
A LITERATURE REVIEW ON GOVERNMENTAL AUDIT

UMA REVISÃO DE LITERATURA SOBRE AUDITORIA GOVERNAMENTAL

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RESUMO

Este artigo tem como objetivo fornecer uma revisão bibliográfica de pesquisas sobre auditoria governamental para que possa ser usado como um catálogo para análise e pesquisa sobre finanças públicas, auditoria governamental e áreas afins. Por meio de uma análise qualitativa de mais de 150 manuscritos publicados entre 2010 e 2022, esta pesquisa aborda como a auditoria governamental evoluiu ao longo dos anos em diferentes regiões e traz ao debate os principais achados da última década. Assim, espera ter grande implicação social ao instigar a importância da auditoria governamental e seu compromisso com a sociedade.

Palavras-chave: Auditoria Governamental. Auditoria do Setor Público. Monitoramento Governamental. Revisão da Literatura Contábil.

ABSTRACT

This article aims to provide a literature review of research on governmental audits so it can be used as a catalog for analysis and research on public finance, governmental audit, and related areas. Through a qualitative analysis of more than 150 published manuscripts from 2010 until 2022, this research discusses how governmental audit evolved throughout the years in different regions and provide debate on the main findings in the last decade. Thus, it expects to have major social implications by instigating the importance of the governmental audit and its commitment to society.

Keywords: *Governmental Audit. Public Sector Audit. Governmental Monitoring. Accounting Literature Review.*

1 INTRODUÇÃO

“Public finance reflects historical events and gives rise to actions that can change the course of history. Examples of such are countless. For instance, in England in the seventeenth century, King Charles I quarreled with Parliament over revenues to finance his expenditure. The King lost and was beheaded after the country was plunged into a civil war. In France, King Louis XVI (1754–1793) met had an even worse ending - The French Revolution. It resulted in the overthrow of the monarchy and was fueled by resentment of an unjust system of taxation (SOLL, 2014). American independence was in part caused by the increase in the tax burden, mainly on the import of tea. While the failure of fiscal and monetary policies to contain inflation in Germany, brought the collapse of the German economy, creating instability and resentment which paved the way for Hitler's rise to power” (TROTMAN-DICKENSON, 1996, p. 71).

From those events, it is possible to assume that public finance has been the cornerstone of many historical facts that shaped the world as it is. Thus, transparency regarding taxpayer's money and its auditory became one of the driving forces considered by politicians that desire to reelect themselves in a democratic society because there is a concern that when incumbent policy choices are not known, the electorate is unable to punish those policymakers who engage in corruption and other forms of public malfeasance (FOX, 2007, p. 24).

Kaufmann (2005) emphasizes the necessity of transparency by suggesting that, in democratic societies, access to free information and transparency could be considered the fundamentals of human rights. While James (1951) complements by suggesting that the audit should provide creditors, city officials, the electorate, and other interested people with information based on an expert and unbiased investigation.

As Cruz et al. (2012, p. 157) point out, “transparency means that information is freely available and directly accessible to those who will be affected by decisions and that enough information is provided in easily understandable forms and media. Therefore, the word “transparency” carries with it a powerful array of moral and political associations, including honesty, guilelessness, and openness”.

However, despite the relevance of the topic, a literature review that points out the main findings of the area and analyzes how it evolved throughout the years has not been done. This creates a gap in the literature since academics do not have a source of information to rely on in the field of governmental audits. Thus, this paper has the intention of demonstrating most of the research that has been done regarding public finance with a focus on governmental audits to promote a debate on the key findings of the area and serve as a catalog to every scholar that intends to pursue new research on the same subject or related fields. By relying on published articles displayed on Google Scholar, this paper finds that the area of governmental audit is still not widely investigated by academics. Hence, this provides a vast field for scholars to conduct research and advance scientific knowledge. Moreover, this literature review advances society by creating awareness of the topic through the indication of the main findings of the governmental audit.

The remainder of this paper is structured as follows: The Methodology section describes how the authors systematically reviewed the literature. The section “History of Governmental Audit in the World” describes how governmental audits started and evolved in different countries. Subsequently, the section “Main Findings on Governmental Audit in the Last Decade” explores the most recent findings in the field of governmental audit. Finally, it is presented the conclusion.

2 METODOLOGIA

To identify publications under the scope of the governmental audit, we performed a systematic review of all published articles displayed on Google Scholar from 2010 until 2020. The systematic form consists of a careful synthesis that seeks to cover all the research carried out on a given topic, in addition to following rigorous procedures, and evaluating the reliability of publications and databases (Endo et al., 2021). Therefore, to decrease any sort of bias, we used a web scraping code that extracted relevant information on the papers (e.g., name, authors, number of citations). Moreover, it used different keywords (e.g., Public Sector Audit, Governmental Surveillance, and Governmental Monitoring Accounting), so that articles on governmental audit that used synonyms would be considered.

The code resulted in a massive database that had most of the articles outside the scope of this literature review. Table 1 demonstrates the fifty most cited papers when searching for different relevant keywords. As shown, most of the articles in the table are not under the area of governmental audit. Thus, to obtain relevant papers that could be used to build this research, the authors analyzed each paper individually and brought the most representative ones to this research alongside relevant literature that would complement the development of the narrative. Therefore, the authors analyzed more than 150 published manuscripts and were able to use the most pertinent articles in this research.

Figure 1 demonstrates the methodological process used in this paper.

3 HISTORY OF GOVERNMENTAL AUDIT IN THE WORLD

The concern about public management transparency goes back to England a half-century ago. However, it was only in the latest decade of the 20th century that this notion gained social expression (HEALD, 2003) and became widely studied by scholars. Additionally, through time, the concept of the government's finance and budget has changed when it comes to its purpose and nature. Its particularities regarding policies and how the federal government decides to control them vary from country to country. Nonetheless, it is possible to trace the audit of public expenditures in some countries, understand how it developed, and analyze the research done in local communities.

To give a full perspective on the definition of Governmental Audit, this paper follows Suzuki (2004, p. 40) approach, which suggests that governmental audit can be classified into the following patterns, according to its point of focus that highlights: 1) the public sector; 2) public authority and power, and national and local governments themselves; 3) the function of governmental services; 4) the expenditure of the public sector; 5) the interest in, concern for, and degree of trust in public organizations; and 6) the management of public funds and resources

Moreover, this section describes the history of governmental audit in some selected countries due to its relevance in transparency laws that shaped most democratic countries, explains how it is currently structured and indicates the main research and findings in those regions.

Table 1 - Most cited papers on Google Scholar when searched for Public Sector Audit, Governmental Surveillance, and Governmental Monitoring Accounting

Title	Author (s)	Citations
The entrepreneurial state	M Mazzucato	3642
Public sector management	N Flynn	1559
The new public governance	SP Osborne	1517
Privacy-preserving public auditing for secure cloud storage	C Wang, SSM Chow, Q Wang, K Ren	1385
A review of archival auditing research	M DeFond, J Zhang	1299
Human resource accounting: Advances in concepts, methods, and applications	EG Flamholtz	1207
Big other: surveillance capitalism and the prospects of an information civilization	S Zuboff	1115
Public-private partnerships: principles of policy and finance	ER Yescombe	1112
A public role for the private sector: Industry self-regulation in a global economy	V Haufler	1093
Contemporary environmental accounting: issues, concepts, and practice	S Schaltegger, R Burritt	1078
Public management and governance	T Bovaird, E Löffler	960
Performance management in the public sector	W Van Dooren, G Bouckaert, J Halligan	944
Striking a balance: A guide to enhancing the effectiveness of non-governmental organizations in international development	A Fowler	943
Selection models in accounting research	CS Lennox, JR Francis, Z Wang	937
Leading public sector innovation: Co-creating for a better society	C Bason	937
Electoral accountability and corruption: Evidence from the audits of local governments	C Ferraz, F Finan	818
National and office-specific measures of auditor industry expertise and effects on audit quality	KJ Reichelt, D Wang	793

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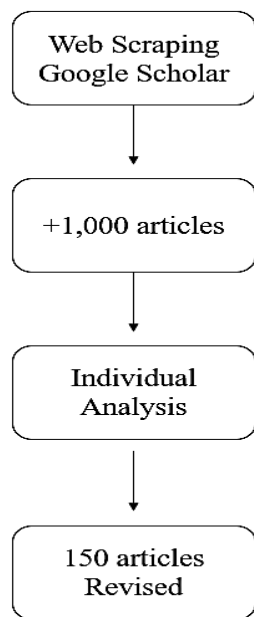
Title	Author (s)	Citations
Management accounting and control systems: An organizational and sociological approach	NB Macintosh, P Quattrone	775
System and method for dynamically monitoring, recording, processing, attaching dynamic, contextual and accessible active links and presenting of physical or digital	YC Rathod	742
Handbook of public policy analysis: theory, politics, and methods	F Fischer, GJ Miller	740
A framework for understanding and researching audit quality	JR Francis	736
Protecting privacy in surveillance societies: The federal republic of Germany, Sweden, France, Canada, and the United States	DH Flaherty	724
Greenwash: Corporate environmental disclosure under threat of audit	TP Lyon, JW Maxwell	697
Greenwash: Corporate environmental disclosure under threat of audit	TP Lyon, JW Maxwell	696
Dark matters: On the surveillance of blackness	S Browne	691
A new professionalism? Challenges and opportunities	J Evetts	680
Coordination of public sector organizations	G Bouckaert, BG Peters, K Verhoest	670
Spending review 2010	HM Treasury	650
An efficient and secure dynamic auditing protocol for data storage in cloud computing	K Yang, X Jia	590
Collaborative innovation in the public sector	B Bommert	559
Principles of auditing and other assurance services	R Whittington, K Pany	541
Managing the public sector	G Starling	538
Audit quality: Insights from the academic literature	W R. Knechel; G V. Krishnan; M. Pevzner; L B. Shefchik; U K. Velury	496
If you're so smart, why are you under surveillance? Universities, neoliberalism, and new public management	C Lorenz	492

Table 1 - Most cited papers on Google Scholar when searched for Public Sector Audit, Governmental Surveillance, and Governmental Monitoring Accounting

Title	Author (s)	Citations
Innovations in governance	M Moore, J Hartley	478
Building corporate accountability: Emerging practice in social and ethical accounting and auditing	S Zadek, R Evans, P Pruzan	470
Building corporate accountability: Emerging practice in social and ethical accounting and auditing	S Zadek, R Evans, P Pruzan	470
Workplace environment and its impact on organizational performance in public sector organizations	K Chandrasekar	466
Principles of auditing: an introduction to international standards on auditing	R Hayes, P Wallage, H Gortemaker	463
Examination of the forecasts prepared by the interim Office for Budget Responsibility for the emergency Budget 2010	National Audit Office	454
Audit quality, corporate governance, and earnings management: A meta-analysis	JW Lin, MI Hwang	451
Assessing organizational communication: Strategic communication audits	CW Downs, AD Adrian	450
Social accountability: what does the evidence really say?	JA Fox	430
Client importance, institutional improvements, and audit quality in China: An office and individual auditor level analysis	S Chen, SYJ Sun, D Wu	405
Full cost accounting for the life cycle of coal	PR Epstein <i>et al.</i>	399
Autonomy and control of state agencies: Comparing states and agencies	K Verhoest, P G Roness, B Verschuere, K Rubecksen, M MacCarthaigh	397
Preferred risk allocation in China's public "private partnership (PPP) projects	Y Ke, SQ Wang, APC Chan, PTI Lam	395
Do individual auditors affect audit quality? Evidence from archival data	FA Gul, D Wu, Z Yang	390
Government agencies: Practices and lessons from 30 countries	K Verhoest, S Van Thiel, G Bouckaert, P Laegreid	390
Do individual auditors affect audit quality? Evidence from archival data	FA Gul, D Wu, Z Yang	390

Sources: Authors (2022).

Figure 1. Literature review process performed by the authors. This study used both a systematic and manual literature process in order to obtain the most representative articles in the Governmental Audit literature



Sources: Authors (2022).

3.1 The United Kingdom (UK)

The earliest reference to a public official responsible for auditing public expenditure dates back as far as 1314 and variation of this role has existed ever since. However, it was the 1866 Act that required, for the first time, government departments to produce annual accounts to be audited by the Auditor-General, who would report to the Parliament. That was a major step toward strengthening parliamentary accountability and improving the capability of the legislature to hold the executive to account (HODGE, 2016).

Evolving from these first steps of calling the government to be accountable for its acts, an independent body, the Audit Commission, was established under the Local Government Finance Act (1982) with responsibility for the District Audit Service. The former Exchequer and Audit Department was replaced by the National Audit Office under the National Audit Act of 1993. The duties of this office are to: (i) examine and certify government departments' accounts and those of other public bodies (ii) carry out value-for-money investigations; (iii) examine the economy, efficiency, and effectiveness of public expenditure programmers; and (iv) report to Parliament (TROTMAN-DICKENSON, 1996, p. 271-272).

Through the years, however, the claims to make consolidated accounts for the whole of government have been numerous and substantial, with emphasis placed on the resulting accounting system providing better information for decision-making at all levels of government, and for many forms of governmental activity (HEALD AND GEORGIU, 2009). Therefore, the Freedom of Information Act (FOI) was passed in the year 2000, after a long process of gestation (WORTHY, 2010), and the first-ever set of audited financial statements for the UK public sector was published in 2011. This act was a major step in the UK's public finance transparency and despite the warning that the paper was “too good to be true”, it received widespread applause (WORTHY, 2010). Research on this Act is plenty. As

Worthy (2013) notes, during the first decade since the issuance of the FOI Act there are high-level indicators and aggregated data to measure openness (RELLY and SABHARWAL, 2009; CUIILLIER and PIOTROWSKI, 2009), compared and contrasted features of the laws themselves (ACKERMAN and SANDOVAL-BALLESTEROS, 2006; MENDEL, 2008; VLEUGELS, 2009), or made use of the law itself to measure openness by making standardized requests (LAGUNES, 2009). Research has also focused on specific groups' use of access laws, particularly journalists (LIDBERG, 2002; Spence, 2010).

Most importantly, however, is to understand if the FOI Act was effective in increasing taxpayers' political presence and giving the average citizen more power in holding politicians accountable for their decisions. Worthy (2013) concludes that, in the United Kingdom, FOI has met its core objective of transparency and, in the correct circumstances, accountability. Yet it has not achieved the secondary objectives, the "wider transformative" aims, that flow from them. Since the dense network of secretive rules and attitudes appeared to present a significant barrier, there has been resistance, obstruction, and uneven levels of openness. Darch and Underwood (2010) affirm that the democratic objectives are "overstated as well as vague" and the outcomes do not logically result from FOI.

3.2 The United States of America (USA)

The administration of Barack Obama was marked by its stated quest for transparency. On his first full day in office, President Obama signed the Open Government Memorandum, declaring that he was "committed to creating an unprecedented level of openness in government" and that he aimed to promote accountability and provide information for citizens about what their government is doing. Following this ambitious commitment, the Obama Administration engaged in a frenzy of transparency-related activities, bringing to light thousands of data sets that contained previously unavailable information in a wide variety of regulatory domains. Dozens of other countries have enthusiastically followed the American example, vowing to release unprecedented amounts of regulatory information to the Internet (SHKABATUR, 2012).

Even though these unprecedented actions in America took place not too long ago, the United States' history of checks and balances and governmental auditing, which paved the road that Obama took, started way back in the early 1900s with the formation of the Government Accountability Office (GAO).

The GAO was established as an independent auditor of government agencies and activities by the Budget and Accounting Act of 1921. The office was designed to be independent of the executive departments, which were placed under its audit and review powers. Sometimes characterized as "Congress's watchdog" and the "investigative arm of Congress," the GAO provides a variety of services to Congress, largely connected to the oversight, investigation, and evaluation of executive operations, activities, and programs. Throughout much of its history, the office has experienced growth in its powers, duties, and resources, and nowadays some of GAO's current activities and services are: i) auditing and evaluating federal programs and operations; ii) conducting special investigations of alleged violations of federal criminal law, particularly conflict of interest or procurement and contract fraud; iii) prescribing accounting principles and standards for the executive branch, advising federal agencies on fiscal and other policies and procedures, and setting standards for auditing government programs; iv) assisting the professional audit/evaluation community in improving and keeping abreast of ongoing developments in such matters as audit methodology and approaches (KAISER, 2007). Moreover, as the GAO states on its website, its current mission is to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure accountability of the federal government for the benefit of American people.

However, as Broadbent and Guthrie (1992) state, in the English world, there has been a drastic change in what is commonly known as the public sector. With the demise of communism, neoliberals waged an effective media campaign to promote “free market” competition and deregulation as essential to the nation’s well-being (MERINO et al., 2010). Thus, while the previous core of auditing in the public sector was based on compliance and entities’ control, a campaign with an emphasis on efficiency and effectiveness, such as cost savings, value for money, and managerial best practices, became the new goal in the sector since the introduction of private sector approaches to service provision (PARKER, 2011). The author noted, for instance, the existence of hybrid organizations in 1992 (e.g., public universities). That is, even though they were public, they started to become more commercial and, therefore, increased significantly through the years.

Consequently, public-private partnerships (PPPs) became a relevant way to implement liberalization policies, according to which public services are produced and delivered to the public (BROADBENT and LAUGHLIN, 2003). Hence, scholars in the United States study this deregulatory phase of the American economy during the 1980s and 1990s, to the point that Baker (2003) argues that the Enron scandal (2001) can be understood better as an American form of public-private partnership rather than just another example of the excesses of capitalism. He states that as the deregulations in the USA developed through a complex set of new laws, as well as the repeal and modifications of old laws and regulations, some laws facilitated the creation of the Enron business model, such as the Public Utilities Regulatory Policies Act (PURPA) enacted in 1978, which forced regulated electric utility companies to purchase electricity from independent power producers; the Federal income tax laws enacted in the early 1980s, which provided tax incentives for investments in independent power projects; the US Federal Energy Regulatory Commission (FERC) Order No. 436, issued in 1985, which allowed natural gas pipelines to become open-access transporters; the Energy Policy Act of 1992 which changed the structure of the electricity industry by creating a competitive wholesale market for electricity and granted open access to transmission lines; the Public Utilities Holding Company Act of 1935, which prevented companies from owning more than one electric power plant or operating in more than one state. Enron obtained an exemption from this act in 1993, allowing it to expand aggressively in the independent power industry. This act prevented companies from owning investments in affiliates or partnerships to an extent greater than 40 percent of their total assets without registering as an investment company. Due to its lobbying efforts, Enron was able to obtain an exemption from the Investment Company Act, thereby allowing it to create multiple off-balance-sheet special purpose entities (SPEs) and to expand overseas using investment partnerships.

Thus, from its deregulatory process to the Enron scandal and the fall of one of Arthur Andersen audit firm, the USA introduced the Sarbanes-Oxley act in 2002, characterized as the most far-reaching reform of American business practices since the time of Franklin Roosevelt (MERINO et al., 2010). Unfortunately, the same reform speed in the public sector did not follow the corporate side in the US, culminating in little research on governmental audit.

3.3 Brazil

Latin American countries have a long history of little to no transparency regarding government actions. Most of Latin American countries do not allow access to public management’s reports to its citizens, and in the little countries that allow it, there was no punishment when it is denied (GRAU, 2000). This absence of governmental checks and balances toward its inhabitants led to several cases of corruption in Latin America (LITTLE, 1996). The international literature increasingly demonstrates “corruption” to be a multifaceted phenomenon that, despite the adoption of apparently robust and strict anti-corruption regulations in several countries, is still very much present (LINO et al., 2022). More importantly, countries such as Brazil have demonstrated high evidence of political corruption in recent times, making it an important case to study governmental audits.

In 1808, the Prince Regent required the implementation of the double-entry bookkeeping in the public-sector accounting “so because of its brevity for handling large sums, as well as because it is the clearest, and the one that gives the least place to errors and subterfuges, where the malice and fraud of prevaricators are hidden” (ALVARÁ, 1808). Although, the Brazil’s history of governmental corruption dates back to the 19th century, right after it became a republic when it established the “politics of the coffee and milk”, where, to gain predominance over the national territory, when São Paulo, the biggest producer of coffee, and Minas Gerais, the main producer of milk, used to alternate the election of a president from these two states, which lasted until the Revolution of 1930 (VALENTE, 1997).

Since then, Brazil has come a long way and recently, it has implemented reforms that follow international trends, such as the convergence toward international accounting standards (AZEVEDO and AQUINO, 2016). However, this did not bar new corruption scandals to arise. More recently, the Car Wash operation, the biggest corruption investigation that has ever taken place in the country, led to the prison of 14 politicians and 60 businessmen by 2020 (MINISTÉRIO PÚBLICO FEDERAL).

To control public finance, the government relies on Courts of Accounts, that even though are present in all Brazilian constitutions, was strengthened in the Constitution of 1988 by specifying in detail its composition and competence. Among its incumbency, it established the powers of inspection of state and municipal accounts, by normative extension, as appropriate, as those defined for the Federal Audit Court (TCU) (CRUZ, 2016).

Moreover, the Federal Constitution states that the Courts of Accounts reach decisions in a collegial way as to their competence to judge the good and regular application of public resources and assist the Legislative Branch (FERNANDES, 1999). Thus, every fiscal year auditors give an opinion that can be unqualified, qualified, or adverse, and then report it in publicly available portals. However, Cruz (2016) states that due to technical language and difficulty in assessing the information presented in the report, entities role is put into questioning.

Furthermore, Azevedo and Aquino (2016) suggest that the high rate of fiscal decentralization presented in Brazil, compatible with the United States, Canada, and northern European countries, added difficulties in carrying out Public Financial Management (PFM) reforms to improve the local administration structure. While Rezende and Cunha (2013) assert that the public budget has not fulfilled its main function of serving as an instrument for controlling society over public spending and as an instrument for discussing the priorities of entities; though it occurs not only Brazil but in the United States and other developed countries (JOYCE, 2012).

Scholars have investigated at the country-level as a great place to answer puzzles regarding public management, public finance, transparency, and governmental audit. Thus, empirical research using Brazilian data ranges from budgeting planning (AZEVEDO and AQUINO, 2016), to information transparency (CRUZ et al., 2012), to analyzing the information quality in government finance reports (AZEVEDO et al., 2019; SOUSA, 2016). This research finds, at its majority, that due to socio-economic gaps between municipalities and agency theory (e.g., politicians have different interests regarding the disclosure of public reports), the information is still precarious and help Brazilian citizen very little when it comes to penalizing their leaders for misconducts.

4 MAIN FINDINGS ON GOVERNMENTAL AUDIT IN THE LAST DECADE

After a brief understanding of governmental audit history, practices, and research in relevant countries, this section intends to discuss the key findings on governmental audits in the decade (2010 – 2020).

Governmental audit, sometimes also referred to as public audit, is different from other related concepts such as private auditing, auditing of public companies, and the auditing of profit-oriented organizations because it is carried out to ensure accountability (SUZUKI, 2004). Boncodin (2007) states that accountability is the obligation of persons or entities entrusted with public resources to answer for the political, public, managerial, professional, and personal responsibilities that have been conferred on them and to report to those that have conferred these responsibilities. Thus, the governmental audit is mainly focused on making sure that governmental entities do not enter any case of corruption and if they do, the one's responsible answer for it in accordance with the law. Accordingly, the main question when the governmental audit topic is brought to light could be: Does the implementation of governmental audits reduce corruption?

Avis et al. (2018) answer this question by investigating how anticorruption programs affect local government audits in Brazil. Since 2003, Brazil has started an anti-corruption program that has audited around 1,949 municipalities. Many of the municipalities have been audited more than once, which enables them to compare the corruption levels discovered in the municipalities that were audited for the first time (control group) to the corruption levels in the municipalities that have been audited in the past (treatment group) and, since the municipalities are selected at random, their comparison can estimate the causal effects of a past audit on future corruption levels, in a setting in which both groups face the same ex-ante probability of being audited using a difference-in-difference strategy.

Their findings suggest that corruption levels are approximately 8 percent lower in the treated group. Hence, based on the judgment that past audits in a municipality could have a spillover effect on corruption levels in a neighboring municipality that is being audited for the first time, they discovered that when a corruption scandal is broadcast on radio, it drops by 7.5% in the neighboring municipality, while when the news is broadcast in the television, it tends to drop by 10.4%.

The overall conclusion suggests that governmental audit can be an effective policy in the fight against corruption, since it demonstrates a statistically significant decrease in corruption levels in the municipalities that were audited for the first time, hence the same trend maintains when studying the possibility of spillover effect in neighboring municipalities. Finally, the paper shows that audits increase the legal actions taken against corrupt mayors by increasing the chances of a police crackdown or a conviction in court.

Even though governmental audit has been demonstrated to be a channel that keeps the government accountable and therefore less corrupt, other factors seem to moderate the corruption level when audited. Ferraz and Finan (2011) in their research examine the effects of electoral accountability on corruption in local governments in Brazil and find that mayors with reelection incentives are significantly less corrupt than mayors without reelection incentives. Based on the premise that abuse of power and corruption by politicians are some of the many threats that hunt modern democratic countries, the authors investigate how much the incentive of being reelected influences the level of corruption when audited and faced with the possibility of being caught. It is expected that politicians with more incentives to not be corrupted (e.g., running for reelection, aiming for new political offices, etc.), will be less corrupted compared to the ones that have “nothing to lose”. Thus, through the development of objective measures of corruption using reports from an anticorruption program that audits municipalities for their use of federal funds, they provide important findings on how much incentives mediate corruption levels.

Political incentives, as Ferraz and Finan (2011) designate, are related to the early agency theory; accordingly, the concern between the two parties arises when the goal of the principal enters in conflict with the agent's objective and one has motivations to follow its path, even if it is against the law (EISENHARDT, 1989). In this sense, the authors were able to find the mayors who were in their first mandate and, therefore, had the incentive of not being corrupted because of the objective of reelecting themselves for a second mandate, misappropriated public resources, on average, 27 percent less than the municipalities that were run by a mayor in the second mandate. More specifically, on an average of US\$

2 million in federal transfers, second-term mayors steal US\$ 55,000 more than first-year term mayors. Hence, if it was hypothesized a scenario where second-term mayors behaved such as first-term mayors (e.g., where the reelection incentive would influence second-term mayors as well), then reelection incentives would reduce corruption in Brazil by US\$ 160 million, which is half of what the government spent in school stipend for low-class families.

Additionally, Ferraz and Finan (2011) found that the coefficient obtained from the reelection incentive varies depending on how the municipality corresponded to corruption, which is the level of punishment that the politician suffered from being corrupted. Thus, independently of the effectiveness of the audit performed in public accounts, other variables influence how much corruption will be. Nonetheless, a governmental audit still is one of the best ways to keep the government in check, if not the first step towards a corruption-free government, and once corrected and implemented, then other variables, such as reelection, and lack of punishment can be considered.

Hence, Lino et al. (2022) provide insights regarding the mechanisms by which the Brazilian regional Courts of Accounts sustain corruption in Brazil. Through a qualitative approach based on interviews and documental analysis, the authors develop how the Court of Accounts and its members were able to perpetuate crooked behavior in opposite to combat it. Their findings suggest that politico-economic elites can gain access to high-ranked officials through appointments that facilitate the development of their private interests. Additionally, by evidencing the mechanisms that enable corruption in malfunctioning public audit organizations, the authors suggest the different types of corruption that happen in that setup.

However, even though the clear benefit that governmental audit brings to a country and its citizen as demonstrated above, little relevant research on the topic had been done until 2020. When searching for governmental audit and its synonyms (e.g., Public Sector Audit, Governmental Surveillance, and Governmental Monitoring Accounting), the most cited papers until 2020 are not from governmental audits, but rather other topics that fit under the public administration umbrella. This led to the removal of such papers from the dataset. Thus, due to the lack of more significant research, this article expands on research developed in the last two years to increase its scope.

Delving into the most recent studies, Agostino et al. (2022) discusses the current state of the art and future directions of research on digitalization, accountability, and accounting in public services. As Iacono and Nagano (2019) suggest, the acquisition of technological capacity has been considered, over the last decades, a key factor in the success of industrialization in developing countries. Through the analysis of 232 articles published from 1998 to 2020, the authors demonstrate how technology has impacted public accounting. According to their findings, digitalization has important implications for accounting and accountability in three main areas: the production of data and information, the consumption of these data, and their effects. Digitalization has provided important changes in how information is produced and becomes available. In that sense, the possibility for users to provide their comments and perspectives on digital platforms has caused a shift in who produces information, with the move from centralized, hierarchical, and internal data production by governments to a more decentralized and horizontal model. Regarding how individuals consume information, Iacono and Nagano (2019) point out how it is possible to gain access to information through different channels. Nonetheless, citizens continue to struggle in interpreting the information due to poor quality data, missing relevance of data, and strategic release of data. Finally, digitalization has affected majorly the field of public accounting services and accountability by increasing improvements to policies and services, thanks to the use of new data or new digital forms of accountability and increased transparency, accountability, legitimacy, and trust in governments. As Agostino et al. (2021) point out, digital technologies are continuously transforming public services and the way through which governments leverage digital innovation to manage public service performance.

Globalization has also brought new practices to auditor's work. Chang and Stone (2021) investigate whether public sector audit proposals have started to use impression management to include values of professionalism, commercialism, and contextual influences on proposed audit fees. Their results demonstrate that audit's proposal is under market strategies. Hence, the authors also find that the market for US public sector audits includes many low-cost, low-quality firms; specifically, the modal proposal includes high use of commercialism language and low proposed audit fees. Thus, the finding of inter-relations between proposal language, the strength of governmental internal audit functions, and proposed fees suggests the value of considering multiple influences on the quality of the public sector financial controls.

CONCLUSION

By providing an understanding of the history of governmental audits in different countries and analyzing the key findings in the last decade, together with insights into possible unexplored topics, this article can be used as a steppingstone for academics that wish to pursue research in the field.

Recent studies have evidence of the necessity for accountability and transparency due to recurrent corruption cases. Due to globalization, information has become more accessible, however, issues regarding its communication to citizens must space for improvement. Moreover, there is a high demand for empirically understanding the overall mechanisms of corruption and the importance of public auditing.

As demonstrated, the governmental audit field of study has not yet been overly explored and, therefore, it provides opportunities for high-level research with a major contribution to academia and society. Thus, there are space for studies in governmental audit regarding different corruption programs in the world, how governmental audit increases (decreases) when communication with citizens improve (worsen) and its effect, how citizens quality of life influences the level of scrutiny that they will audit government, whether elections and the match (mismatch) of political parties among governors and the president moderates the relationship between the level of governmental audit and government compliance, among others.

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