

## Fiscal Responsibility Law: An Analysis through the Opinion of Accountants beyond the Limits of Its Application

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**Abstract:** The objective of this study is to highlight the importance of knowing the limits of the application of the Fiscal Responsibility Law (FRL) for accounting professionals who work within the public area. The study was carried out through the application of questionnaires together with bachelors in accounting of some organs and internal accountants both of the Municipality Ananindeua city, State of Pará, Brazil. This fieldwork revealed that the implementation of the FRL makes it necessary for the accounting professional to have a greater concern with the preparation, presentation of the execution reports and fiscal management. It is also observed with the emergence of the FRL that the public activity started to be exercised more intensively from the perspective of the concomitant control mentioned in Law No. 4,320/64. Public accounting resumes with a more directed function directed to the management of the public and fiscal management that presupposes the planned and transparent action, in which they prevent the risks and correct deviations capable of affecting the balance of the public accounts as it says in Complementary Law 101/2000. It also provides a viability in the society, where the control of public fiscal management makes it possible, through the LRF, to the user of the information a wide transparency of the activities.

**Key words:** professional accounting; fiscal responsibility law; public administration

**JEL codes:** M41, M48, E62, H83

### 1. Introduction

The main objective of the FRL is to obtain limits on public finances, with the globalization of the economy and the technological dynamics, it demands a situation in which the State is prepared to act in a direct, decentralized and strengthened way, in its administrative machine, in all its municipal, state and federal spheres (Albuquerque et al., 2015; Nascimento, Debus, 2016).

We can say that the dynamics of task performance is an efficient process, requiring agility and expertise, in all spheres (Angélico, 1992; Figueiredo & Nobrega, 2001; Meirelles, 2003). This comes as the response to society on how to spend public money on the part of all managers, aiming at regulation and enforcement in a correct manner as well as punishment of bad managers. Use Law No. 101, of May 4, 2000, to direct and discipline all phases of public finances from their collection of taxes to their budgetary application.

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As one of the instruments of this law, the Pluriannual Plan (PPA), contemplates the programs and actions over four years. The Budgetary Guidelines Law (BGL) gives guidelines for the preparation of the annual budget, and its main planning instruments are fiscal targets and risks. While the Annual Budgetary Law (ABL) comprises the annual budget that will be executed during the year (Slomski, 1996; Silva, 1997; Angélico, 1992)

The burden of these attitudes, as to financial management, to punishment liable for a possible misdemeanor act and dishonest to the public, where these sanctions can be the loss of the mandate, fine, blockade of assets and even imprisonment (Bandiera, Prat, Valetti et al., 2009; Coso, 2014).

The FRL is also protected by the criminal code and acts as a crime against the public economy, both institutional and individual, thus guaranteeing its attributions of control, control and transparency.

The company should have a more frequent participation in matters related to Public Administration. This information that the law determines should be transparent for the understanding of the population (Araújo et al., 2005; Petrovicts, 2011; Coso, 2014; Vinnari, Skaerbaek, 2014). This should be clear in the law and be embedded in the acts and facts of the manager. Thus, it has the following guiding question: How important is the knowledge of the FRL limits for the accountant who works in the public area?

The objective is to highlight the importance of knowing the limits of the application of the Fiscal Responsibility Law (FRL) to the professional accounting that operates within the public area, since the States and Municipalities Union and the Federal District are compulsorily applying the LRF Mainly in the budget laws, in its constitutional article 165 in its paragraphs 1, 2 and 8 that deals with the PPA, BGL and ABL. In the following aspects, determined by the same law.

In addition to the introduction, the work is structured in five divisions, demonstrating the literature review on the topic addressed, reporting the concepts and procedures of the FRL, its contributions to the inspection, the particularities and environment of the public administration, methodological procedures, and the conclusions reached about the researched subject.

## **2 Literature Review**

### **2.1 Purposes of the FRL in Public Management**

The FRL establishes the balance of public accounts proposed as a cultural and institutional change in the administration of state resources (Albuquerque et al., 2015; Nascimento, Debus, 2016). Thus, by virtue of the legal obligations brought by the FRL, public agents are subordinated to the norms established by law, in which violation in what determines the law, the responsibility will entail institutional sanctions and against the very subjects that serve the public power.

In this sense, Pinto (2006) mentions that the LRF seeks, therefore, to give more seriousness and transparency in the application of public resources. In addition, to guarantee greater efficiency in the management of the administration being that it is “a means by which the fiscal policy of the Nation is executed” according to Toledo Junior (2005).

Article 16, subsections I and II of the FRL imposes on its jurisdictions the specific need to submit to the Audit Courts the documents listed therein, with the objective of analyzing the bidding documents and ensuring the material budget-financial conditions for the expenditure (Rosa, Neto, 2001; Dias et al., 2013).

According to Oliveira (2002), the objective of the LRF is to make public managers meet goals, making a maximum of the equivalent of revenues, so that there is a total expenditure overhead, since, “when imposing

combat strategies it addresses” (Toledo Junior, 2005) the government debt that says Complementary Law n. 101, of 2000, a predominant search, the stability of prices and interest without its economic vision.

In this sense, Oliveira (2002) argues that the FRL was created with the objective of ensuring that the Public Administration has a planned and transparent action, in which risks are avoided and correct deviations capable of affecting the balance of public accounts. By meeting targets and results between revenues and expenses (Nascimento, 2009).

With this, the FRL attributes to the public accounting new functions in budgetary and financial control, guaranteeing it a more managerial character, since with the control of the revenues and expenses it is possible to plan the actions with the purpose of preventing the imbalance of the public accounts.

Through its mechanisms, it intends to share public policies with civil society, in the search for partnership with the effective control and transparency of fiscal management. Since the state can no longer continue to spend more than it collects, the balance of public accounts is decisive for the Brazilian economic model.

## **2.2 The FRL and the Fight against the Crime of Corruption**

### **2.2.1 Corruption Crime from the Perspective of the FRL and Its Characteristics**

As we have mentioned, the LRF, which we have previously mentioned, “establishes rules of conduct to be observed by public administrators who, if they do not comply with them, will be subject to institutional and personal sanctions” (Quezado, 2009).

These personal sanctions are not specifically set out in the FRL, since only in its Article 73, briefly, it establishes that violations of its provisions are punishable under Decree-Law 2848/1940 (Penal Code). The new penal types were added to the Penal Code through Law 10.028/2000, which amended the wording of article 359 of the criminal law, adding eight new criminal types that have as legal protection the public finances.

### **2.2.2 Social and Legal Effectiveness of the FRL in the Fight against Corruption.**

Failure to comply with the RFL commands already mentioned in this research, “in addition to violating the principle of legality head on, will generally matter in clear violation of the principles of morality and efficiency” 174 (Garcia, 2008; Silva, 2009).

The principle of legality is based on the law and public interest that enforces the law, being the acts practiced by the Public Administration supervised by the Legislative Branch as well as by the judicial control.

In the principle of impersonality or purpose, it excludes the personal promotion of the authorities, since, it is not allowed that the public agents have privileges, according to article 1, *caput*, Federal Constitution of 1988.

From the other North, as to the principle of morality, is crystallized in the country's law, with mentions expressed in articles 5, LXXIII and 37, *caput*, of the Constitution of the Federative Republic of Brazil of 1988, with the following concept:

(Medauar, 1999) says that ... a set of rules of conduct drawn from the general discipline of the Administration, such as the immoral fulfillment of the law, in the case of being executed in order to deliberately harm or favor someone [...].

The principle of morality deals with ethical but objective standards, which are assimilated and diffused among all, and not just a purely personal notion, of the administrative agent. Regarding the principle of efficiency, included in article 37 of CFRB/88, through Constitutional Amendment 19/98, it teaches that:

“The principle of efficiency is what requires the direct and indirect public administration and its agents to pursue the common good through the exercise of their powers in an impartial, neutral, transparent, participatory, effective, non-bureaucratic and always in search of quality, rhyming for the adoption of the legal and moral criteria necessary for

better use of possible public resources, so as to avoid waste and ensure greater social profitability” (Moraes, 1999).

The principle of administrative efficiency shall be interpreted in such a way as to ensure the best use of resources, means and efforts, as well as their results. That is, with regard to the principle of efficiency of Public Administration, there should be no separation of the evaluation of the means and effectiveness of administrative acts.

(1) Social effectiveness of the RFL to combat corruption.

According to Livianu (2006) and Silva (1997) in a globalized society with technological advances such as the present one, it is treated as a society of risk, of several direct interferences in the increase of individual well-being, being this risk present in all its elements, such as organized crime and the criminality of the powerful.

The FRL creates conditions for the implementation of a new managerial culture in the management of public resources and encourages the full exercise of citizenship, especially with regard to the participation of the taxpayer in the process of monitoring the application of public resources and evaluating their results.

According to Correia (2002) and Correia Sobrinho et al. (2009) another instrument in article 4 of the FRL, establishes the obligation for the accounts presented by the Chief Executive to be available throughout the year. Another instrument in the FRL establishes that until the end of May, September and February the Executive Branch will go to the Legislative Branch to demonstrate and evaluate the fulfillment of fiscal targets for each of the four-month periods.

According to Gomes (2009), Dias et. al. (2013), Marin, Gama and Campelo (2014), it is clear that FRL creates conditions for the implementation of a new managerial culture in the management of public resources and encourages the full exercise of citizenship, especially with regard to participation in the process of monitoring the application of public resources and evaluating their results.

(2) Legal effectiveness of the FRL in combating corruption.

It can be seen that, when dealing with the legal effectiveness of the FRL in the fight against corruption, regulative legislation has proved to be effective, as seen in the aforementioned jurisprudence (Harada, 2009). But the deviations and embezzlements with public money will not end, since the proper and proper administration of public financial resources depends fundamentally on the honesty of its agents, since there is no law that can turn dishonest into honest, the maximum to be done is intimidate them with threats represented by criminal sanctions.

In this sense (Rosa & Neto, 2001) point out that “the Judiciary Branch, in possession of the legal instruments provided by the LRF and by Law no. 10 088/2000, should ascertain the responsibility of the managers to the greatest extent possible”.

According to Porto (2009) regarding the legal aspects of the LRF, it presents a double control system, pointing to the Legislative Branch, with the assistance of the Court of Auditors, and to the internal control system of each Power and the Public Prosecution Service. That is, control can be either carried out by a specialized body, or within the organization itself and internal hierarchization, by its superiors or by the Public Ministry<sup>186</sup>.

According to Veloso (2009), Petrovicts (2011), Coso (2014), Vinnari and Skærbæk (2014) before being just one among many, the LRF “along with the other legal provisions that close the legal matter, is one of the better weapons of the citizen in the control and inspection of the acts of the governors and public representatives that are known”.

Veloso (2009) and Manhani (2009) of a legal-economic study of the applicability of the LRF in the Municipalities of Rio Grande do Sul, Veloso concluded that it is an instrument of balance and fiscal prudence on

the part of the municipalities of the respective State, since the research found a surprising efficiency, since its proposals are being carried out in most cases. Thus the exaggerations committed by the public representatives are being contained, making governments responsible and transparent, through a planned action that allows to prevent risks and to guarantee deviations that can affect the balance of public accounts.

Referring the FRL to achieve its goal is to maintain fiscal balance and prudence, since even though it is not enough instrument, for the financial balance of the country. It has achieved its goal of making governments transparent and accountable, with a tougher reproof of the criminal justice system.

### **2.3 Responsibility in Public Management**

Responsibility of the public manager The LRF establishes stricter mechanisms for public finance managers in the three spheres of government, and these must observe them, under penalty of responsibility crime. The main changes were the practice of many managers transferring fiscal difficulties to future administrations and generations, with government authorities and public agents being criminally liable for the mismanagement of public resources and acts that cause damage to the Treasury (Albuquerque, 2008; Dias et al., 2013; Coso, 2014; Vinnari, Skaerbaek, 2014; Marin et al., 2014, 2017).

Among the limitations is the impediment of tax inheritance. In the last eight months of the mandate, the governors can not contract an obligation of expense that can not be fulfilled in full until the end of the mandate. It is also forbidden to enroll in the Remains Payable account in the last year of the year, when there is insufficient cash available for this purpose.

With regard to the hiring of personnel, it is prohibited to increase personnel expenses in the last hundred and eighty days of the mandate, the LRF in its single article 21, treats as null and void the act that results in an increase in expenses with personnel issued in said period. Greater compliance and rigor is also required in the contraction of Credit Operations in anticipation of the Revenue, and these obligations must be settled by the end of the financial year of their contracting. Together with the LRF, Law No. 10,028/2000 was introduced, which introduced in the Brazilian Penal Code, crimes against Public Finance, which obliges managers and public agents to comply with the conditions established in the FRL.

## **3. Public Finances**

The purpose of this article is to seek a conceptual analysis of the finances, of the administration by the State. Public finances have the main elements of government revenue and expenditure. And because they are society resources and government accounting, it should generate the greatest amount of information for the funders of these resources (Grizotti, 2002).

The financial activity of the State comprises the collection and administration of revenues and the realization of expenses, and the origin of the revenues may be to process as a result of the service rendering or the performance of the state empire power, consistent with Torres (1995) and Rosa (2006).

According to Baleiro (2002), we understand that the phenomena related to the obtaining of expenditure (money) in the public finances necessarily take place in the operation of the services in charge of the States or of other persons of public law, as well as the effects resulting from this governmental activity.

### **3.1 Public Budget**

The budgetary principles are constituted in budgetary laws, having as characteristic the acts practiced by the government with its distinct forms, of the other legal diplomas (Bastos, 1991).

Already in our thought of Bastos (1991) has full knowledge of the cause. Most of the public agencies have their budgets drawn by pressing the automatic button of a copier, presenting to the courts the same copy, changing only the values, according to the size of the municipality.

This tells us the fragility, the lack of interest in presenting a document that shows what each municipality has, its particularities. We can still say more than the document as important as this are put to an English-see, within the courts of accounts, a dream impossible to be realized, always self-dimensioned. As a decorative figure of your financial sectors.

### 3.1.1 Public Revenues

Public revenue is understood as any admission to the public coffers, being considered as budgetary revenues, the inputs that the public administration can dispose of, since it is not devolutive (Baleeiro, 2002; Barros, 1991, 2002). According to Rosa (2006), it considers for all purposes as public revenue any and all resources that enter public accounts, not being subject to the condition of return, as well as low equity, although from the accounting point of view the two expressions are equivalent.

However, Rosa (2006) considers as public revenue any delivery of money in the public coffers, more is reserved the denomination of public revenue, more if the reserve denominated of public revenue to the ticket that is made permanently in the state patrimony and that does not is subject to the return or corresponding condition of low equity. Thus, entry or entry is the gender of which public revenue in kind, though from the accounting point of view, are equivalent expressions.

### 3.1.2 Public Spending

Expenditure for the public sector represents the financial expenditures made with the acquisition of goods and services aiming to provide the satisfaction of the needs of the community and the State, in order to serve the population with basic services that the community is wanting through a participatory budget, with democratic actions expected of the states and municipalities and the Distrito Federal.

The great scholars in the subject (Baleeiro, 1997; Bastos, 1991), affirm the disrespect with the public expense. The managers had no limits that had the expenses totally without parameter, already from May of 2000 in the government of Fernando Henrique Cardoso.

The congress passed a supplementary law now known as the Fiscal Responsibility Law that gave guidelines, and organization with public spending, determining limits for expenses. These limits showed in the chart above that we highlight the expenses with personnel as the largest of fixed expenses in all governmental spheres, we also affirm that this sector of expenditure, are always oversized. Doing with what managers seek to make up, deceive this article of the Law of Fiscal Responsibility, before the Courts of Accounts.

### 3.1.3 Transparency in Fiscal Management

The FRL in its Article 48 mentions the instruments of transparency in fiscal management, which provide subsidies for transparency and control in a management where the person in charge of Public Finance. They are important to get this control. It is necessary to elaborate certain instruments that provide not only the public manager, but also the community, the transparency of the management (Sarens et al., 2010).

As mentioned above, the instruments of transparency in management will be disclosed, being available, in electronic means of public access, in addition to the Official Gazette of the Federation. There are two types of transparency instruments in fiscal management: the Planning Instruments and the Control and Inspection Instruments. As planning instruments we have: PPA, BGL and ABL.

#### 4. Methodological Procedures

In order to obtain information for data analysis, multiple-choice closed questionnaires were applied, which had as respondents 28 bachelors in accounting, which corresponds to 66% of the accountants of the total number of bachelors in accounting registered in the Municipality of Ananindeua, located in the State of Pará. The questionnaires were answered with follow-up, which were developed in an informal manner, with an authoritative recording, which allowed us to delineate some difficulties and limitations.

**Table 1 Road Map of the Applied Questionnaire**

<b>Qualification of accountants</b>	
1	Number of respondents/position
2	Working time with public accounting / functional position
3	Quantity of training on LRF
<b>LRF application in public management</b>	
4	Related searches
5	Application of limits in the Law
6	Use of Manuals (MCASP, PCASP and other guidelines)
<b>Public transparency of the LRF in public management</b>	
7	Updating Accountable Sites
8	Compliance with accountability

Source: Developed by the authors (2017).

The interviewees had the option to abstain from the identification, being an optional question to indicate the name in the questionnaire, so if worked with the data collected at the conclusion of the information. With the difficulties encountered, it was understood that it is by the very nature of the FRL. Therefore, the study was largely carried out in informality, since the technicians we consulted asked not to publish the inquiries we made to them, the object of our work in the indirect part. And in the direct part, the research was carried out through bibliographical and periodical references from 1991 to 2017.

After that, an interview was also held with the Auditors of the Municipal Audit Courts (TCM), the State Accounts Courts (TCE) and the Union Accounts Courts (TCU), as a way of ratifying certain procedures and actions developed by accountants obtained interviews.

#### 5. Analysis and Discussions

As a result of the enactment of the LRF, internal control in the public administration has been studied, such as Davis Blascheck (2006), Siena and Soares (2009), Azevedo et al. (2011), Albuquerque (2011) and Cavalcante et al. (2013). It is criticized for its capacity to achieve its objectives, to fulfill its public policies and to implement programs with quality, effectiveness and efficiency, generating a return to society (TCU, 2009, Marin et al., 2014; Vieira, Marin, 2017).

Therefore, it is necessary to understand the process of public transfer, so that it reaches the needs of the population and that the programs are developed in a reliable and concrete way, showing through public transparency, possible deviations from the management, until the achievement of the objectives fixed by the

Public Power, as predicted by the National Treasury of Brazil (1991).

### 5.1 The FRL Application in Public Management

The history of accounting laws allows the comment of Law No. 4,320/1974 and its complementary law were applied in the public sector without any Excellency in the sense of organization of accounting in the public sector. There were numerous understandings about this law, causing injury to the taxpayer. With the advent of complementary law 101, everything changed in the public bodies to the best for accounting professionals and public managers, that there were already organizational parameters (Albuquerque et al., 2008).

The LRF is an advance in public accounting, which came to be determined in every public area that did not exist until the date of this law (Veloso, 2014). It can be considered that LRF is necessary for public accounting since it shows the legal paths to the disorganized public accounting that for centuries has been promoting untold gains for the poor public manager who had the facility of disorganization in all spheres of government.

In this process of applying the LRF in municipalities and due bodies, according to Table 2.

**Table 2 Qualification of Accounting Professionals**

Number of Bachelor Counters			Working time in the public area		
Specification	Freq.	%	Specification	Freq.	%
<b>Total</b>	<b>28</b>	<b>100%</b>	<b>Total</b>	<b>28</b>	<b>100%</b>
Secretaries	20	71%	Up to 2 years	4	14%
City Hall	8	29%	3 to 5 years	5	18%
<b>Occupations</b>			6 to 10 years	4	14%
<b>Specification</b>	<b>Freq.</b>	<b>%</b>	11 to 15 years	6	21%
<b>Total</b>	<b>28</b>	<b>100%</b>	16 to 20 years	9	32%
Accounting Assistant	10	36%	<b>Functional position</b>		
Accountant / manager	5	18%	<b>Specification</b>	<b>Freq.</b>	<b>%</b>
Administrative	4	14%	<b>Total</b>	<b>28</b>	<b>100%</b>
Internal control	6	21%	Concursado/competition	8	29%
Chief financial officer	3	11%	Contrato/commissioned/(hired/commissioned)	20	71%

Source: Developed by the authors (2017)

The qualification of the baccalaureate in accounting is an important factor to be observed, as well as the time and its functional position, since these elements impact on the application of the FRL, Note that many of the interviewed are hired, which places the applicability of the FRL in a blow to the supervisory bodies.

In the fiscal questions, scholars (Correia Sobrinho et al., 2002; Albuquerque et al., 2008) are debating a new fiscal management model adopting in Brazil through the LRF, others (Azevedo et al., 2011; Cavalcante et al., As well as for public accounting as an essential factor (Di Pietro, 2005; Davis, Blasehek, 2006). In this way, it considered in the first aspect the motivation in which the public manager had before the edition of the FRL, distorted in its parameter fiscal discipline.

The limits established by the LRF establish limits of alert and the prudential limit, which, the first one is to be established by the total expenditure with personnel exceeds 90% of the limit of the Power, or organ, will suffer some fences, according to paragraph Art. 22 of the LRF. The Prudential limit is highlighting the amount of the total expenditure with personnel exceeding 95% of the limit, the courts of accounts will alert the powers or organs



(Albuquerque et al., 2008).

It should be noted that the following expenses are excluded from the calculation of the limit of expenses with personnel expenses: indemnities for voluntary dismissals, employees, employees; expenses by extraordinary convocation of the National Congress; expenses by judicial decision; inactive expenses provided that they are financed from own funds (Nascimento, Debus, 2016).

In fact, these signals informed by the accountants about the expenses are carried out in all the public agencies and in the city hall as a way to manage not only to have control of the public expenses, but also to have an economic reach, that is, leftovers that can be reintegrated for the benefit of the population, and in accordance with the PPA, BGL and ABL itself.

In the light of this criteria the city council studied always encouraged and training the servers that are directly involved in accountability and others. In addition, the respondents observed that all have access to the TCM service to resolve doubts and also in the city hall itself consists of a library with new copies on public accounting, public administration and other source. Note that this collection is in the library of the city hall, there are no libraries to consult the servers in the organs where they work, except those working in the finance department, which have their own library.

Therefore, these bachelors in accounting are conducting training, participating in forums of the court of accounts, as well as using the available didactic resources, as a way to verify how the doubts about the application of the LRF are being fulfilled in order to ensure compliance than that provided by law (Table 3).

**Table 3 Applications of the RFL in Public Management**

Level of training			Use of didactic resources at disposal		
Specification	Freq.	%	Specification	Freq.	%
<b>Total</b>	<b>28</b>	<b>100%</b>	<b>Total</b>	<b>28</b>	<b>100%</b>
City Hall	20	71%	Books	18	64%
Secretaries	8	29%	TCM Direct Inquiries	10	36%
			Regulations	4	14%
<b>Application boundaries are flagged and targeted</b>					
Specification			Freq.		
<b>Total</b>			<b>28</b>	<b>100%</b>	
City Hall Internal Control Signaling			12	43%	
Office of the Prosecutor			14	50%	
TCM Guidelines			2	7%	

**Source:** Developed by the authors (2017).

Table 3 also showed that the signs of the limits of the public expenses are realized 50% by the attorneys of the secretariats and the own city hall. This is given once the processes are ordered for expenses must be approved by the prosecutors, who carry out their own control in favor of also assist economically these organizations. On TCM signaling only two institutions were flagged as alert, which will occur in 2014.

One of the biggest challenges for managing accountants is to be able to maintain the limits of expenses and to be able to obtain sufficient revenues capable of sustaining everything that was planned, although some secretariats have their own resources from their service or federal funds, the other secretariats and the city hall itself depends on public resources of the payment of taxes, which during the exercise suffers many oscillations.

In fact, the FRL for those who hold the position of accountants or bachelors in accounting, brought a differential factor is to establish a new fiscal standard in the country. In particular, from a behavioral point of view, by establishing public management, by making accountability by managers for actual expenditures make Governments, politicians and society aware of the importance of this type of change in the fiscal standard. It is a proposal that entails the engagement of all social actors on pain of succumbing to the lack of social effectiveness of the Law.

### **5.3 Public Transparency of the FRL in Public Management**

In terms of transparency, the respondent accountants inform that the updates of the sites of the institutions where they work made after the approval of the accounts by the TCM, which revolve in average around 2 years of lag to the current year. There is compliance with the provision of records, but this occurs two years after the end of the year.

Note that many bachelors in accounting when asked about the update of the sites of their secretaries were unable to inform, if the accounts were updated, however, they were able to inform that on their sites the information item for biddings was updated accordingly with the law.

All the interviewed professionals report that all the courses are done in the capital, which is not far from the city, but that demands a greater time of return, due to traffic problems.

Before the courts of law, which should enforce rigid collection of law enforcement, it is still very slow that almost stopping the legal collection of the LRF, requiring the public managers what determines the law promoting fines penalties of account rendering .

It is expected that the LRF could be better applied if there were practical courses for professionals in the field on the subject, and TCM itself in demonstrating how to effectively do this accountability, mainly to the prefectures of the interior with population up to 20,000 inhabitants that do not have staff qualified under this law.

These courses of recycling and/or legal understanding in what the law says, perhaps this more homogenous action would increasingly contribute to the understanding of the law, which we say to be, a complex law that, when reading and analyzing several people, may have a differentiated interpretation (Baleeiro, 2002).

### **5.4 Comments from the LRF in light of the Responsibility of Public Management**

In this session we will make a brief commentary on the articles of this law that were considered most important for the work

§1 “Responsibility in fiscal management presupposes a planned and transparent action, in which risks are avoided and corrects deviations that may affect the balance of public accounts, by meeting income targets between revenues and expenses and complying with limits and conditions the renunciation of revenue, generation of expenses with personnel, security, credit operations, including by anticipation of revenue, guarantee concession and registration in Remains to Pay”.

It is the responsibility of the manager to prevent risk and correct deviations that could affect the balance of public accounts. In addition, ratify the need for transparency of public administration acts. The manager must meet income targets between revenues and expenses always observing the legal limits, so that they are applied in an appropriate way and respecting the budget forecast.

Art. 8 “Up to thirty days after the publication of the budgets, in accordance with the terms of the budget directives law and subject to the provisions of paragraph c of subsection I of art. 4th, the Executive Branch will establish the financial programming and the monthly execution schedule of disbursement”.

This article establishes to the Executive Branch the financial programming and the monthly execution schedule of the disbursement, this was not charged before the FRL, which confirms the importance of the budget, in the fight against unforeseen expenditures and that does not fit in additional, special or extraordinary.

Art. 9 “If, at the end of a two-month period, the revenue is not expected to meet the primary or nominal income targets established in the Fiscal Targets Annex, the Powers and the Public Prosecution Service shall, by their own act and in the necessary amounts, thirty days thereafter, limitation of commitment and financial movement, according to the criteria established by the law of budgetary guidelines”.

It is limiting the commitment and financial movement within the criteria set by the budget directives law. Still in this article also limits to the Legislative and Judiciary Power and the Public Prosecutor does not promote the limitation in the established term, according to criteria set by the Law of Budgetary Guidelines, the best establish important term in the public accounting.

Art. 12 “Revenue forecasts will follow technical and legal norms, will consider the effects of changes in legislation, price index variation, economic growth or any other relevant factor and will be accompanied by a statement of its evolution in the last three years, projection for the two following to that to which they refer, and of the calculation methodology and assumptions used”.

This article establishes technical and legal norms, requires the demonstration of the evolution of economic growth, based on the last 3 years that refers to the methodology in calculating the assumptions used in revenue forecasts.

Art. 14 “The concession or extension of incentive or benefit of a tax nature resulting in a waiver of revenue must be accompanied by an estimate of the budgetary and financial impact in the year in which it is to begin and in the following two, to comply with the provisions of the budget guidelines law and at least one of the following conditions”.

In this article the law comes, delimiting the concessions or extensions of incentive or tax benefits, in the executive always applied the facilities of a tax nature promoting arbitrarily renounced revenue in the budget revenue, now the law FRL limits such act.

Art. 24 “No benefit or service relating to social security may be created, increased or extended without the indication of the source of total cost, pursuant to § 5 of art. 195 of the Constitution, meeting the requirements of art. 17”.

This article, we consider exceptional, because it obliges the public manager not to incur expenses without having an indication of the source of cost, ora legislator was happy in the action of this article. Previous to the law the manager practiced all the expenses without having a safe source of revenue.

Art. 25 “For the purpose of this Complementary Law, voluntary transfer is the delivery of current resources or capital to another entity of the Federation, by way of cooperation, aid or financial assistance, which does not derive from a constitutional, legal determination or those destined for the Unique System of health”.

Previously this law, the public manager carried out voluntary transfer to legal and physical persons without constitutional determination, being generally people close to the manager.

Art. 42. It is prohibited to the holder of Power or organ referred in art. 20, in the last two quarters of its term, incur an obligation of expense that can not be fully fulfilled within it, or that has installments to be paid in the following year without sufficient cash availability for this purpose.

In this article, the owner of the agency has as practice increases expenses mainly with personnel, without the

agency has the necessary reserve to cover this expense, remaining for the following year as an expense for the other year with a burden for the next manager. All managers are required to know that they can not affect any expenses without a reserve in a linked account in the name of the expenses so that the new Administration can effect the legal payment without being inflicted on the FRL.

It is understood that all these points listed before the FRL were not obeyed, which entails informing that the FRL has brought great contributions to accounting in order to systematize and substantiate its activity. This law came, nevertheless, to determine all the legal limits, guiding the accounting giving greater security to the operative accountant of that law.

The public accounting is for accountants more required by law than private accounting, given that it is treated with public money in determining the FRL, which are more required in its applicability. In order to investigate public accounting in a targeted action directed to the management of public and fiscal management, which incurs planned and transparent actions, able to predict risks and correct deviations through the balance of public accounts.

The FRL brings legal obligations that the managers did not have before its implementation, facilitating and giving security to the accounting and fuel for the supervision in the courts, which confers the present viability to society, allowing to the user the diverse information and transparency of the activities public policies.

This theme is little explored, especially when its aspect is in respect of the FRL, by prefectures that may fail to apply in its fullness perhaps due to lack of technical recognition, lack of training, often by distance, since all courses in public accounting, accountability are held in the capital.

## **6. Conclusion**

This research aimed to highlight the importance of knowing the limits of the application of the Fiscal Responsibility Law (FRL) for accounting professionals who work within the public area. Considering that this topic is little explored when applied the view of accountants and bachelors in accounting on the application of law transparency, elements that are essential to the fight against corruption.

Based on a line of reasoning for the presentation of the researched content, in the course of the research, it went deep in the time to search for historical information on public finances, FRL and the Public Administration itself, as a way of identifying in the FRL understandings that have been modified with their implementation and the inclusion of limits of their application by public managers.

In order to reach this research purpose and answer it, a field survey was carried out with questionnaire application to the professionals working in the organizations. Thus, the study consisted of a research on the limit of the application of the FRL to the accounting professional who starts to have a concern with the elaboration and presentation of reports of execution and fiscal management, which also demands greater agility and a vast question of dignity in the provision of these accounting information, and even on the established deadlines are met in a timely manner and that this accounting professional in the public area develops a managerial role in a broad sense.

It was found that the intention of the LRF for accountants is precisely to increase transparency in the management of public spending, establishing limits that the control mechanisms and the political process serve as instruments and punishments of the rulers who do not act in a correct way.

Moreover, when exercising a public office or public office in the face of dilemmas of a moral and evaluative

nature, man must certainly consider that the public good belongs to the collectivity and therefore deserves its total protection.

In this context, the LRF not only for public accountants more for society, but also as a strong and effective instrument to introduce a more dynamic behavior in the public finance practice with the superior interests of the population, and it is up to the accountant to interpret this information and disseminate it to society.

Information is to be handled, interpreted for the approval of the rulers. The moment I realized the importance of this law for the public accounting that passed after its promulgation be a guide. Facilitating for accounting professionals as well as auditing agencies.

For many accountants and accounting bachelors, the lack of internal limits is everywhere and in all classes and is associated with the fragility of a society's ethical standards, which reflect upon the ethics of the public agent.

It can be concluded that LRF creates the necessary conditions for the application of a new managerial culture in the management of public resources and encourages the full exercise of citizenship, especially with regard to the participation of the taxpayer in the process of monitoring the application of public resources and evaluation of their results.

It was possible to verify, after the present research, that the LRF has applicability and effectiveness in the fight against corruption and, if correctly applied, it presents itself as an effective measure in the fight against corruption in Brazil.

As suggestions for further research, be sure to correlate ethical issues, elements of corruption or other variables that were not evidenced in the research.

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