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**Previous and Concurrent Control around the World and a
new experience in the State of Rio Grande do Sul**

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*Others will count
Step by step
I walk where it has space:
– My time is when.*

*Outros que contem
Passo por passo
Ando onde há espaço:
– Meu tempo é quando.
Vinícius de Moraes
(rereading by Tom Jobim)*

This paper is dedicated to Laura.

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1. Introduction

In the governments and their public administrations around the world, there are many agencies and entities, many people and a lot of money. Brazil and the State of Rio Grande do Sul are no different. This combination of factors, in spite of the location, needs to be controlled and audited.

This paper is about the moment of developing the control or the audit, with focus on previous and concurrent control and a new experience in the State of Rio Grande do Sul.

To better explain these points, it is necessary at first to introduce and define the concepts of control and audit. After that, there are some dimensions about control and the concepts of external control, internal control and internal audit, because these three kinds of structure are common within the paper.

In sequence, there are some concepts and ideas about the three moments to develop the control: before (previous control), during (concurrent control) and after (subsequent control) the actions made by the public administrators.

With these concepts in mind, it is possible to start talking about the previous and concurrent control developed by some organizations around the world. In this section, there are three topics: one for the United States Government Accountability Office (GAO), another for the New York State Office of the State Comptroller (OSC) and finally a section about the unit of internal audit – Office of the Executive Auditor – of the Inter-American Development Bank (IDB).

In the same way, in terms of the Brazilian experience, the work developed by the Brazilian Court of Audit (TCU) and by the Office of the Comptroller General (CGU), which are Brazil's external and internal control respectively, has been considered, in order to control the actions of the public administrators before and during their execution.

Likewise, there is a special chapter about the control in the State of Rio Grande do Sul, in Brazil, with particular focus on the central agency of the Internal Control System, called CAGE (State Internal Control Agency), and on a new unit inside CAGE called *Delegação*, which routinely develops previous and concurrent control over the public resources.

Based on the research for this paper and in the experience of *Delegação*, it will be possible to talk about the importance and the benefits of previous and

concurrent audit, the best ways to develop the control during these moments, and the difficulties normally found by auditors while working on it.

Furthermore, it will be possible to compare the experiences of the public control agencies around the world and Brazilian agencies – including some personal experiences of some senior officials at agencies who were interviewed for this paper –, with the model of work developed by the CAGE's *Delegação*.

2. Control and Audit

The first aspect to be analyzed in this paper is the bases, attributions and concepts of “control” and “audit” from the point of view of Brazilian law and according to the definitions of international organizations specializing in the subject.

Based on the Brazil Federal Constitution, it is possible to note that the term “control” has a bigger reach in relation to the term “audit”. There is a specific section in the Federal Constitution called Accounting, Financial and Budgetary Control that has six articles. The term “audit” is cited in this section as a way to exercise the control. The following is the first article of this section:

Article 70. Control of accounts, finances, budget, operations and property of the Union and of the agencies of the direct and indirect administration, as to lawfulness, legitimacy, economic efficiency, application of subsidies and waiver of revenues, shall be exercised by the National Congress, by means of external control and of the internal control system of each Power.

The term “control”, from a public administration perspective, is the power of surveillance, guidance and correction that a Power, authority or body exerts on the functional behavior of another (MEIRELLES, 2006).

From a more administrative standpoint, control, according to the Institute of Internal Auditors – IIA (2013), is “any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved”.

In turn, “audit” is the “review of a body’s activities and operations to ensure that these are being performed or are functioning in accordance with objectives, budget, rules and standards. The aim of this review is to identify, at regular intervals, deviations which might require corrective action” (INTOSAI, 2004).

These definitions confirm the idea that “control” is a term wider than “audit”. Despite this fact, an audit may have the same objective as control. Therefore, in this paper the terms “control” and “audit” will be used in the same way, with the same idea.

3. Control Dimensions

There are several dimensions of control in public administration. Among them, the most common are: the nature of the controller (administrative, judicial or legislative), the location of the agencies that perform (external or internal), the nature of the control (legality or merit) and the moment to develop the control (previous, concurrent or subsequent).

To better understand the purpose of this paper, it is important to have knowledge of the character of some of these terms.

3.1. External and Internal Control

According to this dimension, the control can be external or internal. The external control has the main idea of being exercised by some organization different from that which originates the action, without a relationship of subordination.

According to Carvalho Filho (2010), the external control occurs when the supervisory agency is located in an administration other than that which the administrative behavior originated.

This concept is similar to the traditional concept of external audit, which is “carried out by a body which is external to and independent of the auditee, the purpose being to give an opinion on and report on the accounts and the financial statements, the regularity and legality of operations, and/or the financial management” (INTOSAI, 2004).

On the other hand, the internal control has the main idea of being exercised by the same organization, which originates the action, with a subordinate relationship.

The concept of internal control, according to INTOSAI (2004) is “an integral process that is effected by an entity’s management and personnel and is designed to address risks and provide reasonable assurance that in pursuit of the entity’s mission, the following general objectives are being achieved: executing orderly, ethical, economical, efficient and effective operations, fulfilling accountability obligations, complying with applicable laws and regulations and safeguarding resources against loss, misuse and damage”.

The concept of internal control in the Brazilian law 4.320/1964 established the need for monitoring both previous and concurrent public administration. It showed concern not only for accounting and financial execution, but with the physical

implementation of government programs; that is to say, a concern with effective control that could change the course of government actions promptly, and could enable correction of error, rather than a subsequent, merely formal control (OLIVIERI, 2008).

Additionally, Internal Control System can be understood as the sum of the internal controls applied to all entities of each branch.

Also, it is important to know that internal audit is “an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes” (IIA, 2013).

In the same way, according to The Institute of Internal Auditors (IIA), internal audit activity is “a department, division, team of consultants, or other practitioner(s) that provides independent, objective assurance and consulting services designed to add value and improve an organization’s operations. The internal audit activity helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes”.

In the Brazilian Federal Constitution and Rio Grande do Sul State Constitution, external control and internal control have their respective attributions. But it is important to note that they bring the idea that the internal control supports external control in the exercise of its institutional mission. That gives the idea that both can work in different ways, but probably are seeking to reach the same objective: the public interest.

Thus, in summary, control can be internal or external, depending on if it arises from a body member of the structure itself or if the body is controlled. It is internal when each of the Powers exercises control over its own actions and agents. It is external when one of the Powers exercises control on another, as well as the control by Direct Administration over the Indirect Administration (DI PIETRO, 2009).

The last of Di Pietro’s observations is interesting, because the control of the Direct over the Indirect Administration is normally carried out by the Internal Control Agency, but, despite this name, the work can be similar to the external control, because it has no relationship of subordination between the agency and the entity audited.

3.2. Previous, Concurrent and Subsequent Control

All the dimensions of control in public administration are important. However, the approach of this paper concerns the opportunity for the moment to develop control: previous, concurrent or subsequent to the actions of the administrators. Pre-audit, concurrent audit or post-audit are used to classify the audits developed.

3.2.1. Previous Control

The work developed by auditors before the actions of the auditees can be called previous control, pre-control, pre-audit, or others variations of these expressions. Previous control is the control exercised before the practice or before completion of the administrative action, and can be a kind of guideline or may constitute a requirement for the validity or to produce effects of controlled action.

For Carvalho Filho (2012), pre-control is exercised prior to consummation of administrative behavior. It has therefore a preventive nature. If an administrative action depends on the approval of the higher technical body to move forward, there will be previous control. Meirelles (2006) also appoints this type of audit as preventive, because it is prior to completion or operability of the action, as a prerequisite for their effectiveness.

In accordance with Sawyer (1988), “pre-control anticipates problems and seeks to guard against them (...) they anticipate future performance problems so that appropriate action can be taken as soon as possible”.

For Wilson (2010), “pre-audit is an examination for the purpose of determining the propriety of proposed financial transactions and financial transactions that have already taken place but have not yet been recorded, or, if such approval is required, before the approval of the financial transactions by designated officials for recording”.

Thus, it is possible to identify two main ways to develop the audit in this moment: one is related to guidelines, and the other to previous analysis; they can be called ‘previous control with orientation character’ and ‘previous control with verification character’, respectively.

Some examples of “previous control with orientation character” for instance, are: taking courses and workshops, making manuals and check-lists, developing policy statements and other types of work that are intended to guide and set the

standard for auditees. This control is more focused on educating and orientating, as the name suggests.

Moreover, “previous control with verification character” is required when the auditor has to develop some exam or analysis before any formal action or decision is formally made by public administrators. This analysis works as a requirement for the validity of the action. From the previous analysis, it is possible to determine if the work can go forward without recommendation or whether it will suffer some adjustment to avoid disagreement, for example. It is a preventive audit.

3.2.2. Concurrent Control

Concurrent audit or concurrent control is that which is exercised almost simultaneously with the actions of the administrator. According to Sawyer (1988), “concurrent control is exercised through ongoing supervision and monitoring”.

The concurrent control is exercised while performing the action and allows verification of regularity in their formation. It can thus be understood as work done by the auditors when some action is already happening that was not completed or finished yet. The concurrent control follows the administrative action at the very moment it occurs (DI PIETRO, 2009).

In accordance with Meirelles (2006), the concurrent control is all that follows the completion of the action to verify the correctness of their training. This control has both preventive and reactive aspects, in the progression of administrative activity (CARVALHO FILHO, 2012).

With a similar goal in some aspects, The IIA (2012) uses the expression “consulting services” and defines this as “advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization’s governance, risk management, and control processes without the internal audit assuming management responsibility”.

Therefore concurrent control, similar to previous control, can prevent the occurrence of damage or expeditiously circumvent mistakes that just happened.

An example of concurrent audit is when some road or building has been constructed and the auditors go there to oversee how it is going. When some public servants or enterprises are receiving money for their job or contract and the auditors verify whether the payroll or payments are correct may be another example.

3.2.3. Subsequent Control

Subsequent control, post-control or post-audit, traditionally are the most common ways to conduct an audit. It is aimed mainly at reviewing actions already performed, either for the purpose of confirming them or correcting them.

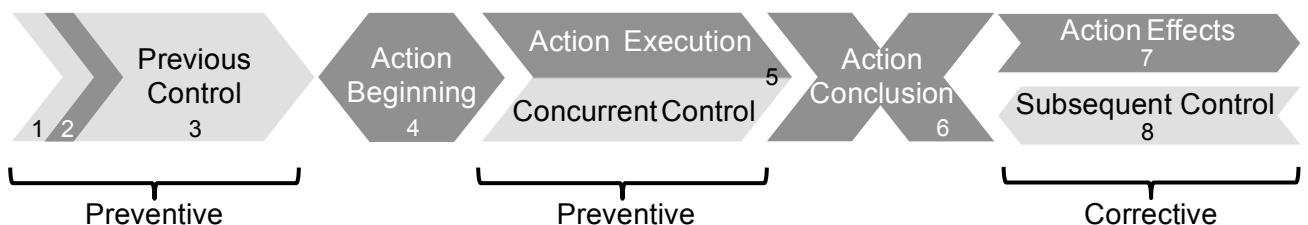
According to Sawyer (1988) “post-control identifies variances from standards and calls for corrective action after the damage has been done”. Meirelles (2006) appoints this control as being corrective, because it is what is effective upon completion of the controlled act, aimed at correcting any defects that declare their nullity or give it efficacy.

From another kind of application, but not different point of view, post-audit can be an audit made after the transactions to be audited have taken place and have been recorded or approved for recording by designated officials if such approval is required (WILSON, 2010).

Then, as is suggested by the name, they are controls performed after the actions of the auditees, when their job is done. The idea is to verify if everything was done correctly and appropriately and in cases of audits, it may entail writing a report about the findings.

The audit over the balance of the past year, for example, is a post-audit of the administrative action. Another example can be the evaluation of the results of some project or program concluded and if the goals were achieved.

After these definitions, considering a process with beginning, middle and end, it is possible to design the following figure with the three different dimensions of timing to control the action of the public administrators:



Source: elaborated by the author.

In the figure, the dark color represents the actions of the public administrators and the light color the work developed by the auditors.

The number 1 represents the previous control with orientation character, the number 2 an eventual first movement of the public administrator with the intention to begin an action, which has to be analyzed in advance by the auditor as a way to validate the action, the previous control with verification character (number 3).

A formal or valid action may begin (number 4) independently or after a previous analysis, when this is a prerequisite for the validity of the action. The number 5 represents, at the same time, the action execution by the public administrator and the possible concurrent control developed by the auditors, as the left foot and the right foot in walking.

After this, there is the action conclusion (number 6) by the public administrators and, in the sequence, the action's consequences and effects (number 7). Then, the subsequent control may be performed by the auditors considering the action's effects and what happened to the entity in the past (number 8).

It is important to keep in mind that each moment of control can be developed independently. In other words, this figure is not necessarily a sequential process, moving step by step, once the audit can be developed over some subject in only one moment, for example.

It is also important to consider that previous control can be understood simply as a point inside the timeline that is performed by the role of control, and this point must be before some event or some management action. Therefore, sometimes the definition of control as previous depends only on the perspective through which the control or the management actions are being watched. Thus, in some cases, for control to be considered as previous, concurrent or subsequent, it is important to define which event or action is holding certain consideration.

After showing these concepts and definitions, it is time to talk about the experiences of pre-audit and concurrent audit around the world.

4. Previous and Concurrent Control in the World

4.1. United States Government Accountability Office (GAO)

The United States Government Accountability Office (GAO) was established in 1921 with auditing responsibilities, accounting, and claims functions. GAO was created because federal financial management was in disarray and Congress saw that it needed more information and better control over expenditures.

The GAO is an independent agency that works for Congress. Its head, the Comptroller General, is appointed by the President, with the advice and consent of the Senate, for a 15 year term to investigate how federal money is spent. The long tenure of the Comptroller General gives GAO a continuity of leadership. Another important aspect for the independence of the GAO is the fact that its workforce consists of career employees.

GAO's mission is "to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. We provide Congress with timely information that is objective, fact-based, nonpartisan, nonideological, fair, and balanced".

According to Generally Accepted Government Auditing Standards (GAGAS), the Yellow Book, the nature of audit can be classified as:

- "Financial audits provide an independent assessment of whether an entity's reported financial information (e.g., financial condition, results, and use of resources) are presented fairly in accordance with recognized criteria".
- "Attestation engagements can cover a broad range of financial or nonfinancial objectives about the subject matter or assertion depending on the users' needs. (...) It result in an examination, a review, or an agreed-upon procedures report on a subject matter or on an assertion about a subject matter that is the responsibility of another party".
- "Performance audits are defined as audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate

corrective action, and contribute to public accountability. (...) Performance audit objectives vary widely and include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analyses. These overall objectives are not mutually exclusive”.

An interesting fact about GAO’s history is that the pre-audit was used during the tenure of John McCarl, the GAO’s first Comptroller General. According to Trask (1991), McCarl frequently recommended the use of pre-audit over the government spending. On his order, on March 1, 1927, GAO began to use pre-audit procedures. “The advantage of the pre-audit, McCarl maintained, was that the government retained possession of its funds pending voucher certification. With the post-audit procedure typically used earlier, the government lost possession, forcing it to try to recover money improperly paid ‘with the inevitable attendant expense and delay, hardships to payees, and eventual loss of unrecoverable amounts.”

McCarl founded a pre-audit system because he believed it was more economical and efficient than a post-audit, although he knew it depended on a larger number of employees. Because of this fact, political issues and the increase of government spending in the 1930’s, it was almost impossible for GAO to keep up with pre-audit and this system was discontinued in 1936.

According to a senior GAO official, during an interview conducted in 2013 for this paper, the Office has focused on performance audit of government programs. Although GAO does not use the terms previous and concurrent audit formally, this kind of audit normally is developed before or during the execution of the actions by the public administrators. In 2003, for example, the United States and other countries began implementing the Kimberley Process Certification Scheme (KPCS) to curtail the trade of rough diamonds that had fueled severe conflicts in Africa, known as conflict diamonds (GAO’s website).

This Process was the object of two GAO’s reports, at two different times. The first report, issued in 2002, may be understood as product of a pre-audit effort, because it was made when the Kimberley Process was in negotiation phase and the recommendations were with the goal to develop a better design for the Process. The second report was issued in 2006, from an audit developed during the execution of the program (concurrent audit), with the goal to examine implementation of the domestic provisions of the act and challenges it faces, among other factors.

Moreover, GAO has made important efforts, which could be classified as previous control with orientation character such as Yellow Book, with audit standards; the Standard for Internal Controls (Green Book); the Federal Appropriations Law (Red Book) and the Financial Audit Manual. Another example may be the report called Human Capital: Key Principles for Effective Strategic Workforce Planning, which is a study that contains guidelines for the public organizations related to the subject.

According to the senior GAO official interviewed, the Yellow Book was a mark in the GAO's history, because its guidelines and standardizations created the rules to be followed by the audited, and, in this way, knowing the rules, the auditee passed the responsibility to do the first control about the correction of their own actions. Also, he said, if possible, GAO always would develop pre-audit, because after the action beginning it is very difficult to changes things to reach the best results.

4.2. New York State Office of the State Comptroller (OSC)

The New York State Office of the State Comptroller (OSC) was initially established in New York State in 1797, with the obligation of examining the State Treasurer's books. In 1846, the people won the right to elect the State Comptroller directly, ensuring the independence of the Office. Since 1938, the comptroller has been elected to a four-year term, like the governor.

Its mission is to serve taxpayers' interests by improving the fiscal management of local governments and schools in New York State. The Office's audits are guided by generally accepted government audit standards and legal requirements

Over the years, the duties of the State Comptroller have steadily expanded, and the OSC has a scope of responsibility that is unparalleled in other state governments, according to OSC's website. Some of these responsibilities related with control and audit are:

- To conduct audits of State agencies and public benefit corporations;
- To oversee the fiscal affairs of local governments, including New York City;
- To review and approve state contracts before they become valid;
- To review payments before they are issued;
- To examine the local government's budget prior to adoption for the purpose of determining whether information contained within the preliminary budget is supported and whether estimates are reasonable and balanced.

Those three last responsibilities are directly related to the subject of this paper and demonstrate that there is a representative effort of pre-audit about contracts, payments and budget in the State of New York.

In the same way, there is a study in the OSC's website about a pre-audit effort developed by OSC to review the accuracy of payments processed by the State Insurance Fund for the period January 1, 1997 through December 31, 1997.

This Fund was established in 1914 to provide New York State employers with a low-cost option for Workers' Compensation Insurance, providing coverage for about 45 percent of the State's employees. The Workers' Compensation Law requires employers to provide employees with compensation for lost wages and cover medical expenses when the employee is injured on the job. Workers' Compensation Insurance provides employers with an alternative to direct funding of these expenses.

The OSC uses on-site staffs to do a continuous pre-audit of Fund claims. This includes examining compensation, medical, and disability payments processed on the Fund's automated compensation payment system, medical payment system and disability payment system, respectively, as well as various other payments that are processed manually.

The objectives of this review were to ensure that payments comply with all applicable New York State rules and regulations and Fund policies and procedures. OSC also ensures that payments are properly authorized, reviewed and approved by appropriate Fund officials.

In this work, the Office examined 23,459 vouchers totaling almost US\$354 million. With this examinations the Office found 718 errors. This findings prevented overpayments totaling US\$1,042,580 and underpayments totaling US\$40,434. In addition, 90 vouchers were adjusted so that US\$447,789 could be paid for outstanding child support.

As a result of this pre-audit effort, the OSC contributions to the State Insurance Fund can promptly initiate adjustments of potential overpayments and underpayments and avoid unnecessary waste.

Additional information, obtained by an OSC member, is about the pre-audit over payments. In fiscal year 2012, the OSC audited 38 million transactions, totaling US\$111 billion and recovered about US\$80 million. In relation to pre-audit of

contracts, OSC reviewed approximately 28,000 contract transactions valued at US\$66.5 billion in fiscal year 2012/2013.

4.3. Office of the Executive Auditor of the Inter-American Development Bank

Established in 1959, the Inter-American Development Bank (IDB) is a multilateral agency with 48 member countries, including 26 Latin American and Caribbean borrowing members, who have a majority ownership of the Bank. The other 22 member countries are non-borrowing, meaning they provide capital and have voting representation in the Bank proportionate to their capital subscriptions.

The Bank lends to national, provincial, state and municipal governments and public institutions, as well as civil society organizations and private sector companies. In 2012, US\$11.4 billion in lending and grants were approved.

As it is typical of organizations of similar size, financial structure and mandate, IDB has both internal and external auditors. The external auditors provide an annual opinion on the fair representation of the balances included in the Bank's financial statements. The internal audit team, called the Office of the Executive Auditor (AUG), provides internal auditing and consulting services designed to add value and improve the Bank's operations.

In accordance with the Institute of Internal Auditors' International Professional Practices Framework (IIA's IPPF), the Executive Auditor helps the IDB to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

In order to safeguard his independence, the Executive Auditor has a dual reporting relationship, to the President and to the Bank's Audit Committee. The AUG provides periodic, independent, and objective appraisals and audits of financial, accounting, operational, administrative, and other activities, including identifying possible means of improving the efficiency and economy of operations and the use of resources.

According to the Bank's Executive Auditor, during an interview conducted in 2013 for this paper, the internal audit function follows a risk-based approach to identifying the assignments to be carried out during the year. This approach takes into account the issues that may preclude IDB from achieving its objectives, taking

into account the resources available for the internal audit activity. The bulk of those assignments, representing approximately 80% of the resources available, are assurance engagements. These are objective examinations of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organization. The remaining 20% are used for the provision of consulting services, which may be understood as a way of concurrent control.

In an environment characterized by constant change, it is critical that internal audits are carried out at a time when observations accrue the highest value for the organization. For this reason, while some audits may be carried out once a given procedure or transaction has been implemented or completed, on occasion the best timing is when those systems are in the process of being finalized, or even during their design stage.

This approach is typical during the implementation of computerized systems, when it is better to have the audit team assess the application prior to it going into production, as opposed to waiting until its completion, only to find out that a number of key controls have not been properly implemented.

According to the Executive Auditor, it is important to note that at no point the internal auditors “own” the controls or the practices under review. Their responsibility is to carry out their duties in a thorough, professional and credible fashion so that they can demonstrate to management that improvements are indeed required. Management must then decide how to proceed with the implementation of identified improvements, as well as to determine a suitable timeline for implementation.

5. Previous and Concurrent Control in Brazil

5.1. Brazilian Court of Audit (TCU)

The Brazilian Court of Audit (TCU) was created in 1890. It is the external control of the federal public administration and of the management of federal public funds. TCU assists the legislative branch to control the public resources.

TCU's mission is "to ensure the ongoing and effective management of public resources, for the benefit of society".

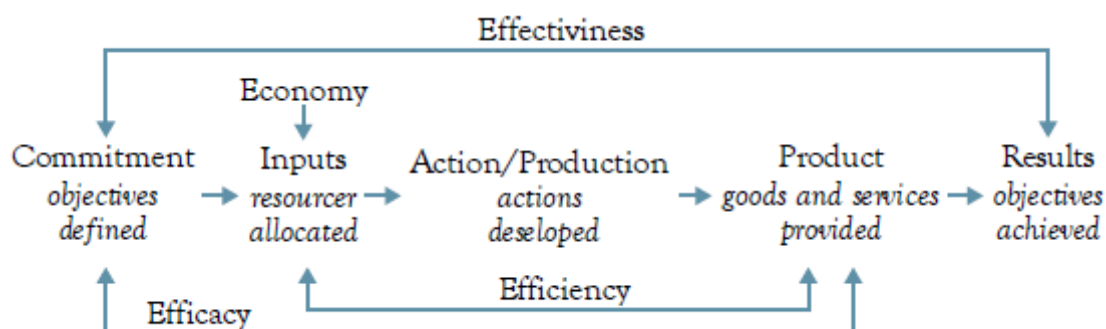
During the 1960's, TCU underwent profound changes. One of the main changes was the end of the work of previous control over public expenditure, by which the Court checked all the spending decisions of the administrators of the Executive branch and prevented the completion of the project that it was considered illegal or irregular.

This change, in part, was imposed due to the growth of the federal public administration and the organizational boundary of TCU, facts that were preventing previous systematic control, covering all administrative actions. Thus, the control exercised by TCU came to be realized in other way and on-site (OLIVIERI, 2008).

According to TCU (2011), the nature, audit can be classified as regularity audit or performance audit. This classification depends on the prevailing objective(s) in each audit's work as they are part of the same whole of government audit and, sometimes, they are part of the scope of a single audit's work. Following the definitions of these nature of audit:

- Regularity Auditing is the examination of the legality and the legitimacy of the actions of stewardship within the jurisdiction of the Court, in relation to aspects accounting, financial, budgetary and patrimonial. It is composed by regularity audit, compliance audit and the financial audit.
- Performance Auditing is the independent and objective examination of economy, efficiency, efficacy and effectiveness of organizations, government programs and activities, aiming at promoting improvement of public management.

To understand better the definition of performance audit, follow a figure that shows some of these aspects:



Source: adapted from ISSAI 3000/1.4, 2004 by TCU (2010 - Performance Audit Manual)

In recent years, in addition to its inspecting duties, the Court has been increasing its application of performance audits to assess the outcomes of bodies and entities, with respect to their efficiency and efficacy, too.

In this way, TCU has obtained good results in its audits, according to the research developed by Queiroz (2010) about the concurrent control ascertained by TCU in 2009 (months of April, August and November). This research considered 527 processes, of which 190 (36%) were identified with some action of concurrent control.

The main objects of concurrent control by TCU in these 190 processes of 2009 were in relation construction contracts in progress (52%) and bidding procedures (22%).

It was also possible to realize that 96% of them were with a focus on regularity audit and 4% with a focus on performance audit:

	Amount	Percentage
Total processes concurrent control	190	100%
Performance Audit	7	4%
Regularity Audit	183	96%

Based on this research and considering these 190 processes with actions of concurrent control, it is possible to show the following table with some savings of public funds:

	Amount	Percentage
Total savings afforded	\$4.329.110.830,99	100%
Performance Audit	\$3.405.828.040,83	79%
Regularity Audit	\$923.282.790,17	21%

As it can be noted, most of the savings afforded by TCU developing concurrent audits in the months of April, August and November of 2009 were focused on performance audits, although there were substantially more regularity audits as well.

However, as pointed out by Queiroz (2010), it was not possible to analyze the relationship between regularity and performance control in terms of effort expended, (i.e., total man-hours used in each one of the two focus of control).

Nevertheless, the benefits of control suggest that there is a relationship between the moment of control and results achieved. This inference was obtained by observing in several cases the benefits: reduction of the contract value; reduction of the maximum price in the bid process; return of resources to the national loan payments; disallowance or challenge of expenditure; and waste elimination or reduction of administrative costs, among others, that would be difficult to obtain if they were checked at a later date, with subsequent control (QUEIROZ, 2010).

5.2. Office of the Comptroller General (CGU)

The actual structure of the Office of the Comptroller General (CGU – Controladoria Geral da União) was created in 2003. Although CGU's name has recently emerged, the Executive branch has had a specific structure of formal internal control since 1921 (BALBE, 2010).

CGU is the central agency of the Federal Government Internal Control System and its functions are related to defending public assets and enhancing management transparency through internal control activities, public audits, corrective and disciplinary measures, corruption prevention and combat, and coordinating ombudsman's activities.

CGU's mission is to safeguard public assets and to oversee the application of federal funds, countering all potential embezzlement and waste.

As was said in the last section about TCU, in the 1960's control in Brazil realized some changes. One of them was the extinction of previous control by TCU. It led to the need to create another institutional arrangement to control spending, and so was created the system of internal control. Thus, the previous and concurrent control became the responsibility of the internal control system of the Executive Branch (OLIVIERI, 2008).

Nowadays, there is a strategic orientation in the conduct of the work in CGU, which positions the Control as being preventive. It may be regarded as a revival of the guideline adopted since the reformulation of the Internal Control System of 1994 (BALBE, 2010).

The need and the importance of this can be seen in the presentation given at the meeting of Leaders of the CGU that occurred in September 2008. In this meeting, Jorge Hage Sobrinho, Minister of State, head of the CGU, noted that the first challenge under the internal perspective is the need to focus on the preventive character of Internal Control, acting timely and focused on the guidance of administrators. Therefore, he said, the Internal Control will be able to detect potential problems before consummation of the facts (BALBE, 2010).

In the same way, according to the Report of CGU (2012), the Office tried intensifying work with the administrators through proactive and preventive interventions on issues verified during the year. These checks were discussed and treated promptly to avoid continuity problems with the shared definition of the measures to be adopted, and the recommendations were aimed in particular at improving the process of working to strengthen primary internal controls.

Also, CGU has developed workshops for public servants. Between 2009 and 2011, more than 26,000 federal public servants were trained in internal control and internal audit – enhancement programs and government bids and contracts, for example. For administrator guidelines, CGU distributed 15,000 manuals on the following topics: bids and contracts administration and registration system and prices.

Although CGU does not use the expressions “pre-audit” or “concurrent audit” in its regulations, according with two CGU’s directors, during interviews conducted in 2013 for this paper, these activities found in CGU’s reports, considering their preventive character, may be understood as concurrent control (for the first effort related) and as previous control (for the workshops and manuals).

According to the first interviewed, to develop previous and concurrent control demand more knowledge and specialization, but acting in these moments is possible to have better results. According to the other director interviewed, program evaluation – kind of audit developed by CGU that may be understood as concurrent control – is larger, more effective and has more positive results than the other kinds of audit. But, on the other hand, develop this kind of audit could be considered more difficult and probably more expensive than the others.

6. Previous and Concurrent Control in the State of Rio Grande do Sul

6.1. Internal Control Agency (CAGE)

The Internal Control, even as the External Control, in the State of Rio Grande do Sul (RS), is determined in Article 70 of the State Constitution:

Article 70 - Control of accounts, finances, budget, operations and property of the State and of the agencies and entities of the direct and indirect administration, and any entities created or maintained by the State, as to lawfulness, legitimacy, morality, publicity, efficiency, effectiveness, economy, application of subsidies and waiver of revenues, shall be exercised by the Legislature, by means of external control and of the internal control system of each Power, subject to the provisions of arts. 70-75 of the Federal Constitution.

The External Control is the responsibility of the State Audit Court (TCE – *Tribunal de Contas do Estado*), which helps the legislative branch to control the public resources in the State of Rio Grande do Sul.

The central agency of the Internal Control System in the State of Rio Grande do Sul (RS) is called State Internal Control Agency (CAGE – *Contadoria e Auditoria-Geral do Estado*). The CAGE was created in 1948 to do accountancy and control of the State, among other duties. In 1970, the Agency began to be responsible also for developing audit in the entities of the State.

CAGE's mission is to ensure the good and regular administration of the public resources. Its actuation is in all the three branches of the State: Legislative, Judicial, and Executive. This responsibility has a specifically State Constitutional forecast:

Article 76 – The internal control system under in the article 74 of the Federal Constitution will have, in the State of Rio Grande do Sul, only one agency, with the functions of the accounting and auditing general of the State, having units in the three Branches administrations (...).

The article 74 of the Federal Constitution, which was cited, brings the functions of the internal control:

Article 74 - The Legislative, Executive and Judicial Powers shall maintain an integrated system of internal control for the purpose of:

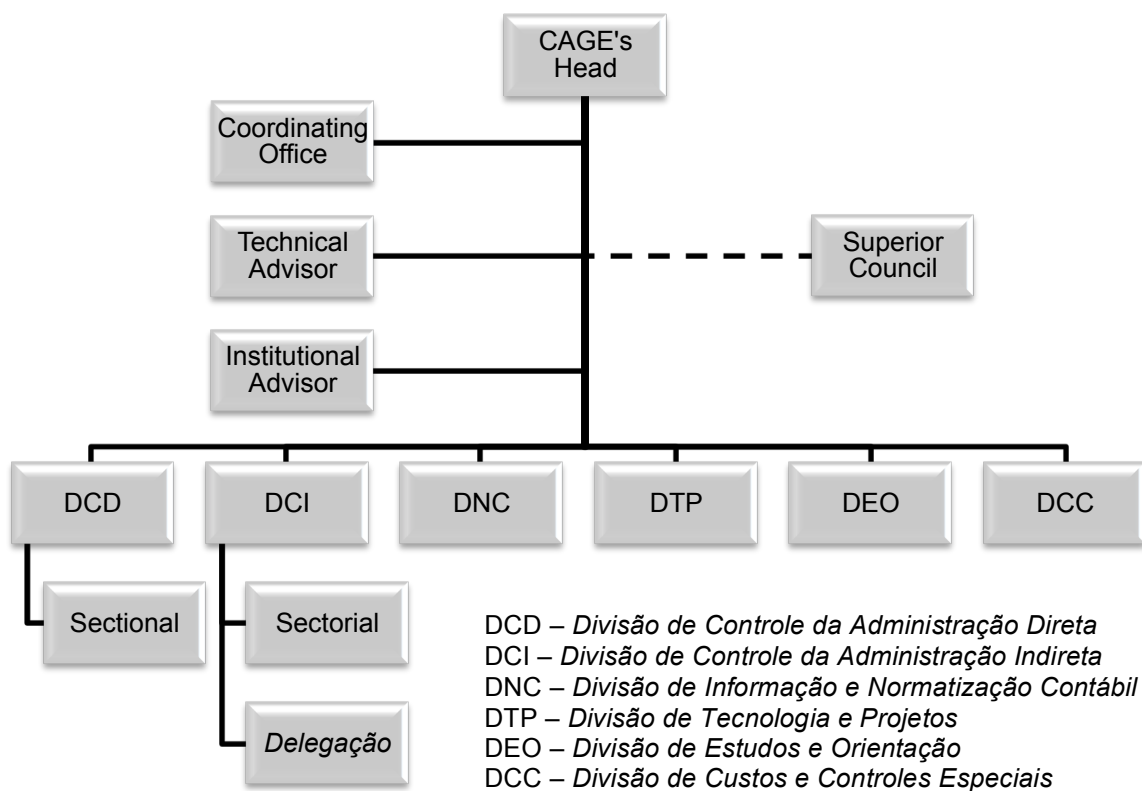
I – evaluating the attainment of the goals established in the pluriannual plan, the implementation of government programmers and of the budgets of the Union;

II – verifying the lawfulness and evaluating the results, as to effectiveness and efficiency, of the budgetary, financial and property management in the agencies and entities of the federal administration, as well as the use of public funds by private legal entities;

III – exercising control over credit transactions, collateral signatures and guarantees, as well as over the rights and assets of the Union;

IV – supporting external control in the exercise of its institutional mission.

CAGE is an agency inside of the Finance Secretary of the State of Rio Grande do Sul and it is organized into six divisions and three advisors to the Accountant and Auditor-General of the State, the CAGE's head. The following is a summary of CAGE's org chart:



Source: SEFAZ/RS website – adapted by the author.

CAGE has been developed efforts to pre-control and concurrent control of the actions of the public administrators. The following are some examples of actions developed last year (CAGE, 2012):

- Elaboration of 12 rules for improving the Internal Control within the Public Administration;
- Organization of 2 Seminars Guidance for Public Managers; with more than 1.000 servants and public administrator;
- Development of 3 courses distance education for public administrators of the State.

To better develop its functions, CAGE maintains forward units called Sectional, Sectorial, and, more recently, *Delegação*, linked to entities of the direct and indirect administration of the State of Rio Grande do Sul.

These units represent the central agency of the internal control system and they have the responsibility of guiding the administrators of the agencies and entities about the organization and operation of accounting controls, financial, budgetary, operational and property, as well as exercising supervision over the administration's action (SILVA, 2002).

6.1.1. Division of Control of Direct Administration (DCD) – Sectional

The Sectionals are part of the Division of Control of Direct Administration (DCD – *Divisão de Controle da Administração Direta*) that do accountancy and control in the agencies of the government. There are 18 Sectionals with permanent structure in the agencies of the State for controlling and accounting its counts. In total, there are 46 departments and agencies audited by DCD.

Within this permanent structure, the Sectionals may develop pre-control and concurrent control. For example:

The CAGE's Sectional which controls the Bid Central (CELIC – *Central de Licitações*) of the State of Rio Grande do Sul, recommended the cancelation of an electronic bidding with the winning proposal in the amount of approximately US\$63 million, whose object was the registration of price events for all public administration of the State of Rio Grande do Sul.

The Sectional has detected the occurrence of overestimated prices and use of judgment criteria irregular and inappropriate. After repeating the event and observing the guidelines of CAGE, CELIC obtained a better condition in the electronic bidding, in amount of about US\$35 million, with a savings to the public treasury of US\$28 million.

6.1.2. Division of Control of Indirect Administration (DCI) – Sectorial and *Delegação*

The Sectorials and the *Delegação* are part of the Division of Control of Indirect Administration (DCI – *Divisão de Controle da Administração Indireta*) which does the control and the audit in the entities of the State. In total, there are 7 Sectorials and 1 *Delegação* to audit 47 entities and organizations.

Historically, with the model of Sectorial, DCI does mainly post-audit, how the most of audit organizations, carrying out audits normally twice a year in each entity to verify if the entities of the State of Rio Grande do Sul are correctly using and appropriating public resources.

Although this is the time when audits are traditionally developed, Sectorials also perform pre-audit and concurrent audit. Two cases which illustrate this are:

a) Case of the State Road Department (DAER):

The CAGE's Sectorial which develops audit in the State Road Department (DAER - *Departamento Autônomo de Estradas de Rodagem*) had made some studies and reports, which included a task group, with the main to redefine the way to calculate the construction's tax called Bonus and Indirect Debit (BDI – *Bonificação e Despesas Indiretas*), which is part of the payments from DAER to enterprises contracted to build roads.

The work developed by the auditors found that some of the payments for the enterprises were being made twice, because part of the costs that were inside the BID, also were paid in the regular cash flow, to the same enterprises; this situation was incorrect. Thus, the DAER, with the CAGE's concurrent audit, changed the BDI's perceptual from 45.04% to 35.95%. The estimated financial benefit of this fall of the BDI's percentage is about US\$37 million between May 2009 and December 2010.

b) Case of the Port of Rio Grande (SUPRG):

Other good example can be the pre-audit efforts by the CAGE' Sectorial, which develops audit in The Port of Rio Grande (SUPRG - *Superintendência do Porto de Rio Grande*). In the first half of 2012, the Sectorial responsible for auditing the SUPRG analyzed a new contract that

would be signed between the Port and an enterprise to extend the lease of a big area of the Port.

The auditors found several points in the contract that was inappropriate and/or could cause ineffectiveness. Then, they made some suggestions before the contract was signed. The public administrators of the Port made the necessary changes. Then a 15-year contract was signed according to the public interest and it was possible to save about US\$26 million.

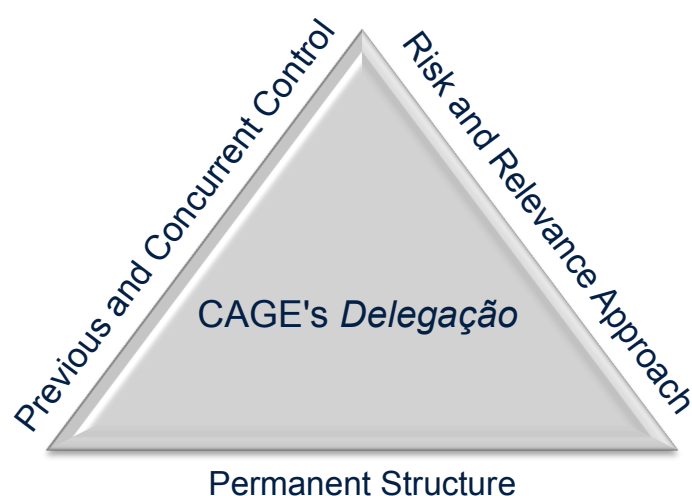
Although these are successful Sectorial cases of pre-audit and concurrent audit, there are certain institutions in the State that have an expressive budget, some specificity in their functions and complexities in their administration. So, these entities deserve bigger attention from auditors.

Because of this, in 2008, DCI/CAGE created a new model of audit, called *Delegação*. The next section will explain in more detail about CAGE's *Delegação*.

6.2. CAGE's *Delegação*

The model of *Delegação* was created with the function of routinely developing pre-audit and concurrent audit in the actions of the public administrators, utilizing in its audits samples and selections based on a risk and relevance approach plan, and with a permanent structure to develop its audits.

These three main characteristics of this model of *Delegação* are represented in this figure:



Source: elaborated by the author.

The first audit unit under this model of *Delegação* was implemented in 2008, to audit a particular entity in RS, the Civil Servant System Institute (IPERGS – *Instituto de Previdência do Estado do Rio Grande do Sul*). This Institute has a budget of more than US\$ 4 billion per year, some specificity in its functions and complexities in its administration.

Before *Delegação*, the CAGE's auditors went to the IPERGS twice a year for about two months each time, and developed the audit over the payments, decisions, contracts and all kind of situations related to the actions of the public administrators. In that time, the auditors used to be developed mainly post-audit.

With the *Delegação* already working, with a permanent and specific structure, the time to develop the audit was changed. Thus, it has been possible to develop routinely pre-audit and concurrent audit in IPERGS in recent years. Therefore, the auditors of *Delegação* work before or almost at the same moment that the action of the public administrator is done.

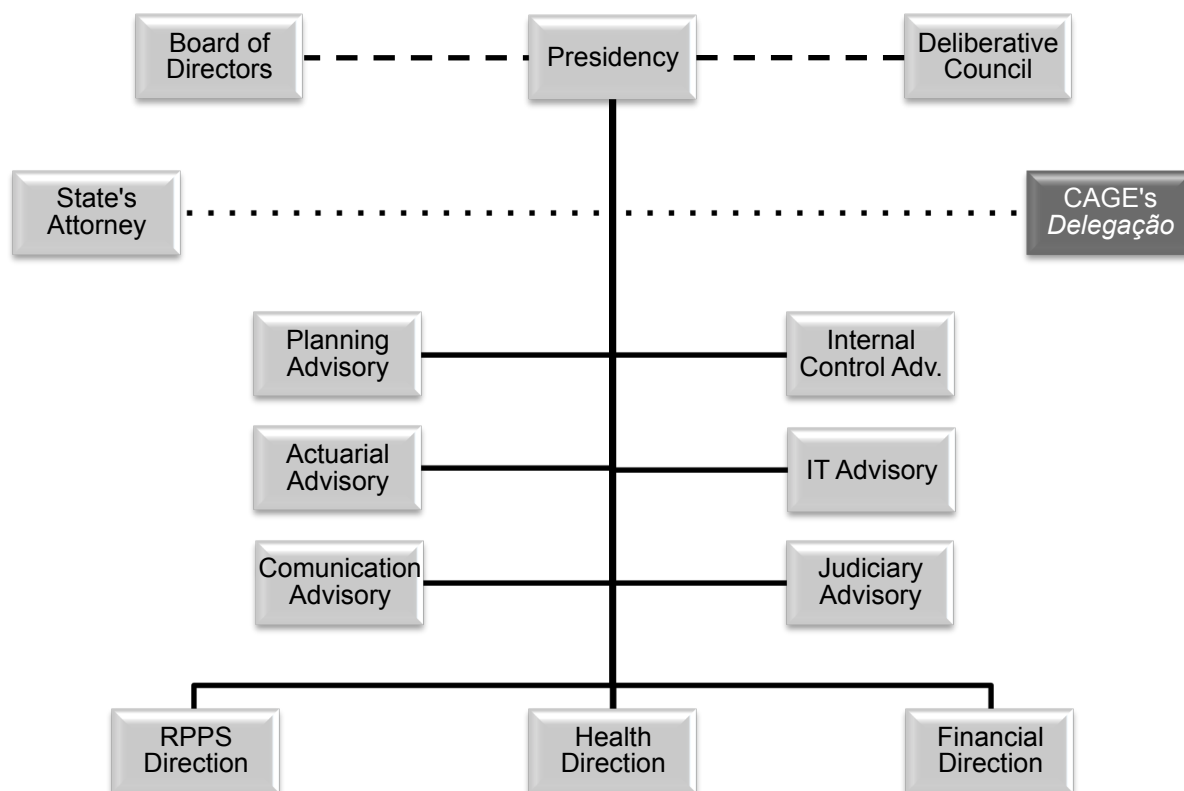
The functions of this *Delegação* linked to IPERGS are in a specific Act, the Decree nº 45.869/2008. This, in its first article, says:

Article 1º – The control of the budget and the economic-financial transactions of the Civil Servant System Institute (IPERGS) (...) will be conducted by State Internal Control Agency (CAGE) in accordance with the provisions of this Decree.

Sole Paragraph – The CAGE will act permanently, through a *Delegação*, in order to ensure previous and concurrent control in relation of the action's administration.

Moreover, the same Decree, in its Article 3º, also brings IPERGS's obligations regarding *Delegação*. One is that the IPERGS must attend the advices of *Delegação*. However, if no attend, must expressly indicate its reasons.

The CAGE's *Delegação* is represented in the org chart of the IPERGS. The following is the higher hierarchy level of the IPERGS's org chart:



Source: Decree 47.420/2010 – adapted by the author.

Thus, the CAGE's *Delegação* has a big responsibility and the obligation to develop previous and concurrent control in its activities. However, it is not feasible and economically valid to audit all actions and processes of the audited organization. In this way, it is crucial to plan the activities and select the actions and processes to audit.

Last year, for instance, *Delegação* developed a special effort to plan its activities. All attributions of the IPERGS were analyzed with focus on risk and relevance criteria. The result was the selection of seven major processes of the IPERGS to be previously and concurrently controlled by *Delegação* in 2013.

Some of these activities are related to the pensions from de Civil Servant System (RPPS – *Regime Próprio de Previdência Social*). The *Delegação* diary analyzes the changes which happened in some pensions one day before, through an electronic system, and if there is any mistake or doubt about the motivation for the change, the auditors must report this to the IPERGS, before the next payment is done.

Another important process that has to be audit is related to activities of the Insurance Health Plan (*IPE-Saúde*), which is administrated by IPERGS and has more than 1 million public servants of the State of Rio Grande do Sul as clients. The *Delegação* routinely develops concurrent control in relation the administrative and control activities that are happen in the Health Plan.

Another activity, which is pre-audited by *Delegação*, is in relation to IPERGS's bidding processes. They are verified by the auditors before they are made public. Also, there are controls developed in relation to contracts and important payments before they have been made by the Institute.

From this and other activities of previous and concurrent control there are some benefits as well as difficulties faced by the auditors. These aspects are addressed in the subsequent subtopics.

6.2.1. Benefits of Previous and Concurrent Control in *Delegação*

With this model of *Delegação*, with a permanent structure, it is possible to know the plan, objective and business of the auditee more deeply and intimately. Also it is possible to know better the internal process, the systems and the servants involved in each hierarchical level of the entity.

Therefore, auditors have more knowledge about the entity in all aspects and may access data, information and people with a different approach, comparatively with the traditional way of audit. Moreover, the auditor can be trained in specific subjects that are important to develop a better work on the entity.

In this way, considering the focus on pre-audit and concurrent audit, the auditor can write reports, documents or simply meet and talk with the administrators or servants of the entity about potential mistakes or an inappropriate situation, for example, and helps the auditee before potential problems happen.

Furthermore, the experience of *Delegação* has demonstrated that some audited have understood the vision and the role of the auditor also as an advisor. In this way, they try to talk with auditors when they have any kind of doubt about the determinate subject, with the goal to do things correctly and appropriately, avoiding problems. Thus, there is the possibility to save time and avoid unnecessary rework of the administrative machinery, saving time and public money.

So, in this context, the auditors, guard their independence, have a kind of partnership with the audited, and may contribute more to the audited entity has additional reasons to perform properly their functions.

Most of the benefits resulting from *Delegação's* work cannot be measured in financial terms; these benefits can result in better internal processes, changes to statutes or regulations, improved the services for the public, at all.

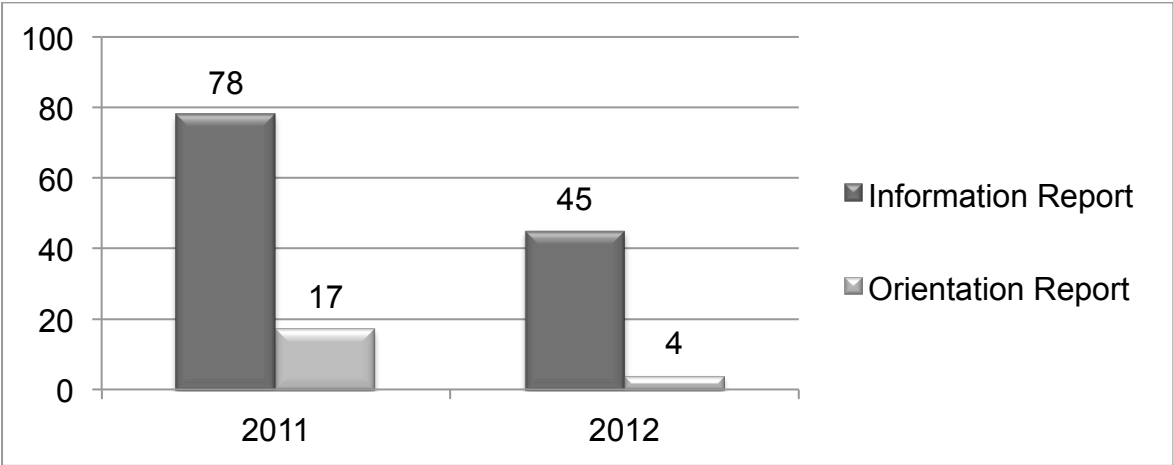
The work developed by *Delegação* can be represented in some reports elaborated by the auditors with recommendations, findings and/or appointments in relation to one or more subjects. Since 2008, the following quantities of these two more routinely kinds of report have been issued:

Documents issued	2011	2012	Variation
Information Report	78	45	-42%
Orientation Report	17	4	-76%

The information report is an issue inside an administrative process that has to be analyzed by *Delegação*, but only when the auditors consider it necessary that any recommendation or alert be delivered to the public administrators.

The orientation report has been utilized in *Delegação* specifically for subjects related to pensions of the RPPS, with the same goal of the information report, but not related with a specific process.

From these numbers it is possible to show the following graphic with the reduction of the quantities issued by these reports:



From this graphic, it is possible to note better the reduction of the quantity issued of this reports in the last two years. Considering that this reduction is because there are better action execution by the public administrators, this can be understood as an indicative to measure the improvement of the controls by the own entity

audited and, automatically, some benefits created for the public and for the State at all. This reduction shows the effectiveness of the control, contributing to the organization enhance its primary control.

To check the possibility of this point of view to be valid, it is important to compare the quantity of processes analyzed and the quantity of information report issue. The following is a table with this data:

	2011	2012	Variation
Quantity of Processes Analyzed	595	499	-16%
Quantity of Information Report Issued	78	45	-42%
Percentage of Processes with Information Report	13%	9%	-31%

It is also possible to note that the reduction of the quantity of Information Reports issued is proportionally bigger than the reduction of processes analyzed. Also, the percentage of processes with Information Report directly related fall 31% from 2011 to 2012. This fact confirms the possibility of improving the control by the entity audited. The same kind of comportment was observed from de year of 2008 to 2009 and 2010, with the decrease of the number of reports.

Thus, although it is difficult to measure, the *Delegação* is obtaining good results, including direct financial benefits in its routine auditing, and it has been possible to improve the control systems of IPERGS, saving money and avoiding unnecessary costs.

The financial benefits obtained by *Delegação* are mainly in the function of changes in billings, corrections in contracts, suspension of incorrect payments for pensions, adjusts of values to be paid for enterprises or for health services. Because these, was possible calculate more than US\$ 10 million dollars savings since the beginning of the activities of the *Delegação* in IPERGS.

Moreover, there are amounts of dollars which can be saved by the simple fact that there is a permanent unit of audit and control in IPERGS. Because of this fact the control sensation increases in the public agents and administrators of the Institute and can contribute each day more to the IPERGS, by itself, to avoid ineffective actions and unnecessary dispend.

This idea is not new, as presented by Mosher (1979) about the GAO’s history between 1921 and 1945: “in his annual reports, the Comptroller General customarily totaled up the savings resulting from GAO operations during the year and showed by how much they exceed the costs of the organization itself. Some critics charged that

the savings were padded by including receipts that would have been collected anyway and that the extra costs in agency bookkeeping, reporting, correspondence, and time far exceeded the savings. But the argument is a sterile one. No one will ever know how much these latter costs were nor, on the other hand, what preventive savings the GAO occasioned by its very existence and the knowledge that financial transactions would be checked”.

6.2.2. Difficulties of Previous and Concurrent Control in *Delegação*

If on one side there are gains, as demonstrated above, naturally, on the other side, there are difficulties and dilemmas that are faced by auditors.

One of them is a higher level of proximity with the head and servants of the entity being audited and the big decisions of them. The auditors have to find an equilibrium point about their position and obligations to develop good work, but without intervening in the discretionary power of the public administrator.

This is one of the challenges faced by auditors in the model of *Delegação* by being a permanent audit that is leased within the entity. Because of this, the auditor maybe has more difficulty to be impartial. By living directly and daily with the problems and difficulties of the entity, it is difficult not to get involved with the final decision. But the auditors must keep in mind that this is not their job, they have only to perform control in the best way possible. It is hard, but fundamental do not make mistakes in the papers. To make decisions about the business is the function of the public administrator and they know or should to know it.

When some process or action of the public administrators has to go through a pre-audit to go forward, for instance, the auditor has to take care to not spend much time with the analyses. Timing is important, because the public administrator is interested in moving forward with the process to conclude then. But the auditors also have to be careful to contemplate in their analyses all aspects and issues related to the subject. On the contrary, some problem may be unknown and their work won't be so good, thereby compromising the outcomes.

To be able to develop a good job in a reasonable time, it is important to have an adequate number of auditors and a good staff in the *Delegação*, who are familiar with the process of the audited entity and the way the model works. This set of

factors is important so that the auditors are not an obstacle to the auditee and may contribute to the achievement of better results.

Another issue, related to this moment to develop the audits, is that this is not an auditor's decision whether the entity will implement some action or not. This is a decision of the public administrators and servants of the entity. The auditor can write a report or participate in meetings, make questions and express his opinion about the subject, but the final decision is always that of the administrator of the entity.

At this point, it is important to explain that the auditor can happen to make a recommendation or a warning about something and this is ruled out by the public administrator. Thus, if the public official does something irregular, for example, the auditor may write a report about the facts and issues in this case, as is traditionally done in a post-audit.

Another aspect is about people: if at some point the professional relationship with the public administrators and servants can be a better way to reach goods outcomes for the audits, on the other side, the permanently acquaintanceship with some people of the entity can create some conflicts or disputes that can bring some prejudices for the work developed by the auditors and by the entities.

When the auditors have an awareness of these difficulties and dilemmas, they can more effectively measure the problem and find an appropriate solution for solving any situation, and thus serve the public interest in a better way.

7. Evaluation

With elements and subjects utilized in this paper, it is possible to understand that pre-audit performed by the Government Accountability Office (GAO) in the 1920s and 1930s and by Brazilian Court of Audit (TCU) in 1960s were interrupted because, among others factors, were necessary an enormous effort of labor and capital to develop one model of pre-audit, which involved the control of almost all accounts of agencies and entities.

From these facts, it is possible to note that the pre-audit with verification character of almost all accounts has not been utilized for decades by these federals externals controls organizations.

As was said, it was interrupted mainly because would be necessary to have an expressive quantity of human and capital resources that would make this kind of control become economically unviable in the way it was conducted. And, in parallel, for some situations, the responsibility of previous control passed for the central agency of the internal control system or for the own audited under the aegis of primary control – that one developed by the audited to check the validity and corrections of their own actions.

On the other hand, today there are agencies working routinely with pre-audit around the world. One example is the New York State Office of the State Comptroller (OSC), which has some activities of previous control with a verification character and has obtained good benefits working in this way, as was demonstrated above (topic 4.2).

In relation to previous control with orientation character, several examples were presented: since the Yellow Book, created in 1972 and updated periodically by GAO, passing for the GAO's Green and Red books, until the recent workshops and manuals developed by the Office of the Comptroller General (CGU) in 2011, such as the ones about bids and contracts administration.

These kinds of documents and training with orientation character have been more utilized each day, because with these educative tools, the control offices and agencies may present to the audited what are the best practices to improve the public administration. Also, it is possible to show to the auditee the concepts, rules and a macro vision of the processes, improving their capacity to face the problems and improve their abilities.

Moving forward, in the concepts of performance audit by GAO and by TCU is possible to note that they take into consideration factors related to economy, efficiency and effectiveness, for avoiding inappropriate waste and to reach the results planned by the audited.

The more common moment to pay attention to these elements is during the development of the public administrators' actions. GAO, Inter-American Development Bank's Office Executive Auditor, TCU and CGU are working during the administrator's action and, although some of them do not use this expression in their formal regulations, it can be considered concurrent control or concurrent audit.

Thus, in modern times, concurrent control has been more significant. Through performance audits or under the auspices of consulting services, this period of developing the audit has obtained better results and greater collaboration of the auditees.

The paper about TCU's concurrent control in 2009 (topic 5.1) showed the importance of developing the audit at this time. The interviews with senior GAO official, Executive Auditor of the Inter-American Development Bank and CGU's directors produced similar responses. So, there is an ever-present worry about developing a preventive control, independently if it would be previous or concurrent with the actions of the administrators.

To that purpose, it is important to realize that when an auditor develops control before the action to be concluded by the public administration, it is essential to preserve his independence and keep in mind that the final decision in how the actions will be executed is of the administrators, not the auditor. It is important that the administrators be cognizant about it, too.

Only in this way is it possible to avoid eventual conflict of interest in the future between some information or recommendation which was given by the auditor before or during the execution of some action by the audited and a possible audit finding or appointment about the same subject in a post-audit report, for example.

From this evaluation of the international and national control agencies research for this paper, it is possible to note that there are points in common and also some differences in relation the effort of the audits and the approaches utilized. In the case of the State of Rio Grande do Sul is not different.

In general, it is possible to affirm that the State Internal Control Agency (CAGE) and the CAGE's *Delegação* are working in a similar way to the organizations

and agencies analyzed, having some practices in common with each one of them, as was demonstrated in this paper.

Besides of the examples presented, the preamble of a State Act of this year, Decree 50.063/2013, addresses Internal Control System in the State of Rio Grande do Sul, brings CAGE's aim to previous, concurrent and subsequent control of the administrative actions, financial, budgetary and patrimonial practices by administrators under the Public Administrations.

This Decree also says that the modern philosophy of internal control is increasingly focused on preventive action, observing the principles of timeliness, efficiency, effectiveness, responsiveness, reasonableness and economy, reinforcing the idea of the preceding Decree of 1998.

Still on, it is important for CAGE and CAGE's *Delegação* to increase effectively the use of previous and concurrent control; to improve the way to plan and select which subjects and processes will be audited; to adopt or develop new ways to measure the results reached by the work developed by the auditors; to verify periodically the cost-benefits of the audits developed.

8. Conclusion

From the research conducted and the aspects presented in this paper, it can be noted that audit agencies do not always use an official denomination to classify the time to develop the control and the audits.

The name that is given or the attention it will take in relation to the time to make the control is not imperative. The most important thing is to develop control with a preventive character, in a sense to avoid the occurrence of any damage and with the goal that results can be achieved with efficiency, efficacy and effectiveness.

On the whole, with respect to the *Delegação* model created by CAGE, one can consider it in consonance with the control approaches measured around the world.

That happens because the valley is primarily of previous control with orientation character as well as verification character. Also, the concurrent control monitors the administrator's actions and fulfills the role of audit timely. In addition, the *Delegação* applies prioritization model analysis with a risk approach plan, considering materiality and relevance, and in this way, expends energy on more important matters.

Nowadays, with all the technology available, it is possible to try new methods and techniques of pre-audit and to keep the idea of concurrent audit to check accounts or processes of a determined situation. Or, in other situations, when it is not possible to use Information Technology, a good solution can be to use the risk approach plan to focus pre-audit and concurrent audit efforts on the important and critical processes, leaving the other processes for an eventual post-audit.

The examples and the answer gave by the interviews were in precisely this way. Thus, the control developed by CAGE's *Delegação* may be considered in accordance with the modern practices of the international and national agencies and units of audit and control cited. So, it is important to analyze incremental, day by day utilization of previous and concurrent control, given the preventive character of both and the better benefits obtained when the control is developed at these times, as was presented in this paper.

The balance between the cost and the benefits of implementing or not implementing efforts of pre-audit has differences and nuances in each organization and in each agency. It is not a simple count, nor is it a unique formula. It is the result

of a singular and specific decision that has been reviewed periodically, to guarantee the validity of the audits and the reach of the goals.

Although, in theory, the definition of the timing of executing of control or audit seems a simple thing – and maybe that why the issue of moment is not customarily explored by existent biography – in practice, the moment of development these activities may involve complex and unexpected aspects.

Depending on the moment that audit is done, the dynamic of the work, the type of approach and the energy needed for the auditors may develop their functions can all vary substantially. Furthermore, the moment of audit can mean a significant difference to outcomes achieved by the auditor.

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JORGE DA SILVA, Executive Auditor of the Inter-American Development Bank (IDB). Interview developed in February 25th, 2013.

LOREN YAGER, Managing Director, International Affairs and Trade, of the Government Accountability Office (GAO). Interview developed in April 2nd, 2013.

RONALD DA SILVA BALBE, Director of Planning and Coordination of Control Actions of the Office of the Comptroller General (CGU). Interview developed in March 24th, 2013.

WAGNER ROSA DA SILVA, Infrastructure Audit Director of the Office of the Comptroller General (CGU). Interview developed in March 22nd, 2013.