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**A PROPOSAL TO HELP FIGHT  
CORRUPTION IN RIO GRANDE DO  
SUL**

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## **ABSTRACT**

This paper presents the fight against corruption in the American Combating Corruption system and in the Brazilian Federal Fight Corruption system in hopes to contribute improvements to fight corruption in one of Brazil's states: Rio Grande do Sul. It provides several author's overviews of the harmful effects of corruption in public administration, to understand the current situation of corruption in Rio Grande do Sul. The paper presents a case study of public contracts without bidding for a department in Rio Grande do Sul, to illustrate opportunities for improvement in internal control of corruption. The conclusion of this work brings to the forefront the need for constant control agencies in the fight against corruption and makes recommendations to improve the fight against corruption in Rio Grande do Sul.

**Keywords:** Corruption, Fighting Corruption, Internal Control, CAGE, Transparency.

## **1. INTRODUCTION**

This work deals with combating corruption into the Rio Grande do Sul State based on subsidies of the U.S Combating Corruption System. The case study shows emergency contracts of engineering projects and services without bid, which is based on Subparagraph IV, in Article 24, by the Federal Act 8666/93, and shows the opportunities for improvements into the Corruption Combating System from the State of Rio Grande do Sul and its Internal Control.

The first part of the research shows the bad effects of the corruption in the public administration according to several writers' views.

The second part is a research of some performed efforts in the U.S combating corruption into the public procurement of projects or services, and the comprehension of some applied manners of this corruption combating.

To ensure the understanding of this situation, and also the reader's comprehension, the final considerations and recommendations in this study are described in the Rio Grande do Sul Combating Corruption System and its internal Control.

The research was based on a study case of contracting engineering projects without bids from a Department of Rio Grande do Sul State, as an example of opportunities to improve the audits in the Internal Control and also its contribution in the State Combating Corruption Control System.

As a research conclusion, it highlights the importance that some government official organizations should participate in the fight against corruption and make considerations and recommendations to improve the audit systems into the Internal Control of the Rio Grande do Sul State. The study also shows the necessity of an endless partnership between the government internal control and government organizations which have the investigative ability.

## 2. THE CORRUPTION

According to MARTINS (2012), the corruption concerns to the power, the author analyses the power since its beginning of the human history and concludes the corruption was an element which belonged to power.

Historically it has been said the purchasing systems came previously the corruption, since the second concept results from the first. However, the modern purchasing systems seem to be haunted by corruption (Yukins & Verma, 2009).

According to Susan Rose-Ackerman, corruption is a moral instance which means putrefaction and rottenness. The author also mentions cultural, historic and deep social factors are responsible for corruption as well as the impact of corruption on the economic growth and other requirements (Rose-Ackerman, 2006 ). In fact, her conclusion points that even with these previous situations it is possible to combat corruption but the changes have to be more rigorous.

MARTINS (2011) highlights that corruption is inherent to democracy. In democracies corruption is more evident because there are institutional controls. The author cites Saddam Hussein as an emblematic case of no corruption because he controlled everything in the state, so if anyone was involved in corruption, he or she would be eliminated by his dictatorial command.

A purchasing system by nature is based on people working together to select and acquire goods and services for the public administration. This is the “main” service provided by the agents in the purchasing system. But many times these people are susceptible to corruption because their decision of acquisition has been distorted. As long as the conflicts of interests occur between the intended goal and

the individual agent's interest, the corruption becomes inevitable – none of these agents will be completely loyal to the system which he or she works – when bribery or self-interests personal units faced different interests, the purchasing system usually should correct the agent manner (Yukins & Verma, 2009).

## **2.1 Corruption and Public Administration.**

Combating corruption is not the solution to solve both budget problems and the lack of investment funds, but it can guarantee that these scarce funds get to the destiny. Most of the countries spend about 10% of their GDP in public contracts (Trionfetti, 2003).

Every dolar misappropriated from public purse implies in less investment into healthy, education, security, culture and several others important areas for the society (Nunes, 2009).

Most of the world countries achieve, in a certain way, some efforts for combating corruption. We may say some anti-corruption programs have become routine works in public administration. However, most people around the world have the idea that their government is inefficient when the subject is combating corruption and also they believe corruption is getting worse in their country (Hardoon & Heinrich, 2013).

As some countries spend a great amount of money in public procurement (Trionfetti, 2003), nothing better than invest efforts to combat corruption and, as a result, save a big part of these public resources.

Combating corruption means having the certainty of these public resources get to their final destiny without misappropriation and also modifying people's idea concerning their surround reality.

## 2.2 Anti-corruption Mecanisms in the U.S Law.

The Unites States of America combats corruption criminalizing bribery (Yukins & Verma, 2009). The bribery probably is the most common manner of corruption in any kind of purchasing system acquisition.

OLIVEIRA (2011) presents the American combating corruption as a system which has a narrow contact with the Federal System. The autonomy of each American state is bigger than Brazilian Federal System. Using this autonomy, the American states are inductors of some changes in the federal government sphere.

Presenting the whole anti-corruption American system in a single analysis is very difficult because besides describing a complex structure of some federal government entities, it would be necessary analyze the theme's treatment done in each of the fifty states of the U.S. Furthermore, each local government has the autonomy to face with corruption problem and it can develop its own combating corruption system. It reinforces the complexity to deal with this subject in just one analysis.

This research analyses only the federal system mechanisms since the result is the addition of the 50 North American states influences.

As a historical example, it is shown a short story told by GILMAN (2002) and it illustrates the beginning of anti-corruption system in the U.S:

*“In August of 1838 Samuel Swartwout, the federal Customs Collector for the Port of New York I disembarked on a schooner for London with two black satchels. Within them he took more than five percent of the entire treasury of the United States. In the proceedings against him, at least four employees admitted*

*knowing about the embezzlement from the beginning. About their conduct, Joshua Phillips, Assistant Cashier, explained "I was Mr. Swartwout's clerk, and would not betray the secret of my employer we clerks of the custom-house consider ourselves as in the service of the collector, and not in the service of the United States."<sup>1</sup> There was no extradition treaty with England. Neither Mr. Swartwout nor the money were ever recovered.*

*In reaction to the massive corruptions in his administration, President Andrew Jackson empowered his Post Master General, Amos Kendall, to fundamentally redesign the Post Office Department, and his fellow cabinet members followed Kendall's model in reorganizing governmental institutions. Instead of relying on men of character, as Presidents since Washington had done, Kendall designed a system of redundancy of signatures in order to spend money on behalf of the United States. Additionally, he developed the first "transparent" procurement and contracting systems, and even developed "Rules of Conduct" for public employees."*

The combating corruption system in the U.S tries to balance the integrity and the implementation of programs and their institutions. According to GILMAN (2002) this system may be divided into four main themes: prevention, investigation, accusation and defense. Following the author, the borders among these four elements are not well defined, but he understands this is the best way to organize a theoretical schedule to study the subject.

The Watergate crisis, in 1978, should be understood as a trigger to the Ethic Law in the American Government which defined the beginning of the American modern structure of combating corruption system. This Law created the Governmental Ethic Office. The Federal Election Commission was also created in the same year and with the due to overlook the American elections and other laws. In 1978, other laws were approved and they created the first national inspectors and

also the Special Advice Office that are responsible for protecting whistleblower people.

Oliveira (2011) clearly summarizes the structure which is used by the Executive Power in the U.S in combating corruption:

a) Prevention:

The OGE is the main institution that has the duty of prevents corruption. This office is an independent agency which has as its goal to prevent corrupted actions by emitting rules that deals with staff behaviors, financial disclosure, conflict of interests and post-work restrictions to the executive Power staff. The OGE gives consulting services for other employees who work in different offices of the Executive Power, and also interprets the issued rules. This orientation includes oral and informal advises or written opinions. The OGE supervises the transparency systems (public and classified information systems of financial disclosure).

The OGE is a small agency which holds its responsibilities in a decentralize manner, it means that the implementation of the ethic program happens in each Executive Power offices where there is a nomination of agency employees. The balance and checks of the democratic system reach the OGE in two manners: first, the OGE director is nominated by a presidential suggestion for five years of mandate and must be confirmed by the Senate; and second because its budget is approved and supervised by the Congress. Finally, it is important to mention that OGE offers ethic upbringing to different Federal Executive Power offices.

b) Investigation.

The crisis in 1978 deeply changed the investigative function in

the U.S executive Power. Those investigations which were under FBI responsibility, Justice Department and also the General Accountancy Office have gotten a further scope, because the law requires General Inspectors (GI) who prevent and avoid “waste, frauds and government misused” besides keeping the worries about economy and efficiency. Nowadays, most investigations are realized by GI’s. In the U.S there are several GI’s offices spread in the Executive Power and they develop Audit and Evaluation activities beyond its own function of investigation. The investigations start after some whistleblower complains. Considering the fact that each GI has authority only in its own agency, the biggest and most complex cases treatment that involves government areas became more difficult. By this reason, in 1980, the President Council of Integrity and Efficiency (PCIE) was created holding the mission of making the investigations easier if different government’s offices were included.

c) Prosecution.

The U.S has 102 federal district courts, each one ruled by a district attorney named by the U.S President. These regional offices from federal courts have a mandate to judge people involved in corruption crimes. The U.S Federal Prosecutor’s Office can ask some help from FBI or from an IG’s Office if the case involves corruption. The American Anti-Corruption System created a special section of the Justice Ministry for treating sensitive issues: the Section of Public Integrity of Justice. This department deals with high level of politic cases, huge amount of money and the misuse of government power. In short, it is important to say that if in some cases the U.S attorney decides does not prosecute the person who is under investigation, it does not mean that some administrative penalties would not be applied against this public worker.

d) Protection of Whistle-blowers.

The Office of Special Counsel (OSC) is part of the American structure system to combat corruption. It has the function of protect the public staffs who report some irregularity or illegality (the whistleblowers), against any sort of reprisals after whistleblowing. Its director is nominated by the President, he has five years of mandate and he must be confirmed by the Senate. In its work, the OSC may investigate and examine some agency registers, ask sworn statements and also go to court to solve situations that public staffs suffered some reprisals after whistle blew cases of corruption. It is important to highlight joining the structure cited above; there are other important agencies which are responsible for investigations and audits and still keep their work, such as the Federal Bureau of Investigation (FBI) and the Government Accountability Office (GAO).

### **2.3 Anti-corruption mechanisms in the Brazilian law.**

Historically, Brazil always has shown mechanisms against corruption inside the public area; they were born with the Federal Constitution. The article 37 from the Constitution brings the five basic principles of Public Administration: Legality, Impersonality, Morality, Publicity and Efficiency. Just following these principles could be a good manner to combat corruption (BRAZIL, 1988). Even so, in the last years, Brazil has been joining extra efforts for combating corruption performing more specialize and improved actions from its controlled agencies or elaborating a more relevant legislation.

The Federal Law 8666, from June 21<sup>st</sup>, 1993 brought inside the articles 87 and 88 a tool called the Declaration of Disreputable to

companies which had suffered definitive condemnation by fraud or by practicing illicit acts or tax fraud during collecting taxes or any other corrupted and/or intentional acts against public administration. The substantial body of the law in the article 88 shows some possibilities of decreeing the debarment (BRASIL, 1993):

*“Art. 88. The sanctions provide for in the subsections III and IV of the previous article may be applied to the companies or to the professionals who by any reason of the written agreement from this law:*

*I - had suffered final condemnation by practicing, by intentional acts, fiscal fraud during collecting taxes of any sort of tribute;*

*II - had practiced illicit acts aiming at the bidding goal;*

*III - had shown the lack of repute to contract the Administration concerning illicit acts practiced.”*

Other improvement related to combat corruption in Brazil was the Transparency Law, Law n.12.527, on November 18<sup>th</sup> in 2011, created to oversee the access of information forecasted in the subsection XXXIII of the Article 5 and also in the subsection II of § 3 of the Article 37 from Federal Constitution, facilitating every time more access to information and transparency inside public administration, inviting citizens to make part of the expenses public controlling (BRASIL, 2011).

Brazil's Federal Court of Audit (TCU) - equivalent to the General Accounting Office of the U.S-, the General Comptroller Office (CGU) and the Federal Police are acting together in federal cases of corruption in Brazil and they are reaching amazing results. The joint action among the TCU, the CGU and the Federal Police ensures the effectiveness

when they act combating corruption, and reach concrete results. Hence are the several debarment declarations of companies done by CGU and kept by the Justice. Nowadays, there are 22 debarment from companies in Brazil, all promoted by CGU. (CGU, 2012; CGU 2013 A; CGU 2013 B).

### **3. THE FIGHT CORRUPTION IN THE RIO GRANDE DO SUL.**

The state of Rio Grande do Sul - RS emphasized efforts in the combating corruption in 2008 with the creation of Transparency Department through the State Law 13.115/2008 (RIO GRANDE DO SUL, 2008).

In January, 2011 the Rio Grande do Sul decided to provide more power against corruption and converted the Transparency Department into a Second Head of Ethic and Transparency and this agency started its work joining The Staff of the State's Governor (RIO GRANDE DO SUL, 2011).

The DEGECOR (named The Knowledge Management Department to Prevent and Repression against Corruption) was created on December 19th, in 2011 and the goal of this department is developing actions to prevent and repress corruption acts into the State Public Administration.

The Decree n.49.414 from July 27<sup>th</sup> in 2012 created the Forum of Prevention and Confronting Corruption and Administrative Improbability into the Ethic Management System, Public Control and Transparency of State Executive Power which was instituted by the Law n.13.888 and some amendments of December 30<sup>th</sup> in 2011 (RIO GRANDE DO SUL, 2012).

#### **3.1 The Performance of Fight Corruption Agencies in RS**

The Forum of Prevention and Confronting Corruption and Administrative Improbability is formed by the union of representatives from The Staff of the State's Governor, Second Head of Ethic , Public

Control and Transparency; Attorney's Office of the State; Public Safety's Secretariat through Civil Police and the Knowledge Management Department; the Treasury Secretariat through Accountancy and General Audits of the State (named CAGE) and also the State Data Processing Company from Rio Grande do Sul (named PROCERGS).

These state-controlled entities' representatives get together regularly to build and discuss points and strategies that ensure some actions in the State Public Administration in order to combat corruption in the Rio Grande do Sul State.

The debate's result is implemented by the responsible agency and/or by DEGECOR which also has the responsibility of "*developing actions to prevent and repress corruption acts*" (RIO GRANDE DO SUL, 2011).

The synergy among these several departments denoted some progress in combating corruption in the State of Rio Grande do Sul as it could be highlighted in the study of case of this work. However, the State of RS keeps a shy position concerning the Decree of Disreputable of companies which hire the Public Power. (RIO GRANDE DO SUL, 2012).

### **3.2 The Financial Department and Sub-Departments.**

The Financial Department of the State of Rio Grande do Sul is responsible by the tax collection, by the administration of payments and debts of the State and also by the financial accounting and the internal audit of the State.

To be in office of these three basic functions the Financial Department is divided into three Sub-Department: State Revenue Sub-

Department, State Treasury Sub-Department and CAGE Sub-Department – The Internal Control (SEFAZ, 2013).

The State Revenue Sub-Department is responsible by collecting taxes and State's fees, among them there are the ICMS (Valued-added Tax on Sales and Services), ITCD (Cause Mortis Transfer of Real Estate Property Tax and Donation), IPVA (Automotive Ownership Tax), and others.

The State Treasury Sub-Department is responsible by the management of the amount of the taxes and fees collected, by the State payments, by the loan trading, and by the issuance and payment of State Treasury securities.

The CAGE Sub-Department (Accountancy and State General Audit) is responsible by the accounting and Internal Control of the State's systems. It also develops an important role in giving orientation and public consulting to the public managers.

### **3.3 The CAGE**

As an agency that works with accountancy and internal audit of Rio Grande do Sul State, the CAGE has an important mission of "watching by regular and good management of public resources".

The CAGE executes several functions of controlling the public spending since its accounting process until the audits in the Executive Power. This research will especially highlight two CAGE's divisions: the DCI (named Indirect Administration Control Division) and the DCD (named Direct Administration Control Division). Both are responsible for the most part of audits done in the Executive Power of Rio Grande do Sul State.

### **3.4 The Internal Control: DCI and DCD.**

The DCI (named Indirect Administration Control Division) is responsible for audits and issuing reports from all companies and autarchies of the State Administration, and this is why it holds the title of indirect administration. This activity is done by examining process of engaging construction works contracts after finishing the fiscal period of the agency.

The DCD (named Direct Administration Control Division) is responsible for the same activity but in this specific direct administrative case, it is the own CAGE which executes the accountancy. Thus, it may exam the hiring process of engaging construction works contracts while those process are still on the way to be accepted. The DCD keeps an audit office in each State Department known by Sectional of Audits.

#### **4. EMERGENCY PUBLIC PROCUREMENT IN RIO GRANDE DO SUL.**

This chapter shows the study of case of an audit done by CAGE in a Rio Grande do Sul's departament and the result was an investigation and acceptance of a judicial authorization for the Civil Police could proceed in a criminal process investigation, and it exemplifies the importance of a coordinate action between the controlled state's agencies and the Police against corruption.

##### **4.1 Engaging Construction Works Contracts.**

The most part of engaging construction works contracts in the State of Rio Grande do Sul starts by declaring the necessity of a State's Department. Any department declares for the Regional Department of Public Works that needs a project to build a new construction or to reform an existing building. The project is asked to the Regional Department of Public Works by using a list with necessities and it is interpreted and after that an architectonic project of a building, a gymnasium, a reform of an existent building is done. As demand is high to build schools in the State, the major necessities are to reshape school buildings, asked by the State Department of Education, and contemplate the great part of these projects (WEINDORFER, 2001). Reform projects are sent to join the complimentary projects: electric, fixture and structural project, and after that it runs to a budget planning where the total cost will be calculated according to the bidding law 8.666 (ESCOBAR, 1996). When those steps are finished, the contract is ready to be executed. So, the next point is to hire the company which will do actions through the definite precepts in the Federal Law of Bidding (BRAZIL,1993) giving orientation and overseeing it.

After choosing the company to realize the work, the process is submitted for commitment (payment order) through CAGE's Sectional Audits in the State Department. This payment order will make available to hired company when the services would be accepted by the contract oversee. The Sectional Financial Department and the State Department of Education do some audits.

#### **4.2 The Audit.**

The audits which are realized by the sectional of the Financial Department and by the Department of Education do not cover the whole process that arrive in this stage (following audits principles, it is impossible to revise the great amount of all process), but audits observe these processes and develop efforts to identify irregularities. In 2012 and 2013 there was a great increase of hiring reform projects without bidding and this is due to the subsection IV, article 24 of the Federal Law 8.666/93. The article 24 in the Federal Law allows that some cases could dispense bidding, so the public administrator is disengaged to ask companies for the public open call and also does not quote the purchasing of works and services.

*Article. 24. It is dispensable the bidding:*

...

*IV - - in emergency cases or state public disaster, when it characterized care urgency in a situation that could cause material damage or compromise people's, works' services', equipment's and other public or private goods' safety, and only to goods that are indispensable for attending emergencies or disastrous situations and for works and services which may be concluded in consecutive and continued 180 days only (cento e o a*

*hundred and eighty days, only), counting on the emergencies or disastrous occurrences, unable the extension of time's contracts;*

When the administrator is dismissed by emergencies reasons, he or she may request some companies budge and choose the lowest price from the invited companies.

In the face of the great amount of emergencies agreements, the sectional office decided to promote the audit of the refereed contracts trying to find tools to verify any anomalies during the agreement period.

#### **4.3 The Audit's Result.**

The first step is to show the sample size of the audits, and the computer network gave the idea of the amount of work's engineering purchase through the dismissal of bidding (Subsection IV, Article 24 from the Federal Law 86666) in the year 2012.

The first used filter was the selection of the agreements with values over R\$100.000,00 (one hundred thousand Reais). In this filter was found a result of R\$ 50.863.676,33 (fifty millions, eight hundred sixty three thousands, six hundred seventy six *reais* and thirty three cents) of purchasing done and distributed among more than 60 companies and 180 contracts, according to the chart 01 below:

Number of Companies	60
Number of Contracts	180
Total Price of the Contracts	R\$ 50.863.676,33

**Chart 01: Results of the first filter application. Source: The author.**

The audit of a work's contract does not involve only the reading of a few pages that form an official document concerning the involved parties, but a close analysis of the official document in the process, the average of 250 pages by each contract. So this amount of contracts would be time consuming and totalize 3600 hours of audit, about 20 hours for each contract done.

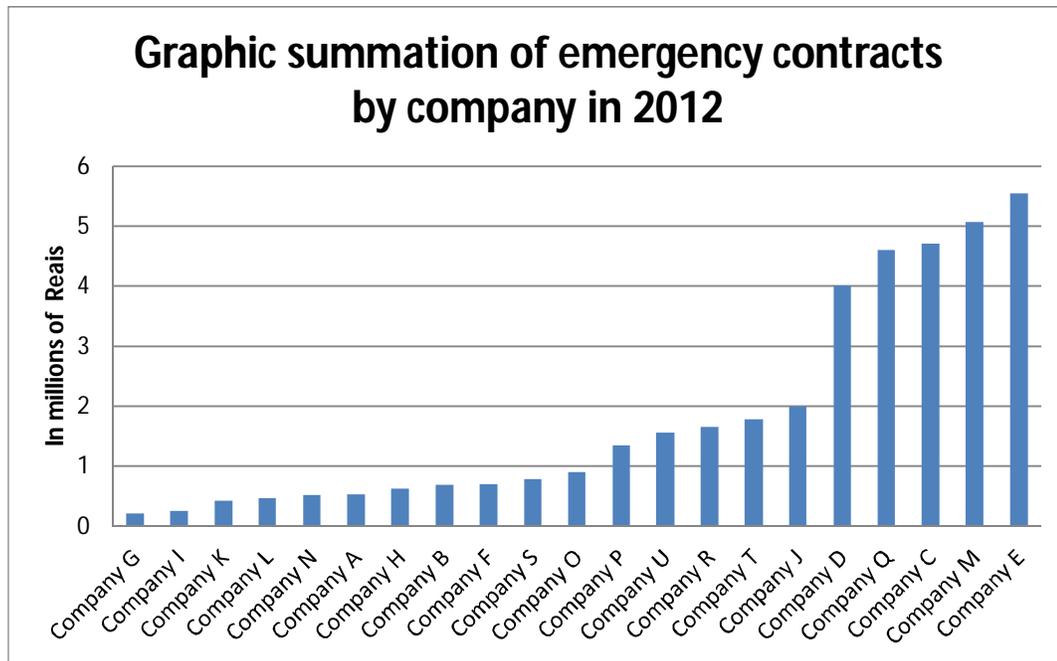
The second filter used was the companies' selection which used more than one emergency contract. The result is shown in chart 02 below:

Number of companies	22
Number of contracts	122
Total Price of the Contracts	R\$ 37.511.093,92

**Chart 02: Results of the second filter application. Source: The author.**

The second filter, even not reducing the number of contracts, it was important because it cut down the number of companies and in a way; it kept the price of the previous audited contracts.

The third filter used was the checking of values distributed by the companies. This filter result may be clearly comprehended if it is shown as the graphic 01 below:



**Graphic 01: The results of the third filter. Source: The author.**

The expected result from this third tool applied should be a normal distribution without any shocks. However it was not the result found with the filter. There are few quantities of companies that keep the highest values on the contracts: they are “C”, “D”, “E”, “M” and “Q”. Together these five companies have R\$23.932.042,35 (twenty three millions, nine hundred thirty two thousands, forty two *reais* and thirty five cents) in contracts, that means 50% of the total value from the first filter’s result. And besides, they showed a contradiction in the graphic analyses from the third filter.

After the chosen sample to be under audit, the new contracts were analyzed according to those five companies. The CAGE’s Sectional and the State Department of Education gave priority and focused sufficient time of audit in the contracts’ analyses that were asked more effort.

The results found in this guided analyses were surprising. All the analyzed contracts showed a sort of anomaly or non-compliance that raise the final price.

Among the findings, even they are not part of the study, we may highlight:

- The great amount of requests to quote the prices to hire a company was done also to two out of five companies;

- It was verified some failures during the budget elaboration. Elaborated budget to reform steel structures of sports gymnasium cost more than the new ones;

- Contracts that determined the whole change of schools' roof and the inspection visits determined that just part of the roof was changed. The payment was done but the total value;

- Advanced payments were authorized without the services had been done;

- The construction of roofs using materials different from the one accorded into the contract. Even so the supervision gave the total payment of the contract.

The audit results were obtained from applying basic software as Window Excel Program. The filters were adopted following the auditors criteria and these filters helped to decrease the sample size and it equalized the number of the audited contracts with the time expending of available audits.

The audit reports realized in these works and services contracts were given to the Civil Police, and the Crime Investigation Department has done an investigation against the Public Treasury, and the Judiciary accepted the crime complaint. The crime prosecution could be accepted because it was deeply investigated by the police authority.

#### 4.4 Economy of Resources.

Another important fact to be highlighted is the cost of emergencies contracts. There are not many reasons for making an emergency contract, which is not made by waiving the hold of a bid. This specific contract follows the normal rule, with a public call for proposals, which then allows many companies to show their prices for services. This contract was quoted by the winning company with 20% off the price if an emergencies contract would be made. It means that with the public call for proposals and different companies, the same contract was quoted 20% lower than the value of the original contract.

In the face of the result of this only contract that ran under normal bidding it is possible to do an exercise of submitting the difference of prices to the total of emergencies contracts from those five audit companies in the year of 2012.

This mathematics exercise could show us the following equation: using the total value of R\$ 23.932.042,35 from those five audit companies times 20% of that contract which was published, we will have the amount of R\$ 4.786.408,40. This result could be the saving of resources if the agreements do not have any sort of irregularity or misusing of money verified during the audits.

This example allows us to do a little cost-benefit analysis, although this was not the purpose of this work. We can promote corruption preventing mechanisms up to the point where the marginal cost of a unit of corruption equals the marginal benefit from eliminating it.

The cost of reducing corruption is not just the cost of the public effort to do so, but more importantly the huge cost that bureaucracy and paperwork impose on the private sector. If we do too much only the largest and the most corrupt will stay in the system. The smaller

companies will exit, which means that all prices of whatever the public sector procures will be higher.

This case study shows that it is still possible to promote anti-corruption gains to society.

## **5. CONCLUSION.**

This research took the matter of combating corruption in the U.S and in Brazil, and highlighted the Rio Grande do Sul using the study of case the hiring of engineering works and services in emergencies forms, without bidding and built in the Subparagraph IV from the Article 24 from the Federal Law 8666/93.

It was presented a panorama of harmful effects of corruption in the public administration concerning different authors. The research of the American efforts in the combating corruption inside public agreements brought some contributions to think and suggestions to apply.

The phatic situation studied had shown that the combating corruption system from Rio Grande do Sul is duly substantiated in the correct direction, and also reveals opportunities to reach better results in audits of the Internal Control and its interaction with other offices.

We can conclude that efforts and investments against corruption are easily justified by the economic results Rio Grande do Sul's emergency contracts can promote gains to society to fight corruption respecting a cost-benefit analysis.

Finally, the interaction between the Internal Control and the police investigations expressed in the model used in the U.S and in Brazil with CGU and Federal Police is very important to obtain concrete results during the combat of corruption.

### **5.1 The Combating Corruption's Improvement.**

The American's combating corruption system cannot be entirely used as a base and a mirror to build the Brazilian's combating

corruption system because it was born under a specific sphere known as Common Law and this is why it is more flexible during its increasing and development, and it could not be copied to the Judiciary System of Brazil. However, this system contributes when shows the interaction between the Internal Control and the Police; and also when it protects the whistleblowers. This last system could be an object of study about the possibility of its implementation in Brazil and in the State of Rio Grande do Sul.

Brazil is advancing against corruption in the Federal sphere following the idea of interaction between the control offices and the Federal Police, so the results of any investigation could be maintained by the judicial authority. This sort of interaction between the Internal Control and the Police must be improved in the State of Rio Grande do Sul.

The CAGE, as an internal control, has an important role in combating corruption in the State of Rio Grande do Sul and it should assume this role during its internal organization, re-defining structures and competences to its Internal Divisions. The CAGE concerning the Internal Control, has an extremely similar role to CGU in the federal sphere; so maybe the CAGE could has being doing the repute declaration in corruption matters.

## **5.2 Recommendations**

In cases of emergencies contracts, the CAGE may hold the internal control through normative acts and recommend the existence of transparency. As an example, we may cite the publication of public calls on the web, even the emergencies contracts.

The creation of a system to care and protect the public staffs who report some irregularity or illegality would be interesting to help fight corruption in Rio Grande do Sul.

The creation of an office or a section inside CAGE, which may use specific technology to analyze data and recognize patterns of behaviors concerning monetary expanses and purchasing; intelligent programs which are capable to recognize and learn patterns to help both, the DCI and the DCD, could be an alternative in combating corruption. Nowadays we can count on complex computer programs to analyze data, and not only the Excel program. It can be cited the program “*2 Fraud Intelligence Analysis*”, for example (IBM, 2013).

In conclusion, we cannot let to emphasized that CAGE may improve its relationship with the police authorities to reinforce the importance of CAGE’s audits as real proves to these authorities. So the police can hold and keep the investigative process with CAGE’s audits.

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