

# Performance Audits with Focus on the Principle of Effectiveness: a Brief Overview of the Brazilian Courts of Accounts

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## ABSTRACT

According to the standards of the International Organization of Supreme Audit Institutions (INTOSAI), performance audit consists of independent and objective examination of the aspects of economy, efficiency, efficacy, and effectiveness of governmental organizations, programs, and activities, in order to assess the performance of public management. Given the relevance of the topic, this article aims to investigate whether the performance audits carried out by the Brazilian courts of accounts analyze the effectiveness of public expenditure, that is, if the impact generated on the target population is measured. For this purpose, a questionnaire was sent to auditors of the Brazilian courts of accounts, whose preliminary result stressed that performance audits in Brazil only analyze economy, efficiency, and efficacy regarding public expenditure.

**Keywords:** Performance audit. Court of accounts. Effectiveness.

## 1 INTRODUCTION

Most democratic nations have an institution, established by the national Constitution or by the national supreme legislative body, whose purpose is independent and technical auditing of the public sector. Such institutions are known as the Supreme Audit Institutions (SAIs). In countries such as Australia, Austria, Canada, China, Colombia, USA, Israel, New Zealand, Peru, and United Kingdom, they are structured as Audit Institutions or Offices of the Comptroller General. The respective head of these institutions is an auditor or comptroller-general, who sets the strategic direction of the organization and is publicly accountable for the work carried out. In turn, in countries such as Germany, Belgium, Brazil, Spain, France, Greece, Italy, Japan, Portugal, and Uruguay, SAIs are structured as courts of accounts, whose main decisions regarding public expenditure are taken by a collective body of ministers or directors. In Brazil, the external public control system consists of the Federal Court of Accounts (TCU), the Court of Accounts of the Federal District

(TCDF), 26 state courts of accounts<sup>1</sup> (TCEs) and six<sup>2</sup> courts of accounts that have municipal jurisdiction (TCMs) (ROCHA, 2002).

Until the early 1970s, the main goal of SAIs was formal control, focusing on verification of compliance regarding public expenditure, the legality of administrative acts, as well as reliability of financial statements. Such work system suffered changes by virtue of financial problems in the states, which were caused by four socioeconomic factors: (i) the tax crisis, which resulted from the overload of activities undertaken by governments in the post 2<sup>nd</sup> World War period and denial of taxpayers, who refused to pay additional taxes for being unable to establish a direct correlation between increase of government resources and improvement of public services; (ii) harmful effects of the oil crisis that started in 1973 on the world economy; (iii) the crisis of the Welfare State<sup>3</sup>: given that modern neoliberal governments considered as privileges what was seen by pressure groups as achievements; and (iv) the phenomenon of globalization, which weakened the power of governments to control financial and commercial flows and to dictate macroeconomic policies (ABRUCIO, 1997).

In parallel to the demand for increased levels of efficiency, economy, and transparency in public expenditure, due to the financial crisis experienced, several countries made changes to their public services based on economic theories and principles developed for private sector modeling (VABO, 2009). Such wave of reforms, referred to in specialized literature as New Public Management (NPM), aimed to render public service more efficient and citizen-oriented, using management models of the private sector.

The term NPM was first used by Christopher Hood (1991), in his article *A public management for all seasons?*, in which he presented the principles of the approach, namely: (i) stress on the private sector styles of management for public management practices; (ii) performance measurement for the public sector; (iii) stress on greater discipline and parsimony in resource use.

The first NPM practices were developed in the United Kingdom, under the direction of former Prime Minister Margaret Thatcher, who made changes to the public management policy in areas such as organizational methods, labor relations, expense planning, financial management, auditing, evaluation, and procurement. Thatcher's successor, John Major, maintained the public management policy in the agenda of the conservative government, launching programs, such as *Competing for Quality*, *Cost Accounting and Budgeting*, and *Private Finance Initiative*.

The NPM model has spread worldwide, with the promise of facing two bureaucratic problems: the excess of procedures and low level of accountability of bureaucrats before the political system and before society (SANO, 2003). The basic proposal was to render public management flexible and to increase *accountability*<sup>4</sup>, with a new form of service provision, focused on the consumer-client. In this sense, not only was it necessary to change the methodology and focus of the public sector by means of greater financial control, increased efficiency, definition of goals and delegation of powers, but also to follow up on the results achieved. According to Albuquerque (2006, page 14):

Several discussions on how to face this crisis initiated in the economic area, and further expanded to the field of Public Management, with questions regarding State dimension and role, efficiency in public expenditure, relations between

government and society, public service organization, and management models and processes.

'Accordingly, for government audit institutions to be able to assess the new public management model, it became necessary to conduct performance analysis of public expenditure, in addition to financial and compliance analyses, regarding the aspects of economy, efficiency, and efficacy' (ARAÚJO, 2008).

According to Pollit *et al.* (2008), the considerable appeal of performance audit lies in the promise of answering whether public programs and policies effectively work and whether they are carried out in the most efficient way possible. Given the importance of the matter, a survey was conducted, among Brazilian public auditors, to answer the following question: do performance audits carried out in Brazil assess the effectiveness of public expenditure? With the purpose of offering an answer to this question, this article is structured in five sections, in addition to this introduction and to the final considerations. Section 2 presents a short description of specialized literature regarding the historical evolution of performance audit. Section 3 shows standardization of performance audit according to INTOSAI<sup>5</sup>. Section 4, in turn, discusses the methodology for conducting the research that supports this article, while section 5 is reserved for the analysis of information collected.

## 2 PERFORMANCE AUDIT: HISTORICAL EVOLUTION

According to Araújo (2008), the first official data concerning assessment of economy and efficiency in public management date back to the INTOSAI Congress held in 1971, in Canada, when the concept of comprehensive audit was presented. According to this new vision of auditing, in addition to the analysis of accounting responsibility conducted until that moment, it was further necessary to assess responsibility from the administrative and programmatic perspectives, which involve matters of economy and efficiency in the use of public resources. Furthermore, such new audit model, also referred to as integrated audit, would analyze the achievement of the proposed government goals, considering costs incurred and benefits achieved.

In 1972, the body responsible for conducting audits, assessments and investigations of the United States Congress (GAO)<sup>6</sup> published the first version of the book *Government auditing standards*, which was last revised in 2011. In its first edition, the book already stresses the need for comprehensive auditing in institutions that manage public resources, in accordance with the notion of comprehensive audit presented in the INTOSAI Congress held in 1971 (Source: <http://www.gao.gov/assets/680/676159.pdf>, page 2, accessed on 03/20/2018).

In 1976, such notions were presented at the 9<sup>th</sup> GAO Annual Seminar, and the auditing of the aspects of economy, efficiency and effectiveness started being referred to as *performance audit*<sup>7</sup> (MORSE, 1976). The position was globally consolidated in the Final Declaration of the 9<sup>th</sup> International Congress of Supreme Audit Institutions, held in Lima, Peru, in 1977:

Section 4. Legality audit, regularity audit and performance audit:

1. The traditional task of Supreme Audit Institutions is to audit the legality and regularity of financial management and of accounting.

2. In addition to this type of audit, which retains its significance, there is another equally important type of audit – performance audit – which is oriented towards examining the performance, economy, efficiency and effectiveness of public administration. Performance audit covers not only specific financial operations, but also the full range of government activity including both organizational and administrative systems.

3. The Supreme Audit Institution's audit objectives – legality, regularity, economy, efficiency and effectiveness of financial management – are basically of equal importance. However, it is for each Supreme Audit Institution to determine its priorities, on a case-by-case basis. (Source: <http://portal.tcu.gov.br/fiscalizacao-e-controle/auditoria/normas-internacionais/>, page 5, accessed on 09/16/2017, emphasis added).

Thus, SAIs started regulating performance auditing in their respective countries, such as the 1982 Local Governance Financial Act, in the United Kingdom, which established that performance audits were also to be carried out in the local government. The National Audit Office (NAO)<sup>8</sup> defines performance audit as value for money, which consists in the obligation of assessing the value received by the taxpayer in the form of goods and services from the government in exchange for the taxes that he or she pays<sup>9</sup> (ARAÚJO, 2008, page 48).

In Brazil, the 1988 Federal Constitution (CF) broadened the scope of control over public resources by introducing the concept of operational control and search for economy, according to article 70 of CF:

Control of accounts, finances, budget, operations and property of the Union and of the agencies of the direct and indirect administration, as to legality, legitimacy, economy, application of subsidies and waiver of revenues, shall be exercised by the National Congress, by means of external control and of the internal control system of each Branch. (emphasis added)

Constitutional Amendment no. 19/1998, in turn, introduced the concept of efficiency as a constitutional principle, modifying article 37 of the Federal Constitution, which reads as follows:

The direct administration and indirect administration in any of the branches of the Union, the states, the Federal District and the Municipalities shall obey the principles of legality, impersonality, morality, publicity, and efficiency [...] (emphasis added)

According to Cobra (2014), the National Congress of Brazil (CN) is responsible for political external control, while TCU is responsible for the financial control of the direct and indirect administration of the other Branches of Power. The constitution also establishes participation of state courts of accounts in the control exercised by the state legislatures and municipal councils. The exceptions are the municipalities of Rio de Janeiro and São Paulo, which have specific courts of accounts, and for the states of Bahia, Pará and Goiás, which have one Court of Accounts for the state administration and another one for the municipal administration.



In order to qualify its staff to carry out the performance audit modality of the Public Administration, in 1998, TCU entered into a technical cooperation agreement with the Department for International Development (DFID) of the United Kingdom. This agreement resulted in the publication of the *Manual de Auditoria de Natureza Operacional no ano 2000* (2000 Performance Audit Manual), which was later updated, in 2010, under the title *Manual de Auditoria Operacional* (Performance Audit Manual).

TCU initially divided performance audits into two modalities: one focused on analysis of economy, efficiency and efficacy of management and the other one referred to as program evaluation, whose purpose was to exam the effectiveness of government programs and projects. In the most recent version, TCU combined the two modalities, defining performance audit as “*independent and objective examination of the aspects of economy, efficiency, efficacy and effectiveness of government organizations, programs and activities, with the purpose of promoting improved public management*” (TCU, 2010, page 11). Under this system, external control would not be limited to processes, and would encompass analysis of the results of public management in audits carried out. In practice, the institution responsible for control would change from auditor to consultant with the purpose of improving the action of public managers instead of simply judging such action (COBRA, 2014, p. 25).

The following section presents the international standards created by INTOSAI that serve as grounds for performance auditing.

### 3 REGULATION OF PERFORMANCE AUDITING

Performance audits have specific characteristics of their own, which differentiate them from traditional audits. In contrast to compliance audits, which adopt relatively fixed standards, performance audits have greater flexibility to select topics, objects of the audit, work methods and ways to report the audit findings, due to the variety and complexity of the matters involved (TCU, 2010, page 15).

Nevertheless, INTOSAI, aiming to encourage SAIs to conduct government audits that are independent and effective, established international standards for standardization of procedures and conducts. INTOSAI has a framework called INTOSAI Framework of Professional Standards (IFPP). This framework has three types of pronouncements:

Principles (INTOSAI-P) – they are fundamental principles that have a comprehensive significance for the IFPP and therefore are at the top part of the framework. They deal with the roles and functions of an SAI and can be informative for governments, parliaments and for society in general. They can be used as reference to establish SAI mandates. They cover aspects such as independence, transparency, and accountability.

Standards (ISSAI) – they present standards that are mandatory for SAIs that intend to adhere to INTOSAI standards. They establish the basic concepts and principles that define public sector audit and the different types of audit: financial, performance, and compliance. They also deal with aspects such as ethics and quality control.

Guidelines (GUID) – they are the INTOSAI guidelines to support implementation of the ISSAIs. They translate the fundamental audit principles into operational guidance that is more specific and detailed. There are also GUIDs related to thematic areas (Environmental Audit, IT Audit, Public



Debt Audit, etc.), which help the auditor understand the specific subject and apply the relevant standards to audits that involve these thematic areas.

According to ISSAI 300, performance audits are defined as follows

Performance auditing, as carried out by SAIs, is an independent, objective and reliable examination of whether government undertakings, systems, operations, programs, activities or organizations are operating in accordance with the principles of economy, efficiency and effectiveness<sup>20</sup> and whether there is room for improvement. (Source: <http://portal.tcu.gov.br/fiscalizacao-e-controle/auditoria/normas-internacionais/>, accessed on 09/21/2017, emphasis added).

The same ISSAI standard 300 (page 2) defines the principles of economy, efficiency and effectiveness in the following manner:

- The principle of economy means minimizing the costs of resources. The resources used should be available in due time, in and of appropriate quantity and quality and at the best price.
- The principle of efficiency means getting the most from the available resources. It is concerned with the relationship between resources employed and outputs delivered in terms of quantity, quality and timing.
- The principle of effectiveness concerns meeting the objectives set and achieving the intended results.

In order to carry out audits focused on the principles of economy and efficiency, process evaluation is adopted, which Gertler *et al.* (2016) defines as “*evaluation that focuses on the manner in which a program is implemented and operated; whether it complies with its original design, documenting its development and operation*”. In order to audit the principle of effectiveness, in turn, there is need to conduct impact evaluation, which Gertler *et al.* (2016) defines as “*evaluation that establishes causal connection between a program or intervention and a set of results. Impact evaluation provides answer to the following question: what is the impact (or causal effect) of a program on an outcome of interest?*” Barros (2012) corroborates such definition, stating that impact of the program is defined as the contrast between two situations: a real one (the situation of the participants after having participated in the project) and hypothetical one (the situation in which they would be, if they had not had the opportunity to participate in the program).

In cases involving assessment of the aspects of economy, efficiency and even efficacy, in addition to the reports there are usually monitoring actions; impact evaluations, in turn, which aim to verify the effectiveness of public expenditure, are conducted within a predetermined period of time.

Process evaluation and impact evaluation also differ as to their respective methodologies. While the use of questionnaires, interviews, direct observation and existing data applies to process evaluation, all methods of impact evaluation, to some extent, deal with the matter of cause and effect. According to Gertler *et al.* (2016, page 39):

To be able to estimate the causal effect or impact of a program on outcomes, any method chosen must estimate the so-called

counterfactual, that is, what the outcome would have been for program participants if they had not participated in the program. In practice, impact evaluation requires that the evaluator find a comparison group to estimate what would have happened to the program participants without the program and, subsequently, to draw comparisons to the treatment group that received the program (emphasis added).

In order to identify whether performance audits focused on the principle of effectiveness are carried out in Brazil, research was conducted in the Brazilian courts of accounts. The methodology used is explained in the next section of this article.

#### 4 RESEARCH METHODOLOGY

Santos (2006) primarily classifies research in relation to goals, which may be explanatory, descriptive or exploratory. In relation to research sources, they are divided into bibliographic sources, sources arising from lab experiments or sources arising from fieldwork. Finally, in relation to data collection procedure to gather information needed to reach conclusions regarding a fact, phenomenon or process, it may involve experiments, case studies, bibliographic or documental search, research-action, participative research, quantitative research and qualitative research.

Based on the abovementioned initial background, methodology for the research conducted was defined as having exploratory goals, and the sources used consist of bibliographic sources and performance audit reports that were received. Data collection procedure consisted of qualitative research conducted by means of a questionnaire that was sent to auditors of Brazilian courts of accounts<sup>11</sup>.

The concept of methodology mentioned in this article does not refer to the strategy for conducting performance audits, referring, instead, to ways to collect data that allow for quantitative analyses on the matter to be audited. The *Manual de Auditoria Operacional do TCU (2010)* (2010 TCU Performance Audit Manual) shows several techniques for data collection, including questionnaires, interviews, direct observation and use of existing data, being the latter the object of this research. According to the Manual:

In General, data analysis is an interactive procedure. That is, initial analyses are conducted in the stage of planning and are refined during development of the audit. A vast variety of analysis techniques may be adopted in performance auditing, including multivariate statistical analysis, data envelopment analysis, regression analysis. (Source: TCU, 2010, page 66, emphasis added).

Considering that this research is of an academic nature, we decided to contact directly, via email, public servants of each Brazilian court of accounts that carries out performance audits. As a result, answers received express the views and opinions of the servants and do not reflect the official position of the courts of accounts regarding such auditing modality.

Until completion of this article, auditors from 23 of the 33 courts of accounts in Brazil had answered the questionnaire, and part of them sent performance audit reports. Some answers were sent by

public servants that prepare AOP or that are in charge of their direct supervision. Some courts have requested that we forward the questionnaire using an information access form. Finally, there were cases in which the contact was established through the Office of the Ombudsman of the institution.

The material received allows the study of performance audits carried out in Brazil from different perspectives; however, due to the need to delimit the length of the article, we decided to analyze only the principle of effectiveness, which, according to the World Bank (GERTLER *et al.*, 2016), is conducted by means of impact evaluations.

The questionnaire begins by requesting information regarding the structure of the court for carrying out performance audits and the main aspects that are object of AOPs. The questions that follow are partially based on a script proposed by ISSAI Standard 3000 (page 5) and seek to identify the principles guiding performance audits carried out in Brazil.

In the next section, the research findings will be presented. The full questionnaire is in Attachment I.

## 5 RESULTS

Preliminary analysis of information received indicates similarities between the Brazilian courts of accounts. Auditors from 13 of 23 courts that answered the questionnaire said their courts have a structure of their own to conduct performance audits (even if such structure is not always exclusive). In relation to the matters audited, the ones involving education, primary health care, environment and public safety/prison system are the ones that prevail.

According to ISSAI international standard 300, performance audits must establish a clearly defined objective that relates to the principles of economy, efficiency and effectiveness. Upon questioning auditors from Brazilian courts of accounts about the principles usually examined, respondents of 16 of 23 courts mentioned efficiency; 13 of them mentioned efficacy; 8 of them mentioned economy; and 7 of them mentioned the principle of effectiveness.

Based on the assumption an impact evaluation is necessary to verify the effectiveness of public policies, programs or expenditure, we analyzed methodologies used in 64 performance audit reports received from the seven courts that had declared they audited the principle of effectiveness. We asked auditors of the other courts of accounts that answered the questionnaire if their institution had occasionally carried out any performance audit with impact evaluation, to which question all replied negatively, considering the answers received until conclusion of this article.

Of the 64 sample reports, only four AOPs used statistical techniques intended to identify the impact of policies.

The first AOP adopted simple regression techniques to assess the relationship between investments in sewage system works and indicators of epidemiological nature and of social development in some municipalities. Notwithstanding the fact that sewage-related actions demand a longer period of time to generate positive impact on health indicators, two findings of the audit are reproduced below:



- Therefore, it is possible to conclude that the group of municipalities that did not receive investments in sewage system works presents a higher mortality rate than the group of municipalities that received investments.
- Therefore, it is possible to conclude that the group of municipalities that did not receive investments in sewage system works presents a higher rate of hospitalization due to acute diarrheal diseases than the group of municipalities that received investments.

Furthermore, the coefficient of correlation between resources invested in works of sanitary sewage system and the Firjan Index of Municipal Development (IFDM)<sup>12</sup> was calculated, *showing that, "the higher the IFDM, the smaller were the resources invested in works of sanitary sewage system, which translated into a coherent expectation, considering that resources were invested in municipalities that presented the lowest social indicators."*

If the analysis in question were to include other variables in the model, it would be possible to assess approximately how much of the reduction of epidemiological indicators may result from the investment in sewage, that is, it would be possible to estimate the actual impact of the investment on the epidemiological indicators.

The second AOP was designed to answer the following question: does innovative high school education contribute to students staying in school, to reducing the school dropout rates of that educational stage and to improving performance and approval of the students? To answer such question, among the auditing techniques used, an impact evaluation of the Innovative High School Program (ProEMI) was conducted by hiring a company with expertise in this type of analysis. Although there were problems regarding the database, forcing the company to analyze only the year of 2012, it was possible to divide students of the 1<sup>st</sup> to the 3<sup>rd</sup> year of high school in two groups<sup>13</sup> and to compare school performance and dropout rates of both groups. Among the study conclusions, the following ones are pointed out:

- On average, the grade of the students of ProEMI classes in the subjects of Mathematics and History was superior to that of students attending classes not covered by the program;
- On average, the grade of the students in the subjects of Portuguese, Biology, Geography, Physics and Chemistry did not improved becauseof their participation in ProEMI classes;
- The students that participated in the program presented, on average, a number of absences in all subjects analyzed that is higher than the one of students attending classes not covered by ProEMI<sup>14</sup>;
- No difference was found in the approval rate of the students analyzed, regardless of the classes attended by them.

The abovementioned impact evaluation showed occasional flaws in ProEMI in the state evaluated, which would require a qualitative analysis in order to identify the root cause of the problems. In this sense, by serving as a previous "filter", the impact evaluation may support the methodologies usually adopted in performance audits.

The third AOP was designed to evaluate implementation and effectiveness of the National Program for Access to Technical Education and Employment (Pronatec). The team relied on academic

support, which provided the technical knowledge and expertise needed to use the methodology.

The initial objective was to assess whether the students that completed the courses would have greater chances of being employed than the individuals of the control group, who did not participate in the courses of Continued Initial Education (FIC), and if there was any income increase. The analysis used different control groups and different econometric models, with the purpose of verifying whether results remained the same.

Overall, analysis of the conclusive results showed that the impact on employability of students that completed the course varied depending on the students that took the course and on the technological segment. Thus, in order to render courses more effective, it would be important to consider strategies that would optimize course focus, that is, the offer of courses must consider the job market sectors that show greater potential for receiving the students who completed the course and that lack qualified labor. In relation to income, the evaluation showed no conclusive results. Impact evaluation supported some of the proposals presented aiming to correct deficiencies found.

One of the objectives of the fourth AOP was to evaluate the impact of the University for All Program (ProUni) in relation to increased access of scholarship students to higher education, of their continuance and of their academic performance. In order to do so, a consultant was hired, financed with external resources.

In short, the analyses allowed us to conclude the following: i) the program has a positive impact on accessibility to higher education; ii) full scholarship students are more likely to continue studies in comparison to partial scholarship students; and iii) academic performance of scholarship students of ProUni is not inferior to the one of other students that attend private establishments of higher education.

As previously mentioned, article 70 of CF introduced the concept of operational control in Brazil, which is enforced by the courts of accounts. This type of control foresees examination of the aspects of economy, efficiency and effectiveness of public expenditure. The first two principles, in addition to the one of efficacy, have been examined often in performance audits. However, the current research showed that there is room for improvement regarding audits with focus on the principle of effectiveness, since only four reports showed statistical techniques intended to identify the impact of public expenditure. Furthermore, in three of the four reports, there was need to hire external consultants.

In view of the above, we stresses the need for training personnel of the courts of accounts to allow regular effectiveness assessments, thus achieving analysis of public expenditure from all aspects.

## 6 FINAL CONSIDERATIONS

The purpose of this article was to analyze performance audits that were carried out by the Brazilian courts of accounts with focus on the principle of effectiveness. The beginning of this article showed a brief overview of the historical evolution of performance auditing. Section 3 showed standardization of performance auditing, according to INTOSAI. Section 4, in turn, described the methodology for conducting the research that supported this article, while section 5 dealt with the analysis of information collected.

Assessment of primary data in the Brazilian courts of accounts indicated that few institutions said they conducted audits with focus on the principle of effectiveness, and, of those, only four reports showed statistical techniques intended to quantitatively identify effectiveness of public expenditure.

Therefore, this article evidenced a gap in performance audits currently carried out in Brazil, which would benefit from the use of impact evaluations to support methodologies usually adopted and, thus, meet the demands of the population for greater control over results of public expenditure.

It is important to point out the following limitations to the work: (i) the bibliographic research on performance auditing was restricted to documents in Portuguese; (ii) answers to the questionnaires express the personal opinions of the public auditors and do not reflect the official position of the courts of accounts, considering that the consultation was not targeted at the institutions. Furthermore, ten courts did not provide answer to the research; and (iii) the sample analyzed, which consists of 62 performance audit reports, is not sufficiently comprehensive to lead to the conclusion that practically no impact evaluation was found in performance audits carried out in Brazil.

In conclusion, the following suggestions are made for future works: (i) to broaden the research scope, by means of consultation with the courts of accounts from other countries; and (ii) to develop methodology that simplifies the statistical tools necessary for performance audits with focus on effectiveness, thus, aiming to disseminate their use.

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## APPENDIX

### SURVEY ON PERFORMANCE AUDIT

A brief overview of the Court's structure to conduct performance audits.

What are the main topics that are object of performance audits?

What principles do the objectives of performance audits usually carried out by the Court relate to: economy, efficiency, efficacy or effectiveness?

What approaches are primarily used: (i) to examine the proper operation of systems; (ii) to assess whether purposes/ impacts of a program/activity were achieved according to plan; (iii) to analyze the causes of specific problems.

In order to do so, are criteria usually used of qualitative or quantitative nature?

Does the Court conduct cost-benefit analyses of public expenditure?

Does the Court resort to the use of indicators in its reports? If the answer is yes, please explain what type of indicators are used: (i) monitoring; (ii) outcome; or (iii) impact indicators. Please provide examples for the indicators used.

Which methodologies are usually used: (i) questionnaires; (ii) interviews; (iii) direct observation; (iv) use of existing data; (v) descriptive statistics; (vi) inferential statistics; (vii) others.

Comments (optional)

Finally, I ask you to please send some of the more recent performance audit reports that are available to the public.

Sincerely,

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## NOTES

- 1 TCEs have jurisdiction over the respective state and over all municipalities that are part of such state, except in the following cases: (i) Bahia, Pará and Goiás, which have one court of accounts for the state administration and another one for the municipal administration; and (ii) São Paulo and Rio de Janeiro, whose capital cities have specific courts of accounts.

- 2 Currently, there are five courts, since the Court of Accounts of the State of Ceará absorbed the Court of Accounts of the Municipalities of Ceará.
- 3 Estado de Bem-Estar Social, in Portuguese.
- 4 Term that does not translate directly to Portuguese. It may be construed as the democratic acceptance of responsibility on the part of government agents by means of two devices: vertical accountability, in which society controls, in bottom-up approach, government leaders (by means of representative voting, plebiscites and councils of public service users, among others) and horizontal accountability, which is defined as the one carried out by mutual checks and balances of the Three Branches of Government and by means of government bodies that control public activities, such as the Brazilian courts of accounts (O'DONNELL, 1998).
- 5 Apolitical institution, affiliated to UN, whose purpose is the exchange of ideas regarding the best practices of public auditing worldwide. Please access [www.intosai.org](http://www.intosai.org).
- 6 Government Accountability Office. In Brazil, such body would have goals similar to the ones of the Office of the Federal Comptroller General (CGU), current Ministry of Transparency, Supervision and Comptroller General of Brazil.
- 7 *Auditoria de desempenho*, in Portuguese.
- 8 The National Audit Office is an independent legislative body in the United Kingdom, which is responsible for auditing departments of the central government, government agencies and non-departmental public bodies.
- 9 In Brazil, the term used for such definition is *Análise Custo-Benefício* (Cost-Benefit Analysis), which consists of a method for assessing the net economic impacts of a public project, determining whether it is feasible from the social welfare perspective, by means of the algebraic sum of its benefits, with deduction of its costs, and both benefits and costs are considered in the current value. Source: Adapted from [www.observatorio.pt/download.php?id=218](http://www.observatorio.pt/download.php?id=218), accessed on 09/20/2017.
- 10 The term effectiveness encompasses two different concepts in the Portuguese language: efficacy (defined as the scope of the goals scheduled within a certain period of time) and effectiveness (concept related to impacts caused by the government action).
- 11 TCU, TCDF, 26 TCEs and 5 TCMs.
- 12 The index, calculated by FIRJAN system of the Federation of Industries of the State of Rio de Janeiro, with local scope, is annually calculated, exclusively based on official data regarding the three main areas of development: Employment and Income, Education and Health.
- 13 Treatment Group (those registered with ProEMI) and Control Group (those that did not participate in the program).
- 14 One possible reason for the higher number of absences by students of ProEMI may be the fact that they have a number of classroom hours superior to the ones of the students attending classes not covered by the program.