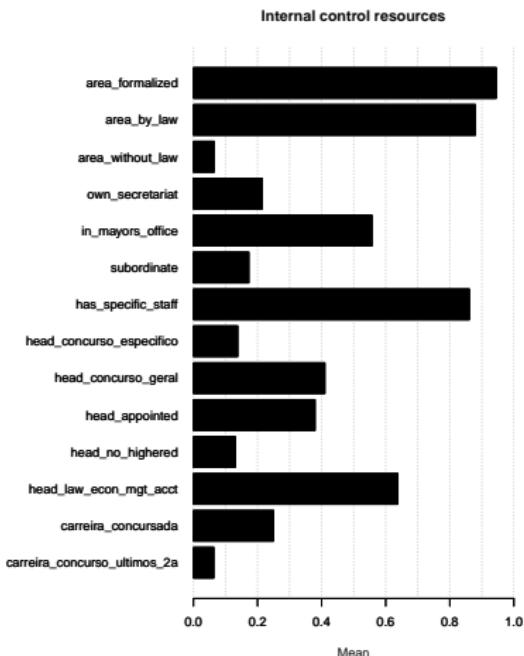
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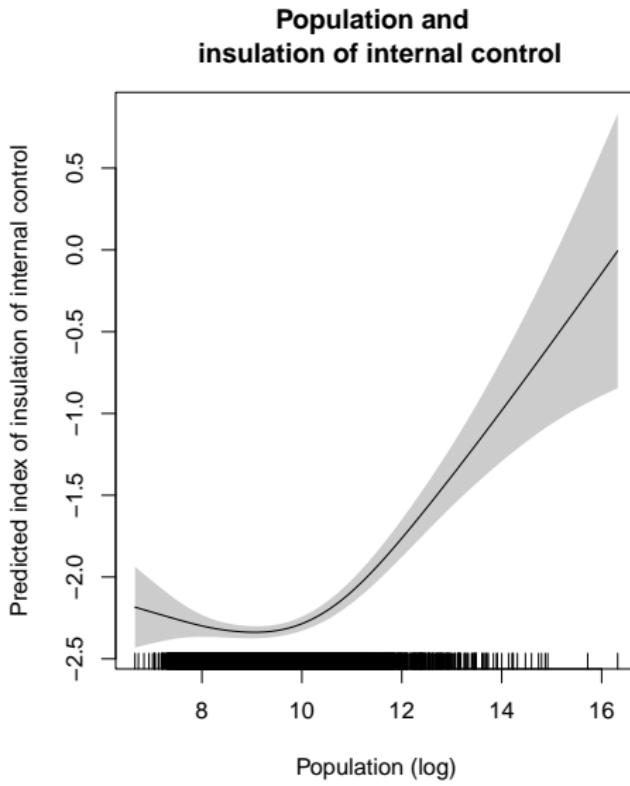
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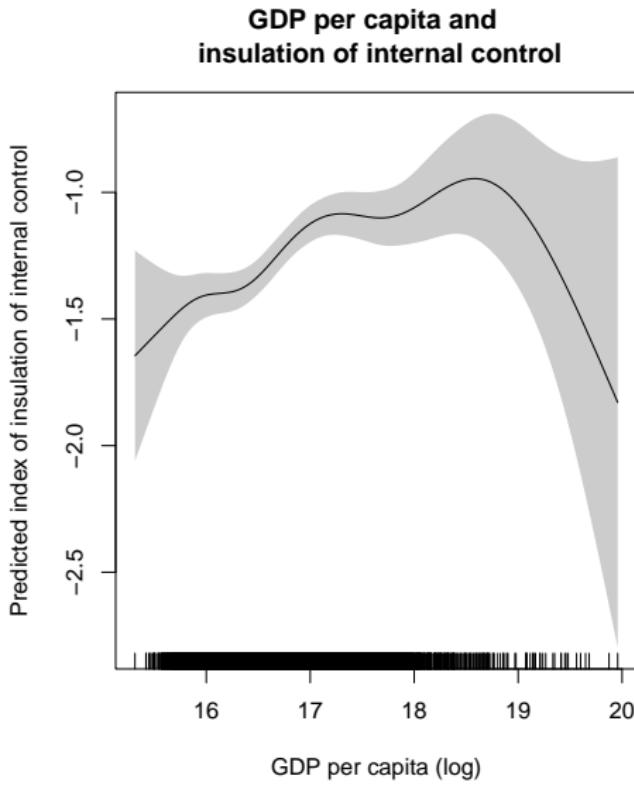
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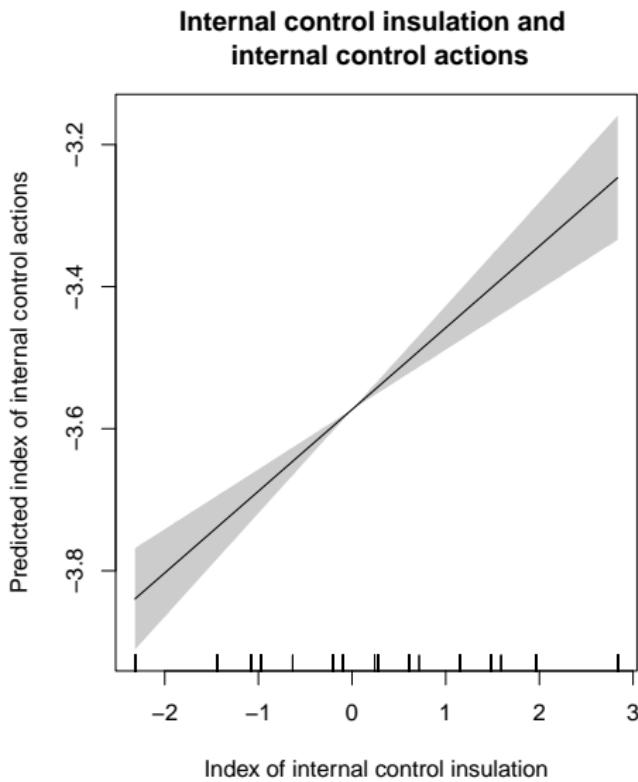
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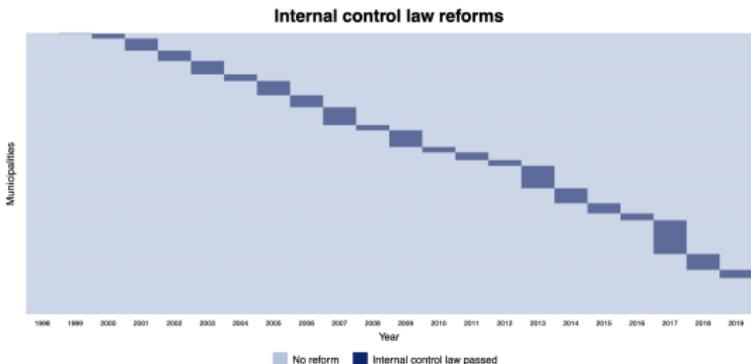
Context: Internal control systems

- Municipalities show **wide variation in their internal control system**
- Internal control **insulation varies systematically with population and GDP per capita**
- Insulation is a strong predictor of internal control action



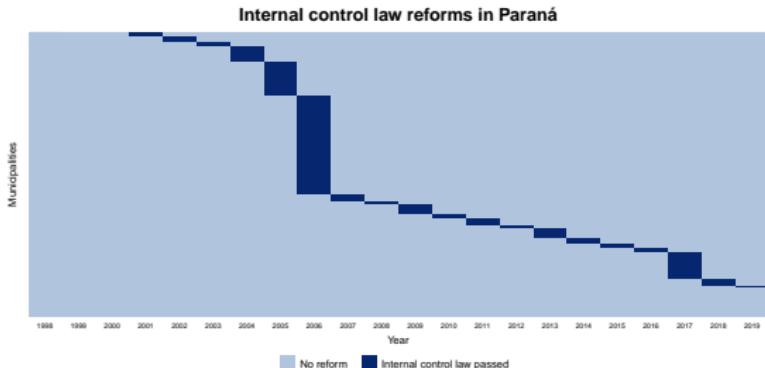
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D.O.E. – Edição nº 7123, de 15/Dez/2005.

Lei Complementar nº 113

Data 15 de dezembro de 2005.

Súmula: Dispõe sobre a "Lei Orgânica do Tribunal de Contas do Estado do Paraná".

A Assembléia Legislativa do Estado do Paraná
decretou e eu sanciono a seguinte lei:

TÍTULO I – NATUREZA, COMPETÊNCIA E JURISDIÇÃO

CAPÍTULO I - Natureza e Competência

Art. 1º - Ao Tribunal de Contas do Estado, órgão constitucional de controle externo, com sede na Capital do Estado, compete, nos termos da Constituição Estadual e na forma estabelecida nesta lei:

I – apreciar as contas prestadas anualmente pelo Governador do Estado e pelos Prefeitos Municipais, mediante parecer prévio, que deverá ser elaborado nos prazos gerais previstos na Constituição Estadual, na Lei de Responsabilidade Fiscal, e nos prazos específicos previstos nesta lei;

II – julgar as contas dos chefes dos órgãos do Poder Legislativo estadual e municipal, do Poder Judiciário, do Ministério Público e deste Tribunal;

III – julgar as contas dos administradores e demais responsáveis por dinheiro, bens e valores públicos da administração direta e indireta, incluídas as fundações e sociedades instituídas e mantidas pelo Poder Público, no âmbito estadual e municipal, e as contas daqueles que derem causa a perda, extravio ou outra irregularidade de que resulte prejuízo ao erário;

IV – apreciar, para fins de registro, a legalidade dos atos de admissão de pessoal, a qualquer título, na administração direta ou indireta, incluídas as fundações instituídas e mantidas pelo Poder Público, no âmbito estadual e municipal, exceptuadas as nomeações para cargo de provimento em comissão, bem como a legalidade das concessões de aposentadorias, reformas e pensões, ressalvadas as melhorias posteriores que não alterem o fundamento legal do ato concessório;

V – ...Vetado...;

VI – fiscalizar a aplicação de quaisquer recursos repassados pelo Estado e Municípios mediante convênio, acordo, ajuste ou outros instrumentos congêneres, inclusive os repasses para entidades privadas de caráter assistencial, que exerçam atividades de relevante interesse público, sem fins lucrativos, assim declaradas em lei, ou que se vinculem ao Estado ou ao Município no regime de colaboração, incluídas as que formalizarem acordos de Parceria Pública Privada,

Context: Reforms of internal control systems

- Legal reforms of internal control systems are spread out across time and space
- Legal reforms partly driven by mandates from state audit courts and/or state courts

VI – todos aqueles que lhe devam prestar contas ou cujos atos estejam sujeitos à sua fiscalização por expressa disposição de lei ou pela natureza dos recursos, bens e valores públicos envolvidos;

VII – os responsáveis pela aplicação de quaisquer recursos repassados pela União, que sejam contabilizados pelo Tesouro Estadual ou Municipal, mediante convênio, acordo, ajuste ou outros instrumentos congêneres, inclusive recursos internacionais;

VIII – os sucessores dos administradores e responsáveis a que se refere este artigo, até o limite do valor do patrimônio transferido, nos termos do inciso

XLV, do art. 5º, da Constituição Federal;

IX – os representantes do Poder Público na Assembléia Geral das empresas estatais, das autarquias e sociedades anônimas de cujo capital o Estado, os Municípios ou o Poder Público participem, solidariamente, com os membros dos Conselhos Fiscais e de Administração, pela prática de atos de gestão ruimosa ou liberalidade à custa das respectivas instituições.

Parágrafo único. Os agentes públicos, mencionados neste artigo, ficam obrigados a franquear o acesso e fornecer informações e elementos indispensáveis ao desempenho da competência do Tribunal.

CAPÍTULO III - Do Controle Interno

Art. 4º Para as finalidades e na forma prevista na Constituição Federal, na Lei Complementar nº. 101, de 4 de maio de 2000, na Lei nº. 8.666, de 21 de junho de 1993, e alterações posteriores, e na Lei nº. 4.320, de 17 de março de 1964, bem como, para apoio ao controle externo, todos os jurisdicionados deverão, obrigatoriamente, instituir sistemas de controle interno com as seguintes finalidades:

I - avaliar o cumprimento das metas previstas no Plano Plurianual, a execução de programas de governo e dos orçamentos do Estado e dos municípios;

II - verificar a legalidade e avaliar os resultados quanto à eficácia e eficiência das gestões orçamentária, financeira e patrimonial, nos órgãos e entidades da administração estadual e municipal, bem como, da aplicação de recursos públicos por entidades de direito privado;

III - exercer o controle das operações de crédito, avais e outras garantias, bem como dos direitos e haveres do Estado e dos municípios;

IV - apoiar o controle externo no exercício de sua missão institucional.

Art. 5º No apoio ao controle externo, os órgãos integrantes do sistema de controle interno deverão exercer, dentre outras, as seguintes atividades:

I - organizar e executar programação de auditorias contábil, financeira, orçamentária, operacional e patrimonial nas unidades administrativas sob seu controle, enviando ao Tribunal os respectivos relatórios;

II - realizar auditorias nas contas dos responsáveis sob seu controle, emitindo relatório, certificado de auditoria e parecer;

Context: Federal anti-corruption audits

- Audits by the federal controller (CGU) targeted at random between 2006 and 2015

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 - Disrupting bureaucratic careers (Ferrali et al. 2024)
 - Limiting patronage (Lauletta et al. 2022)
 - Improving public service delivery (Funk & Owen 2020)
 - Reducing child mortality (Ramos et al. 2024)



Research design: Estimation and inference

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 - Dynamic treatment effects by period (DTE)
 - Average treatment effect on the treated (ATT)

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- **Estimation by imputing individual counterfactuals**, and from there estimating:
 - Individual treatment effects (ITE)
 - Dynamic treatment effects by period (DTE)
 - Average treatment effect on the treated (ATT)
- **Inference by block bootstrap**, clustered at the municipality level

Research design: Data

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- **Legal reform:** Year of latest internal control reform, as reported in IBGE's 2019 Munic survey

IBGE PESQUISA DE INFORMAÇÕES BÁSICAS MUNICIPAIS MUNIC 2019				
IDENTIFICAÇÃO DO RESPONSÁVEL PELA COLETA				
1 - Nome do responsável pela coleta:	2 - E-mail:	3 - Telefone do responsável pela coleta:	4 - Data de início da coleta:	5 - Data do término da coleta:
IDENTIFICAÇÃO DO MUNICÍPIO				
1 - UF:	2 - Município:	3 - Nome do município:		
PREENCHIMENTO DO QUESTIONÁRIO				
1 - As definições e encaminhamentos de termos ou expressões em alguns questionários do próprio questionário. Encaminhamentos adicionais podem ser obtidos com o Técnico do IBGE responsável pela coleta das informações.				
2 - O questionário deve ser preenchido com caneta esferográfica azul ou preta, em letra de forma, maiúscula e legível.				
3 - Sonante utiliza abreviaturas nos casos em que os campos disponíveis nos questionários não sejam suficientes para o preenchimento por extenso.				
4 - Os campos numéricos devem ser preenchidos de seguinte maneira: - Da esquerda para a direita. Exemplo: 				
5 - Em alguns questionários, existem instruções que determinam uma sequência e se apresentam na forma de comandos ou setas, que indicam, de acordo com o item estabelecido, o ponto que deve ser preenchido.				
6 - As observações devem ser registradas na última página do questionário.				
7 - Todas as informações devem referir-se ao ano de 2019, exceto aquelas com datas referidas no próprio questão.				
INFORMAÇÕES DA PREFEITURA				
1 - CNPJ da prefeitura:	2 - Telefone da prefeitura:			
3 - Logradouro:				
4 - Nome:	5 - Complemento (bloco, gabinete, sala, etc.)			
6 - Bairro:	7 - CEP:			
8 - Horário da responsável pela informação:				
9 - Cargo da responsável pela informação:				
10 - Telefone do responsável pela informação:	Assinatura do responsável pela informação:			

Research design: Data

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- **Internal control capacity:** Employment data from RAIS:

CONTRATO DE TRABALHO		13
EMPREGADOR		
CGC/CPF/CEI		
ENDERECO		
MUNICÍPIO	UF	
ESP. DO ESTABELECIMENTO		
CARGO	CBO N°	
DATA DE EMISSÃO	DE	DE
REGISTRO N°	FLS./FICHA	
REMUNERAÇÃO ESPECIFICADA		
ASS. DO EMPREGADOR OU A RGÓG C/ TESTEMUNHA		
1º	2º	
DATA DE SAÍDA	DE	DE
ASS. DO EMPREGADOR OU A RGÓG C/ TESTEMUNHA		
1º	2º	
COM DISPENSA N°		
FGTS N° DA CONTA:		

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CONTRATO DE TRABALHO		13
EMPREGADOR		
CGC/CPF/CEI		
ENDERECO		
MUNICÍPIO	UF	
ESP. DO ESTABELECIMENTO		
CARGO	CBO N°	
DATA DE EMISSÃO	DE	DE
REGISTRO N°	FLS./FICHA	
REMUNERAÇÃO ESPECIFICADA		
1º	ASS. DO EMPREGADOR OU A RGÓ C/ TESTEMUNHA	2º
DATA DE SAÍDA	DE	DE
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CONTRATO DE TRABALHO		13
EMPREGADOR		
CGC/CPF/CEI		
ENDERECO		
MUNICÍPIO	UF	
ESP. DO ESTABELECIMENTO		
CARGO	CBO N°	
DATA DE EMISSÃO	DE	DE
REGISTRO N°	FLS./FICHA	
REMUNERAÇÃO ESPECIFICADA		
ASS. DO EMPREGADOR OU A RGÓ C/ TESTEMUNHA 1º		
2º		
DATA DE SAÍDA	DE	DE
ASS. DO EMPREGADOR OU A RGÓ C/ TESTEMUNHA 1º		
2º		
COM DISPENSA N°		
FGTS N° DA CONTA:		

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- **Patronage:** employment data from RAIS

CONTRATO DE TRABALHO		13
EMPREGADOR		
CGC/CPF/CEI		
ENDERECO		
MUNICÍPIO	UF	
ESP. DO ESTABELECIMENTO		
CARGO	CBO N°	
DATA DE EMISSÃO	DE	DE
REGISTRO N°	FLS./FICHA	
REMUNERAÇÃO ESPECIFICADA		
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DATA DE SAÍDA	DE	DE
ASS. DO EMPREGADOR OU A RGÓ C/TESTEMUNHA 1º	2º	
COM DISPENSA N°		
FGTS N° DA CONTA:		

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 - Number of total employees per 100 residents

CONTRATO DE TRABALHO		13
EMPREGADOR	
CGC/CPF/CEI	
ENDERECO	
MUNICÍPIO	UF	
ESP. DO ESTABELECIMENTO		
CARGO	CBO N°	
DATA DE EMISSÃO	DE	DE
REGISTRO N°	FLS./FICHA	
REMUNERAÇÃO ESPECIFICADA		
ASS. DO EMPREGADOR OU A RGDO C/ TESTEMUNHA 1º	2º	
DATA DE SAÍDA	DE	DE
ASS. DO EMPREGADOR OU A RGDO C/ TESTEMUNHA 1º	2º	
COM DISPENSA N°		
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 - Number of total employees per 100 residents
 - Share of employees in the civil service

CONTRATO DE TRABALHO		13
EMPREGADOR		
CGC/CPF/CEI		
ENDERECO		
MUNICÍPIO	UF	
ESP. DO ESTABELECIMENTO		
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DATA DE EMISSÃO		
REGISTRO N°	DE	DE
REmuneração Especificada		
ASS. DO EMPREGADOR OU A RGÓ C/ TESTEMUNHA 1º 2º		
DATA DE SAÍDA		
ASS. DO EMPREGADOR OU A RGÓ C/ TESTEMUNHA 1º 2º		
COM DISPENSA N°		
FGTS N° DA CONTA:		

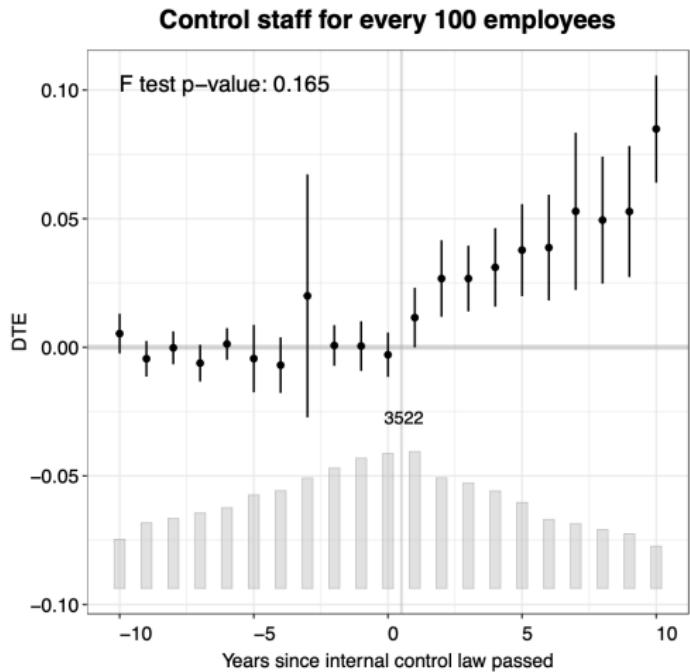
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 - Number of total employees per 100 residents
 - Share of employees in the civil service
- **Federal audits:** CGU data on municipalities targeted and level of corruption found



Results: Legal reforms lead to the hiring of controllers

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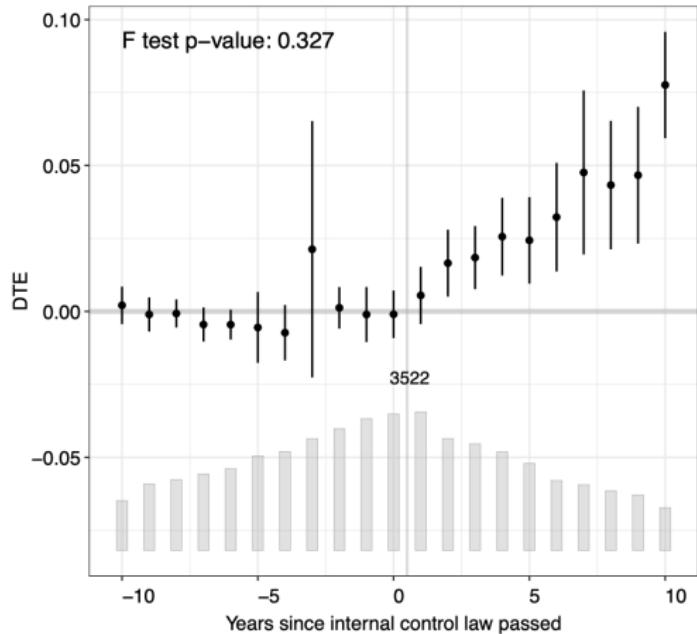


Legal reforms lead to:

- More control staff hired in the municipality:
 $\widehat{ATT} = 0.040^{***}$ (control mean: 0.116)

Results: Legal reforms lead to the hiring of controllers

Control civil servants for every 100 employees



Legal reforms lead to:

- More control staff hired in the municipality:
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- More control staff hired as civil servants in the municipality:
 $\widehat{ATT} = 0.029^{***}$ (control mean: 0.078)

Results: Legal reforms lead to the hiring of controllers

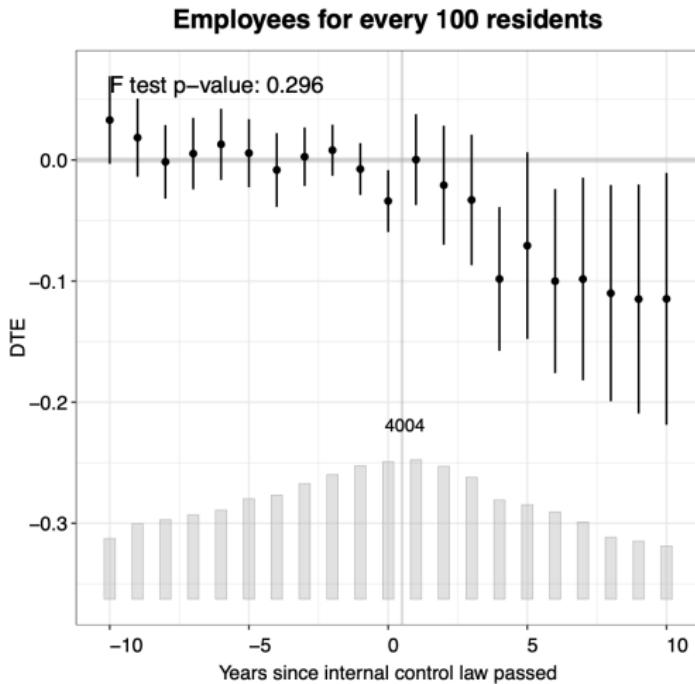
TABLE 1 Average Treatment Effect on the Treated Estimates of Internal Control Legal Reform on the Number of Control Staff for Every 100 Employees

	Control employees	Control employees in the civil service
\widehat{ATT}	0.040*** (0.009) [0.023, 0.057]	0.029*** (0.006) [0.016, 0.042]
Mean outcome under control	0.116	0.078

Columns 1 and 2 report, respectively, the ATT estimates for the number of control employees for every 100 employees – with any contract and with civil service contract, respectively. *** $p<0.001$. The municipality-clustered standard errors are in brackets, and the 95% confidence intervals, in square brackets, below them. Both are estimated through the block bootstrap. ATT estimates come from aggregation of dynamic treatment effect estimates reported in Figure 3.

Results: Internal control constrains patronage

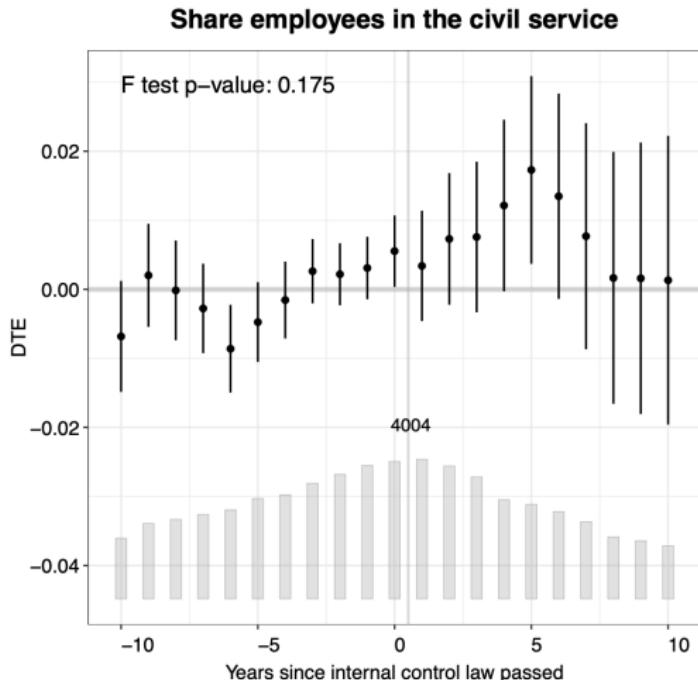
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Legal reforms lead to:

- Smaller workforce, relative to population: $\widehat{ATT} = 0.072^*$ (control mean: 4.571)

Results: Internal control constrains patronage



Legal reforms lead to:

- Smaller workforce, relative to population: $\widehat{ATT} = 0.072^*$ (control mean: 4.571)
- More prevalence of the civil service: $\widehat{ATT} = 0.011^*$ (control mean: 0.667)

Results: Internal control constrains patronage

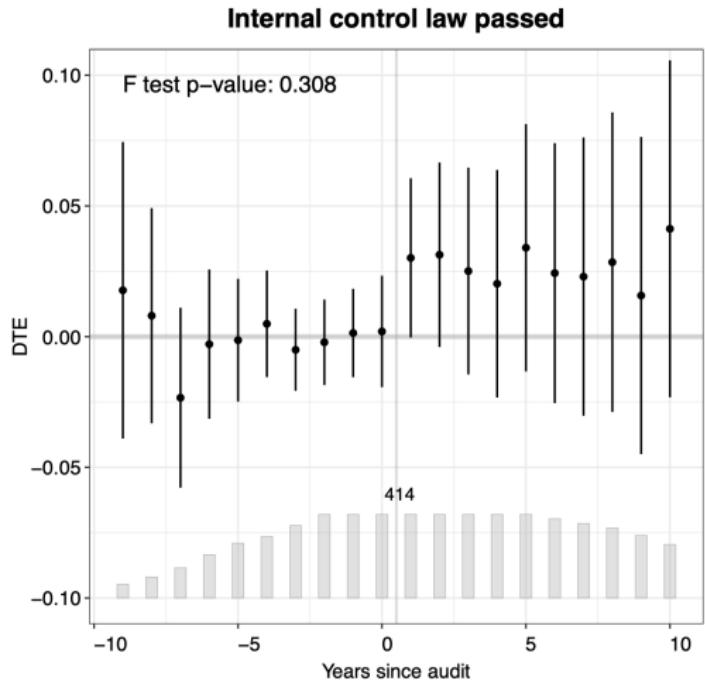
TABLE 2 Average Treatment Effect on the Treated Estimates of Internal Control Legal Reform on the Number of Employees per 100 Residents and the Share of Employees in the Civil Service

	Employees per 100 residents	Share employees in the civil service
$\widehat{\text{ATT}}$	-0.072* (0.031) [-0.134, -0.010]	0.011· (0.007) [-0.002, 0.023]
Mean outcome under control	4.571	0.667

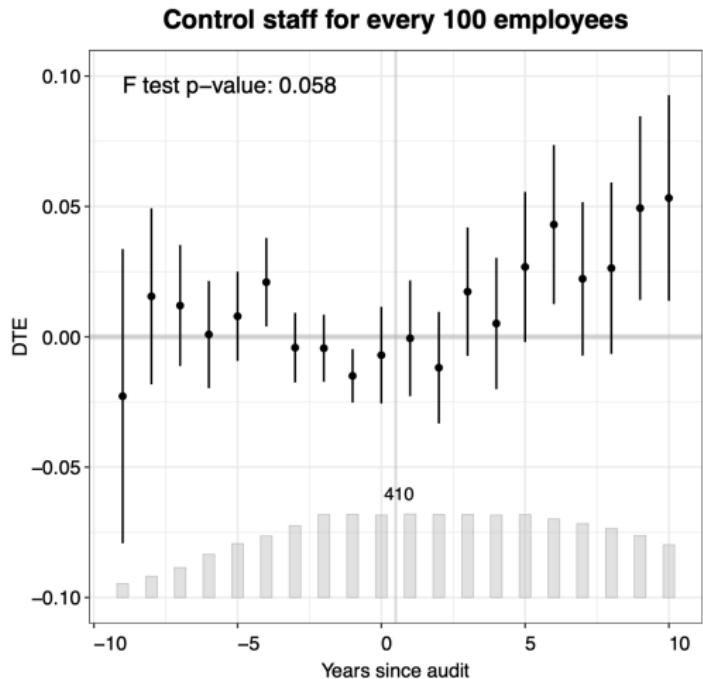
Columns 1 and 2 report the ATT estimates for the number of overall employees per 100 residents and the share of overall employees who hold civil service contracts, respectively. · $p < 0.10$; * $p < 0.05$. The municipality-clustered standard errors are in brackets, and the 95% confidence intervals, in square brackets, below them. Both are estimated through the block bootstrap. ATT estimates come from aggregation of dynamic treatment effect estimates reported in Figure 4.

Results: Federal audits shape internal control reforms – conditional on the level of corruption they uncover

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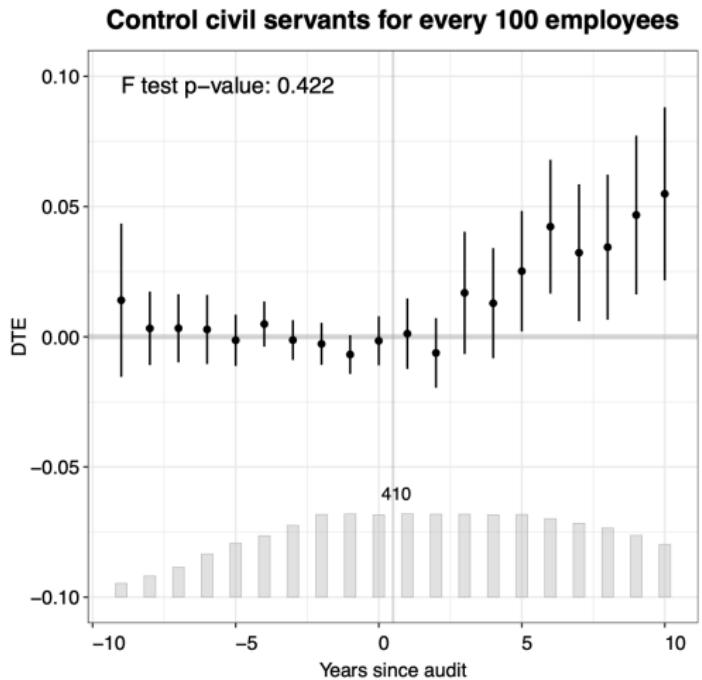
Results: Federal audits shape internal control reforms – conditional on the level of corruption they uncover



Audits, **when they find medium levels of corruption**, lead to:

- More control staff hired in the municipality:
 $\widehat{ATT} = 0.025^*$ (control mean: 0.163)

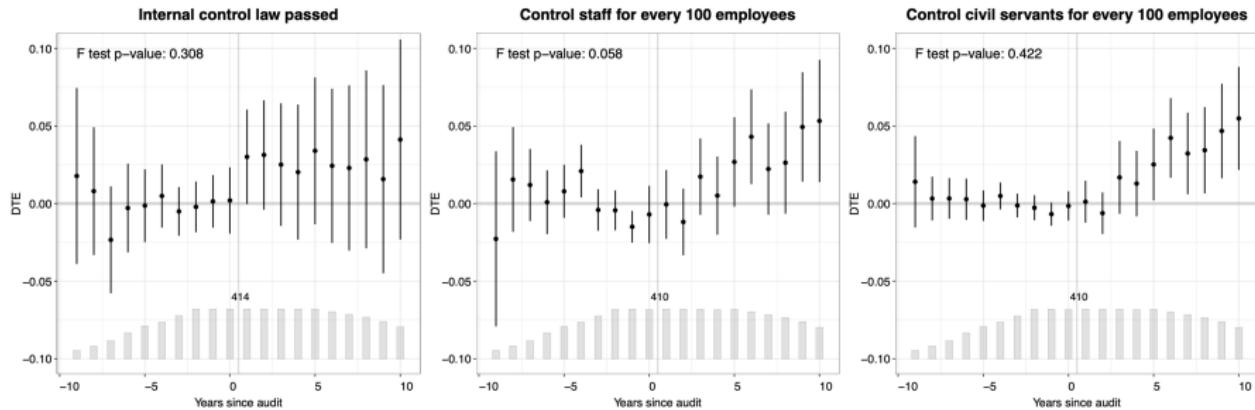
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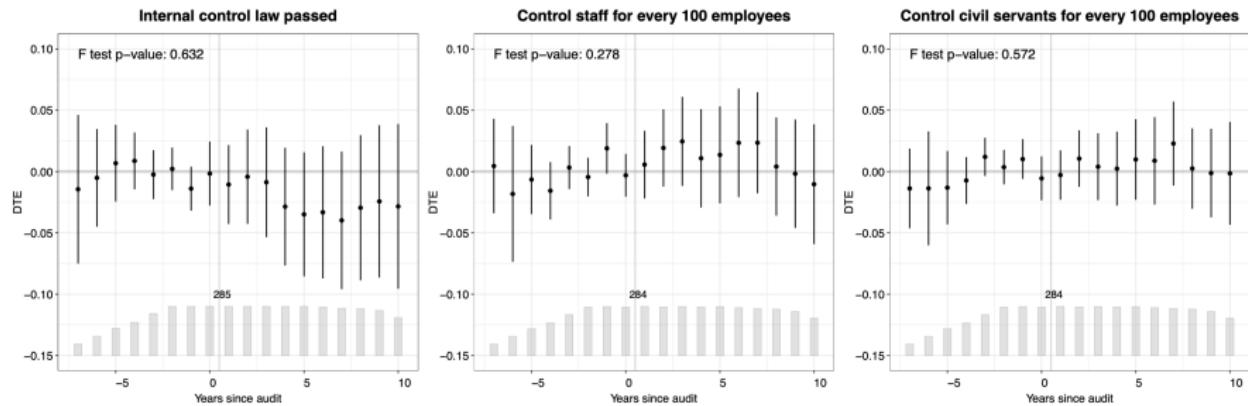
Audits, **when they find medium levels of corruption**, lead to:

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- More control staff hired as civil servants in the municipality: $\widehat{ATT} = 0.028^{**}$ (control mean: 0.119)

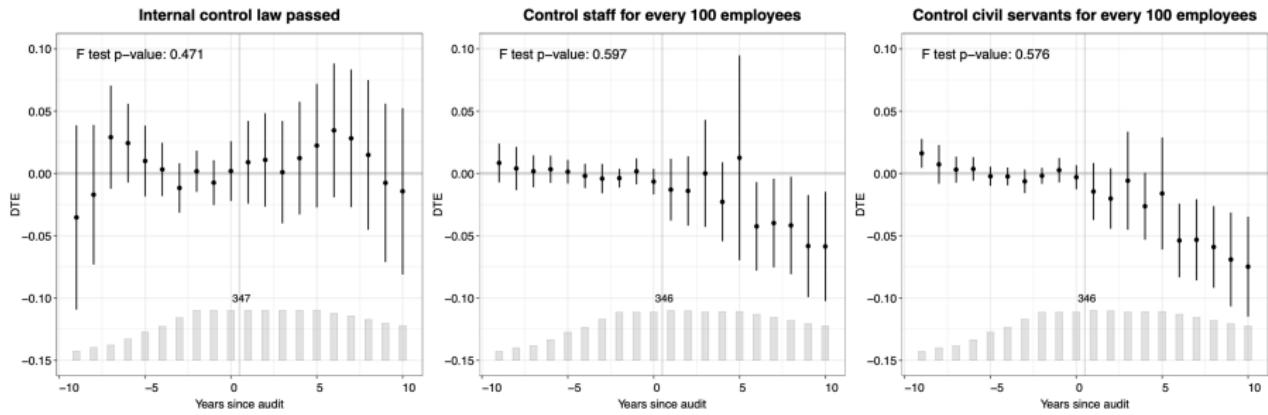
Results: Effects of audits on internal control systems – when audits find medium levels of corruption



Results: Effects of audits on internal control systems – when audits find low levels of corruption



Results: Effects of audits on internal control systems – when audits find high levels of corruption



Summary of results

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Cross-sectional data suggests there is still wide variation in the resources and actions of internal control units, and that the insulation of internal control is strongly associated to effective control

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- If internal control can effectively constrain patronage, it is **likely to also constrain rent-seeking behavior in other areas** such as spending and procurement
- The **strengthening of internal control systems may be an important mechanism** to explain the beneficial effects of federal audits uncovered by previous studies

Limitations and next steps

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Limitations and next steps

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- Few outcomes

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Limitations and next steps

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- Examining the effect of expectations of political turnover on internal control reform

Broader project: *Guardians of the state*

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Anti-corruption actors (ACA):

- Controllers
- Auditors
- Prosecutors

Broader project: *Guardians of the state*

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Data and methods:

- Administrative data on ACA's and their behavior
- Administrative data on local governance outcomes
- Surveys of ACA's
- Interviews with ACA's and politicians
- Descriptive and causal inference

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