



PUBLIC ACCOUNTING AS AN INSTRUMENT OF INTERNAL CONTROL AND ITS CONTRIBUTION IN PUBLIC MANAGEMENT

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Abstract: The present article carries out the analysis of Public Accounting as a tool in the Internal Control, aiming at the improvement and transparency in the municipal public management. Its purpose is to expose the importance of using this area of accounting, which studies, registers, controls and demonstrates facts and data, collaborating to meet the control objective, which translates into promoting accounting, financial, budgetary and equity control in which deals with of the legality, legitimacy, economy, morality and efficiency in the administration of public resources and goods. This study is justified by the fact that they are not yet being fully complied with in Brazil, which states the Federal Constitution / 1988, the Financial Law No. 4,320 / 64 and the Fiscal Responsibility Law - Complementary Law n ° 101/2000, demonstrating the mismatch of the public administration with respect to private sector organizations. It is important to clarify for the students of the subject and for the public and private organizations, on the optimization of Internal Control, through the accounting management and its contribution to obtaining revenues, reducing expenses, aiming at the effectiveness of the management, especially the municipalities, and the necessary transparency in accountability to society. The descriptive and exploratory study presents an applied research that seeks to provide reflection and modification of an inefficient practice in Brazilian public management, due to the lack of an effective and efficient control instrument.

Keywords: Public Accounting, Internal Control, Public Accounting, Fiscal Responsibility, Municipal Public Management.

I. INTRODUCTION

We live in the age of communication and knowledge, which increasingly determines the need for accurate information, demonstrating the truth of facts and data to enable quick and effective decision-making, and ensuring transparency in the use of public resources. This objective aims at the continuity, efficiency, effectiveness and cost-effectiveness of the services rendered to society by accounting to optimize municipal public management. Managing the public budget in municipalities is an important and complex task. It needs professionals with expertise, focused on improving the quality of public spending, corroborating the importance of using the tools in the Internal Control of public administration. It consists of developing forms, instruments, processes of evaluation and permanent accountability of public agents, which enable the citizen to control the exercise of the power granted to its rulers.

The quest for quality in public services must be incessant so that it is possible to correctly apply the scarce resources available, aiming at compliance with laws, monitoring implementation, preserving

public assets and transparency in public accounts. For it to be effective and constant, it is imperative that there be planning, execution, permanent control and corrective action. In this way, the existence of Internal Control systems becomes essential.

One of the tools used in Internal Control is Public Accounting. This is responsible for studying, recording, controlling and demonstrating facts and data, collaborating to meet the objective of control that is to promote accounting, financial, budgetary and equity control, regarding the principles of public management, its legality, legitimacy, economics, morality and efficiency.

According to [9], control is to verify compliance with the guidelines and the achievement of the desired results. The main instruments of control that the Mayor can use are the monthly balance sheets (which give him the means to control budget execution); the daily newsletter of the Treasury (which allows you to follow the entry and exit of cash and the behavior of the collection); periodic reports on the progress of programs, works and services; and audit.

This study is justified in confronting the need to inform that the public administration is striding slowly, that the Federal Constitution (CF), Financial Law Law No. 4,320 / 64 and the Fiscal Responsibility Law (LRF) - LC n ° 101/2000, are still not fully complied with in Brazil.

It is important to clarify to the students of the subject and to public and private organizations about the optimization of Internal Control in accounting management and its contribution to obtaining revenues, reduction of public expenditures, aiming at the effectiveness of municipal management and transparency in accountability to society.

II. THEORETICAL REFERENCE

Public Accounting is required for all organizations that directly or indirectly receive public resources, serving as the main instrument of defense, control and management of their assets, due to the fact that all have revenues and expenses that must be adequate to their budget structure. In Brazil it is based mainly on Law 4,320, dated March 17, 1964.

It records the revenue forecast and fixes the expenditure established in the Public Budget approved for the year, writes the budget execution, compares the revenue forecast and the cost determination. The Public Accounting is also interested in all the acts practiced by the administrator, be they of budgetary, administrative and patrimonial nature [4].

2.1. Concept of Public Accounting

Public Accounting is the branch of Accounting Science that applies in the Public Administration the techniques for recording administrative acts and facts, ascertaining results and preparing periodic reports, taking into account the rules of Financial Law (Law No. 4,320 / 64), the general principles (entity, continuity, competence, opportunity, etc.), the criteria, methods and techniques of accounting. He is responsible for the task of monitoring the evolution of public assets [8].

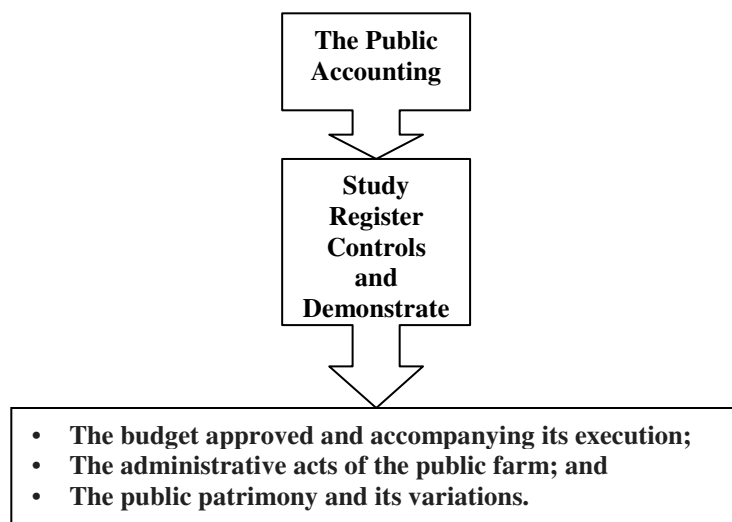


Figure 1. Concept of Public Accounting

According to [1], Public Accounting is the branch of Accounting that collects, records and controls the acts and facts related to Public Patrimony and its variations, as well as accompanies the execution of the budget. It records the collection of revenues and the execution of public expenditures, controlling the facts and data related to patrimony and the Public Budget.

Following the legal guidelines and previous statements, it is possible to define Public Accounting as the branch of Accounting that registers, controls and demonstrates the execution of budgets, acts and facts of the public farm and the public patrimony and its variations. The Public Budget and the Patrimony are objects of Public Accounting. It adopts the mixed scheme, that is, cash for revenue and expense authority.

2.2. The internal control and its importance in municipal management

According to [5], Internal Control comprises the organizational plan and all the methods and measures adopted by the Government Administration to safeguard its assets, to develop efficiency in operations, to stimulate compliance with prescribed administrative policies and to verify the accuracy and accountability and compliance with the law.

The management of the municipal Internal Control has the objective of planning, organizing, coordinating and maintaining information, adopting measures that seek to protect the public patrimony of the Municipalities, in order to increase operational efficiency and foster compliance with current legal guidelines.

Reference [2], in public institutions, the Internal Control is an organ that works for the actions taken by the entity increase the probability that its goals and targets are reached, conferring the accuracy and reliability of the data.

In this way, Internal Control plays a fundamental role in the management of public expenditures and the fulfillment of goals. The management of internal control is effective in improving the application of public resources that are often inadequately invested, either through ignorance or negligence, occasionally violating the principles of public management. Through this tool it is possible to combat waste in the public treasury's expenses, either in the purchase of materials, purchase of equipment, contracts for the provision of services, among others [6].

As mentioned in [10], the budget is an instrument of preventive control, marking the way forward for administration and giving it the necessary authorization to collect and spend, within the limits that are contained in the budget itself. The main advantages of the budget are: to set a defined objective, to establish means of control and to assure the coordination of the activities.

The budget allows the control between the program and the action, causing the executive organs to acquire a sense of responsibility and to reach the meaning of the tasks in their charge, within the public entity that they serve. Thus, the efficiency of the control that the budgets can offer is dependent on a good accounting system that can provide the Administration with the data it needs in due time [11].

In this way, the public budget is the planning done by the Public Administration to meet, for a certain period, the plans and work programs developed by it, through the planning of revenues to be obtained and the expenses to be made, aiming at the continuity and the quantitative and qualitative improvement of services provided to society [10].

2.3. The three basic tools of public budget planning

The Brazilian budget model is defined in the 1988 Federal Constitution of Brazil and subsidized by the provisions of the Supplementary Public Finance Law and the Fiscal Responsibility Law (Complementary Law 101/2000).

It is composed of three instruments: the Pluriannual Plan - PPA (Article 165 of [3] and regulated by Decree 2829/1998, providing guidelines, objectives and targets for federal, state and municipal governments for a period of four years) the Law of Budgetary Guidelines - LDO and the Annual Budgetary Law - LOA, as described in art. 165 [3].

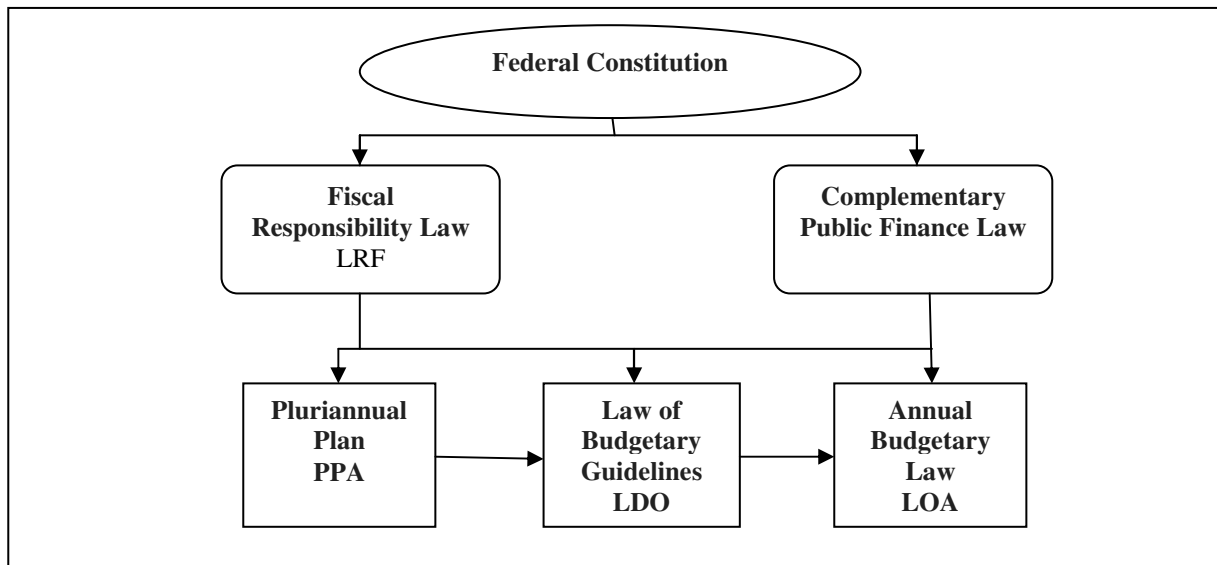


Figure 2. Legal Framework of the Brazilian Planning System

The purpose of the PPA, which is valid for four years, is to establish the medium-term guidelines, objectives and targets of public administration. It is the responsibility of the LDO, annually, to state the public policies and their priorities for the following year.

The LOA's main objectives are to estimate revenue and set the expenditure schedule for the financial year. Thus, the LDO, when identifying in the PPA the actions that will receive priority in the following year, becomes the link between the PPA, which functions as a medium-term government plan, and the LOA, which is the instrument that enables the execution of the plan of the exercise to which it refers.

According to the Federal Constitution, the exercise of the planning function is a duty of the State, having a determinant character for the public sector and indicative for the private sector, art. 174 [3]. In this way, the planning expressed in the Multi-Year Plan assumes the form of a great legal and institutional framework for national action, as well as for the formulation of regional and sectoral plans. Reference [3] Paragraph 1 of item XI of art. 167 is a strong argument in relation to the importance that the constituents gave to planning in Brazil, stating that any investment that their realization enters another financial year, should be included in the PPA, or by a specific law that authorizes their done otherwise, it is a crime of responsibility.

III. METHODOLOGY

The study that seeks to provide the reflection and modification of an inefficient practice in Brazilian public management, due to the demerit of an efficient and effective control instrument, has a descriptive and exploratory character presented in the form of applied research.

Reference [7] argues that descriptive research essentially aims at describing characteristics of a phenomenon and establishes the relationships among its variables, in this case using systematic observation.

For the authors [7] the exploratory character in turn has the primary objective of conferring greater familiarity with the phenomenon or problem covered by the research, in order to make it more explicit or make it possible to state hypotheses. This research was based on the systemic observation and bibliographic survey that allowed the analysis of the practice and allowed to conclude by analyzing the data.

Considering that accounting science is part of the applied social science field, the research format adopted in the study is based on this characteristic and proposes the practical use of mechanisms that allow a more efficient and effective municipal public management.

IV. ANALYSIS, CONCLUSIONS AND RECOMMENDATIONS

The current political scenario in Brazil is very fickle, unpredictable and full of ups and downs because of corruption scandals, administrative improbity and so many other unethical acts, lacking the right leadership and little technical professional capacity, which leave the inheritance for the government, in all spheres of the federated entities, a huge deficit in their public coffers.

These findings are a reflection of public management against any framework presented so far. If the country has the guidelines of the public administration based on its Federal Constitution, Laws, Decrees and principles that regulate and guide its action, in addition to effective instruments such as the Multiyear Plan, Budgetary Guidelines Law and Annual Budgetary Law that allow the elaboration of budgets and monitoring / control, the series of mishaps and mismanagement in the state financial management are no longer justified.

Considering that Internal Control is also supported by the Fiscal Responsibility Law as a mechanism of control and accountability, and that it has at its disposal the public accounting that, besides accounting activities, is able to provide reports that consolidate all the movement of the public treasury and making it possible to achieve goals and objectives that revert to better services and public management, it is even more inconsistent the panorama experienced by Brazil in all federative spheres, as well as in other countries that adopt the same administrative negligence.

All of these uncontrollers (or the lack of control mechanisms) make it increasingly difficult for medium and long-term strategic planning and governance, inherent to the country's political, administrative and financial problems, permeating public dissatisfaction with public services rendered, the lack of transparency and the inefficiency of the public management process.

Private sector organizations, in addition to strategically planning, seek to execute, monitor, control and correct failures in the management of their goods, and in the provision of their products and services. There also the internal control system is fundamental to ensure the reliability and integrity of the records, as well as provide efficient accounting, financial and operational reports to support daily routines and correct decision making. Always aiming at obtaining the improvement in the quality of its activities, customer satisfaction and loyalty, such as obtaining a financial surplus.

Through the analysis proposed in the research and the use of methodological systemic observation, it is possible to conclude how important is the implementation and optimization of Internal Control in state, federal, state and municipal management. Having a successful application in the private sector, and showing itself as a tendency for the public administration bodies, through accounting management, contributing to the prospection and application of revenues and reduction of public expenditures, aiming at the effectiveness of municipal management, control, and accountability and the necessary transparency in accountability to society.

Through all these findings and the need for Public Administration to be part of the daily updates of the globalized world, it is possible to verify the importance of the Internal Control instrument and its use of the public accounting tool in the effectiveness of transparent processes and in obtaining economic benefits, social and fiscal.

The recommendation to the managers of the public initiative for a strengthening of the State in all its spheres is that it make use of the regulations and instruments at its disposal in order to train its smaller units - the municipalities, in order to disseminate by all the states and reach the federative totality with ethical practices that are effective, efficient, and demonstrably leverage for self-sustaining development.

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