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# Transparency in the Accountability of Support Foundations for Federal Universities

## *Transparência na Prestações de Contas das Fundações de Apoio às Universidades Federais*

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## ABSTRACT

Support Foundations are private, non-profit institutions that act as intermediaries between the educational institutions to which they are accredited, aiming to support and promote research, teaching and extension projects. However, as these institutions manage public resources, they must provide annual accountability. The general objective of this study is to analyze the level of transparency of the accounting information provide by Support Foundations linked to Federal Higher Education Institutions. This is an exploratory and descriptive study with a qualitative approach, using the technical procedures of bibliographical and documentary research. The unit comprises the activity reports and financial statements for the 2022 financial year and transparency websites of the three most profitable support Foundations in each region of Brazil. The sample includes 15 Foundations. The results differ from previous literature and indicate a high level of transparency of the Foundations studied, except for FAPEC, which did not disclose any mandatory items, and FUNDAPE, which failed to present its explanatory notes and independent audit report. However, it is important to highlight that the sample represents only 16% of the Support Foundations listed on the MEC website, and that 52% of the total either did not have institutional websites, which undermines the transparency of the information, or did not disclose their financial results for the 2022 financial year. We concluded that Foundations with the highest surplus in each region tend to be more transparent. However, it is necessary to improve the transparency of information and develop more effective monitoring policies to enhance the transparency of the information disclosed and to develop more effective inspection policies.

**Keywords:** Third Sector; Support Foundations; Accountability; Financial Statements; Transparency.

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## 1. INTRODUCTION

Before the advent of the Third Sector, socio-political order was formed by the public and private sectors. The public sector encompasses the state, public administration, and society, the private sector includes the market, private initiative, and individuals (Paes, 2019). The Third Sector is an organization that does not fit into any of the previous definitions because it is identified as an intermediary between the state and the market, often focused on providing goods of interest to large segments of society (Amaral, 2014).

Thus, the Third Sector can be defined as “neither public nor private in the conventional sense of these terms; however, it maintains a symbiotic relationship with both” (Grazzioli et al, 2015, p. 25). In other words, it is a sector composed of private, non-profit organizations dedicated to achieving social or public objectives, although it is not part of the state administration.

Because of their characteristics and particularities, non-profit organizations cannot be compared to ordinary companies, especially because of their work focused on social interests (Castro, 2020). Examples of these organizations include Foundations, Institutes and Community Associations, which are established with a public purpose, set up by people with the ideal of offering improvements to society (Pereira et al, 2013). Based on the Third Sector's premise of achieving social goals, partnerships have emerged, for example, such as those established between support foundations and Federal Higher Education Institutions, where the foundations, as private non-profit institutions, act as intermediaries between the educational institutions with which they are accredited and the public and private sectors, seeking to provide aid and support for research, teaching and extension projects.

Because they manage public funds, these entities need to account for their projects and the management of the public funds involved on an annual basis, making their actions transparent. One of the transparency mechanisms for Support Foundations is the disclosure of financial statements, which, in addition to being a mandatory requirements for registration and accreditation, also serve to attest to the financial and asset regularity of the foundations, in accordance with the provisions outlined in Section 5, § 1, item III, of Decree No. 7.423/2010.

Gonçalves and Quintana (2011) sought to understand the transparency of Support Foundations, selecting one institution from each region of the country. Their study revealed that not all the Foundations analyzed disclose all the mandatory accounting statements and the independent auditor's report. They also noted that the information was not always clear. Castro (2020), in analyzing the accessibility and security of the information regarding monetary resources managed in the Agreements signed between an Institutional Support Foundation and a Federal Higher Education Institution in Amazonas, identified that the control, disclosure, transparency and accountability in the relationships between them are not satisfactory.

Ramalho et al (2022), when studying the level of adherence of the financial statements of university support foundations in the state of Rio Grande do Norte, assessed whether they complied with the General Technical Interpretation - (ITG in its Portuguese acronym) 2002 (R1), a technical interpretation for third sector entities. The authors ob-

served that, despite complying with important items in the standard, the institutions studied did not present many of the items considered important for transparent information.

Thus, there is a lack of transparency, completeness and quality in the information provided by the Foundations in their accountability reports. Despite recent studies on the subject, there is still a scarcity of studies that address accountability, transparency, morality and publicity of the information that pertains to the relationship between Support Foundations and Federal Institutes of Higher Education (Castro, 2020), including Universities. This gap highlights the need for a broader understanding of the subject. Thus, the following research question arises: what is the level of transparency in the accounting information provided by Support Foundations affiliated with Federal Public Universities? Considering the established research problem, the general objective of this study is to analyze the level of transparency in the accounting information of the Support Foundations affiliated with Federal Public Universities.

This is an exploratory and descriptive study with a qualitative and quantitative approach. The technical procedures adopted include bibliographical and documentary research. The research sample comprises 15 accredited institutions, with three Support Foundations from each region of Brazil. The criterion for selecting the sample was based on the observation of the foundations with the highest surpluses in 2022 within each region of the country. The research unit of analysis is the activity reports, financial statements and transparency websites of the Support Foundations that make up the study sample.

The partnership between universities and support foundations is very important for the development of educational activities and projects. The transparency of this relationship and the management of public resources by the Foundations is indispensable and necessary for them to gain credibility in the exercise of their activities (Gonçalves and Quintana, 2011). This is because the economic, social and educational impacts are intrinsic to this partnership. It is therefore essential to analyze how information is disseminated and the process of accountability to which support foundations must comply. In addition, there is a lack of research in this area (Castro, 2020), which justifies this study.

The study is relevant because its findings can provide evidence of the quality of the Foundations' accountability, thus helping managers to improve the transparency of the information provided and policymakers to identify the need for better regulation or more effective oversight.

The text is divided as follows: after this introductory section, a theoretical framework is presented which seeks to clarify important concepts and explore previous research on the partnership between the Third Sector and the State. The third section contains the methodology used in this research, the fourth section presents the results obtained through the study and the fifth and final section brings the conclusions.

## 2. THEORETICAL FRAMEWORK

### 2.1. THE THIRD SECTOR

The Third Sector, among the various conceptual definitions, is constantly associated with the concept of private, non-profit entities with a public interest character. The Third Sector can be understood as a set of autonomous non-profit organizations or institutions whose main function and purpose is to work voluntarily with civil society to improve it (Paes, 2019). Examples include Non-Governmental Organizations (NGOs), associations, foundations, social assistance entities, among other Civil Society Organizations of Public Interest.

The Third Sector arises from the inability of the state, through its role as an economic and social agent, to meet certain social demands (Monteiro, 2019). In this way, it aims to promote the common good in various areas, such as social assistance, health, education, cultural development, among others. In Brazil, the Third Sector became increasingly important in organized social movements in the 1960s

and 1970s, and the main representatives of this sector were left-wing parties, the Catholic Church and intellectual associations (Alves e Azevedo, 2006).

The definition of the Brazilian Accounting Standard TE on the concept of Third Sector entity states that "[...] it is one in which the positive result is not destined for the holders of the equity, and the profit or loss is simply and respectively called surplus or deficit". Regarding the positive results of these entities, França et al. (2015) point out that these organizations do not aim to make a profit, but rather to serve the social interest, although they can carry out economic activities.

Considering the contemporary crisis in which Public Power is inserted when it comes to the effective implementation of rights, the Third Sector plays an important role as a factor in social transformation. This is because, although the state has a strong presence in Brazil, its inefficiency opens space for many other initiatives (França et al, 2015; Paes, 2019).

One public sphere that needs a lot of investment from the state and in which the third sector seeks to contribute to its development is education. As a tool to encourage education in the Third Sector, we should mention the Foundations that support Federal Higher Education Institutions (IFES) and other Scientific and Technological Institutions (ICTs). The purpose of these institutions is to support teaching, research, extension, institutional, scientific and technological development and innovation projects, including the administrative and financial management required to carry out these projects (Brasil, 1994).

For the Third Sector to operate in the social sphere, such as the support Foundations in education, for example, it is necessary for the institutions to have the resources to conduct their core business. Although they are non-profit organizations, they need to seek positive results in their operations to ensure institutional sustainability and the effectiveness of their actions (Pereira et al., 2013). The proper management of these is fundamental because, in addition to demonstrating that the amounts are being managed correctly, it is with these resources that the institution maintains itself to be able to continue its respective operational activities. In the same way that profit is the main objective in the context of a company, a surplus and serving its beneficiaries are the primary objectives of a social interest entity or civil society organization (Paes, 2019).

### 2.2. SUPPORT FOUNDATIONS FOR FEDERAL HIGHER EDUCATION INSTITUTIONS

In Brazil, Support Foundations are regulated by Law No. 8.958/1994, which establishes the guidelines and principles that govern the functioning of these entities, defining their responsibilities, limitations and forms of action. Support foundations have the legal nature of private foundations. They are subject to prior registration and accreditation by a joint act of the Ministries of Education and Science and Technology to act as intermediaries between research and teaching institutions and the public and private sectors, facilitating the signing of agreements, contracts and partnerships (Brazil, 1994).

Despite this, the support foundations end up being governed by the rules of public administration and are confused with federal universities, even though they are non-profit institutions (Castro, 2020). According to Caetano, Campos and Cavalcanti (2021), the search by Federal Universities and Support Foundations to raise their own funds from the private sector makes it possible to use public servants and public space for private interests, thus configuring a step towards the commercialization of higher education in Brazil. In contrast, Amaral (2014) argues that this relationship can be understood from a collaborative model between the ways in which the state acts.

The adjustments celebrated in the relationship between Support Foundations, Institutions of Higher Education and other Scientific and Technological Institutions can be legally established through contracts and agreements. The distinction between these instruments is based on whether the interests of the subjects of the legal relationship con-

verge, i.e. if the motivation is to establish a common interest for both parties, they should sign an agreement; otherwise, a contract (Ribeiro, 2022).

The administrative and financial assistance that a support foundation provides to Higher Education Institutions can be highlighted by the fact that it raises more funds and manages them in a more agile and flexible way (Campos; Olher; Costa, 2015). In addition, higher education institutions have long suffered from a lack of public funds for maintenance, investment and the development of their activities (Paes, 2019), which makes it necessary to look for alternative sources of funding. Support foundations are, by legal design, prevented from making a profit, since any surpluses collected are allocated to the entity's surplus to reinforce the "cash flow" and enable its institutional objectives of guaranteeing support to the supported institutions to be fulfilled (Ribeiro, 2022).

Paes (2019) highlights the administrative and financial autonomy intrinsic to Foundations, stating that they have enormous flexibility to carry out projects and can adapt to the needs and shortcomings of higher education institutions. For Alves and Azevedo (2006), the work of support foundations can be used as a tool to "reduce bureaucracy" and streamline academic management.

### 2.3. TRANSPARENCY AND ACCOUNTABILITY

Support foundations must act transparently, ethically and in accordance with current legislation. They need to comply with standards of accountability, transparency and governance, ensuring the correct use of resources, since "any natural or legal person, public or private, who uses, collects, guards, manages or administers public money, goods and values or for which the Union is responsible, or who, on behalf of the Union, assumes obligations of a pecuniary nature" must be accountable (BRASIL, 1988, Art. 70). Accountability for the public resources managed by the Support Foundations is a key factor for institutional sustainability (Pereira et al, 2013).

For Support Foundations, it is necessary to provide individual accountability for each of the projects managed in support of the Institutions of Higher Education. The supported institution must provide a final evaluation report based on the documents and information of the project, while assessing the regularity of the expenses incurred by the support foundation, observing the fulfillment of the results expected in the work plan, under the terms of Art. 11, § 3, of Decree 7.423/2010.

Although accountability is addressed to the funding body, the act of overseeing the execution of a contract involving public funds is the responsibility of the Federal Court of Auditors. When a Support Foundation renders accounts to the funding body, the latter, upon finding that public funds have been misused, has the duty to report the fact to the Federal Court of Auditors and Public Prosecutor's Office (Paes, 2019).

According to Section 2 of Law No. 8.958/1994, Support Foundations must be governed by statutes whose rules expressly provide for compliance with principles such as legality, publicity, economy and efficiency. The principle of economy, for example, aims to reduce public spending without compromising quality standards and indicates an institution's ability to properly manage its financial resources (Brasil, 1994).

According to Section 11, § 1, of Decree 7.423/2010, the rendering of accounts must cover the accounting, legality, effectiveness and economic aspects of each project, and it is up to the supported institution to supervise the execution of the projects and respect the segregation of functions and responsibilities between the Support Foundation and the supported institution. Project accounts must also be published in full on a website maintained by the supporting foundation on the Internet, under the terms of Art. 4-A, item V, of Law No. 8.958/1994. The items that must be included in the individual accounts for each project are the statement of income and expenditure, a copy of the support foundation's tax documents; a list of payments, detailing, in the case of payments, the respective workloads of the beneficiaries; copies of acknowledgments and bidding minutes.

The annual activity reports prepared by the Support Foundations are another way for these institutions to bring greater transparency to their management acts, making public elements such as the projects managed, events held, operational results and the financial performance achieved in the year to which the report refers (Campos; Olher; Costa, 2015). The activity report details the work developed during the management period, highlighting items such as the objectives and the origin of the resources used, for example (França et al, 2015).

In addition to the activity report, other items listed by the Manual of Procedures for the Third Sector in the accountability process normally required are the financial statements and the independent audit report, intrinsically related items. ITG 2002 indicates that the statements required for the Third Sector are the Balance Sheet, the Income Statement for the Period, the Statement of Changes in Equity, the Cash Flow Statement and the Explanatory Notes.

According to França et al. (2015), changes must be made to the nomenclature for the proper presentation of financial statements in Third Sector institutions, such as the Capital, Profit and Loss accounts being replaced by Equity, Surplus and Deficit, respectively. The justification for conducting an independent audit of these statements is that such an analysis is a requirement that may be made by public authorities, donors or may be provided for in the entities' own bylaws (França et al, 2015).

### 2.4. PREVIOUS RESEARCH

Gonçalves and Quintana (2011) showed the importance of transparency in Support Foundations by analyzing the data available on the websites of the institutions that support higher education institutions accredited by the Ministry of Education (MEC). They selected one Foundation from each region of Brazil and analyzed their respective Management Reports for 2007. The authors found that not all the institutions presented all the financial statements and the independent auditor's opinion, which are mandatory items. Due to the lack of standardization in the preparation of the reports published annually by the Foundations, the authors found it difficult to group and analyse the data contained in these reports. They concluded that the information on the Foundations' websites needs to be clearer and more objective, especially in relation to the public resources managed.

Campos, Olher and Costa (2015) analyzed the work of the Foundation to Support Teaching, Research and Extension Deputado Último de Carvalho in terms of fundraising and management for the development of the activities of the supported institution, the Federal Institute of Southeastern Minas Gerais (IF Sudeste MG) - Rio Pomba Campus. To conduct the research, FADUC's Activity Reports and internal documents, such as contracts and agreements, for the years 2011 to 2013 were analyzed. They noted an increase in the partnerships established and in the volume of resources managed by the Foundation, especially from the public sector. Although the number of projects managed has remained stable, collaboration with the private sector has increased 250%. Even so, they identified that the Foundation needs to improve its external fundraising for the development of research, teaching and extension projects.

Castro (2020) examined whether the accounts of the agreements signed between a Support Foundation and an institution of higher education in the state of Amazonas are accessible and provide security to the parties interested in this information. To do this, the author analyzed and compared information based on the Transparency Website, the SICONV Website and the Institution of Higher Education Accountability Reports to the Federal Court of Accounts. She emphasizes the need for the accounting sphere to expand its professional practice to the third sector, which lacks qualified professionals with knowledge of jurisdiction and accounting involved in non-profit entities.

Ramalho et al (2022) analyzed the level of adherence of the accounting statements of Foundations supporting Higher Education Institutions in the state of Rio Grande do Norte considering ITG 2002. They

analyzed the financial statements of four support foundations in the state of Rio Grande do Norte, from 2016 to 2019, using a checklist in tables divided into three categories: financial statements, recognition and explanatory notes. The authors concluded that, despite complying with important ITG 2002 items, the entities studied did not have an adequate level of transparency, as they did not disclose many of the items considered important for information transparency, such as the Explanatory Notes. Of the Foundations in the sample, only one did not disclose the financial statements in three of the four years analyzed; the others prepared the required financial statements.

### 3. METHODOLOGY

This qualitative research is classified as exploratory and descriptive in terms of its objectives. Exploratory research aims to provide greater familiarity with the research problem to make it more explicit. Meanwhile, the main objective of descriptive research is to describe the characteristics of a given population or phenomenon. Descriptive research, together with exploratory research, is often carried out by researchers concerned with practical action (Gil, 2002).

Qualitative research can adopt various approaches and methods, such as the use of interviews, questionnaires and documentary analysis (Gray, 2012). This research is classified as a documentary, since the unit of analysis is the reports of Third Sector institutions. Document-

tary research has some advantages, considering that documents are a rich and stable source of data (Gil, 2002).

To investigate how Support Foundations disclose information, the research unit of analysis is their activity reports, transparency websites and financial statements. The reports and financial statements analyzed are those for the year 2022, as they are the most recently published at the time of this study.

The criteria used to select the sample were the three institutions with the highest surpluses in 2022 in each of the five regions of the country, totaling 15 Support Foundations. For the composition of the sample, only Foundations supporting Universities were considered, disregarding other types of ICTs to allow greater comparability within the chosen group.

Based on lists provided on the Ministry of Education website and with the help of Microsoft Excel, an initial list of 93 support foundations was compiled. From the 93 institutions located, we segregated them by region and then searched for the Result for the Period for each of them until it was possible to locate the most profitable Foundations in the sample. It was possible to identify 42 foundations with surpluses in 2022. Thus, the research sample is representative in terms of the financial results generated, since the surpluses together represent 77.3% of the total value of the foundations that published their results. It also represents approximately 36% of the Foundations with surpluses. This survey was conducted between October and November 2023.

The 15 foundations in the study sample are listed in Table 1, grouped according to their respective regions.

To collect data, it was examined whether the Foundations disclosed important transparency mechanisms that are common to Support

**Table 1 - Support foundations selected for the sample**

REGION	STATE	SUPPORT FOUNDATION	ACRONYM	CALCULATED SURPLUS
Midwest	MS	Foundation for Research, Education and Culture Teaching and Culture (Support Foundation for Research, Education and Culture)	FAPEC	9.669.000,00
	GO	Foundation for Support of the Hospital of the Federal University of Goiás (Support Foundation for the Clinical Hospital of the Federal University of Goiás)	FUNDAHIC	6.060.676,20
	GO	Foundation for Research Support (Support Foundation for Research) - UFG	FUNAPE-UFG	2.930.444,64
Northeast	RN	Foundation of Research and Culture of Rio Grande do Norte (Fundação Norte Rio-Grandense de Pesquisa e Cultura)	FUNPEC	8.681.000,00
	MA	Sousândrade Support Foundation for the Development of the Federal University of Maranhão (Fundação Sousaândrade de Apoio ao Desenvolvimento da Universidade Federal do Maranhão)	FSADU	7.204.898,12
	PE	Support Foundation for the Development of the Federal University of Pernambuco (Fundação de Apoio ao Desenvolvimento da Universidade Federal de Pernambuco)	FADE-UFPE	6.405.351,55
North	PA	Support Foundation for Research Development (Fundação de Amparo e Desenvolvimento da Pesquisa)	FADESP	14.321.707,30
	TO	Foundation for Scientific and Technological Support of Tocantins (Fundação de Apoio Científico e Tecnológico do Tocantins)	FAPTO	732.565,95
	AC	Support and Development Foundation for Teaching, Research and University Extension in Acre (Fundação de Apoio e Desenvolvimento ao Ensino, Pesquisa e Extensão Universitária no Acre)	FUNDAPE	320.350,47
South	RS	Foundation for University Support (Fundação de Apoio Universitário)	FAU - RS	2.208.163,80
	SC	Education and Engineering Foundation of Santa Catarina (Fundação de Ensino e Engenharia de Santa Catarina)	FEESC	2.084.701,50
	RS	Fundação de Apoio à Universidade do Rio Grande	FAURG	803.040,63
Southeast	MG	Fundação de Assistência, Estudo e Pesquisa de Uberlândia	FAEPU	39.604.304,00
	MG	Fundação Arthur Bernardes	FUNARBE	11.386.874,00
	SP	Support Foundation for Scientific and Technological Development (Fundação de Apoio Institucional ao Desenvolvimento Científico e Tecnológico)	FAI.UFSCar	9.983.575,56

Source: Prepared by the authors (2024).

Foundations, many of which are evidenced in ITG 2002, such as those shown in Table 2. To achieve this objective, the study analyzed the activity reports, transparency websites and financial statements of the Foundations in the sample for the year 2022 during the period from January to May 2024.

**Table 2 - Transparency mechanisms commonly used by support foundations**

ITEMS TO BE VERIFIED	THEORETICAL FOUNDATION
Balance sheet	ITG 2002 - R1, item 22
Income Statement for the Period	ITG 2002 - R1, item 22
Statement of Changes in Equity	ITG 2002 - R1, item 22
Cash Flow Statement	ITG 2002 - R1, item 22
Nomenclatures of the Capital, Profit and Loss accounts replaced by Shareholders' Equity,	ITG 2002 - R1, item 23
Explanatory Notes	ITG 2002 - R1, item 22
In an Explanatory Note, the operating context of the entity, including the social nature and	ITG 2002 - R1, item 27
Independent Audit Opinion	Section 5, § 1, item III, of Decree no. 7.423/2010

Source: Prepared by the authors (2024)

To verify the information that has been disclosed, a table is used to describe the mandatory items relevant to the transparency of the institutions' monetary information in the period under analysis. The spaces filled with "1" represent the information that was found or the items that were complied with and the spaces filled with "0" symbolize the information that was not found during data collection, to assign a score to each of the items disclosed by the institutions. In this way, it is possible for each Foundation to individually achieve a total score ranging from 0 to 8 and for each region to score from 0 to 24. Finally, the average number of items disclosed by region is also calculated, considering the 15 Support Foundations in the sample. The average number of items per region is obtained by dividing the total number of points by 3.

## 4. RESULTS

During the selection of the sample, some points related to information transparency were observed, as illustrated in Table 3.

Of the 93 Support Foundations for Universities registered on the Ministry of Education website, 46 had institutional websites and the result for the 2022 fiscal year, i.e. approximately half of the registered Foundations. As a result, 16 of the University Support Foundations do not have institutional websites, i.e. around 17% of the Foundations on the MEC website. Of these, 7 have their CNPJ (National Register of Legal Entities) with an inactive registration status, 4 are listed as discharged and 5 as active. Therefore, at least the five active foundations should have their institutional websites up and running to give transparency to the accountability process. In addition, 31 foundations have not published their financial results for 2022, which is detrimental to the institution's transparency. It is important to remember that this data was collected between October and November 2023. In other words, more than 10 months after the end of the fiscal year analyzed.

Table 3 shows the total number of points awarded to each individual Support Foundation and the score for each of Brazil's five regions in relation to the disclosure of the required information, as listed in Table 2. When analyzing the total scores by region, the Northeast, Southeast and South regions stand out with 24 points each, which indicates that all the Foundations in the sample from these respective regions disclosed all the items listed as mandatory information in the 2022 financial year.

The Midwest had a low score compared to the other regions, with a total of 18 points. This is because, although two of the three foundations presented all the mandatory items listed, one of them did not present any of the items set out in Table 4 (next page) in its annual report, although it did present the results for the period, a decisive item for the institution to be included in the study sample.

The North region scored slightly below the average because FUNDAPE failed to present the explanatory notes and the independent auditor's report. Even so, 86.7% of the Foundations in the sample presented all the items required by ITG 2002 and the audit report.

The results of this study are like those of Gonçalves and Quintana (2011), with regard to the disclosure of the independent audit report. The authors used a sample of 5 institutions and found that 60% of them disclosed the independent auditors' report. In contrast to the authors' study, 13 of the 15 Foundations in the sample disclosed the independent audit report, which represents a significant fraction of around 87% of the institutions. Of the 13 support foundations that presented the independent auditors' report, none of them presented a report with a modified opinion, which indicates a lower risk that the financial statements of these institutions will present a material misstatement for the 2022 financial year. It is important to note that the time lapse between the two surveys may indicate that there has been an improvement in the disclosure of

**Table 3 - Information on the 2022 surplus of the Support Foundations analyzed**

REGIONS	FOUNDATIONS WITH WEBSITE AND THE 2022 RESULT LOCALIZED	FOUNDATIONS WITH 2022 RESULT NOT LOCATED	FOUNDATIONS WHOSE WEBSITE WAS NOT LOCATED	TOTAL FOUNDATIONS BY REGION	%
North	3	3	3	9	10%
Midwest	5	2	6	13	14%
South	7	7	1	15	16%
Northeast	11	9	1	21	23%
Southeast	20	10	5	35	38%
<b>TOTAL</b>	<b>46</b>	<b>31</b>	<b>16</b>	<b>93</b>	<b>100%</b>

Source: Prepared by the authors (2024)

Table 4 - Information disclosed by the Support Foundations in fiscal year 2022

Mandatory information	Midwest Region			Northeast Region			Northern Region			Southeast Region			Southern Region		
	FAPEC	FUNDA HC	FUNAPE UFG	FUNPEC	FSADU	FADE-UFPE	FADESP	FAPTO	FUNDA PE	FAEPU	FUNAR BE	FAI.UFS Car	FAU - RS	FEESC	FAURG
Balance sheet	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1
<b>Income Statement Period</b>	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Statement of Changes in Shareholders' Equity	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1
<b>Cash Flow Statement</b>	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Capital, Profit and Loss replaced by Equity, Surplus and Deficit for the period, respectively	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1
<b>Explanatory Notes</b>	0	1	1	1	1	1	1	1	0	1	1	1	1	1	1
In an Explanatory Note, the operating context of the entity, including its social and economic nature and corporate objectives	0	1	1	1	1	1	1	1	0	1	1	1	1	1	1
<b>Independent Audit Report</b>	0	1	1	1	1	1	1	1	0	1	1	1	1	1	1
Total by Foundation	0	8	8	8	8	8	8	8	5	8	8	8	8	8	8
<b>Total by Region</b>	<b>16</b>			<b>24</b>			<b>21</b>			<b>24</b>			<b>24</b>		

Source: Research data (2024).

the Audit Opinion by the Foundations, but that it is still a complex issue for some Foundations.

It should be noted that FAPTO published the Cash Flow Statement under the name of Financial Statement for the Fiscal Year and stated in an Explanatory Note that the change was made to better adapt it to the entity's activities, since it does not have a commercial purpose. In addition, FAPTO pointed out that this change is based on the provisions of item 3.22 of Brazilian Accounting Standard TG 1000, which states that "The entity may use titles other than those used by this Standard for the financial statements, provided that this does not represent misleading information and provided that it complies with current legislation". It was also found that 60% of the Foundations disclosed indexes together with their financial statements, even though this is not an obligation, especially in the Northeast region, where the 3 selected institutions disclosed accounting indexes. The indices disclosed by the foundations in the region were general liquidity, dry liquidity, current liquidity, immediate liquidity, general solvency and share of third-party capital. It should be noted that there was a greater presence of indices related to liquidity in the Foundations of the Northern region, accounting for around 67% of them. In addition to the support foundations in the Northeast region, 6 other foundations also published accounting ratios: FUNAPE- UFG, FADESP, FAPTO, FAEPU, FUNARBE and FEESC.

It was noted that some foundations such as FUNPEC, FADESP and FUNARBE presented the Statement of Value Added as voluntary information, while FUNAPE-UFG and FAI.UFSCar presented the Statement of Comprehensive Income. Although both are accounting statements, they are not part of the set of mandatory information to

be disclosed by third-sector entities. The Statement of Value Added makes it possible not only to identify the wealth generated exclusively by the company, but also the wealth received by transfer. In addition, it maps the distribution of this wealth among various beneficiaries, such as employees, the government and external funders (Cunha; Ribeiro; Santos 2005), while the Statement of Comprehensive Income, according to CPC 26, covers changes in shareholders' equity resulting from operations that are not derived from transactions with shareholders in their capacity as owners.

Specifically, in the same way as Gonçalves and Quintana (2011), it is possible to observe a lack of standardization regarding the preparation of the annual reports published by the Foundations, which makes data collection more difficult. Regarding the disclosure of the financial statements, some foundations chose to disclose them as an integral part of the 2022 annual report and others chose to disclose them separately; the same could be observed in relation to the independent auditors' opinion and the explanatory notes.

## 5. CONCLUSIONS

Support foundations play an important role in supporting research, teaching and extension projects. As institutions closely linked to public entities and responsible for receiving and managing resources from third parties, it is essential that the Foundations ensure transparency not only to the state, but to society in general. As a result, the study sought to analyze the level of transparency in the accounting informa-

tion of the Support Foundations affiliated with Federal Higher Education Institutions. The financial statements, audit reports, annual reports and transparency websites were analyzed to identify which important transparency mechanisms, applicable to the Third Sector were disclosed by the institutions in the sample for 2022.

The findings revealed a high level of transparency in the information required by ITG 2002 and Art. 5, § 1, item III, of Decree 7.423/2010, contrasting with previous results reported in the literature. However, one foundation in the sample did not present any of the required items, and another failed to disclose the explanatory notes and the independent audit report. These findings underscore that there remains room for improvement in the transparency of the information disclosed. In addition, it is important to note that of the 93 foundations registered with the Ministry of Education, five active foundations did not maintain an institutional website, an important tool for public transparency. In addition, 31 institutional websites did not publish the results for the 2022 fiscal year. It is important to highlight that the data was collected between May and June 2024. Thus, it can be concluded that there are still a considerable number of institutions that need to improve their level of transparency in annual accountability. The study also provides evidence that some foundations are actively working to improve the quality of their disclosures, publishing non-mandatory information such as the Statement of Value Added and Statement of Comprehensive Income, and financial indicators. However, the research identified a lack of standardization in the disclosure of activity report, with the structure and content presented in the annual reports varying quite

frequently according to each Support Foundation. This inconsistency not only made data collection more time-consuming for this study but also potentially impacts the effectiveness of social control.

The results of this study can contribute to improving the quality of the information provided by Support Foundations in their financial statements, as it presents a comprehensive presenting a diagnosis of the current situation of the three most profitable foundations in each region of the country. This can assist those responsible for preparing these reports in enhancing the transparency of the disclosed information and enable policymakers to recognize the need for adjustments in regulations, such as establishing standardized requirements for the accounting information to be included in annual reports, for example. The findings also indicates to the bodies responsible for receiving accountability the need for more effective inspections. In addition, it is important to highlight the need for accounting professionals to specialize and work in the Third Sector, to guarantee the integrity and completeness of the information disclosed.

One limitation of this research is that it was based only on the information disclosed for the 2022 fiscal year by the 15 foundations with the largest surpluses. Therefore, it is suggested that future research analyze longer periods or include a larger sample of institutions, to allow for more robust inferences based on the study's data. Furthermore, they should investigate which voluntary information, such as accounting ratios and the Statement of Value Added, is being disclosed annually together with the statements to ensure greater transparency on the part of the Support Foundations.

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