Internal Control and Audit: Proposal of Implementation in the Military Police of Maranhão

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ABSTRACT

The Internal Control theme is not the subject of extensive studies in Brazil. Therefore, a study was carried out for the Military Police of Maranhão on the importance of the proposed implementation of an Internal Control System - SCI, based on the deductive method through research bibliographical and documentary analysis of an exploratory and qualitative character. Thus, it is discussed the possibility of creating an Internal Control System within the scope of the Military Police of Maranhão-PMMA in order to optimize the results of the application of public resources and services rendered to society, reducing the risks of intervention of the systems of existing external controls, seeking the legislative adequacy and continuous improvement of all the administrative and operational processes of the Corporation, supporting the decision-making process. To this end, it is proposed to create a commission to elaborate the diagnosis of the Institutional reality and to propose the creation and implementation of the PMMA Internal Control Center.

Keywords: Military Police of Maranhão, Internal Control System, Efficiency and Effectiveness in Public
1. INTRODUCTION

The importance of this work is to contribute to the advancement, in the legitimate, legal and technical sense of a richer and more solid administrative consistency of the efficiency and institutional effectiveness of the Military Police of Maranhão, so the present research was undertaken to address relevant aspects to the process of internal control, interspersed with the legislation itself and the Federal Constitution.

The Military Police of Maranhão, an institution focused essentially on the operational employment of human and material resources, maintains administrative activities in support of the achievement of its primary purpose, the maintenance of public order and tranquility.

As an organ of the direct administration of the State, the Military Police manages a considerable portion of the financial resources that, along with material and human resources, requires the continuous specialization of internal control activities.

It is worth emphasizing that the institutionalization and implementation of the Internal Control System are necessities that are justified not only by deriving from the constitutional principles of morality and efficiency, but also by giving the Public Administration the adoption of tools that enable the protection of the patrimony, the optimization in the application of resources, besides ensuring the legality of its activities.

On the other hand, increasingly demanding social demands require public bodies to constantly strive for greater efficiency and productivity in a scenario where existing resources do not follow the evolution of these demands.

Considering the above, the present study aims to:

- Present the basic conceptualization that surrounds the theme;
- To suggest the implementation of an Internal Control System within the scope of the Military Police that optimizes, coordinates and systematizes the existing control activities.
- To show that the adoption of an Internal Control System will put PMMA at the forefront of military police institutions, as in its pioneering role in the financial and budgetary decentralization of its main operational units, with reference to the existing system in the Brazilian Army.

Facing the challenges of the subject, the methodology applied in this research was based on exploratory descriptive objectives with technical procedures based on bibliographic research...
As for the approach, it is the inductive method, since in this perspective, the methodical exercise of knowing affirms an inductive position of the subject in relation to the object, in which scientific investigation is a question of probable generalization, from the results obtained by means observations and experiences.

According to Silva (2003: 25), "Methodology is the study of the method in the search for certain knowledge". For the elaboration of this project, the methodological approach to be used will be of an application nature which according to Vergara (2011, p.42) "is motivated by the need to solve concrete problems, more immediate or not. It has, therefore, practical purpose ".

With regard to the theoretical part, the bibliographical researches were used with a documentary bias, making possible the exemplification of the research and the application of the theme, which mix theory and practice in a single research.

Vergara (2011, p. 43), defines bibliographic research as the "systematized study developed based on material published in books, magazines, newspapers, electronic networks, that is, material accessible to the general public."

2. CONCEPT AND PERFORMANCE OF INTERNAL CONTROL SYSTEM

As Prof. Amarildo Magalhães in his article The Importance of Logistics for Military Organizations. [...]"In 2003, a new version of the C100-10 Logística Militar Terrestre was publi[...]shed." From this new manual, LM no EB is conceptualized as: "the set of activities related to the prediction and provision of human, material and animals, when applicable, and of the services necessary for the execution of the missions of the Armed Forces ". (C-100-10, 2003)

The manual divides the Military Logistics into Logistics Functions, so conceptualized: It is the meeting, under a single designation, of a set of related, related or similar logistic activities. And adopts for purposes of doctrine seven logistical functions, thus delimited: Function Logistics Human Resources; Health Logistics Function; Function Logistics Supply; Function Logistics Maintenance; Function Logistics Transport; Function Logistics Engineering; Function Logistics Saving ". (our emphasis).

In the conception of the Internal Control System, it is usually considered only the financial aspects that involve the application of the resources in the public institutions. However, since military logistics encompasses the seven functions mentioned above, internal control and related audits must take into account the monitoring, evaluation and correction of all processes related to the execution of said functions, from which we can speak of performance audits and staffing (human resources); patrimonial audit (that monitors the functions of supply, maintenance and engineering) etc.
As we can see, managerial management is concerned with all administrative and operational processes, not just those of a financial nature, normally subject to accounting audits.

According to Moreira (2008), the concept of Control of Public Administration is the attribution of vigilance, guidance and correction of a certain public agency or agent on the performance of another or its own action, with a view to confirming or undoing it, or not legal, convenient, timely and efficient. In the first case there is a heterocontrol; in the second, self-control, or respectively, external control and internal control.

The proposal of this work is to suggest the implantation within the scope of the Military Police of Maranhão of an Internal Control System coordinated by a Center or Nucleus with direct subordination to the General Command of the Corporation (since its action is fiscally character of a more guiding nature and corrective, punctually punctual) being constituted as an advisory body when exercising the implementation of the Institution's self-control.

With Effect, Moreira (2008) reports that one of the main obligations of the public agent is the duty of control. The server, in addition to exercising its functions well - acting with efficiency, zeal and dedication -, has the duty to control the services in which it operates, as well as the materials, goods and equipment put at its disposal for the exercise of public activities. On this server there is the control of the immediate boss, who has the control of the supervisor and this of the director. This is the control that stems from hierarchical power).

It is undeniable, therefore, that within the scope of the PMMA the existing control procedures are systematized and coordinated by a central, like the one that already occurs in the Brazilian Army with the Accounting and Finance Inspectorates (ICFEX), we see at the 1st ICFEX website, where in the guideline for the 2011/2012 biennium declares to be the ICFEX Internal Control Unit of the Army Command, finalizing for declaring as future vision: To be an organization of excellence in the internal control system of the Brazilian Army and contribute to the high level maintenance of the credibility of the Land Force with society; and as a MISSION SYNTHESIS: ORIENTAR - SUPERVISOR - CONTROL.

2.1 Legal basis

The Government of the State of Maranhão created the Internal Control System of the Executive through Law No. 6895 of December 26, 1996, which in its article 2 establishes its composition in the following terms:

Art. 2 - The Internal Control System of the Executive Branch is created.
Single paragraph. Make up the System:

I - the State Audit Office, as the central body;

II - the central and sectorial bodies of the systems of finance, accounting, planning and administration;

III - the internal audits, controllers or similar units of the entities of the indirect administration. (emphasis mine)

It is worth noting that this creation complies with the precept set forth in articles 50 and 53 of the state constitution, and although the State Audit Office has in its attributions the exercise of typical Internal Control activities within the PMMA, such as: conducting audits; record possible deviations from compliance with legislation and recommend measures necessary for the regularization of verified situations (Section II of article 4 of said law); verify the efficiency of accounting, budgetary, financial, equity and operational controls of audited entities and entities (Item VII), among others.

Nothing prevents the PMMA from creating, through the Ordinance, an Internal Control Center (CCI) of its own, like the existing Brazilian Army, which despite the existence of the Federal Comptroller General's Office, which exercises Internal Control over the executive bodies and the Provinces Which only supervises, without executing, created, through Decree No. 7,299, dated September 10, 2010, that changed the organizational structure of the Army Command, inserting the Internal Control Center of the Army (CCIEx) as a Direct Assistance Organ and Immediate (OADI) to the Army Commander, "competing to plan, coordinate and execute Internal Control activities within the Army Command."

The JRC in the PMMA as an advisory body may appear on the organization chart of the Joint Chiefs of Staff of the corporation.

3. CONCEPTUAL ASPECTS

With the promulgation, on March 17, 1964, of Complementary Law no. 4.320, which establishes general rules of financial law for the preparation and control of budgets and balance sheets, it was established that the control of the budgetary and financial execution of the Union, States, Municipalities and Federal District should be exercised by the Legislative and Executive Branches, through external and respectively. This understanding was reaffirmed by art. 70, of the Federal Constitution of 1988.

In order to adjust to the new accounting system introduced through this legislation, the three spheres of the Brazilian Public Administration were forced to create at that time a certain form of internal control.
It should be noted that over time, the concept of internal control is understood as an audit rather than as a set of integrated functions.

In current scenarios, in Brazil, the position of the Internal Control System in Government Public Administration is still debatable and undefined, even confusing the performance of the controller, the accountant and the auditor.

For a better understanding of the operation of the internal control system, it is important initially to record the following basic concepts:

3.1 INTERNAL CONTROL

a) Control

It is any activity of systematically checking a record, exercised permanently or periodically, embodied in a document or other means, expressing an action, a situation and / or a result, in order to verify if it is in conformity with the established standard, or with the expected result, or, moreover, with what determines the legislation and the norms.

b) Internal Control

In addition to ensuring faithful compliance with legislation and safeguarding public assets and resources, internal control, understood as such within the Public Administration, should promote operational efficiency, ensuring that resources are efficiently used in day-to-day operations, aiming for cost-effectiveness invoked by art. 70 of the Federal Constitution.

The internal control process should preferably have a preventive character, be exercised permanently and be aimed at correcting any deviations from the established parameters, as an auxiliary management tool. In order to achieve this, there is a need for clearly defined administrative policies to be met, and for the accounting, operational and management information systems to be efficient and reliable.

4. INTERNAL CONTROL SYSTEM

a) System

It is a set of parts and actions that, in a coordinated way, compete for the same purpose.

b) Internal Control System
It can be understood as a summation of day-to-day control activities carried out throughout the organization to ensure the safeguarding of assets, operational efficiency and compliance with legal and regulatory standards. Thus, it is clear that internal control, within the scope of Public Administration, must be distributed in the various segments of the public service, from the lowest level of leadership to the principal administrator, since all public administration activities must be properly controlled.

Servants with a management function are responsible for controlling the execution of the programs within their area of responsibility and ensuring compliance with the legal and regulatory norms that guide their respective activities. In order to attribute this responsibility, it is necessary that the structure, distribution of powers and attributions of each unit be clearly defined and approved.

The key issue is the need for the activities to take place in a systematized, coordinated, guided and supervised way, assuming, then, the existence of a central nucleus or organ of the system. These are the technical foundations and the legal basis for States and Municipalities to implement their Internal Control System, consolidating an activity to be carried out under the coordination of a central unit of such a system.

5. PRINCIPLES OF INTERNAL CONTROL

The internal control principles usually mentioned in the specialized literature correspond to measures that must be adopted in terms of policy, systems and organization, in order to meet the previously mentioned objectives.

The following are the most cited:

(a) **Reasonable security**: internal control structures shall provide reasonable assurance of compliance with the general objectives. Reasonable assurance equals a satisfactory level of confidence, considering cost, timeliness, utility and risk;

b) **Commitment**: managers and employees must show and maintain, at all times, a positive and supportive attitude towards internal controls;

c) **Ethics, integrity and competence**: managers and employees must be ethical, through their personal and professional integrity;

d) **Control objectives**: specific control objectives must be identified or elaborated for each activity of the institution. These should be adequate, timely, complete, reasonable and integrated into the overall objectives of the institution;
e) **Cost-benefit analysis**: the implementation and operation of internal controls should be less costly than the benefit generated;

f) **Monitoring of controls**: managers must continuously monitor and verify their operations and take prompt action on any evidence of irregularity or conduct contrary to the principles of economy, efficiency and effectiveness;

g) **Documentation**: The internal control structure and all significant transactions and facts must be clearly documented and the documentation available for verification. An institution shall have a record of its internal control structure, including its control objectives and procedures, and all relevant aspects of significant transactions and events;

h) **Timely and adequate recording of transactions** and facts: Significant transactions and facts must be recorded immediately and properly classified. The immediate and pertinent registration of information is an essential factor to ensure the timeliness and reliability of all the information that the institution manages in its operations and in the adoption of decisions;

i) **Authorization and execution of transactions** and facts: relevant transactions and facts can only be authorized and executed by those persons who act within the scope of their competencies;

(j) **Division of tasks (segregation of duties)**: the essential tasks and responsibilities related to the authorization, handling, recording and review of transactions and events should be assigned to different persons. In order to reduce the risk of errors, waste or illicit acts, or the likelihood that these types of problems will not be detected, it is necessary to avoid that all the fundamental aspects of a transaction or operation are concentrated in the hands of a single person or section;

k) **Supervision**: there must be competent supervision to ensure compliance with internal control objectives;

l) **Access to resources and records and responsibilities towards** them: access to resources and records should be limited to the persons authorized to do so, who are required to account for the custody or use thereof.

**6. CENTRAL CONTROL UNIT INTERNAL**

The Federal Constitution of 1988 refers to the internal control system, which must be institutionalized, by
law, in each sphere of government. Given the proportions, the functioning of the internal control systems of the Union, the States and Municipalities does not show differences. At all three levels, it involves a set of control activities carried out internally throughout the organizational structure, under the coordination of a central body (or position duly formalized).

The basic responsibilities of these units are to promote the functioning of the System, exercise essential controls and evaluate the efficiency and effectiveness of other controls, supporting external control in the exercise of its institutional mission.

6.1 Staff Schedules of the Central Internal Control Unit - UCCI

According to the Guidance for Implementation of the Internal Control System in Public Administration, published in 2001 by the Court of Audit of the State of Espírito Santo:

The internal control of a State or Municipality is not exercised by a person or even by a department that is part of the organizational structure, but by all those who perform or respond to the various activities, especially those in command. The existence of the legal person or UCCI, formally constituted, does not exempt any officer or server from observing the constitutional and legal norms applied to the public administration "(TCEES, 2011).

Given the degree of responsibility of the UCCI and the scope of activities to be developed, it is the responsibility of the manager to ensure the independence of performance and the human, material and technological resources necessary for the proper performance of the function.

The UCCI personnel structure of each of the Powers and agencies will depend on the size of the administration and the volume of activities to be controlled. It is possible that in some organization only one server is able to perform the activities. In others, it may be necessary to create a team.

In any case, the complexity and breadth of the tasks will require knowledge, adequate technical qualification, independent posture, responsible and identified with the nature of the function.

Thus, the designation of effective servers with higher education to carry out the activities is more effective. This understanding is applicable, even in cases where there is no need for a team, only one server is appointed to answer for UCCI.

This positioning stems from the good administrative practices and jurisprudence of the Federal Supreme Court and the Federal Court of Audit. In spite of the direct link of this unit with the head of the Power or body, the holder must be trusted by the administration and not only the principal manager. Otherwise, the
effectiveness of the control action would be restricted to the vision and the will of the administrator, at risk of becoming inoperative. It is therefore imperative that the system is immune to changes in management.

Another aspect to be considered in this evaluation is the need to maintain, as long as possible, the link of this professional to the entity to which he provides services. This condition allows an increasingly broad and evolutionary view of the organization, ensuring efficiency and continuity in proposing internal control actions.

The recommendation, in this case, is that, if there is a team, its holder is chosen from within the internal public auditors (or equivalent denomination), with training at a higher level and proven knowledge for the exercise of the control function, which presupposes mastery of the concepts related to internal control and auditing. The internal public auditors should be selected in a public tender.

These criteria are also relevant due to the fact that the UCCIs are responsible for the operationalization of support for external control in their institutional mission. In this way, the existence in his command of a professional belonging to the own framework extends the possibility that the inspection, as far as the powers of internal control, are effectively exercised.

7. THE CASE OF THE INTERNAL CONTROL SYSTEM OF THE MARANHÃO MILITARY POLICE

The creation of an internal control system in the PMMA should involve partnerships between the Governmental Institutions of Maranhão seeking the guidance of the State Audit Office (AGE) for the implementation of the sectoral system in the corporation.

The technical cooperation of the AGE will be made with greater emphasis on aspects of internal control focused on the financial scope of the administration as this is the main purpose of its members. However, it is worth emphasizing that the managerial model of public administration required by Complementary Law No. 101/2000 (Fiscal Responsibility Law), created the need to develop performance and results audits, which in the scope of the Military Police can be translated into activities of monitoring; evaluation and correction of all its administrative and operational activities, assessing the efficiency of the use of the Military Logistics in all its functions according to C-100-10.

FINAL CONSIDERATIONS

The information that served as the basis for the development of this article allows us to reach some conclusions regarding the possibility of implanting the internal control system in the Military Police of
Maranhão - PMMA, as a vector for the development of internal administrative, patrimonial control, financial and operational, as follows:

The PMMA's internal control system can be used as a support body for the police institution's advisory and oversight system. For this, it is not enough to organize it as a facilitator of control or as an inspector of individually planned norms designed to support state control processes.

One must seek to expand the scope of internal control in spatial and sectoral terms, reaching the entire military police institution of Maranhão, and extend its benefits to other military units that are not yet managed under its influence of internal control.

This is possible through interrelations between the internal control system in the capital and the various regions of the State, involving the administration, capital, financial and operational sectors, since there is a natural tendency to favor one of these sectors to the detriment of other.

This interrelationship must already be evident in the integrated planning of the breeding project, where the characteristics of the police units can be associated with the planning proposals.

RECOMMENDATIONS

In principle, the recommendations for the short and medium term - up to two years, would be respected as follows:

a) The public authority should be given the task of centralizing planning and making it an integral part of the state's internal control project and with actions that minimize the negative interference of the control and its area of influence in the institutional environment of organs. The internal control system must also be integrated with the other planning carried out by the various public and private actors.

This integration should seek an initial convergence of interests, maximizing the chances of success, it is also necessary to seek to distribute broadly and equanimously the opportunities for access to control, allowing actors from various places to learn about the possibilities and opportunities created by the system, so that they can also benefit from it. It is also necessary to work towards the convergence of the decisions of the reports emitted by the systems and the compatibility of the micro and macro objectives of PMMA.

b) After defining the team and the scope of the planning, special attention should be given to the project's managerial capacity. There is a need to carry out a comprehensive training plan for all the human resources involved in the various functions that will be created; this planning for the qualification of the
workforce must be open to the various police units that work in the area of professional training and qualification;

c) After the planning and definition of the various specialized areas that will make up the internal control system, a Control Center should be defined to follow the project implementation, to treat the areas in the form of control nuclei, establishing administrative routines between the nuclei maintaining strict control over the quality of services provided.

Other measures of the Control Center, in the managerial context are highlighted the following aspects:

a) To promote interactions among the various members of the internal control system, sharing experiences and evaluating performance in meetings; symposia and workshops in order to seek high levels of quality in the services provided;

b) Regulate administrative and operational routines taking into account the realities of each sector aiming to establish the scope of internal control goals without compromising the efficiency and effectiveness required for each activity;

c) To create a system for evaluating the performance of the personnel involved in the activities of control of the police units, with a view to granting meritorious distinctions aiming, thus, to promote the quality in the use of equipment, technologies and personnel;

d) Maintain continuous planning, follow-up and measurement of results.

In the medium term, between the first and second year, the System Control Center must have consolidated a high level internal control planning system capable of creating and suggesting integrated policies that will guide the operational use of the corporation, as well as monitor and improve the strategic and internal control guidelines and its area of coverage of all logistical functions;

Maintain a strict control of the police units, observing the commitment to plan actions that minimize the negative interference of the external inspection body and its area of influence, a characteristic that allows the system to be reliable.

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