

Corruption and the web of accountability institutions in Brazil

Ana Luiza Melo Aranha

Universidade Federal de Minas Gerais

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## **CORRUPTION AND THE WEB OF ACCOUNTABILITY INSTITUTIONS IN BRAZIL<sup>1</sup>**

Ana Luiza Melo Aranha<sup>2</sup>  
Universidade Federal de Minas Gerais

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### **ABSTRACT**

This paper contributes to the discussion regarding corruption as a challenge to the establishment of more democratically inclusive societies in Latin America. The democratic ideal of inclusion requires the principle of accountability, which sustains that rulers should be publicly controlled and accountable for their actions. Thus, the role of democracy as a check on corruption centers on its ability to foster a network of governmental accountability mechanisms. This paper is an exploratory study on the performance of this web of accountability institutions in Brazil. According to international surveys, in Latin America, the Brazilian nationality displays the greatest overall concern with corruption. Despite the negative public opinion, the country has undergone many reforms that have strengthened its horizontal accountability mechanism. We seek to understand how Brazilian accountability institutions act in order to control corruption cases involving federal resources. The origin of the data used in this paper are reports submitted by the Office of the Comptroller General (CGU) – a federal auditing agency. The central objective of this research is to map the trajectory of corruption cases gathered by this auditing agency in the web of accountability institutions and examine whether these institutions perform joint actions to control and punish corruption. In order to accomplish this goal, the paper points out the bureaucratic and legal proceedings involved in fighting corruption, allowing us to recognize points of vulnerability in this web. It is our understanding here that corruption and failures in the accountability process are threats to more inclusive democracies.

**KEYWORDS:** Corruption, Accountability, Inclusion, Brazil, CGU.

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<sup>2</sup> PhD candidate at Universidade Federal de Minas Gerais (UFMG-Brazil),  
Email: aninharanha@gmail.com, analuiza.aranha@bol.com.br

## INTRODUCTION

Corruption is today a central theme for all those who care about the fate of democracies (AVRITZER et al, 2008). The anti-corruption agenda propagated internationally includes the traditional institutions of constitutional democracy, such as the separation of powers, an independent judiciary, free and fair elections, and an independent media. The link between the control of corruption and democratic institutions does not occur by chance. The techniques frequently mentioned in the anti-corruption agenda are those intimately related to the democratic ideal, which outlines that the central forces in the political process of decision-making should be the accountable representation and the public justification (WARREN, 2005).

Empirically, current researches demonstrate a close relationship between democracies and reduced corruption. The corruption index organized by Transparency International – the Corruption Perception Index – reveals, for instance, that among the 20 least corrupt countries in the world, 18 are democracies. Comparative research also suggests that corrupt practices are generally more widespread and more systematically rooted in many parts of the developing world than in the industrialized countries, which can be explained, in part, by the type of political regime (KLITGAARD, 1988). Countries exposed to democratic rules for a longer period of time are strongly related to a lower incidence of corruption (TREISMAN, 2000). Therefore, current research appears to validate the view that the incidence of corruption is lower in more democratic and open political systems due to the higher levels of transparency (offered by the freedom of press and association); the competition among candidates for public office (they have an incentive to expose abuse of office performed by their opponents); and the higher levels of accountability (POWER AND GONZALEZ, 2003).

The transition to democracy that many Latin American countries underwent during the last two decades of the twentieth century did not meet the expectations, particularly of those who believed that the arrival of democracy would translate into a better standard of living for the general population. Severe economic crises, political scandals involving corruption, and the unfulfilled social promises that have befallen Latin American democracies have led to the disenchantment with democratic government (OROZCO, 2004). Despite the disenchantment, this paper defends how important democracy is for

the inclusion it provides. The promotion of more inclusive governments through the strengthening of accountability institutions would therefore strengthen democracy itself.

In the beginning of this paper, the discussion will point to theoretical reflections, which advocate an intrinsic connection between democratic principles and corruption control. What is considered "democratic" within the complex ecology of institutions, organizations and cultures that make democracy are characteristics that contribute to the achievement of an inclusive standard, namely, *the empowered inclusion of those affected in collective decisions and actions* (HABERMAS, 1998, YOUNG, 2000; DAHL, 1998; WARREN, 2004, 2005). Corruption, from this perspective, would mean a violation of this inclusive rule, whereby political decisions are made (and actions taken) in spite of those potentially affected by them. Corruption in a democracy then mean the unjustified exclusion of those potentially affected from decision-making and political action (WARREN, 2004).

The defense of this intrinsic connection does not suggest that a democracy is completely free of corruption. It simply means to emphasize that, in a democracy, corruption means exclusion. The opportunities for corruption should not be understood as a result of democracy itself, but as a reflection of failures in the mechanisms (such as accountability mechanisms) that should foster democratic empowerment. Many are the ways sought to remedy those failures. One possible solution is the redesign and institutional reform, not only to combat the burdens related to corruption (such as inefficiency and misappropriation of resources), but also to deepen the inclusion in collective decisions (WARREN, 2005).

Thus, when we think about improving the democratic control of corruption, the focus often falls upon changes in the accountability institutions. The literature indicates that, at the current stage of reform and democratization around the globe, the accountability institutions must undergo a strengthening process in order to improve economic performance, promote fiscal responsibility and fight corruption: *at the root of both corruption and administrative inefficiency is government institutions' lack of oversight capabilities* (SIAVELI, 2000:71). The Transparency International Sourcebook points out, for example, horizontal accountability institutions as effective mechanisms for controlling corruption (O'DONNELL, 1998; ROSE-ACKERMAN, 1999).

In this study, the discussion centers on the articulation of three Brazilian institutions of horizontal accountability – the Office of the Comptroller General (CGU), the Federal Court of Accounts (TCU) and the Public Prosecutor's Office (MP). This paper seeks to understand how accountability institutions interact to control corruption cases that take place in Brazilian municipalities. As part of the Brazilian web of federal accountability institutions, the three institutions should be linked in order to control problems and deviations involving federal resources. The first part of the paper focuses on a theoretical discussion on democracy, accountability and corruption. The second part addresses the accountability institutions in Brazil, taking the recent renovations that have strengthened them into consideration. Finally, we address joint actions of these institutions to control corruption at the local level, which is the level responsible for executing federal policies.

## **DEMOCRACY, ACCOUNTABILITY AND CORRUPTION: A MATTER OF INCLUSION**

In this paper, I put forward the claim that we should recognize a gap in democratic theory when thinking about corruption (WARREN, 2004). In this section, the discussion will point to the idea that the democratic process presupposes, as a basic standard, the inclusion of those who are possibly affected by collective decisions: *every individual potentially affected by a collective decision should have an equal opportunity to influence the decision in proportion to his or her stake in the outcome* (WARREN, 2006:386). In connection with this idea, we develop the claim that whenever corruption occurs, there are exclusions taking place that damage the democratic processes. Moreover, we also sustain that one possible way to ensure inclusion is through the democratic norm of accountability – the ability to hold governments accountable for their decisions and public actions.

The underlying arguments in favor of our ideas come from a defense of democracy. Firstly, we propound the view that democracy involves citizens with real power to influence the decisions that affect their lives. This evokes the ideal of inclusion: *Only in a democratic political system, (...) do all members of a society in principle have the opportunity to try to influence public policy to serve or protect their interests* (YOUNG, 2000:17). Moreover, democracy can be considered the best way to prevent political

leaders from abusing their power. Democracy is, therefore, also connected with an ideal of accountability: *We believe that democracy is the best political form for restraining rulers from the abuses of power that are their inevitable temptations* (YOUNG, 2000:17). In this paper, corruption is understood as a breakdown in basic democratic principles: the power is not held accountable and, therefore, there is no guarantee that the people affected by the political decisions are included in the decision-making. Through the preservation of the connection between rulers and ruled, it is possible to ensure the inclusion of citizens in the collective decisions that affect their lives. But when rulers are not subjected to accountability processes, there is a break in this connection. The lack of accountability in these relationships means that government actions and decisions are not made public. Such a break indicates that it is not possible to ensure that citizens are included in public decisions; and that their perspectives, opinions and interests have ceased to serve as guide in the democratic process of political decision-making – a scenario which facilitates the persistence of corruption.

The election of representatives – persons responsible for building and executing the laws within the legislative and executive domains – would renew the ideal of inclusion: *elections provide the means for indirectly including those affected by collective decisions when they are conducted under conditions of universal franchise, popular control over the agenda, equal ability to make views known and enlightened understanding* (DAHL, 1998:37-8). This representation would remain inclusive if citizens are assured of the possibility of accountability – either directly, by way of voting, or indirectly, through the medium of auditing and inspection institutions.

The disconnection between accountability and the inclusive standard lies at the heart of our discussion. The argument defended here is that a breach in the principle of accountability suggests a breach in the principle of inclusion: The lack of control of power abuses by rulers compromises the guarantees of inclusion of those affected in the collective decisions. These collective decisions encompass not only the legislative arena, but also the Executive and its policies. There are several ways and means by which the norm of inclusion can be achieved – the implementation of public policies (formulated by the executive branch) that guarantee the citizens' access to basic public services is one of them.

Following Warren (2004, 2005, 2006), the Executive arena is posited as essential to the promotion of inclusion. As the ultimate responsible for the implementation of public policies, the Executive could include the citizens by providing them access to public goods. Our understanding of the democratic principle of inclusion follows through until the end of the democratic process, which is the implementation of public policies by the Executive. But no matter how democratic the procedures for decision-making is, if there is a lack of collective actors who are capable and trustworthy of performing collective decisions, democracy will be subject to controversy, because it would lack agencies through which democratic decisions become effective (PHARR AND PUTNAM, 2000; WARREN, 2006).

The Executive would promote a passive inclusion. In an ideal type of administration, there would be little room for debate, since the time of deliberation, made primarily in the legislature and civil society forums, has already passed, and the results were already coded into public policies (WARREN, 2005). The term “passive” here refers to the fact that inclusion does not occur by way of direct participation of citizens or their legislative representatives. Passive inclusion occurs in the field of policy implementation, which takes place indirectly. As the citizens receive and enjoy public services and policies, their inclusion in the democratic process is completed.

The accountability institutions are precisely those that help to ensure this inclusive ideal— in our case found in the public policies implemented by the municipal executive power. Accountability mechanisms, such as audits and inspections, contribute to the necessary monitoring that makes sure inclusion is guaranteed. This monitoring, from a democratic point of view, is an important form of inclusive empowerment, especially since the modern state functions as a monopolistic provider of a wide range of public services to citizens (WARREN, 2005). When performing accountability processes, institutions that perform audits and inspections help to ensure that citizens are passively included in the administrative functions.

Since Guillermo O'Donnell (1998), the negative consequences for democratic life brought on by weaknesses of accountability have been discussed in the international literature. An entire research agenda around the democratic forms of accountability was developed. According to O'Donnell (2001), any political organization suffers from an

inherent tension. On the one hand, members of a democracy expect the provision of certain public goods and the solving of collective action problems. On the other hand, there is the widely shared belief that it is dangerous to give too much power to individuals – especially if they have the authority to make collectively binding decisions and are backed by the control of the means of coercion. This means that political power should be controlled, through either the guarantee of rights and freedoms or through accountability, which ensures that public officials are held accountable for their choices.

Contemporary democracies reaffirm, as a core principle, the idea that rulers should be held accountable by the people, and be held responsible for their actions and omissions in the exercise of power. Democracy, in this sense, is understood as *a regime or system of government in which rulers are held accountable for their actions in the public domain* (SCHMITTER, 2003:2)<sup>3</sup>. Despite the recognition of accountability as a central aspect of contemporary democracies, it is still a highly contested concept and can be thought of in the light of different theoretical perspectives. In general, it involves a dimension of control, for *constraining the abuse of power and establishing checks on the misuse of authority* (SANTISO, 2007:120). It also involves certain ability to justify the public actions: *the ability to ensure that public officials are answerable for their behavior – and forced to justify and inform the citizenry about their decisions, and eventually be sanctioned by them* (PERUZZOTTI, 2006:5).

One of the most controversial points in the definition of accountability concerns the sanctions theme (MAINWARING, 2003). On the one hand, it is argued that an accountability relationship exists only when an actor can impose sanctions over the offender – and that without the means for sanctioning offenders, accountability becomes mere transparency or governmental openness. On the other hand, it is argued that

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<sup>3</sup> Some authors warn about the hazardous combination of the ideas of democracy and accountability. To Schumpeterian democratic theorists, the emphasis on accountability is irrelevant or redundant, since the simple regular election, conducted honestly, and in which all citizens are eligible to take part, is the effective mechanism to hold the government accountable. Within these minimalist theories, skepticism prevails regarding democracy as potential delivery mechanism for accountability (PRZEWORSKI, 2002:75). To Philp (2009), combining democracy and accountability would have negative political consequences, since the latter does not always serve democratic values. The fear on the part of this author is that high demand for accountability can end up destroying the confidence and the independence in the public office that democracy needs to maintain itself. Neither of these criticisms convince Schmitter (2003), to whom the more politically accountable rulers are to citizens, the higher the quality of democracy (SCHMITTER, 2003:47).

accountability mechanisms lie in answerability, which does not necessarily mean imposing sanctions.

For some authors, accountability calls for mechanisms of direct and credible sanctions to be effective (SCHEDLER, 1999; KENNEY, 2003; MORENO et al, 2003.). As a rebuttal to this point, it might be (convincingly) argued that accountability power can be divided between direct and indirect power sanction (MAINWARING, 2003). Although we believe that accountability cannot exist without the power to impose sanctions – *accountability cannot exist with no sanctioning power or other sanctions; some capacity to redress wrongdoing by referring a case to other venues (...) is critical* (MAINWARING, 2003:13) – there are certain accountability institutions that do not have the ability to sanction, but only to transfer their findings to other actors that may establish punishments (MAINWARING 2003; MANZETTI AND MORGENSTERN, 2003). This would be an indirect sanction power: *one agent of accountability has a formalized authority of oversight over public officials even though the office cannot impose formal sanctions* (MAINWARING, 2003:13). While some accountability mechanisms rely on the obligation to provide answers (answerability), others involve an institutionalized right to impose sanctions over public officials. Therefore, relationships of accountability do not necessarily require the power to impose direct sanctions (SANTISO, 2007).

The institutional framework of accountability includes a wide range of institutions. Some have the ability to impose direct sanctions and others rely solely on the indirect possibility of sanction. Among the institutions studied here, the Office of the Comptroller General (CGU), for instance, does not have the power to directly sanction or remove rulers from office, but the information it provides demands responses and justifications. It transfers the information regarding corruption to agencies that may provide administrative punishment, such as the Federal Court of Accounts (TCU), or judicial sanctions, such as the Public Prosecutor's Office (MP). In our view, institutions that do not have the direct sanction power are also part of the accountability chain: *although sanctioning power cannot be entirely absent in a relationship of accountability, it can be indirect* (MAINWARING, 2003:14). This means that institutions with indirect sanction power must rely heavily on a close relationship with the institutions that can establish punishments so that the cycle of accountability may

come to a close. The objective of this paper is precisely to ascertain the extent to which the institutions of accountability maintain this bond when it comes to controlling corruption cases in municipalities.

In a broader perspective of accountability, institutions with different roles and powers perform the task of holding rulers accountable for their actions and decisions. The proposal here is to study different institutions that are responsible for accountability in Brazil, and understand how they are interconnected. In order to do so, we lend support to the idea of the “web of accountability institutions”, first formulated by Mainwaring and Welna (2003). This is a new research agenda, which aims to investigate the interactions between institutions of accountability. The effort of the present study is then to think about how some institutions of accountability establish interactions with each other in order to control corruption.

In this perspective, we adopt Philp's definition (2009), in which *A is accountable with respect to M when some individual, body or institution, Y, can require A to inform and explain/justify his or her conduct with respect to M* (PHILP, 2009:32). Thus, accountability has four main components:

- (i) an agent or institution should be accountable (A);
- (ii) to some agent or institution (Y);
- (iii) for some responsibilities or areas of action (M);
- (iv) and Y's ability to require that A is accountable.

This means that an agent or institution is subject to accountability through the action of another agent or institution, which has some ability to demand such accountability regarding some domain of action. In this paper, the usage of Philp's definition runs as follows: some federal institutions (Y) impose accountability on the municipal executive (A), when considering the application for federal funds in some areas of public policy (M).

The accountability institutions studied here are part of what O'Donnell (1998) has called “horizontal accountability.” While vertical accountability is correlated with electoral control by the citizens, – vertical accountability exists if the citizens have at their disposal the mechanisms to enforce their demands and punish administrators who

do not hear their political appeals – the task of horizontal accountability is to control the exercise of power in order to prevent the misuse of resources and influences. Horizontal accountability requires

*the existence of state agencies that have legal authority and are willing and able (empowered) to take action, ranging from routine checks to criminal sanctions or even impeachment. Those state agencies act in relation to actions or omissions by other state agencies which may, in principle, be classified as illegal (O'DONNELL, 2001:7, my translation).*

Within the horizontal accountability domain, it is possible to encounter two types of control: internal and external. In the former, the organization itself provides mechanisms of surveillance and monitoring through a set of actions, methods, procedures and routines that are intended to preserve the assets of the organization and determine the compatibility between actions and agreed principles (SPINELLI, 2008). The activities of the internal control are mainly preventive and aim to identify critical points in the flow of actions and to avoid the occurrence of possible deviations. The body responsible for internal control in the Brazilian Federal Executive is the Office of the Comptroller General (CGU). The external form of control, on the other hand, consists of activities of surveillance and monitoring, developed outside the organization itself. In Brazil, this control is exercised by the National Congress, with technical support from the Federal Court of Accounts (TCU) (GOMES AND ARAUJO, 2008).

There is a growing support for the claim that accountability relationships should constitute an integrated web of control agencies, whose credibility depends on the quality of the links and synergies between the different components of the system (O'DONNELL, 2001). In this paper we seek to map, in an exploratory manner, these links and synergies. O'Donnell has already drawn attention to the importance of looking at the web of institutions and their links. According to the scholar, the effectiveness of accountability does not depend solely on one state agency's legal authority or will to act. It is necessary to have a web of state agencies committed to the preservation and enforcement of horizontal accountability. This web of agencies culminates in the higher judiciary courts, which could even make claims against the highest powers of the state (O'DONNELL, 2001). The effective horizontal accountability would not be the product of one single agency, but of a network that has, at its highest point, courts committed to the enforcement of accountability.

Thus, the study of accountability requires that we look at the web of institutions devised to hold rulers publicly accountable for their actions. The accountability mechanisms are precisely those that allow the uncovering of corruption: *the role of democracy as a check on corruption centers on its ability to foster a network of governmental and nongovernmental accountability mechanisms* (BLAKE AND MORRIS, 2009:9). In our analytical framework, the persistence of corruption reflects the corrosion of a fundamental democratic principle – one that ensures that public officials are monitored and that serves as a barrier to corruption: accountability.

Once corruption occurs – and it occurs in any political regime – democracy needs its accountability institutions. These institutions need to unveil, monitor, supervise and punish corruption, so that it can be brought to the public. The institutions also need to establish judgments about the decisions and actions of governments, so that the presence of corruption does not become the irredeemable permanence of corruption – which would represent the breakdown of democratic principles. Corruption signals exclusions which, once made permanent, damage the democratic process. Where corruption exists and tends to remain untouched, accountability is not fully accomplished and exclusion becomes the norm of the political regime.

We suggest that the phenomenon of corruption is closely connected with the discussion on democracy through the principles of accountability and inclusion. However, this connection was not always thought of in this way. It has long been argued that some corruption could make democracies work better – by lowering transaction costs, bypassing inefficient rules (HUNTINGTON, 1968). Notwithstanding, this kind of argument is no longer valid – as it has also been argued that corruption is a symptom and cause of dysfunction within democracies (ROSE-ACKERMAN, 1999)

The literature generally understands that democracy promotes turnover in political offices and that re-election is a mechanism that constrains the actions of politicians. Furthermore, the political freedoms present in a democracy make the government more open and transparent. Still, democratic governments around the world have to deal with the problem of corruption – a symptom that evinces that something has gone wrong in the state, and has undermined the legitimacy and effectiveness of government (ROSE-ACKERMAN, 1999).

We argue that corruption affects democracy because it breaks a basic democratic link between collective decisions and the power of the *demos* to influence them through speech and vote. Corruption reduces the field of public action and the scope of democracy by reducing public institutions of collective action to mere instruments of private benefit. Moreover, corruption creates inefficiencies in the delivery of public services because their focus shifts to the sectors in which the corrupt can find benefit. When officials put prices on routine government transactions, the rights of citizens are turned into favors. Furthermore, corruption undermines a democratic culture. People become wary of the reasons why public decisions are made. In this way, corruption narrows the horizon of collective action and undermines the democratic capacity of association in civil society, generalizing suspicions, eroding trust and reciprocity (WARREN, 2005). Corruption, according to Warren, is a form of exclusion: *the corrupt use their control over resources to achieve gains at expense of those excluded in collective decision making or organization of collective action* (WARREN 2004:333). Thus, a system is democratic insofar as it contributes to the achievement of the defining norm of democracy: the inclusion that empowers those affected by collective decisions and actions (WARREN, 2005). Warren binds democracy with the inclusion of all affected by collective decisions, and understands corruption as a breach of this rule. In a democracy, corruption acquires meaning with regard to this basic and abstract norm.

### **THE WEB OF ACCOUNTABILITY INSTITUTIONS IN BRAZIL**

On the basis of the evidence currently available, it seems fair to suggest that the recent Brazilian experience has tried to improve the institutions responsible for tackling corruption through the strengthening of horizontal accountability institutions. For example, the TCU has, at present, a reasonable margin of institutional autonomy to exercise its function as an external control (LOUREIRO et al, 2009). The MP has authority and freedom to pursue their investigations, and within the Executive Branch, the CGU was created, which has centralized the internal control by way of auditing and prevention actions against corruption (OLIVIERI, 2011).

Despite the strengthening of these institutions of horizontal accountability, the country still faces a paradox: corruption remains a common practice in the public sphere

(FILGUEIRAS AND AVRITZER, 2010). The institutional changes experienced in the 90s, despite representing a positive process of changes in the patterns of Brazilian public management, still coexist with the persistence of corruption that negatively characterizes the public opinion, which undermines the legitimacy of the state and creates a sense of impunity in the Brazilian society (CRIP, 2010).

In Brazil, none of the recently strengthened institutions – MP, TCU or CGU – has corruption control as its sole responsibility, and none of them concentrates all the steps involved in the control cycle, which include monitoring, investigating and sanctioning (OLIVIERI, 2011). The prevention step is left mainly to the CGU, the institution that produces strategic information to identify illicit actions. The TCU is in charge of administrative penalties involving the misuse of public resources. The MP presents complaints which are responsible for initiating civil and criminal legal proceedings. Thus, these institutions form a web, each serving its own functions. They need to establish interactions with each other in order to carry out all stages of accountability.

The central proposal here is to map the operation of the Brazilian web of federal accountability institutions. This is a new object of research, yet it is rarely explored in the political science literature (MAINWARING AND WELNA, 2003). We concentrate on three institutions that are at the center of an anti-corruption agenda: TCU, MP and CGU (ARANTES, 2011).

The current literature on the web of accountability institutions, in the political science field, is mainly based on an analog analysis. Many authors have drawn attention to the importance of the context and interdependencies in the analysis of actors and political institutions, but have not paid enough attention to the settings of these networks (WARD et al, 2011). We contribute to this debate by mapping the setting of corruption control exercised by the federal institutions of accountability in focus. Despite the rapidly growing literature on the web of accountability institutions, most of the studies still examine each institution separately. They focus on a single institution's internal procedures and systems rather than looking at the broader framework in which these institutions are inserted (SANTISO, 2007).

While the literature argues that studies on control mechanisms must map the institutions and actors that promote accountability (ARANTES, 2011), there appears to be a consensus on the difficulty of gaining access to the performance of control institutions, especially in developing countries:

*Yet, little systematic comparative research has been undertaken to assess the effectiveness of oversight agencies in fiscal governance and public finances. The scarcity of comparative social research on fiscal oversight institutions has precluded any systematic assessment of the role and performance of external auditing agencies in emerging economies (SANTISO, 2007:4)*

As noticed by Speck, in reference to the Brazilian case, the study of control institutions is even rarer:

*compared to other areas of research, such as the decision-making process or parties and voting behavior, the logic of control institutions has not been given the same attention from political scientists. Most of the studies on this subject have come from law studies and administrative science. Research on Brazilian control institutions is much narrower. Almost all the studies published about internal and external control in Brazil have been written by members of the control institutions (SPECK, 1999:2).*

Thus, there is insufficient research on Brazilian accountability institutions, especially where the institutions involved with horizontal accountability are concerned. The Brazilian literature does not investigate sufficiently the means through which these institutions fulfill their accountability roles (TAYLOR AND BURANELLI, 2007).

Speck (2002) is a pioneer in the study of the web of accountability institutions in Brazil. He has launched the Brazilian version of the Transparency International Source Book, which analyzes accountability institutions responsible for fighting corruption. He concludes that, despite recent advances, the mere proliferation of control institutions is insufficient to ensure an effective “integrity system”. He proposes a systemic analysis that incorporates the cooperation and integration among the institutions. But despite the proposition, his study still provides a strictly individualistic analysis, for it does not dedicate enough space to the consideration of interactions among different institutions. Studies such as the one by Mainwaring and Welna (2003) “Democratic Accountability in Latin America” and the Power and Taylor's (2011) “Corruption and Democracy in Brazil: the struggle for accountability”, identify the growing need in the Political Science field for comprehensive approaches on the web of institutions. Not unlike Speck, the analysis of the interactions in those studies are in an incipient stage of exploration. They also focus on each institution separately, and lack more detailed and deeper analysis on

the links that have been established between them. We intend to help to fill the gap in the literature regarding to the web of accountability institutions: we map the interactions of these institutions when they control corruption cases.

The few studies that have been carried out about our accountability institutions emphasize that, despite the prominence of corruption in the Brazilian public agenda, there is a huge difficulty to combat it effectively (POWER AND TAYLOR, 2011). The studies emphasize the numerous tensions involved in relations between the accountability institutions. The necessity of working together engenders competitiveness between accountability institutions. There is tension, for instance, between the federal police and prosecutors from the MP, when it comes to the investigations of corruption cases. An excessive dependence on another institution to apply sanctions is also a bad thing. It may lead the institutions to take second-best compensatory sanctions mechanisms in order to escape the weakness of the judiciary in the establishment of civil or criminal penalties – an alternative sought frequently by TCU. Moreover, there is also a huge emphasis on the investigative phase in comparison with the lack of attention devoted to the monitoring or sanction phases (TAYLOR AND BURANELLI, 2007; POWER AND TAYLOR, 2011).

Recent studies indicate that the Brazilian institutions of horizontal accountability are sufficiently well structured to perform their statutory duties, but there is a pressing need to create mechanisms or practices of coordination between the stages of accountability – performed in a dispersed way by each institution. Buranelli and Taylor (2007) sustain this view and claim that the accountability issues in Brazil are not (to be) associated with weakness, but with an excess of independence and lack of coordination among them: *The weakness of the accountability process in Brazil is due not entirely to the toothlessness of individual institutions of accountability, but is also due to the independence of such institutions at each of the three stages* (TAYLOR AND BURANELLI, 2007:59).

They point out as negative aspects: the existence of overlapping responsibilities; the absence of an institutionalized long-term relationship between them; the dynamic of “sunshine,” – during media scandals, the institutions compete for the spotlight as well as the investigative role, but once the case is forgotten, the pressure for effective sanctions

dissipates, – and the lack of specific punishments in terms of arrests and recovery of misappropriated amounts, which is credited to the slowness of the judiciary and the lack of monitoring processes (TAYLOR AND BURANELLI, 2007).

Another recent study has come to similar conclusions about the need for coordination between the institutions of accountability (LOUREIRO, 2011). This research analyzed the CGU, TCU and MP, pointing out that the plurality of control bodies in the public administration may not be a problem in itself, given the fact that each body has specific tasks which cannot not be carried out within the same institution. The problems arise due to a lack of coordination between their actions. Despite the strengthening that has occurred in recent years, there are problems of overlapping responsibilities, lack of coordination and lack of definition of purposes and modalities of control (LOUREIRO, 2011).

The evolution of Brazil in the last decades is prominent in the literature on accountability institutions. The creation of new institutions, such as the CGU, is part of this evolution. This institution has constitutional authority to oversee federal resources, even when they are managed by private entities or by municipal governments. The information gathered by CGU helps Ministries to understand the implementation of public policies at the subnational level and provide information needed for the structuring or restructuring of these policies. The CGU control actions have a huge range, surpassing the federal level and encompassing local governments. The implementation of a number of policies, especially in the social and infrastructure sector, is performed in a decentralized manner by Brazilian municipalities; and the control actions of the CGU have enabled the investigation of mayors who receive federal funding to implement social programs and perform public works (OLIVIERI, 2011).

In order to map the Brazilian web of federal accountability institutions, we examined the audits conducted by CGU in Brazilian local governments. We studied corruption cases involving municipalities in the attempt to understand how this web perceives, controls and punishes (or fails to do so) the corruption that occurs at the municipal level. The focus is therefore the study of the corruption phenomenon through CGU's inspection. We did not, however, analyze all the forms of oversight that this agency has

produced, for we are interested in one particular program called “Inspections From Public Lotteries,” which targets the federal funds transferred to municipalities with less than 500,000 inhabitants<sup>4</sup>. This program is an initiative of the Brazilian federal government that has brought a significant increase in the exposure of government data in terms of irregularities in municipal management of federal funds<sup>5</sup>. The reports show an unprecedented gathering of information about municipal management from a single source, which have advanced the production of academic research on policy and municipal management<sup>6</sup>.

The data analysis focuses on corruption cases found in Brazilian municipalities that manage federal funds. At present, there are more than 5,500 municipalities in Brazil, over 80% of which survive thanks to the compulsory constitutional transfers or voluntary transfers made by the Union. Over 4,400 municipalities maintain public and administrative services in operation due to constitutional transfers. For these municipal administrators, the logic of control is that of “the one who transfers is responsible for inspections.” Under Brazilian law, the transferring agency (the federal government) must ensure that there has been proper and regular use of transferred funds.

The entire range of irregularities detected by CGU is forwarded to the competent bodies that may establish administrative or legal sanctions. In the 1988 Constitution, the public prosecutor's office (MP) was given great importance in the Brazilian scenario. Public administrators at all hierarchical levels now have their actions questioned more often by these prosecutors, especially for infringement of the principles enshrined in Article 37 of the Constitution (legality, morality, impersonality, publicity and efficiency). The MP is responsible for the allocation of civil or criminal liability of public servants. In the field of administrative liability, the Federal Court of Accounts (TCU) is the sole responsible for dealing with the irregularities (FONSECA, ANTUNES AND SANCHES, 2002).

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<sup>4</sup> The federal government transfers a significant amount of resources to the municipalities. They receive on average 35 billion dollars a year from the federal government (FERRAZ AND FINAN, 2005).

<sup>5</sup> The reports are publicly available at [www.cgu.gov.br](http://www.cgu.gov.br)

<sup>6</sup> For researches based on CGU reports, see Ferraz and Finan (2005), Zamboni Filho and Litschig (2006), Fernandes, H. Sousa and F. Ramos (2008).

The CGU data on the irregularities detected in the municipalities allow us to map the trajectory of these irregularities in the web of accountability institutions. The next section is concerned with the issue of whether other institutions (TCU and MP) use CGU's data and when they decide to act (to open proceedings of investigation and punishment). In this paper we understand accountability as a dynamic process that can be divided into three stages, each with their own patterns of action, actors and procedures. The first stage to be analyzed is monitoring, in which the CGU's inspections in the municipalities identify poor performances or malfeasance before it progresses. The following is an investigative stage, during which procedures aim to discover past malfeasance that may have greater extent or depth. In the final stage, appropriate sanctions and punishments are to be established. The serious problem in Brazil is that the federal institutions of accountability (such as the MP and TCU) focus on the investigative stage in a competitive way. Furthermore, the investigations assemble huge amounts of incriminating information and wind up applying few sanctions. The sanctions on corrupt actions are few and require a lot of time to be enforced and to have any deterrent effect (TAYLOR AND BURANELLI, 2007).

## **RESULTS**

Our research is based on the following methodology: A random sample was built containing irregularities found by CGU in the Brazilian municipalities. Since 2003, the CGU has already inspected 1581 municipalities in Brazil (which correspond to 28.4% of Brazilian municipalities). We selected irregularities from the period of 2003, when the lottery program started, to 2010 (the year from which the CGU makes a long interruption in the program). We then constructed a random sample stratified by state and year of inspection, which resulted, with a confidence level of 95%, in the study of 322 municipalities.

This paper takes into consideration each irregularity in these 322 municipalities, analyzing the extent to which they generated reactions (proceedings) from TCU or MP. The CGU's reports are sent to the entire Federal Public Administration, so it can be assumed that they have been made aware of the irregularities found by CGU. The first step in this section is to describe the irregularities of our sample and then to look

specifically at those which generated reactions at the Court of Accounts and at the Public Prosecutor's Office.

In the 322 municipalities of our sample, the CGU found 15307 irregularities regarding the use of federal funds, which correspond to the auditing of over one billion reais (R\$ 1.704.043,806) or 740 million dollars. These irregularities ranged from formal wrongdoings (for example, the absence of a signature in some document page) to the payment of bribes and overpricing in construction works. In regional terms, the irregularities are concentrated in the Northeast (46%) which, in relation to the South (16.6%) and Southeast (18.3%), has the lowest economic and human development indicators. Furthermore, 12.1% of the irregularities were found in the North and 6.8% in the Midwest.

The first table shows the distribution of those irregularities in terms of governmental areas. Those related to social programs show a higher amount of irregularity: Health (31.4%), Education (24.8%) and Social Work (20.7%). These three areas are very distant from the others in terms of the amount of irregularity – these areas alone add to almost 80% of irregularities found. Another set of irregularities can be thought of considering areas connected to construction works, such as the Cities (3,8%) and the National Integration (3,4%). The table also shows examples of programs within each area that present the highest occurrence of irregularity. For instance, within the Health area, the programs that exhibit more irregularities were those related to Primary Health Care (1118), the Family Health Program (937) – that deals with the humane care in rural areas and small towns – and the Basic Pharmacy (854) – that provides the population with access to basic medicines. In terms of education, the more problematic programs are the School Meals Program (1116), the Fundef (453) – Financial Support for Basic Education – and the School Transportation (408) – which helps the students from rural areas to have access to schools. In the Social Work area, the major federal program of direct income transfer – Bolsa Família – had a high number of irregularities (1044), followed by the Elimination of Child Labor Program (612) and the Basic Social Protection (375). In the areas of Agriculture and Agrarian Development, the lead program in terms of irregularities was the PRONAF – which helps small farmers in what is called “family agriculture.” Areas such as Culture, Transportation and Justice showed hardly any irregularity. This first table points out where the greatest

shortcomings in the federal programs run by the municipalities are found. In reference to our theoretical argument, pointing these shortcomings is important if we think about how to deepen the inclusion of citizens who should receive high quality public services in their small towns.

Table 1. Irregularities by governmental areas and programs, 2003-2010, Brazil

Area	Federal program	Frequency	Percent
Health		4802	31.4
	Primary Health Care	1118	
	Family Health	937	
	Basic Pharmacy	854	
	Sanitation in small towns	415	
Education		3795	24.8
	School Meals	1116	
	Financial Support for Basic Education	453	
	School Transportation	408	
Social Work		3175	20.7
	Direct income transfer	1044	
	Elimination of Child Labor	612	
	Basic Social Protection	375	
Cities		581	3.8
	Support for the Development of Small Municipalities	128	
National Integration		519	3.4
	Civil Defense	136	
Agrarian Development		513	3.3
	Family Agriculture (PRONAF)	315	
Communication		416	2.7
	Digital Inclusion	129	
Social Security		370	2.4
	Payment of Retirement and Pension	128	
	Basic Social Security	118	
Agriculture, Livestock and Supply		243	1.6
	Support for the Development of the Agricultural Sector	93	
Labor and Employment		217	1.4
Sports		168	1.1
Economy		123	0.8
Tourism		91	0.6
Environment		74	0.5
Energy		68	0.4
Development, Industry and Foreign			
Trade		56	0.4
CGU		24	0.2
Culture		24	0.2
Transport		11	0.1
Science and Technology		7	0
Justice		6	0
Missing		30	0.2
Total		15307	100.0

Besides identifying irregularities, the CGU also advises on when the Ministries concerned or the TCU should establish the “Special Accounts Processes” – in Portuguese, “Tomada de Contas Especial (TCE)”. The Special Accounts Process is a duly formalized process, aimed to determine liability in cases of damages to the federal government and obtain financial compensation. In general, the TCE should be established by the competent authority (usually the one responsible for resource management, such as the Ministries). Furthermore, the TCE can also be established with the recommendation of internal control organs such as the CGU, or with the determination of the TCU itself, in the cases of failure to render accounts or inertia of the competent organs.

The CGU appointed 190 cases where there appeared to be more serious losses and misuses of public resources, which would be an indication of the occurrence of corruption. We could understand the entire range of irregularities found as proxies for corruption, since they indicate some deviation from the law. However, as we read the reports, it became clear that these irregularities represent different “levels” of corruption. This has also been noted in the literature that uses CGU reports. Ferraz and Finan (2005), for instance, separate irregularities that are related to corruption from those that simply expose poor administration. They have defined political corruption as: i) irregularities related to fraud in bids, ii) misuse of public funds and iii) overpricing. Zamboni Filho and Litschig (2006) point out that the CGU's reports show irregularities ranging from improper financial reporting to lack of oversight in project implementations – and even from the improper use to actual theft of public resources. Moreover, the CGU itself advises on its reports when an irregularity should be investigated by other institution. This CGU warnings’ may be a better proxy of corruption than the mere presence of an irregularity.

When analyzing the interactions between the accountability institutions, this paper in the first place examines CGU suggestions. The TCU has received the 190 recommendations made by the CGU (Table 2); however, we have only found 18 cases which were opened upon these recommendations. This does not mean that the TCU has acted in those 18 cases only. In fact, there are 142 open proceedings at the TCU regarding the 15000 irregularities, and they were not suggested by the CGU. It is clear

to see that cases that are considered more serious by the CGU are not the same as those considered more relevant by the TCU.

Table 2. Suggestions of TCE by CGU, Brazil, 2003-2010

		Frequency	Percent
Valid	No	14925	97,4
	Yes	190	1,2
	Blank	101	,7
	Not applicable	68	,4
	Total	15284	99,7
Missing	System	23	,3
Total		15307	100,0

As we observe in Table 3, we might suppose that the serious cases (that involved a suggestion of TCE by CGU) would be in the areas where there are more irregularities – Health, Education and Social Work, followed by the infra-structure areas. But among the cases that the CGU considered more serious and suggested a TCE, the Social Work, for example, appears only in 5<sup>th</sup> place. The ranking has Health and Education in the first places, but followed by Agrarian Development and National Integration. If we suppose that accountability institutions should work together and share the same perspective in regards to more serious irregularities – which we refer to as “corruption cases” – whenever the CGU suggests that one irregularity should be investigated, the others institutions would follow through with this guideline. However, this entailment is notwithstanding, and the next table evinces how far apart are the works and understandings of the CGU from those of the TCU.

For example, the CGU suggested that the TCU should open administrative proceedings to investigate 82 irregularities in the Health area. Upon receiving the request, the TCU agreed to open a total of 12 and determined that another 45 irregularities deserved more attention than those suggested by the CGU, leaving the number of open cases in the Health area at 57. The same occurred in Education, National Integration and Environment: the TCU does not follow the CGU. However, this does not mean that the TCU does not worry about irregularities. It only means that it makes different choices. For instance, it opened a higher number of cases (121) in these areas than originally suggested by the CGU. The best example where the two institutions worked with similar priorities was in the Culture area: the two suggestions of the CGU were fully supported by the TCU. In some areas there was no agreement at all: in the Environment

area, the CGU proposed 11 investigations, and TCU opened 11 cases – but to investigate irregularities other than those appointed by the CGU. This logic of disparate understandings can be observed, also, in other governmental areas. In the Sports area, the CGU did not appoint any proceedings, and the TCU opened 2 TCEs. In the Cities area, where the CGU asked for 4 proceedings, the TCU opened none. Of course the TCU is not subordinated to CGU and they have different roles in Brazilian public administration: One is the internal control of the Executive and the other is the external control that helps the Legislative. It is important to point out that if two institutions of accountability are expected to work together to control the corruption cases involving municipalities – since the CGU has no sanction effect – and have a more distant and competitive approach, there is a lot of room for improvements in our web of accountability institutions. Improvements that are crucial if we seek more inclusive democracies.

Table 3. CGU suggestions and TCEs opened by TCU, 2003-2010, Brazil

Governmental Areas	Suggestions of TCE by CGU	Open proceedings by TCU	Proceedings correlated: suggested by CGU and opened by TCU
Health	82	57	12
Education	37	37	2
Agrarian Development	13	2	0
National Integration	11	31	1
Social Work	10	6	0
Environment	11	11	0
Agriculture, Livestock and Supply	9	8	0
Cities	4	0	0
Labor and Employment	3	0	0
Transports	2	0	0
Development, Industry and Foreign Trade	2	4	1
Communication	2	0	0
Culture	2	2	2
Tourism	1	0	0
Social Security	1	0	0
Sports	0	2	0
<b>Total</b>	<b>190</b>	<b>160</b>	<b>18</b>

From this list of 190 suggestions, which included amounts of resources from 700 dollars to 2 million dollars, the TCU decided to open 18 proceedings, in order to administratively investigate these corruption cases. The next table shows which ones the TCU decided to follow through with an administrative proceeding. Which are these 18 irregularities that received the same treatment by both institutions? They are detailed in Table 4, and do not pertain to the municipalities with more irregularities (Taquaritinga and Apicum-Açum were the ones with larger suggestions by the CGU, but were not

examined by the TCU), nor to the larger amounts of resources involved. Irregularities involving larger amounts were not suggested by the CGU nor analyzed by the TCU. But, at the same time, they do pertain to a somewhat relevant amount – irregularities connected to programs that deal with less than 14 thousand dollars are not even considered by the TCU. Those 18 irregularities basically pertain to the Health area, especially to the program of “Sanitation in small towns”. The suggestions made by the CGU included a larger spectrum of irregularities, ranging from problems in constructions (not executed, interrupted or delayed), absence of documents and of the rendering of accounts, diversion of purpose, problems in the municipal Councils, problems related to bidding processes, diversion of resources and overbilling.

Table 4. Irregularities in common: suggested by CGU and that triggered proceedings at TCU, 2003-2010, Brazil

Governmental Area	Program	Amount of resources (\$)	Irregularity
Culture	Modernization of Cultural Spaces	56000	Irregularities in construction work Irregular use of federal resources
Health	Purchase of Ambulances	35875	Absence of documents
		25830	Absence of the rendering of accounts
	Basic Services	57400	Absence of the rendering of accounts
		139585	Inconsistent documentation related with the spending of \$4,700
	Basic Pharmacy	14428	Use of the federal resource (\$6513) to purchase medicines that are not included in the program
	Implementation of sanitary improvements to control diseases	23542	Absence of the rendering of accounts
		134530	Objectives not reached
	Modernization of health units	34530	Diversion of purpose Mischaracterization of the object
Sanitation in small towns	28250		Use of different items from those of the budget worksheet Paid items but not executed
		33630	Paid items but not executed Purchase of more expensive items than the ones in the budget worksheet
Education	Continuing education of teachers	33800	Not implementing the resource in the financial market
	School meals	38350	Not proving the documents related with the spending of \$5800
Development, Industry and Foreign Trade	Construction of a covered market	201793	Abandoned factory

The other 142 proceedings that the TCU decided to commence are related to larger amounts of resources. The merely formal irregularities or the ones in smaller programs

were left behind. This institution concentrates primarily in overseeing construction works and the absence of the rendering of accounts. There are also irregularities related to the programs that do not fulfill their objectives or cannot prove the correct spending of the money. It also looks at bidding problems, advanced payments (when the municipal administration pays before the work is done), and the diversion of purpose. All in all, if we compare the 190 propositions of the CGU and the 160 cases opened by TCU we can see that they pertain to the same kind of irregularity: biddings, work constructions, unfulfilled program objectives, absence of documents or of rendering of accounts. But the specific cases chosen differ from one institution to the other.

We also try to understand the relationship between the CGU and the Public Prosecutor's Office (MP). It will be clear that the MP works in more proximity with the CGU than the TCU [When analyzing the irregularities, the CGU mentioned how many were already involved in MP's investigations]. When analyzing the irregularities, the CGU pointed out that 100 proceedings had already been opened due to previous MP's investigations. The next table shows that this corresponds to a small percentage of the total irregularities (0,7%). However, this can be explained by the fact that not all the irregularities encountered are related to corruption, in the sense of misuse of public resources. Sometimes, the CGU describes formal irregularities, which do not (usually) lead to the opening of proceedings by this juridical institution.

Table 5. Irregularities mentioned by CGU with previously opened proceedings by MP, 2003-2010, Brazil

		Frequency	Percent
Valid	No	15016	98,0
	Yes	100	,7
	Blank	101	,7
	Not applicable	58	,4
	Total	15285	99,8
Missing	System	32	,2
Total		15307	100,0

In the description of these 100 cases, it is possible to say that they are related to different municipalities – the ones with more MP's open processes like Barra de São Miguel (12), Jaíba (14) and Nilópolis (14), are different from the ones with more TCU's open processes, like Pitimbu (15), Porto Moz (14) and Rolim de Moura (10). This

demonstrates that the line of action of these two institutions is different. This is also confirmed by the fact that these 100 MP's proceedings are concentrated in the Health and Education areas, and also pertained to the Cities and Social Work areas. The amount of resources investigated by the MP is broader – it investigates irregularities related to lower values, from 2580 to 4817391 dollars. One third of MP's previously opened proceedings are concentrated in investigations of over 225,000. Those proceedings were related to different kinds of irregularities. Problems related to the systematic absence of important documents – for instance, there are no financial or administrative copies of the contracts in the municipalities – is considered a serious fault by the CGU, TCU and MP. There are some investigations about frauds in biddings, issues with the hiring of public officials, some judicial lock of municipal funds, diversion of resources and of objective (also targeted by the TCU). Certain irregularities were not targeted by the TCU but turned out to be important to the MP: the lack of updated information, nonexistence of administrative plans, program teams that do not do proper work or do not work at all.

By observing Table 6 we can affirm that the MP is more active than the TCU when it comes to opening proceedings to investigate corruption in the municipalities audited by the CGU – the MP investigated 7702 irregularities (50,5%). It had previously from CGU's audits already commenced 100 proceedings. From these 100, 44 were still opened when we collected data directly from the MP. These 44 proceedings were concentrated in the areas of Health, Education and Cities. When the MP gained access to the CGU's reports, it substantially increased the number of proceedings opened. It investigated almost half of the entire list of irregularities found by the CGU. It expanded the areas investigated – Health, Education and Social Work, in comparison with Table 1, are still the leading areas (together they correspond to 80% of the proceedings opened by MP), but the MP did not limit itself to these areas and also investigated irregularities from Cities, Agriculture and National Integration – and even Energy, Tourism, Economy, which are areas not investigated by the TCU. The entire list of 7.000 irregularities investigated by MP ranged from 3 dollars to 12 million dollars. From this we can suppose that, when deciding to open a new legal proceeding, the TCU takes the amount of resources involved more into consideration than the MP.

Table 6. CGU's mention of previously opened proceedings by MP and recently opened proceedings by MP, 2003-2010, Brazil

Governmental Areas	CGU's mention of MP's previously opened proceedings	Recently opened MP proceedings	Correlated proceedings: mentioned by CGU and still open at MP
Health	44	2584	17
Education	23	2013	16
Cities	11	241	2
Social Work	9	1643	1
Sports	6	54	5
Energy	2	26	2
Agriculture, Livestock and Supply	2	108	0
Agrarian Development	1	231	1
National Integration	1	239	0
Social Security	1	156	0
Environment	0	12	0
Labor and Employment	0	80	0
Transports	0	1	0
Development, Industry and Foreign Trade	0	25	0
Communication	0	188	0
Culture	0	10	0
Tourism	0	40	0
Science and Technology	0	3	0
Office of the Comptroller General	0	14	0
Economy	0	34	0
Total	100	7702	44

Despite the large number of irregularities investigated by MP, we need to make a certain point clear: the data that we got from the MP about the proceedings, at times, did not refer specifically to the irregularities. In some cases, the proceedings mentioned not the irregularity itself, but the program, the municipality or even the state. For example, if a MP investigation process states that, from the CGU inspections, it investigated the municipality of Caculé, we connected every irregularity found by the CGU in this municipality with this proceeding, because it was not possible to be more specific. Thus, in our dataset, the amount of irregularities that we can confidently assert that specifically generated MP investigation processes are 433 (5,6%).

Table 7. MP's proceedings specification, 2003-2010, Brazil

Proceeding specification	Frequency	Percentage (%)
Irregularities	433	5,6
Programs	1169	15
Governmental area	3200	41,4
Municipality	2692	34,8
State	234	3,2
Total	7702	100%

These 433 investigation processes refer to 433 irregularities found by the CGU and we can describe some trends in them. The next table brings some examples that illuminate these tendencies. There are some investigations that concentrated in the municipalities: some municipalities have a high number of irregularities investigated in different areas – this was the case for 17 municipalities (for example, Alexânia or Apodi). Sometimes, the municipality has different programs investigated, but the kind of irregularity is the same – for example: the approval of the bid invitation form without three valid tenders at Caconde, or the problems with a NGO at Boa Nova. Some proceedings investigated only one irregularity in one municipality (24 processes, among those is Água Doce do Maranhão). It is common in these cases, that MP investigates irregularities related with the Social Security area, such as the lack of contributions to the Social Security system at Bom Jesus do Araguaia. Among those 433, we find irregularities related to the absence of documents, illegal hiring processes, objectives not reached, beneficiaries of money transfers that should not receive them (because they have greater income than what they declare), absence of social control (Councils that do not work properly to control the municipal power). From the Table 8 we can observe that the MP does not only open more investigation proceedings, but it also opens proceedings pertaining to a range of irregularities broader than that of the TCU, as well as in more areas and programs. This shows a closer relationship between the MP and the CGU, than that between the CGU and the TCU.

Table 8. Description of the irregularities specified at the MP proceedings, by municipality, governmental area and program, Brazil, 2003-2010

Municipality	Governmental Area	Program	Irregularity
Água Doce do Maranhão	Education	Continuing education of teachers	Less than 60% of FUNDEF resources used for professional payment of the teachers of Elementary School
Alexânia	Agriculture, Livestock and Supply	Family Agriculture (PRONAF)	Objectives not reached
	Energy	Surveillance and Control of the Mineral Production	Absence of the municipal oversight
	Environment	Implementation of the Environmental Information System	Capture and misuse of federal funds from two sources for the same object
	Social Security	Payment of Retirement / Pension	Conflicting data
Apodi	Agriculture, Livestock and Supply	Family Agriculture (PRONAF)	Deviation of purpose of the property acquired through Pronaf Ineffective results of projects implemented with Pronaf resources
	Education	School Meals	Absence of inventory control for the school meals Education Council does not function properly Bid documentation does not have the legal requirements
		Expansion of the Adult Education	The distribution of the kit per student/year does not satisfy the provisions contained in the program Resolution Federal resources not invested in the financial market
		School Census	Divergence between the data recorded in the School Census and the one of the daily class
		School Transportation	Fewer beneficiaries of school transport than expected School buses suffer misuse of purpose, since they also carry college students to another city No control of the use of the school bus.
	Araçu	Health	Health Basic Services
Basic Pharmacy			Non application by the State Health Department of Goiás of the resources regarding the state counterpart. Funds deposited into wrong bank account
Epidemiological and Environmental Surveillance			Partial achievement of the established goals
Family Health (PSF)			Community Health Workers hired without the due selection process. Inadequate Infrastructure of the Basic Health Units
Boa Nova	Health	Basic Health Services	Illegality in hiring a NGO
	Education	Continuing education of teachers	Contract with a NGO does not meet the economic principle Outsourcing services through unlawful employment of NGO

Continuation of  
Table 8:

Bom Jesus do Araguaia	Social Security	Collection of Social Security taxes	Lack of contributions to the Social Security system
Caconde	Agriculture, Livestock and Supply	Support for the Agricultural Sector Development (PRODESA)	Approval of the bid invitation form without three valid tenders
		Agricultural Mechanization	Approval of the bid invitation form without three valid tenders
	Education	School Meals	Approval of the bid invitation form without three valid tenders
	Health	Structuring the Primary Health Care	Approval of the bid invitation form without three valid tenders
Frecheirinha	Health	Urban Sanitation	Fraud in bidding processes
Riachuelo	Education	Development of the Education	Construction work executed differently from the work plan Construction work without oversight

The last part of this section brings in the Table 9 a description of the relationship between the three institutions: CGU, TCU and MP. In which case do the three of them work together (analyze the same irregularity)? When the CGU suggested 190 cases to open the TCE, the TCU opened only 18 administrative proceedings – as we have shown – but the MP took these suggestions seriously and opened 62 proceedings (the MP cannot open a TCE, but it can open a civil or criminal proceeding). When the CGU mentioned the previously opened proceedings of the MP (100 cases), the other institution (TCU) acted only in one situation (the overpricing in the purchase of an ultrasonography equipment) – which means that this municipality may suffer administrative and judicial sanctions. We notice that when the CGU mentions TCEs, the MP takes advantage of this, and in comparison, when the CGU mentions previously opened proceedings at the MP, the TCU prefers to occupy itself with other irregularities. The CGU mentions both TCE and previously opened proceedings at MP in 4 cases (the lack of documentation and of rendering of accounts; the diversion of \$4500 through the use of fake invoices; diversion of resources from Fundef programs and elimination of child labor of \$123700 through payments without the corresponding receipts and the use of fraudulent tax documents; and resources used improperly to pay fees and bank interest for financial transactions without due regard to the coverage of the contract). Finally, there were 66 irregularities investigated by the TCU and the MP at the same time. Out of the 66, if we take only the cases that specify the irregularity into account, this total of irregularities goes down to 3 (the three of them at the same municipality and at the same health program), which pertain to fraud in the bidding process; non-submission of the rendering of accounts; and missing equipment.

Table 9. Overlapping proceedings among CGU, TCU and MP, 2003-2010, Brazil

	TCU opened proceedings (160)	MP opened proceedings (7702)	Proceedings at TCU and MP (66)
CGU suggested TCE (190)	18	62	
CGU mentioned MP (100)	1	44	
CGU suggested TCE and mentioned MP (4)			

## CONCLUSION

How does the data brought in this paper relate to the initial broader discussions? It is sustained that the democratic ideal of inclusion is only maintained if the government can be held accountable. And also that it is important to look back to the Executive and its public policies implemented locally. It is at the local level that the public policies formulated by the federal executive are performed. If there is corruption at the local level, this directly affects the population, not just with the delivery of public goods in poor conditions, but with the exclusion of those citizens from the decisions and actions that affect their lives.

Our more abstract theoretical perspective aims to link the normative ideas about democracy with discussions about corruption, since there is a gap in the studies of this phenomenon in the democratic theory (WARREN, 2004, 2005). Our empirical perspective looks at the CGU's audits in Brazilian municipalities and the interactions between the federal institutions of accountability when handling the corruption cases found. This paper concludes that the CGU finds many irregularities taking place at the local level (15.000), all of which are related in some level to illegality in dealing with federal resources. If we think about corruption as any deviation from the law, we have many corruption cases that are not investigated at all. On the other hand, if we understand that some of these irregularities (formal deviations) are not specifically corruption, the other institutions should judge which cases deserve their attention. The CGU appoints some of these cases, indicating where it thinks TCU should act. But the TCU usually does not follow CGU guideline. Even though this happens, it does not mean that the TCU does not act against corruption. What happens is that it opens administrative proceedings pertaining to other irregularities. The TCU attempts to be more "independent" from the CGU and exercises its own judgment about when to act. The CGU also mentions when the MP is already investigating the irregularity. When the

MP receives the CGU's reports, it acts beyond these cases, and establishes more proceedings, in a way that is broader than TCU. The MP acts even when the CGU proposes a TCE.

We conclude that the ways of acting of the MP and the TCU are different. The former identifies a broader spectrum of irregularities, in terms of the kind of irregularity and even the amount of resources involved. The latter prefers irregularities that involve larger amounts of money, as well as irregularities related to construction works, absence of documents and of the rendering of accounts, deviation in the objective, and problems with the bidding processes. We can hypothesize that the theories about the competition among the Brazilian accountability institutions is sustained, especially in the case of the interactions between the CGU and the TCU. The absence of connections between them demonstrates that each institution follows its own judgment in terms of the cases which are serious enough to open investigation processes. This may be an indicative of a huge space for improvement in the interactions of both sides. On the other hand, the CGU and the MP are closely related, which contradicts the argument about competition among institutions. From our exploratory analysis, we conclude that the CGU and the MP are more closely related than the CGU and the TCU.

They are different institutions, but it is expected that they should work with a closer perspective about which cases are serious (which are the cases that merit the name “corruption”) and warrant investigation. If we keep our accountability institutions too far away from each other, we will have problems in trying to assure the democratic inclusive principle, because the wrongdoings at the local level will not lead to effective sanctions. On the one hand, we could say that the chances for a judicial sanction seem closer, because the MP is more active, but on the other, we must keep in mind that we have not discussed here the huge problems involved in our judicial system – in which is very hard to get a final sentencing and punishment in corruption cases. The discussion about corruption in Brazil and how the accountability institutions get together in order to control it can only serve as a strong instrument in favor of a more democratic state, especially in a region so used to authoritative governments as Latin America.

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