Fighting or supporting corruption? The role of public sector audit organizations in Brazil

Fighting or supporting corruption?

The role of public sector audit organizations in Brazil

Abstract

Public sector audit organizations are usually expected to fight corruption. Yet they may also end up being involved in, and contributing to, sustaining corruption. Relying on multiple interviews, this paper sheds new light on the concrete mechanisms through which corruption is sustained by Brazilian regional Courts of Accounts and their members. Our findings show how politico-economic elites' private interests infiltrate the Courts via the appointment of high-ranked officials and how those officials may resort to a variety of actions to perpetrate forms of selective justice and to weaken the audit findings of these organizations – which ends up strengthening and supporting corruption. Additionally, we provide evidence of collective action emerging to challenge the current situation and reinforce the role Courts could play as watchdogs of the public interest. We contribute to the literature by highlighting the deleterious role of the interface between political and economic interests and the functioning of audit organizations. Moreover, relying on the literature of first- and second-order corruption, we discuss the specific conditions and mechanisms which enable corruption in public audit organizations. Finally, we present practical implications providing alternative views to the status quo.

Keywords: Audit Court; Corruption; Selective Justice; Political Influence; Politicization; Independence.

1. Introduction

In 2017, plea bargain statements under the controversial Operation Car Wash (*Operação Lava Jato*) led the Federal Police of Brazil to remove six of seven Magistrates from one of Brazil's most prominent regional Court of Accounts. These Magistrates, high-ranked officials of the Court, were accused of having benefited from kickbacks to favor particular contractors on bids and overpriced public works - such as the Maracanã stadium repairs for the 2014 FIFA World Cup (Prosecutors' General Report, 2018; Intercept Brasil, 2019). The removal of almost all Magistrates from the Court became a very notorious case and gained massive coverage in the media (Lino, 2019). Yet this case is not isolated, as examples of other Court Magistrates' involvement in corrupt practices (e.g., nepotism, bid rigging, money laundering, or receiving kickbacks) are not uncommon in Brazil (Loureiro, Teixeira & Moraes, 2009; Teixeira, 2017; Lino & Aquino, 2020).

In light of the literature and rhetoric depicting audit organizations as important anti-corruption agencies (Dye & Stapenhurst, 1998; Tackett, 2010; Gustavson & Sundstrom, 2016), though at times with limited impact (Reichborn-Kjennerud et al., 2019), the above observations may sound counter-intuitive. Indeed, the regional Brazilian Courts of Accounts are the public audit bodies responsible for the oversight of states' and municipalities' public spending and compliance with the law (Speck, 2011). However, the anecdotes presented above suggest these Courts and their members play quite a different role in corruption schemes.

The international literature increasingly demonstrates "corruption" to be a multifaceted phenomenon which, despite the adoption of apparently robust and strict anti-corruption regulations in several countries (Jancsics, 2019; Johnston, 2005), is still very much present. The concept, taxonomies, and knowledge of how corruption operates are still far from established (Jancsics, 2019; Zyglidopoulos et al., 2017), and calls have been advanced for empirical studies focusing on specific corrupt practices (Zyglidopoulos et al., 2017). An in-depth knowledge of corruption processes and what facilitates them is made more difficult by the hidden nature of the phenomenon. Moreover, the literature has often focused on first-order corruption, i.e., when actors abuse their power to break or reinterpret rules and norms looking for private gains (Zyglidopoulos, 2016). Much less is known about actors changing the rules and norms for their private gain – characterized as second-order corruption (Zyglidopoulos et al., 2017; Cooper, Dacin & Palmer, 2013).

The Brazilian Courts of Accounts appears to be an interesting setting for the observation of both first- and second-order corruption as Magistrates have been shown to be frequently involved in bribery and kickbacks, while also having the power to interpret, formulate, and change intraorganizational rules and norms. Moreover, the scandal described above, part of the broader "Car Wash" operation, offered a window of opportunity for researchers to access interviewees willing to provide insider perspectives on the role of audit organizations and their members in corruption networks, guaranteeing access to a unique set of data for our study. Studying Brazil is also particularly relevant as it allows us to strengthen our knowledge of audit models and practices in Latin American countries, and more generally, of Napoleonic audit models[1] (Bonollo, 2019; Johnsen, 2019), which appear to be less investigated compared to the "Board" and "Westminster" versions.

Using a qualitative approach relying on interviews and documental analysis, we analyze how the Courts of Accounts and their members were involved in corrupt networks and sustained corrupt practices instead of fighting them. In doing so, we provide a threefold contribution. First, our findings show how politico-economic elites' private interests infiltrate the Courts via the appointment of high-ranked officials (i.e., Magistrates). Addressing calls to understand how political appointments of high-ranked officials affect public audit organizations (Seyfried, 2016; Morin, 2010), we highlight that the influence of political-economic elites' interests on Courts is central to the emergence and sustenance of corruption schemes over time. Second, we explore how these officials may resort to a variety of mechanisms to perpetrate forms of selective justice and weaken the audit findings of those organizations. Importantly, we highlight how intraorganizational rules are designed and maintained (a form of second-order corruption) to legitimize malpractice (first-order corruption) within the Courts. Thus, we provide novel perspectives on the concrete ways in which public audit organizations, far from fighting corruption, end up strengthening and supporting it - contributing to the increasing body of research that challenges the traditional view that audit organizations work for the public benefit in curbing corruption (Lassou et al., 2020; Lino & Aquino, 2020; Neu, Everett, Rahaman & Martinez, 2013; Neu, Everett & Rahaman, 2013; Roberts, 2015; Sikka & Lehman, 2015). Third, we present practical implications for improving audit organizations in similar settings, trying to make corruption more visible. We offer evidence of collective action emerging to reinforce the role Courts could play as watchdogs of the public interest, while highlighting the difficulties

[1] There are three generally recognized models of public audit organizations, namely the Napoleonic, Westminster and Board models (DFID, 2004). The major difference among them is that the Napoleonic audit organizations enjoy judicial authority and historically focus on compliance audit while in the Westminster (Anglo-Saxon) and Board models the audit organization cannot judge or impose sanctions on the auditees and there is a mix of compliance, financial, and performance audit in place. The individual head of the Westminster model (i.e., Comptroller and Auditor General) also differs from the collegial governance of Napoleonic and Board models.

and opportunities encountered by actors willing to reform and challenge the present state of affairs.

The remainder of the article is structured as follows. The next section reviews previous research on corruption and public sector audit organizations. The third section describes the context in which Courts of Accounts operate in Brazil, followed by details on our methodology. The fifth and sixth sections present the findings of our empirical work. Finally, the last section presents our discussion covering first- and second-order types of corruption and the paper's conclusions.

2. Corruption and public sector audit organizations

Corruption, broadly defined as the abuse of power for private gain, is a pervasive phenomenon in organizations and society – widespread throughout the public sector, non-profit agencies, private companies, and even religious organizations (Nielsen, 2003; Johnston, 2005; Ashforth, Gioia, Robinson & Treviño, 2008; Jávor & Jancsics, 2016; Zyglidopoulos, 2016; Rodrigues & Barros, 2020). There is a vast literature exploring the causes and roots of corruption, the different forms it takes, the methods to capture private benefits (e.g., bribery, extortion, influence peddling, nepotism, assets embezzlement, and abuse of discretion), as well as the conditions which facilitate (or hamper) corruptive practices at the institutional, organizational, and individual levels (Johnston, 2005; Ashfort et al., 2008; Rose-Ackerman, 1999).

Some corruptive practices, known as “first-order corruption”, are directly exerted by individuals or groups which break or reinterpret existing rules or norms in society (Zyglidopoulos, 2016, p. 3). However, recent studies have started focusing on "second-order corruption", in which individuals and groups abuse their power to "change the existing rules or norms to unfairly benefit from them" (Zyglidopoulos, 2016, p. 3). Second-order corruption is less evident than the first-order type, being somewhat invisible. For instance, it is difficult to characterize second-order corruption when rules and norms are transparent and legal, despite being unfair, or when they are illegal but obscure. Moreover, second-order corruption is central to facilitating several corrupt practices, as people unreflexively follow rules that are unfair by design (Zyglidopoulos, 2016; Nielsen, 2003; Johnston, 2005; Khan, 2012; Zyglidopoulos, 2016; Jancsics, 2019).

From an *individual* perspective, corruption is usually seen as a discrete rather than systemic event, as suggested by theories of public choice. Public choice theories explain corruption as a rational calculation of self-interested individuals prone to engage in corrupt practices (Jancsics, 2019; Rose-Ackerman, 1999; Klitgaard, 1988) that could be mitigated by simple control mechanisms. Taking a "bad apples" approach, the theory claims that corruption is rooted in the lack of moral character, rather than self-interested calculative behavior (Jancsics, 2019).

Conversely, from an *organizational* viewpoint, embedded cultural features matter. For instance, egoistic climates and lack of enforcement of accepted codes of conduct facilitate individual corrupt behaviors, the origin of the so-called “bad barrels” phenomenon (Brass, Butterfield & Skaggs, 1998; Ashfort et al., 2008). The literature suggests that the design of formal and informal rules of control and behavior-conditioning devices (i.e., leader role-modeling and well-aligned reward systems), may decrease the occurrence of corruption in organizations (Jancsics, 2019; Kish-Gephart, Harisson & Treviño, 2010; de Graaf, 2007).

However, other organizational norms may legitimate or even encourage corrupt practices, and people may be unaware of the corruptive nature of their practices (Zyglidopoulos, 2016). The Arthur Andersen example is a typical case in which organizational rules and informal norms mitigated the fiduciary logic of action to benefit a corporate logic, nurturing egoism and auditors' involvement in the Enron scandal (Palmer, 2017).

Finally, from an *institutional* perspective, corrupt practices would emerge or be mitigated depending on anti-corruption legal frameworks. Those frameworks act by preventing abuses of society by powerful elites (Johnston, 2005, 2008). Under weak underdeveloped regulatory environments (such as the absence of anti-bribery laws), more rudimentary forms of corruption, such as bribery or patronage, are found (Johnston, 2005). Conversely, under strong institutions corruption may involve the influencing of formal rules of the game to benefit specific groups, a form of second-order corruption (Jancsics, 2019; Zyglidopoulos, 2016; Johnston, 2005). This more sophisticated form of corruption may happen in institutional settings characterized by (apparent) accountability and transparency, which may discourage more easily verified corrupt practices.

While the three levels (individual, organizational, and institutional) are conceptually separate, in practice, corruption may emerge especially at the intersections among them. For instance, a facilitating environment may allow an unethical leader (bad apple) to rise - encouraging subordinates to engage in corruption and leading the organization to become a "bad barrel" (Cialdini, Li, Samper & Wellman, 2019; Roberts, 2015). These unethical leaders might also build and nurture connections to exert influence on regulatory authorities to change the existing rules or norms so as to facilitate organizational and individual corruption. The literature on second-order corruption already shows businesspeople funding political parties to ensure future benefits (Rodrigues & Barros, 2020; Zyglidopoulos, 2016).

Second-order corruption tends to be accepted and naturalized through mechanisms such as reciprocity and socialization (Palmer, 2017), creating the conditions for wrongdoing to propagate through all layers of an organization (Zyglidopoulos, 2016) in a systemic way (Pinto, Leana & Pil, 2008; Fleming & Spicer, 2014). People can engage in corrupt practices by "norms of reciprocity", a trust-based expectation of gift-type exchanges in which the resources transferred and the counter-transfer (return) can be separated in time (Jancsics, 2019). In the short-term, reciprocity is a win-win deal for corrupt network members (Nielsen, 2003). Middle managers, employees, or bureaucrats might collaborate with corruption schemes following top-level directives to access private financial benefits, status, sense of belonging, or reputation (Jávor & Jancsics, 2016; Roberts, 2015; Palmer, 2008).

The accounting literature looking at the role of public sector audit organizations (e.g., Supreme Audit Institutions -SAI-, or regional Courts of Accounts) has significantly contributed to this debate by exploring how to control and stop corruption (Dye & Stapenhurst, 1998; Kayrak, 2008; Rahaman, 2009; Buscaglia, 2011; Neu, Everett & Rahaman, 2015; Jeppesen, 2018). Independent and professionalized audit organizations are depicted as essential for curbing corruption (Everett, Neu and Rahaman, 2007; Gustavson & Sundström, 2016; Jeppesen, 2018), by cooperating with other investigative agencies and counting on the media to provide public awareness of audit findings (Dye & Stapenhurst, 1998). These audit organizations are believed to play a key role in ensuring that elected officials and civil servants of central and local governments behave according to the law (Hay & Cordery, 2018; Gustavson & Rothstein, 2013; Gendron, Cooper, & Townley, 2001; O'Donell, 1998).

However, other studies raise serious concerns regarding public sector audit organization effectiveness in curbing corruption. According to Sikka & Lehman (2015), audit organizations rarely mitigate corruption due to the systemic nature of profit-oriented corporations and big

international business and their propensity to engage in corruption to secure their contracts with the public sector. In the private sector, similarly, external auditing firms have not prevented corporate fraud (Levine, 2005) and, in some instances have been found not following auditing standards, such as in the "black audits" case in Russia (Samsonova-Taddei, 2013). Comparative studies also have questioned public audit independence (Gustavson & Sundström, 2016; Lassou et al., 2020), as reported by Radcliffe (1997) in the case of the government of Alberta/Canada influencing the audit process and effectiveness. There is also evidence that the model of audit organizations influences the occurrence of corruption (Gustavson & Sundström, 2016). For instance, the judicial (Napoleonic) model of audit tends to present higher levels of perceived corruption (Blume & Voigt, 2011) than others (to see more about different audit models, see DFID, 2004).

Despite challenging the traditional view on public audit organizations' effectiveness in fighting corruption, some studies appear to neglect the fact that corruption schemes, far from being hampered by audit organizations, may sometimes even count on them to find fertile ground to develop and flourish (Bonollo, 2019; Gendron, Cooper & Townley, 2001; Grasso & Sharkansky, 2001; Power, 1997; Funnell, 1994). An emerging literature has pointed to cases where internal auditors and accountants in public sector organizations were actively involved in corruption schemes (Neu, Everett, Rahaman & Martinez, 2013; Neu, Everett & Rahaman, 2013) and "captured" by corrupt networks (Nielsen, 2003) as they no longer provided "a truly independent outsider's assessments of the public sector" (Pierre & Licht, 2019, p. 228). More needs to be known about how public sector audit organizations become involved in and support corruption. Brazilian Courts of Accounts appear to represent a relevant context for further exploring how audit organizations and their members make corruption possible and support it. This matter of empirical exploration represents the purpose of the present study.

3. The context of Brazilian Courts of Accounts

External audit over public spending in Brazil has traditionally been performed by a system of public sector audit organizations comprising both the Supreme Audit Institution (*Tribunal de Contas da União*) and 32 autonomous regional Courts of Accounts (*Tribunais de Contas dos Estados ou Municípios*). Such audit organizations act as judicial authorities following the Napoleonic (i.e., judicial) audit model (Stapenhurst & Titsworth, 2001; DFID, 2004). Under this model, audit organizations are "an integral part of the judicial system", operating independently of state/local governments or legislative assemblies and judging the legality of actions taken by members of the government (DFID, 2004, p. 5). Posner and Shahan (2014, p. 16) argue that, due to this considerable degree of independence, "the political actors cannot influence the role of the SAIs in implementing their expectation sets." However, in the Brazilian context, such independence should not be taken for granted. First, as pointed out by Lino (2019), there is a substantial decoupling between formal regulations that should guarantee Courts' independence and the daily practices in place at those organizations. Moreover, the Courts' connections with political actors, especially in the legislative sphere, appear much more intimate than the literature anticipates (Hidalgo et al., 2016; Posner & Shahan, 2014; Loureiro et al., 2009).

The Federal Constitution establishes Brazilian public sector audit organizations' legal mandate. The Courts of Accounts oversee states and municipalities, and the Supreme Audit Institution is responsible for the central government (and fiscal transfers from the central to local governments). Specifically, the Courts' legal mandate includes overseeing state and local

governments on a broad set of aspects, ranging from legal compliance (e.g., budgetary execution, fiscal responsibility thresholds, procurement, and civil servants hiring) to public policy performance (Speck, 2011). Despite a broad mandate, the Courts focus on compliance audit (i.e., legality), and performance audit often remains neglected (Azevedo & Lino, 2018). Unlike other Napoleonic Courts, such as the French and Belgian ones, which recently started to devote more attention to performance audits (Posner & Shahan, 2014), the audit focus in Brazil has not changed (yet).

The most important oversight process undertaken by Courts of Accounts is the audit of "government's annual accounts," which includes an analysis of compliance with the law and budgetary execution, the annual financial statements, and supporting documents (Hidalgo et al., 2016). Each Court delivers an annual recommendation (*Court's Report*) to approve or reject the governments' annual accounts under its jurisdiction. The Court's Report is merely a support document which can be used by state deputies and city councilors to form a judgement on the governors' and mayors' annual accounts. Rejection of the annual accounts is a relevant and ultimate sanction a Court can deploy against governors and mayors (Melo, Pereira & Figueiredo, 2009). Additionally, Courts have the mandate to directly impose sanctions on a wide range of public servants (e.g., head of departments, such as the finance or health departments, responsible for developing public policies and budget allocations). Courts can apply a fine if those public servants do not act in the way they should. However, the payment of fines depends on other public agencies that may not enforce it (Speck, 2011).

Simply put, each Court of Accounts is internally organized into two layers. The upper layer is the realm of the Magistrates and the lower layer consists, among others, of audit teams. More detail on each layer will follow. Whereas audit teams are recruited via competitive public examinations, in all of the Courts the Magistrates are appointed (i) by the state legislature or (ii) by the state governor with ratification by the state legislature. Despite having the same mandate, organizational structure, and audit focus, the Brazilian Courts vary in terms of audit practices, allocation of resources to audit teams, and proactiveness (Azevedo & Lino, 2018; Lino & Aquino, 2018; Melo, Pereira & Figueiredo, 2009).

The next section explores the connections between the Courts and deputies (generally at the state level), which is part of a broader supportive environment for politicization and reduced autonomy of the Courts of Accounts.

3.1. The Brazilian politico-administrative system and politicization of the Courts of Accounts

The Magistrates of each Court of Accounts are appointed in a highly politicized context, in which *quid pro quo*[2] is an accepted practice (Taylor, 2018; Avritzer & Filgueiras, 2011; Loureiro et al., 2009). The Brazilian socio-political system has been described as dominated by politico-economic elites and characterized by crony capitalism, where private sector agents and public officers are connected through networks which they use to generate private benefits for themselves (Lazzarini, 2018) and to protect their wealth from opposing contenders (Johnston, 2005). Despite a comprehensive anti-corruption legal framework developed over time (e.g., a 1990 anti-bribery law that punishes public servants; a 2013 anti-corruption law that punishes companies for acts of corruption), according to Taylor (2018) endemic corruption in Brazil is sustained via financing by businesspeople (campaign contributions), quasi-certainty of

[2] *Quid pro quo* is the Latin for "this for that", meaning "something given or received for something else" (Merriam-Webster, 2021) or the exchange of a favor for a favor.

impunity to perpetrators, and political appointments that are part of the “coalition presidentialism”.

Due to a fragmented multi-party system, the Chief Executives (mayors, state governors, or the President) usually establish governing coalitions (Sandes-Freitas & Massoneto, 2017; Praça, Freitas & Hoepers, 2011). The executive generally influences the deputies at the legislature on a *quid pro quo* basis (i) via distributive politics, allocating budgetary expenditure to particular legislative constituencies (i.e., through pork-barrel approaches - a negative aspect of distributive politics) (Blanco, 2017) - and (ii) via trading coalition goods, such as selecting political appointees based on the preferences of the deputies from the legislative coalition (Raile, Pereira & Power, 2011; Sandes-Freitas & Massoneto, 2017). In this context, developing coalitions is a win-win game. On the one hand, deputies at the legislative level benefit from the exchange of resources; on the other hand, it is useful for the executive to both maintain legislative support and control the legislative agenda – something known as Brazilian “coalition presidentialism” (Raile, Pereira & Power, 2011). Such "coalitional logic" similarly occurs in other governmental tiers such as state and local governments (Couto & Abrucio, 1995).

Previous literature has shown that the legislative oversight function has traditionally weakened in contexts similar to the one described above. Governmental systems based on coalition logic tend to have inoperative systems for enforcing government accountability (Aquino & Batley, 2021), and legislative oversight is often modest or weak (Manning & Stapenhurst, 2002). In Brazil, ideologically diverse coalitions have been shown to favor bribery, irregular donations for electoral campaigns operated by money laundering, engineering contract overpricing, industrial subsidies, and regulatory rent-seeking (Rodrigues & Barros, 2020; Raile, Pereira & Power, 2011; Speck, 2011; Limongi & Figueiredo, 1998).

The auditing arena is not exempt from the influence of powerful elite groups that dominate political coalitions (Arantes, Abrucio & Teixeira, 2005). Although Magistrates are required to (i) be from 35 to 65 years old, (ii) have at least ten years of experience in public finance, and (iii) demonstrate an unblemished reputation (e.g., not being involved in corruption or other sorts of crimes), such conditions are usually ignored in their selection. Magistrates are typically selected among former politicians with a lack of expertise (Loureiro et al., 2009; Hidalgo et al., 2016). In 2014, 60% of Courts of Accounts' Magistrates were former elected politicians (Paiva & Sakai, 2014); this number increased to 80% in 2016 (Sakai & Paiva, 2016). Moreover, in 2016, more than 25 Courts of Accounts (among the 32) had at least one Magistrate implicated in criminal affairs (Sakai & Paiva, 2016). In 2017, the Brazilian justice system was investigating 41 Magistrates – about 20% of the total (O Globo, 2017), and there were several examples of Magistrates involved in corruption. Whenever a Magistrate is removed due to malpractice, s/he is likely replaced by another individual with a similar background and previous political connections.

Since Magistrates are appointed by their "old friends”, they are less independent and highly subject to undue political influence (Santiso, 2015, Loureiro et al., 2009; Hidalgo et al., 2016; Blume & Voigt, 2011). Following Rose-Ackerman (2007, p. 16), "independence implies that judges' careers do not depend on pleasing those with political and economic power". Political influences on the appointment of Magistrates have been highlighted as specific weaknesses in the institutional design of governmental auditing in Brazil, bringing to the Courts the private interests of elite groups (Alston, Melo, Mueller, & Pereira, 2016). Being appointed as a Magistrate, the former politician preserves or extends his/her political influence and status, besides guaranteeing outstanding stipends in tenured jobs; in return, they tend to be loyal members of the political elite based on reciprocity (Castro & Ansari, 2017; Loureiro et al., 2009; Lino & Aquino, 2020).

This context provides opportunities for judiciary corruption, a widespread type of corruption (Gloppen, 2014), which goes beyond Magistrates taking bribes, coming to include "all forms of inappropriate influence that may damage the impartiality of justice, and may involve any actor within the justice system, including lawyers and administrative support staff" (Gloppen, 2014; p. 68). This corruption is nurtured by undue political influence due to improper judge appointments and term duration mechanisms (Gloppen, 2014; Choi, Gulati & Posner, 2008; Grajzl, & Silwal, 2020) and can reach any judicial organization when superiors exert pressure on employees at the Court (Gloppen, 2010; Souryal & Diamond, 2001). It includes selective justice, e.g., subjective and differentiated application of rules depending on to whom the rules are meant to apply (Ezennia, 2016). For example, Magistrates with a political background may be more reluctant to punish local governments with which they have past connections; they may also be more lenient toward mayors belonging to the party that appointed them when compared to mayors from other parties (Hidalgo et al., 2016), due to the effect of previous political connections on their performance as a judge.

3.2. Organizational field, structure, and actors in Courts of Accounts

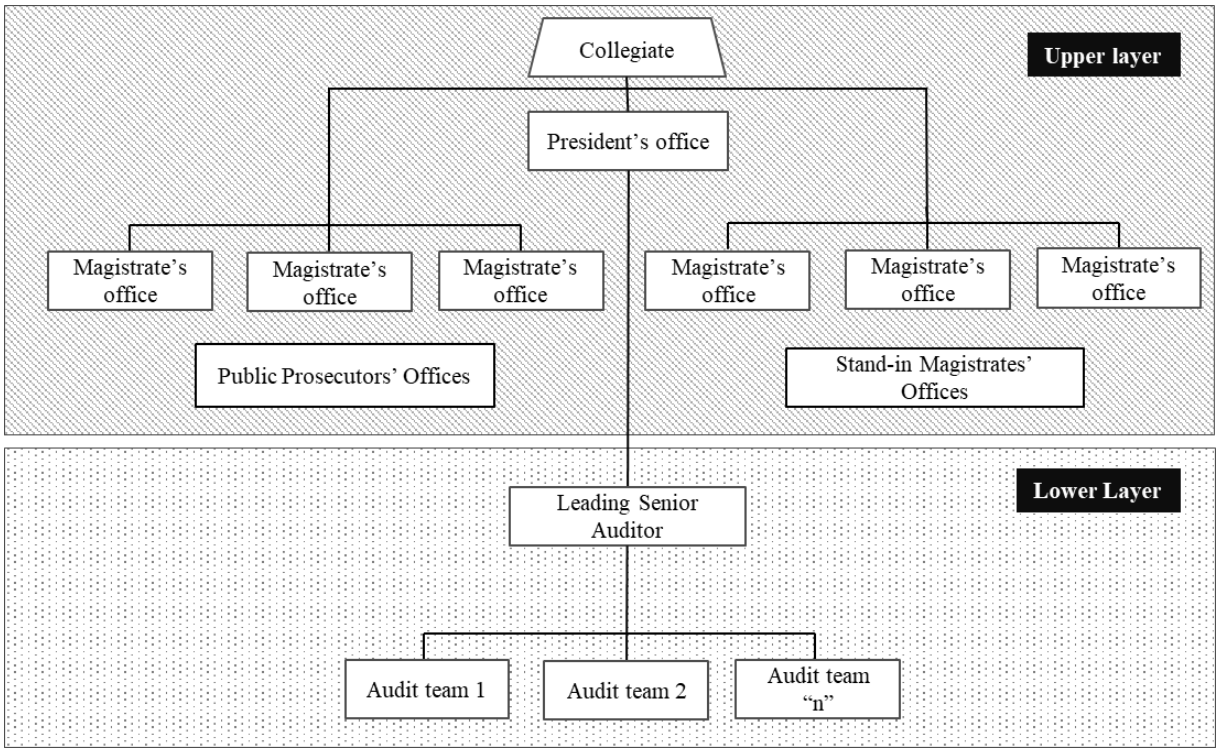
The 32 Brazilian regional Courts of Accounts are autonomous from the legislature and executive power, and also from the Supreme Audit Institution. Although the Supreme Audit Institution does not oversee or control the regional Courts, its recommendations on audit procedures are voluntarily adopted by some Courts (Azevedo & Lino, 2018). Such lack of central coordination in the audit field generates a shortage of data sharing between the Courts and divergences in the Courts' understandings of the fiscal legislation (OECD, 2020; Nunes et al., 2019; Lino & Aquino, 2018). Moreover, despite the formal agreement to use audit standards issued by the International Organization of Supreme Audit Institutions (INTOSAI), there is little standardization of audit procedures between the Courts and even between audit teams within the same Court (Azevedo & Lino, 2018).

In the last few decades, initiatives were taken to increase the extent of interaction between the Courts. From 2006 to 2012, 28 Courts were enrolled in the Program for Modernization of the External Control System of the States, Federal District, and Brazilian Municipalities (Promoex), counting on the support of the Inter-American Development Bank, to develop shared solutions related to their information systems. Moreover, the Courts and their members (e.g., Magistrates, auditors) established several professional associations, such as the Rui Barbosa Institute, the Association of the Magistrates of the Brazilian Courts of Accounts, and the National Association of the Auditors of the Brazilian Courts of Accounts (OECD, 2020). These associations carry out actions to reduce the divergences and differences in Courts' features and approaches, relying for example on peer reviews to inform audit quality, or supporting the development of comparable audit indicators.

Turning to the Courts' internal structure, the two layers of the typical Court are hierarchically connected (Figure 1). The upper layer is where most power lies. First, the *Magistrates* and the members of their offices operate to judge the matters related to the oversight processes; second, the Presidency of the Court decides on the regulation of several administrative issues. The lower layer is less powerful and hierarchically subordinated to the Magistrates. Within this layer, the *leading senior auditor* is responsible for defining the rules concerning the Court’s annual audit work program on which auditors will focus their audit capacity.

The **upper layer** is usually made up of seven Magistrates (judges) plus stand-in Magistrates and Public Prosecutors. *Magistrates* are appointed with lifetime tenure until their compulsory retirement (75 years old). Five of the seven Magistrates are freely appointed (four by the state assembly and one by the state governor), meaning that anyone who fits the requirements to be a Magistrate – already described above – can be nominated for the role. The two remaining Magistrates are both appointed by the state governor (and ratified by the state assembly) among an "expert quota" of tenured civil servants of the Courts enrolled at the *stand-in Magistrates' Offices* and the *Public Prosecutors' Offices*. We will turn to them in the next paragraphs.

Figure 1. Simplified organigram of Brazilian Courts of Accounts



Source: based on Lino (2019). Note: in most of the Courts each audit team is supervised by an "Audit Director".

Each Magistrate holds his/her own office (*Magistrate's Office*), which is populated by a team of advisors (*advisory teams*). Advisory teams are responsible for preparing the studies which will support the vote or judgment of the Magistrates. Advisors are selected by Magistrates among tenured auditors or appointed among individuals external to the Courts – usually, an advisory team is formed by a mix of both. Advisors receive higher salaries, sometimes twice that of tenured auditors, and their position is not stable (i.e., at-will appointment). Thus, advisors have strong incentives to agree with any Magistrate's decision, avoiding conflicts that could threaten their position (Lino, 2019).

The upper layer also has tenured civil servants hired via competitive public examinations. First, the *stand-in Magistrates* that substitute for and are expected to perform the same role as a Magistrate during his/her absence, such as vacations or sabbatical leaves. Second, the *Public Prosecutors*, in charge of ensuring the correct application of the rule-of-law during all audit processes and the consistency of the jurisprudence of the Court of Accounts (Fernandes, Fernandes & Teixeira, 2018). The Stand-in Magistrates and Public Prosecutors also

have offices (*stand-in Magistrates' Offices* and *Public Prosecutors' Offices*), but they usually have fewer advisors and are under-resourced.

There is a collegiate body (hereafter the "*collegiate*") that works like a deliberative assembly composed by all Magistrates to collectively judge all issues regarding auditees but also internal affairs (e.g., the approval of the annual audit work program). The judicial mandate entitles the collegiate to provide recommendations and impose penalties on auditees, for example, during the audit of governments' annual accounts (Azevedo & Lino, 2018; DFID, 2004; Stapenhurst & Titsworth, 2001). The collegiate decides by simple majority voting. Consequently, four aligned Magistrates can impose their will over all collegiate decisions. The collegiate is unbalanced by design – i.e., there are usually more former politicians than experts, which may thus translate into partisan domination (*e.g., 5 votes over 2*). The *president* of the Court is selected among the Magistrates who compose the collegiate and does not work on audit processes but has plenty of power over administrative issues, including the expenditure plan of the Court and managing internal human resources. Each of the remaining six Magistrates acts as Rapporteurs within the oversight processes – detailed in the next section. There is a potential tension between the five freely appointed Magistrates and the two Magistrates selected from the expert quota – as the latter are more independent and usually do not have a political background. Moreover, when a Magistrate is absent, the substitute stand-in Magistrate may not follow the political-partisan guidance in his/her judgment during the oversight process (Azambuja, Teixeira & Nossa, 2018).

At the **lower layer,** *audit teams* are composed of tenured civil servants recruited via competitive public examinations. The auditor's main deliverable is an opinion report containing their audit findings and recommendations. Auditors have fixed salaries which slightly increase over the years, based on seniority. Although the legislation states that audit teams should be composed only of stable positions, a small number of Courts have audit team members selected by appointment of the Magistrates (appointed at will by the President of the Court).

Leading senior auditors are invested by the president of the Court of Accounts with extensive discretionary rights to execute audit planning and coordinate all audit routines. In most of the Courts, they can delegate some functions such as the peer-review of audit opinions and the coordination of audit teams to *Audit Directors*. Leading senior auditors or directors are both appointed at will and obtain an allowance that often doubles their regular base salaries during their period in the role. However, such allowance is permanently aggregated to the base salary and to the future pension only after ten years in this role. One of the most important functions of the leading senior auditor is the draft and execution of the Court's annual audit work program. Subsequently, the auditing program's draft is approved by the Presidency (or the collegiate). The program sets up the rules and general guidelines for auditing, including (i) audit priority areas (e.g., auditing the internal control systems of auditees or focusing on delayed or paralyzed infrastructure projects); (ii) on-site audit details (e.g., date of occurrence, allocated audit team, timeframe, budget); and (iii) type of audit (e.g., performance audit vs. financial audit).

Table 1 summarizes the main roles, responsibilities, and entry requirements for members of both the upper and lower layer of the Brazilian Courts of Accounts.

Table 1. Summary of roles, responsibilities, and entry requirements of the Brazilian Courts of Accounts

	Roles	Characteristics	Main responsibilities	Power to set rules
Upper layer	**President of the Court**	Elected (term of one or two years) among the Magistrates.	(i) Decides on Court's budgetary and administrative issues; (ii) Responsible for the appointment of "advisory teams" to the Magistrate's offices; (iii) Imposes disciplinary penalties to other members.	Yes
	Magistrates	Appointed for life (until mandatory retirement) by the legislative (four) and by the executive (three). Requirements for nomination are usually ignored. Usually biased.	(i) Judge individual acts by public servants; (ii) Act as rapporteur in processes that go to the collegiate; (iii) Can be elected president of the Court.	Yes. There are internal rules created and approved via collegiate decision.
	Rapporteur	Appointed by the Courts' presidency or randomly selected among the Magistrates (in some Courts stand-in Magistrates act as rapporteur in specific processes).	(i) Develops the "rapporteur recommendation"; (ii) Demand information (e.g., new audit evidence); (iii) Decide on fines to public servants.	Usually not
	Advisors[1]	Appointed by the Court's President to work in a Magistrate's Office. There are no entry requirements, and they are not tenured. An allowance is attached to the role.	(i) Prepare the vote considering the rapporteur recommendation and the audit opinion.	No
	Stand-in Magistrates	Hired after being approved in competitive public examination specific to the job. Tenured position. Usually not biased.	(i) Temporarily fill the absence of Magistrates; (ii) In some Courts, act as rapporteur for specific processes.	No
	Public Prosecutor	Hired after being approved in competitive public examination specific to the job. Tenured position.	(i) Responsible for monitoring the application of the rule of law in all Court's procedures; (ii) Elaborates the "Prosecutor's report" about the monitored procedures.	No
Lower layer	**Leading senior auditor**[2]	Appointed. Selected by the President of the Court among auditors. Not a tenured position. An allowance is attached to the role.	(i) Executes the macro-planning of audit; (ii) Coordinates audit routines; (iii) Peer-review of audit opinions.	Yes. Rules related to the annual audit work program
	Auditors	Hired after being approved in competitive public examination specific to the job. Tenured position.	(i) Plan, develop, and execute audit tasks; (ii) Develop the "audit opinion" report containing their audit findings and recommendations.	No

Source: The authors. Note: (1): The advisors work in the upper layer of the Court, in Magistrate's, Stand-in Magistrate's, and Public Prosecutor's Offices. They are selected among tenured auditors (lower layer) or simply appointed (external actor). (2) In most Courts, “Audit directors” are responsible for the peer-review of audit opinions and to coordinate audit teams.

3.3. The oversight process within the Courts of Accounts

The roles mentioned in Table 1 interact in all the oversight processes undertaken within the Courts. In brief, the typical oversight processes follow a flow or sequence, in which an *audit process* initiates at the lower layer and is subsequently converted to a *judicial process* at the upper layer. For instance, the process starts with auditors gathering and reporting audit evidence and is converted into a judicial process concluded with a discretionary decision by Magistrates. There are multiple oversight processes investigated by the audit teams (e.g., procurement and hiring acts, among others). In this section, we focus on one specific process, namely the audit of governors' and mayors' annual accounts, previously highlighted as the most important oversight at the Courts (Hidalgo et al., 2016) but also an example of a typical process that is part of all Courts' annual audit work program. This is a typical sequence:

(i) Auditors run audit tasks to identify "red flags" (early warning signs) and elaborate an "*audit opinion*" based on audit evidence gathered.
(ii) A Public Prosecutor analyzes whether due process was followed by auditors and elaborates the *prosecutor's report*.
(iii) Both the prosecutor's report and the audit opinion go to the judicial upper layer, received by a pre-selected rapporteur who takes responsibility for the process. At this stage, the process reaches the judicial-political level (Lino & Aquino, 2020).
(iv) The rapporteur, supported by his/her advisory team, prepares the *recommendation to the collegiate* - an opinion for adjudication by the court (or a subset of the court) on whether the state's or municipality's accounts should be rejected or approved, as well as any associated punishments.
(v) The Magistrates' advisory teams then prepare for the vote considering the rapporteur recommendation and the audit opinion.
(vi) The collegiate votes in a plenary session (often live broadcasted) on whether the issues pointed out in the audit opinion and the recommendation by the rapporteur are to be applied. The final judgment by the collegiate is the so-called *court's report*.
(vii) Finally, specifically to the government's annual accounts, the Court's report goes to the legislative assembly. Other types of oversight processes can be sent to investigative agencies to effectively enforce and impose sanctions or penalties.

4. Methodology

Data collection. As pointed out above, our aim was to explore the extent to which the Courts of Accounts were involved in corrupt networks and sustained corrupt practices. Due to the exploratory nature of the research, and the complex and sensitive nature of the corruption issue, we followed an inductive approach (Reichertz, 2013).

There is usually a natural aversion for individuals to talk about a sensitive issue such as systemic corruption in audit organizations. However, some of the authors of this paper were presented with a window of opportunity when a significant corruption scandal concerning bids and public works in the state of Rio de Janeiro (such as the Maracanã stadium repairs for the 2014 FIFA World Cup) erupted in 2017 (Prosecutors' General Report, 2018). As a consequence,

six of seven Magistrates of the Court of Accounts were removed from the Court. One of them acted as a whistleblower in exchange for legal protection and guaranteed full retirement payment. This scenario, where great changes in the Court of Accounts were advocated, presented the authors with the opportunity to use their personal networks to reach out to interviewees, who were willing, confidentially, to provide details of how Magistrates of Courts of Accounts abuse their power and create the bases for corruption to take place. This allowed us to collect data on mechanisms and processes which often remain unmentioned, undetected, or unobserved from outside.

More specifically, data collection was based on 45 in-depth semi-structured interviews with 33 individuals. We contacted auditors, leading senior auditors, members of the Magistrates' advisory team, Magistrates, members of the Public Prosecutor Office, and Stand-in Magistrates. Moreover, we interviewed one member of the auditors' trade union and the leaders of four different professional associations related to the Courts of Accounts. Finally, we selected experts to validate our analysis. Following Bogner, Littig and Menz (2009), an expert has relevant knowledge and access to information about their areas of expertise; thus, we selected and interviewed academics who are well known for studying the Courts and local governments' practitioners who interact on a daily basis with the Courts. Interviewee diversity should favor triangulation (Flick, 2013). Table 2 provides details on the interviewees while ensuring that their names and profiles are kept anonymized.

As our initial set of interviewees was relatively small and trust was central in getting access to data due to the sensitive nature of the topic, while reassuring our interviewees, we used a snowball technique to extend the dataset (Rapley, 2013). Following Jávor and Jancsics (2016), snowballing is an adequate methodology to access interviewees on critical issues such as corruption because the researchers can transport the confidence built with one interviewee to the others, i.e., accessing new participants that were not familiar to the research team. Of course, it requires both caution and attention by the researcher to maintain interviewees' confidentiality. As discussed by Lancaster (2017), to maintain confidentiality using snowballing we gave vague answers about previous participants' involvement in our research and never named individuals during our interviews – even if we perceived that the nominator told their colleagues that they have nominated them, similar to the experience of Farquharson (2005). In addition, we also used other ways to keep interviewees comfortable, given the sensitivity of the issues to be addressed. First, our analysis does not focus on people but on organizational roles, protecting people enrolled in those cases (Rodrigues & Barros, 2020). Second, their free consent to participate was always guaranteed, as there was no obligation or recommendation from supervisors or Magistrates to an individual interviewee to attend to our request (Christians, 2000). Third, again, in order to protect interviewee confidentiality, we informed them that (i) only the researchers would have access to recordings in the transcription process; and (ii) we would not associate the quotations used in the paper with the specific interviewee or the Court where the specific example emerged. Finally, when asked by the interviewees, we paused the recording and only took notes of what they said.

All semi-structured interviews were conducted remotely via videoconference or by telephone between late 2017 and early 2021, which should guarantee some degree of synchronicity (Bauer & Gaskell, 2000, p.31) regarding the social pressures the Courts of Accounts deal with. This decision made it easier to access interviewees out of their working hours. The interviews lasted on average 90 minutes; a total of approximately 50 hours of interviews were recorded and transcribed verbatim in a timely manner. Timing in transcriptions is essential to keep the pace of data collection and to increase the depth of probing questions in

subsequent interviews (Biernacki & Waldorf, 1981; Kowal & O'Connell, 2013), which can, in turn, achieve data saturation faster (Schreier, 2014). When quotations were used in this study, they were translated from Portuguese to English, and the identity of the participants was kept anonymous.

Table 2. Interview Details

Interviewee	Country Region	Interviews conducted	Occupation(s) at the date of the interview	Date of interview	Duration
1	Southeast	1	Tenured auditor – member of trade union	Nov/2017	01h 30m
2	Southeast	1	Tenured auditor	Jan/2018	01h 05m
3	Southeast	1	Tenured auditor	Jan/2018	02h 03m
4	Southeast	2	Tenured auditor	Apr/2018 Jun/2019	02h 02m
5	Southeast	1	Tenured auditor	Apr/2018	00h 21m
6	Southeast	1	Tenured auditor	Feb/2021	00h 47m
7	South	1	Tenured auditor	Mar/2019	00h 49m
8	Northeast	3	Tenured auditor	Nov/2020 Jan/2021 [2]	04h 10m
9	Northeast	1	Tenured auditor	Feb/2021	01h 28m
10	Midwest	1	Tenured auditor	Nov/2020	03h 25m
11	Midwest	1	Leading senior auditor	Jul/2018	01h 10m
12	Midwest	1	Leading senior auditor	Jul/2018	00h 57m
13	Southeast	1	Magistrate's advisor	Jan/2018	00h 52m
14	Southeast	1	Public Prosecutor's advisor	Jun/2019	02h 00m
15	Northeast	1	Magistrate	Jun/2019	01h 22m
16	Southeast	2	Magistrate	Dec/2017 [2]	01h 14m
17	Southeast	3	Magistrate	Feb/2018 [3]	01h 30m
18	South	2	National Association / Presidency	Apr/2020 [2]	02h 10m
19	Northeast	2	National Association / Presidency	Apr/2020 Nov/2020	02h 10m
20	Midwest	1	National Association / Presidency	Apr/2019	01h 20m
21	North	2	National Association / Director	Jun/2019 [2]	02h 10m
22	Midwest	1	National Association / Director	Nov/2020	01h 55m
23	Midwest	2	Public Prosecutor	Nov/2020 Jan/2021	04h 05m
24	Southeast	3	Court of Accounts' retired Director	Jun/2019 Nov/2020 [2]	01h 19m
25	North	1	Stand-in Magistrate	Jun/2019	00h 57m
26	Southeast	1	Stand-in Magistrate	Feb/2018	00h 33m
27	South	1	Stand-in Magistrate	Jun/2019	00h 58m
28	Northeast	1	Expert	Mar/2020	00h 40m
29	Southeast	1	Expert	Apr/2020	01h 00m
30	Southeast	1	Expert	Mar/2020	01h 00m
31	Southeast	1	Expert	Mar/2020	01h 30m
32	Southeast	1	Expert	Mar/2020	01h 30m
33	Northeast	1	Expert	Apr/2020	01h 22m

Notes. We do not disclose interviewee backgrounds, academic degrees, and their Court's affiliation in the Table to preserve confidentiality. "Duration" represents the total time spent, across several interviews, with the same interviewee. "Date of interview" represents the month in which each interview occurred; in brackets we disclose if an interviewee was contacted more than once in the same month. Total interviewees per region: Midwest (6); North (2); Northeast (6); South (3); Southeast (16).

We ran four rounds of interviews. Our first semi-structured interviews (between late 2017 and early 2019) focused mainly on the corruption scandal that erupted in Rio de Janeiro state's Court. We approached both Magistrates and auditors. The latter were asked about their

daily audit activities, and we developed insights on more critical subjects via probing questions (McKinnon, 1988). The questions focused on the interactions between the Magistrates and auditors during the workflow of a specific auditing process (the audit of governor's and mayors' annual accounts). Both Magistrates and auditors were also asked to describe the relationship between the audit teams and the Magistrates, and the processes of appointments for senior job positions (i.e., leading senior auditor), in which allowances are added to base-salary.

As we started having access to other interviewees, such as the Auditors association's representatives, we noticed the opportunity to start a subsequent stage of the data collection process (round two, mid-2019) to triangulate our previous evidence. We began those interviews using the corruption scandal at the Rio de Janeiro's Court of Accounts as a trigger to quickly access the topic of abuse of power by Magistrates within the Courts of Accounts, thus eliciting interviewees' interpretations about how Magistrates were able to impact audit procedures to benefit private interests. Subsequently, in early 2020, we selected and interviewed experts based on their national status as experienced analysts on the topic at hand. The experts' role was mostly to (dis)confirm our main findings and complement the insights coming from our previous interviews (Flick, 2013). Finally, from late 2020 to early 2021, we ran the fourth round of interviews with tenured auditors from different Courts of Accounts who are members (but not leaders) of professional associations in the field. At this time, our interview questions covered the forms of resistance to the status quo deployed by auditors and aimed at further validating previous evidence.

Data Analysis. In light of our study's exploratory nature, we applied an inductive approach (Reichertz; 2013) based on thematic analysis searching "for certain themes or patterns across an (entire) data set, rather than within a data item, such as an individual interview or interviews from one person" (Braun & Clarke, 2006, p.81). The analysis and collection of data occurred simultaneously. The coding started with a consensus-based coding with authors acting as multiple coders (Nowell & Albrecht, 2018). We went back and forth over the material collected in our first set of interviews (from 2017 to early 2019) to observe whether new data categories, insights, and themes emerged (Bowen & Bowen, 2008) from the coding process.

The emerging patterns (Braun & Clarke, 2006) of the first coding focused on the features of selective justice and on weakening of audit processes within each Court. Then we confronted the emerging themes with the data collected in our subsequent set of interviews. As we did not find significant contradictions between interviewees' perspectives (as auditors, Magistrates, Public Prosecutors, associations' representatives, and additional interviews were confirming previous findings), we were able to reach a feeling of saturation of the themes in the entire dataset (Saunders et al., 2018; Ryan & Bernard, 2003). Quotations were selected based on their coverage, i.e., the extent to which they represent elements widespread across several interviewees (Weaver-Hightower, 2019).

5. Findings

This section presents empirical evidence highlighting how the Courts of Accounts and their members are involved in broader corrupt networks and end up sustaining corrupt practices. The first sub-section focuses on politicization and reciprocity in the field of Courts of Accounts. The following sub-section focuses on Courts' organizational level, highlighting the strategies that their members put in place to support and sustain a comprehensive corrupt system.

5.1. Quid pro quo between Courts and elites: private interests creeping into the audit bodies

Understanding how Courts and their members support corrupt practices requires appreciating their connections to wider networks, including corrupt ones. As previously discussed, the majority of Magistrates are former politicians who nurture connections and maintain reciprocity with politico-economic elites. One interviewee points to the close links between Magistrates and politico-economic elites, saying it "*is common to find Magistrates at political events, such as the inauguration of public works – that they should oversee*" (INT 23). The reciprocity ties are established when a coalition of state deputies, funded by businesspeople, support a former politician's appointment to the Court as a Magistrate, despite regulatory impediments. The former politician benefits from being a Magistrate as it guarantees (i) a privileged forum (in which only higher judiciary courts try Magistrates for crimes), and (ii) high salaries, among other benefits. Consequently, due to reciprocity, it is expected that the appointed Magistrates will favor these political or economic groups. One interviewee (INT 18) summarizes this issue, pointing out that "*the powerful groups [elites] capture the freely appointed positions [Magistrates not selected via expert quota], converting such appointments into a for-profit business*."

Politico-economic elites' interests pervade the Courts (and influence their oversight processes) via Magistrates. However, the undue influence of politicians and private elite groups also reaches the Magistrates' advisors, as state deputies are granted favors - a form of cronyism - as exemplified by the following:

> *State deputies [from the legislature] usually ask for their friends or family to be appointed [to the Court of Accounts] as Magistrates' advisors. At the Court of Accounts in which I have been working, you can find the son of one state deputy, the governor's cousin, the sister-in-law of another deputy. It is a common practice.* (INT 1)

Due to reciprocity, politicians reward Magistrate's friends or family in return, as another interviewee illustrates: "*the Court […] is full of employee absences and shirking. One relative of the governor is a director [at the Court], do you believe? A relative of the Court's president is an advisor at the governor's cabinet. A classic case of 'cross-nepotism.*'" (INT 15). Our interviews show that, far from being an isolated case, this form of *quid pro quo* is a deeply-rooted phenomenon in the Courts. The same interviewee concludes that "*political appointment is the worst thing happening to the public administration, […] the Courts are hostages or coopted. There is no other possibility*" (INT 15).

Moreover, Magistrates acting in the Presidency of the Court can appoint the "leading senior auditor" and "audit directors" from among tenured auditors. The allowances paid to those leading roles often substantially increase the auditor's basic salary. Our interviews highlight that, at best, leading senior auditors and audit directors will look the other way from any malpractice happening in the Court. Most likely, as the president may withdraw them from the role at any time, the leading senior auditors and the directors are captured and will actively accomplish the Presidency's interests to keep their associated additional payments:

> *Imagine a leading senior auditor receiving an allowance that equals two times, or even more, of their basic salary. What is his or her autonomy to disagree with any decision by the President of the Court? The leading senior auditor becomes affected by the allowance […] and he or she is convinced to act in a way that is not the best way in terms of audit, but the best way to sustain the interest of the President of the Courts.* (INT 18)

The conditions described above set a context whereby a group of actors at the upper and lower layers of the Courts protect elites' interests in return for expanding their access to economic resources or political status through reciprocity. The following quotation illustrates how this network translates into political influence within the Courts.

> *The municipalities access [the Court of Accounts] through the state deputies, seeking for both advantage or harming [of political enemies] […] It is part of our political tradition. During the electoral year, there is a quest to anticipate or delay the release of an audit opinion [because of the political costs associated with accounts' rejection]. I witnessed situations where it was mentioned that municipality X should not receive a rejection – in spite of misstatements and non-compliance to the law. The [legislative] coalition appoints the Magistrate and the mayor, tied to political parties of the coalition [in the case at hand], asked for that "favor" – this example shows how it works.* (INT 24)

As such, rather than performing independent audits of the public sector, protecting the private interests of businesspeople (who fund electoral campaigns) and politicians seemingly becomes the main goal of the Courts of Accounts. As one interviewee points out, "*apart from the Executive and the Legislature, the Courts of Accounts are the most partisan organizations in Brazil […] leading to a subservient stance that benefits all sorts of interests – except the public interest*". (INT 15) To do so, Magistrates, supported by advisors and leading senior auditors, "*protect friends [of the elite] but also harm [political] enemies.*" (INT 25)

We were told that even when bribery, kickbacks, or bid rigging happen, the public auditing output will not challenge the ruling elites' private interests and may end up protecting them with an aura of legitimacy. Conversely, when politicians are not part of the ruling elite, the Courts can actively seek to gather evidence threatening the legitimacy of those politicians. As pointed out by one of our interviewees (INT 14), "*when a mayor is friends with the king [the Magistrate], there is no interest to gather evidence [that will prove s/he was involved in malpractices]; however, when a mayor is an enemy of the king, the Court will work nonstop to gather more and more audit evidence until finding something useful [to harm the political enemy]*."

As Magistrates and their protégés safeguard corrupt practices from elites, they consequently become part of the corruption schemes. Accordingly, one of our interviewees points out that in a specific state, "*the findings of the Car Wash operation [Operação Lava Jato] show that the Court of Accounts was fundamental to the corruption scheme"*, adding that *"the Court used to legitimate the status quo and participated actively in the corruption scheme"*. (INT 1)

In summary, our interviews confirmed that politicization has important repercussions for the Courts, with audit outcomes being subject to politico-economic elites' undue influence and vested interests. The Courts' politicization is associated with their members' appointment, the acceptance of *quid pro quo*, and the naturalization of reciprocity that, as described earlier, characterizes the Brazilian politico-administrative system (Taylor, 2018; Avritzer & Filgueiras, 2011). This helps to nurture corrupt networks.

5.2 The interplay between first and second-order corruption in the Court of Accounts setting

Oversight processes (e.g., governments' annual accounts, budgetary and fiscal management, public procurement, public works, etc.) are at the core of the Courts' operations. Each oversight process follows rigid procedural rules and comprises an audit process followed by a judicial process. However, we found evidence that, to protect elite interests and support corrupt networks, the Courts' members are mainly involved in two intertwined intraorganizational corruption strategies, namely selective justice and the weakening of the audit findings.

"Selective justice" occurs when Magistrates reinterpret or break existing rules during the judicial phase of the oversight processes, at the *upper layer* of the Court. It can be understood as an abuse of judicial discretion by Magistrates, leading to unfairness in the collegiate's decisions.

Though selective justice practices are frequent in the collegiate, their excessive use may expose significant divergences between audit opinions and the collegiate's decisions – as the latter take place in broadcasted sessions. Being too upfront in terms of bypassing audit opinions may lead to reputation costs and criticism by the media, citizens, and whistleblowers, especially considering that Brazil is said to have one of the most diversified and independent presses in Latin America (Alston et al., 2016). As Courts are autonomous, our interviews show that to avoid these consequences, members of the Court can conveniently change some rules and norms to benefit the elites they are linked to. Thus, as a second strategy, Magistrates explicitly design intraorganizational rules and norms to constrain audit teams or use the mandate of specific protégés (e.g., leading senior auditor) to influence the audit findings at the *lower layer* of the Court. This ends up *weakening the audit findings*, even preventing audit evidence from surfacing.

As highlighted in Table 3, the strategies of selective justice and weakening of audit findings take a variety of forms in practice, which shift and combine over time. Indeed, these actions evolve and are designed and implemented by Magistrates based on contingencies, whenever they realize a new action is needed, possible, and can deliver the expected outcome – i.e., keeping their control over the audit and judicial process.

Table 3 – Strategies to control auditing output: typology and how they operate

Strategy	Action	How it operates on the audit or judicial processes
Selective Justice	Agenda setting	- The rapporteur postpones or anticipates decisions to the plenary agenda, or Magistrates can request more time to analyze a given case ("*pedido de vista*").
	Partisan voting	- Magistrates vote to favor their political ties, reinterpreting the rules and the contextual factors according to their interests.
	Configuring the Rapporteur's function	- Rules are set to select an aligned rapporteur prone to manage the consideration of the auditors' opinion by the collegiate, mitigating the relevance, or justifying such occurrences.
Weakening the audit findings	Audit focus selection	- The leading senior-auditor selects the audit object according to the Magistrates' interests. A potentially "prone to be selected" government is excluded from the audit scope, or a "non-selected" one is included to be investigated.
	Audit pace control	- The leading senior-auditor, according to Magistrates' interests, postpones or accelerates a specific audit job – imposes bottlenecks on the audit process that "need" to be delayed.
	Audit opacity	- The dominant group sustains the internal rule, not licensing the audit findings by the lower layer to be publicized. Audit teams must accept the divergences between their audit findings and the associated collegiate decision and preserve the opacity.
	Incentives and threats	- The dominant group requires auditors to accept the status quo and reciprocity using job positions with allowances and imposition of sanctions and psychological threats. The spatial proximity of auditing teams centralized at headquarters favors psychologically threatening conditions.
	Limiting workable audit hours	- The dominant group ceases or constrains financial or human resources to run on-site audit tasks. Underdeveloped or inoperative information systems constrain workable audit hours.
		- Leading senior-auditor imposes unfeasible task-orders to constrain efforts on discretionary audit jobs. S/he also designs rules and routines, demanding extensive checks and compliance to consume workable audit hours.

Source: the authors. Notes: (1) Political influence on the collegiate decision, Resource constraining, and Discretionary decision rights do not directly shape auditors' behavior. (2) Behavior rules complement or alter what audit behavior is adequate depending on the context and may eventually become internally legitimated.

These actions do not operate in isolation. Our analysis indicates that quite frequently more than one action is adopted to keep control of the oversight process in the hands of Magistrates tied to elites. For instance, when Magistrates deploy selective justice, they combine diverse actions. Below, we offer some examples of combined use of *partisan voting* with rules that *configure the rapporteur's functions*, *audit opacity*, and *agenda setting*.

Partisan voting enables selective justice by reducing the materiality and relevance of any identified "audit evidence" inflicted by a member of the elite. In *partisan voting*, Magistrates drive the outcome of oversight processes through discretionary rhetorical exercises and biased arguments. The main objective is to favor political allies through the mitigation of sanctions, or even to apply sanctions to specific politicians who are not part of their partisan network. As mentioned by one interviewee, partisan voting is a common practice within the Courts: "*it happens at the same collegiate session, one can observe Magistrate's arguments and judgments that are completely different for the same audit evidence [...] for instance, for procurement malpractices [i.e., bid rigging], and fiscal irregularities […] for similar audit evidence, the judgment and the sanction vary depending on the mayor [if s/he is tied to the elite or not]*" (INT 21). In some cases, this action is not supported by any reasonable justification. According to one interviewee, "*the Magistrates are prone to declare that 'according to their conscience, they disagree with the auditors' opinion'"* (INT 1).

To mitigate the costs and public awareness over partisan voting, Magistrates may actively design rules related to the configuration of the rapporteur's function. As previously stated, when the audit process reaches the judicial phase it is allocated to a rapporteur to elaborate a recommendation to the collegiate. The rapporteur weighs heavily on the oversight process because each Magistrate usually follows the rapporteur's recommendation (Hidalgo, Canello & Lima-de-Oliveira, 2016; Azambuja, Teixeira & Nossa, 2018). By defining the rules on the rapporteur's function, Magistrates may facilitate their influence on the oversight processes or even make partisan voting unnecessary.

The *rules configuring the rapporteur's function* specify (i) how the rapporteur is selected, and (ii) which members of the Court can act as rapporteurs in specific oversight processes. First, although in principle some Courts randomly select their rapporteurs for one process, if the Magistrates are aligned with the same interests, when any of them acts as rapporteur, partisan voting may still take place. As one auditor described: "*Magistrates watch each other's backs. They might say to their peers 'protect my interests in one municipality, then I can help you whenever you need'. That's how it works. You scratch my back and I'll scratch yours*" (INT 24). In this context, the rapporteur is likely to reduce and re-interpret the relevance of the "auditor's opinion" to protect the collegiate's political orientation. The following quote exemplifies the rapporteur's role in a typical case of first-order corruption, reinterpreting established rules.

> *There is a Court's rule that the accepted financial deficit [for one municipality] must not exceed the equivalent to one month of tax collection [by that municipality]. When analyzing the deficit of a major city [1.2 million inhabitants], the rapporteur converted the monthly parameter to a daily parameter, concluding that the deficit was equivalent to just "36 days of tax collection". Thus, he argued that such a case met the [informal] parameter adopted by the Court*. (INT 30)

Second, Magistrates can set organizational rules to prevent or constrain the stand-in Magistrate from acting as rapporteur (especially if they are out of Magistrates' or elites' influence). For instance, in most of the Courts, the stand-in Magistrates are assigned (as rapporteur) the less risky or less relevant oversight processes; usually, they are banned from actions concerning large public works. We found evidence in our interviews that major contracts are exclusively evaluated by Magistrates with clear political connections, because it is exactly on these large contracts that partisan voting may take place in exchange for bribes and kickbacks. Therefore, the rules configuring the rapporteur's functions (a type of second-order corruption) end up favoring an organizational environment conducive to first-order corruption.

> *In small contracts [less money involved], the Magistrates usually follow the auditors' opinion. However, for big contracts, in which Magistrates can make money [via bribes], the scenario is different. In more than half of those big contracts, the Magistrates do not follow the auditor's opinion [deploying partisan voting]*. (INT 1)

One additional action Magistrates use to control the oversight process judicial outcome is related to *agenda setting*. Acting as a rapporteur, the Magistrate decides whether or not a specific process is to be included among the Court's daily judgements. In practice, the rapporteur may ask for additional audit evidence to inform their ensuing vote resulting in the postponement of the judgment. An example explained by an interviewee is the oversight of mayors and governors' annual accounts during electoral years. For the elections, candidates to reelection must comply with fiscal law. If the Courts of Accounts report that they have not complied with the law, candidates might be dropped from the elections. Consequently, "*ongoing judicial processes* [surrounding some political allies] *can be postponed by Magistrates to be voted after the elections*" (INT 21). On the other hand, oversight processes concerning political enemies will be judged before the elections, especially when auditors' opinions point to irregularities that undermine those politicians' chances of being elected.

All these previously mentioned actions are protected by the opacity or secrecy of these processes, as maintained by the rules. In general, the Courts do not publicize the auditors' opinions (and the identified audit evidence, i.e., the output of the oversight process' audit phase), limiting public view to the final report summarized by the collegiate (i.e., the output of the oversight process' judicial phase). Even when the auditors' opinion is made public, restrictions and difficulties in accessing online data are imposed. In this scenario, selective justice is hard to identify by external stakeholders such as the media or the general public. Auditors reportedly realized that opaqueness is an organized strategy, as reflected by one interviewee:

> *Why does one hide information? The Rio de Janeiro Court of Accounts held 54 archived processes, rigorously hidden at the Presidency's office. The President of the Court was in charge of the corruption scheme [uncovered by the Federal police]. Why were those processes hidden? Those processes are not allowed to come to the daylight; more than that, they could not even be voted upon, […] [if voted] people [external stakeholders] could realize what is going on. Why did they [Magistrates] hide [processes]? They were running their business [protecting the corruption]*. (INT 18)

Publicizing auditor opinions can be simply overcome by a rule issued by the Court's Presidency and the collegiate. However, as opacity favors selective justice impeding comparisons between the output of different oversight processes, Magistrates maintain it and even design additional rules to increase opacity.

As noticed above, selective justice can be efficiently replaced or complemented by a more silent strategy - *weakening the audit findings* (Table 3), that also relies on a complementarity of actions. Our interviews indicate that Magistrates and their protégés (e.g., leading senior auditors) weaken audit findings by influencing the *focus of the audit procedures*, reducing the *pace of the audit process*, and *limiting the workable audit hours*. For this strategy, Magistrates count on reciprocity to co-opt the interests of the leading senior auditor. Audit work requires human resources and enough workable auditing hours to execute audit planning (Power, 1997; DeAngelo, 1981; Isaksson & Bigstein, 2012; Caramanis & Lennox, 2008). Therefore, Magistrates may deliberately reduce staff or workable auditing hours – and consequently the probability of awkward audit findings emerging. One auditor described some less visible forms of control leading to the weakening of audit findings.

> *How do Magistrates interfere in the audit work? First, by appointing the leading senior auditor, who usually "belongs" to the President of the Court. Second, sometimes determining the auditor who will take a specific job. Third, interfering with the audit focus [what will be audited]. However, one does not need to interfere on the matter that will be audited, but simply needs to approve - or impose - an audit program that constrains auditors' schedule, does not give them enough time to conclude the job, or the conditions to find what they need to find.* (INT 18)

To influence the *focus of audit procedures*, the leading senior auditor designs an annual audit work program that emphasizes some audit areas while ignoring others. Moreover, despite the role of the leading senior auditor, in some critical cases "*Magistrates directly influence the annual audit work program development. They say, 'I want to audit this issue', with no criteria at all*" (INT 23). For instance, elites' interests can be protected as audit hours are allocated to less risky contracts or clerical tasks, while avoiding oversight on contracts that might be linked to corruptive practice. According to one auditor, "*the bureaucratic nature of our [compliance audit] work is a weakness*" preventing "*the detection of fraud or corruption*" (INT 6). Therefore, the senior auditor can use the audit work program to destabilize audit routines, inflate red tape, impose work overload, reduce audit time on risky projects or compress deadlines – thus inducing errors and fragile audit opinions. This is exemplified by the next quotation:

> *The leading senior auditor gives the following guidance [on the annual audit work program]: "we will expand the oversight over the municipalities' city halls", but where are the biggest public expenditures? They are at the state level. Moreover, sometimes the public expenditures are not even in city hall but in state-owned enterprises that handle several service contracts. [...] Courts are subject to an audit program based on interests that are not Republican [biased to private interests], as they are not designed following a matrix of audit risk.* (INT 18)

As suggested by our interviews, audit findings are significantly affected by unfeasible deadlines and schedules for specific audit tasks defined and developed without considering risk or volume of data. "*The best way to weaken the audit function is to require audit on everything*" (INT 23). Leading senior auditors designing the annual audit work program, subsequently

approved by the collegiate of Magistrates, can enact rules and norms that define (compress or extend) auditors' task deadlines to weaken the audit findings and protect elites' interests:

> *It is sufficient to implement an auditing schedule comprising an unfeasible set of tasks. For instance, you concentrate the schedule on an audit program to cover a state-owned firm with 1,500 annual contracts and require the audit team to deliver the task in the next three days. Actually, implicitly the state-owned firm will not be an audit, as there is no feasibility to complete the job with a truthful audit sampling*. (INT 18)

In effect, the annual audit work program ends up biased by design. At the early stages of the audit processes, the annual audit plan reduces the probability of audit findings emerging and being subsequently reported in the auditors' opinion. This second-order corruption facilitates the protection of elites' interests as the rapporteur and the Magistrates at the collegiate do not have to face the reputational costs associated with deploying partisan voting. Similarly, as the leading senior auditor can directly influence an auditor or audit team, undesired audit findings can be prevented.

We found that the leading senior auditor is captured by the Magistrates and the associated elites via reciprocity. Incentives play their role. As the president of the Court and her/his fellows decide on administrative issues, they can design rules and reward systems that enhance reciprocity among tenured auditors and those members of the Courts tied to external networks of corruption (e.g., via large usage of allowances for leading senior auditors). As previously discussed, several roles at both lower and upper layers count on additional attractive allowances (i.e., extra payments), capturing auditors with monetary incentives. Auditors, via reciprocity, are more prone to support the Magistrates' will.

> *Individuals in job-positions with allowances [e.g., leading senior auditor] will do everything asked by the Magistrates. Because if they do not do what they are asked for, they will lose their allowances. There are cases in which auditors [monthly] wage is R$10,000 [note: R$ means the Brazilian currency], but with the allowances, it goes up to R$20,000. S/he will lose 50% of their income if s/he does not work accordingly to the malpractices asked for by the Magistrates.* (INT 24)

Based on reciprocity, the leading senior auditor found virtually no limits to action in looking out for the interests of elites, as described by one auditor.

> *Sometimes it occurs that our supervisor [leading senior auditor or audit director] knows that our audit opinion will call for an adverse opinion [as it contains critical audit evidence]. Imagine that you are at the coffee machine and tell someone about this specific audit finding. Sooner or later, the supervisor will know about that, and if it is in their interest, they will act. For example, I know cases where the auditor leaves his notebook on the desk after working hours to continue working on the next morning; however, the supervisor seizes the notebook and the documents to reallocate the auditing process to another auditor [willing to report a clean opinion] or issue an opinion by himself next morning.* (INT 4)

All those actions operate and are facilitated by a mentally unhealthy environment. The "*auditors are subject to the 'culture of fear' and to retaliation [by Magistrates] if they try to change things*" (INT 3). Magistrates and their protégés may impose diverse forms of physical and psychological costs on the auditors, such as rescheduling or reducing their holidays, allocating them boring or less worthy projects, or transferring them to distant municipalities requiring travel. The lines of hierarchy at the Courts are extraordinarily rigid and top-down reinforced by Magistrates; they impose formal but also informal sanctions on auditors. As an interviewee explains, "*Magistrates do not think they are gods, they are certain that they are [...] Everybody follows a rigid hierarchy. If you do not follow, there are serious consequences,*

it is like a dictatorial regime" (INT 24). The dictatorial climate includes psychological threats, facilitated by spatial proximity of auditing teams centralized at the Court's headquarters. In one specific state, as described by an auditor, Magistrates decided to bring the auditors back to the headquarters, creating a climate of tension due to continuous monitoring. Such a decision was implemented by rules and practices that legitimize certain office layouts.

Sanctions and threats also reduce the auditors' willingness to resist selective justice in place or Magistrates' impositions. Under such extreme situations, the distress may affect auditors' health: *"Because of the pressures […], there is one colleague… not just one, several depressed colleagues asking for retirement"* (INT 4). The abuse of power by Magistrates is alarming in some situations, as they try to preserve their status quo. A subtle culture of fear emerges, and retaliatory reactions might be expected to go beyond the organizational hierarchy in some Courts.

> *The Court was always a place of fear, an oppressive place due to the politicization. You never know to whom you are talking. Sometimes people said to look carefully to whom you talk because there are appointed personnel from the Militia [Note: In some violent states in Brazil, there are para-governmental armed groups called Militia, perpetrating crimes] working within the Court.* (INT 4)

In summary, there is an entanglement between practices of first- and second-order corruption within the Courts which ends up protecting elites' interests. We found evidence that Magistrates and their protégés abuse their power, shaping organizational rules to protect, legitimize, and maintain their corrupt practices. Magistrates abuse the discretionary decision rights vested by their mandate and break or distort the rule of law and internal regulations to selectively favor specific groups (first-order corruption). However, those strategies are accepted because, at some point in the past or present, the Courts' organizational structure and internal rules were actively designed (second-order corruption) to legitimize judicial discretion – normalizing selective justice. Magistrates also maintain the opacity of the audit process via internal regulations to apply selective justice. In addition, rules related to incentives and threats at work constitute a favorable environment for reciprocity and favoritism to flourish. Opacity, incentives, and threats are second-order corruptive practices. However, threats also include first-order corruptive actions, i.e., rule-breaking such as mobbing and harassment, by the leading senior auditor or Magistrates. The leading senior auditor's discretionary decision rights and power to enact new rules of conduct within the Court configure second-order corruption when it is oriented to weaken audit findings. In effect, this ends up weakening auditors' capacity to issue an independent audit opinion. As shown above, the leading senior auditor strategically changes the focus and pace of audit initiatives via audit planning and the allocation of audit teams. As Courts' members operate following rigid and strict rules, most of the malpractices carried by rules are accepted, naturalized through mechanisms of reciprocity or fear. Overall, these processes nurture wider corruption schemes in a systemic way.

6. Individual and collective action of Auditors challenging the status quo

As indicated above, first- and second-order corruption play a vital role in maintaining the status quo within the Courts of Accounts. However, interviewees point out that the majority of tenured auditors all over the country, who do not benefit from allowances (i.e., extra payments) or even from bribes, are not willing to join the corruption network. They may even

react to corruption scandals. As in the case where six of seven Magistrates were removed, which motivated our research, one interviewee (INT 2) clearly pointed out that after the scandal, "*we [auditors] need to show society that we are different from the [removed] Magistrates. We are all part of the same Court of Accounts, but there are two groups. We need to use this [the scandal] as an opportunity to improve our work*". Hence, auditors may react individually and collectively, even though corruption is not easy to detect and address, especially second-order corruption (Zyglidopoulos, 2016). Besides comprehensively illustrating the pressures audit teams suffer, our interviews also point to reactions from auditors, at the individual and collective levels.

In the presence of a "system" of corruption, it is hard for an individual auditor to challenge the status quo within the Court, as the "incentives and threats" at work strongly and effectively punish any reaction in the direction of stronger audit autonomy and against selective justice. For example, audit teams in one Court complained about wasting their working hours on pointless clerical tasks. When some of them suggested the redesign of such practices, their suggestions were not even considered by those responsible for designing the rules within the Court.

> *Our studies and formal proposals [about most effective audit tasks] were sent by us and received [by the Magistrates]. But none of those proposals were accepted. Most of them were blocked at the Presidency office. Following the Court's internal regulation, the Presidency should let the collegiate vote on the propositions. But it [the Presidency] never included this item on the voting agenda.* (INT 5)

As the auditors seeking change persist in their individual actions, they become an easy target of mobbing: "*it is a kind of unfair game ... the auditors are the weakest part of the whole system*" (INT 8). We heard anecdotes about some Courts having certain rooms/offices where critical auditors happen to be temporarily located to send a message to their peers that they are being punished for questioning the status quo. Usually, under such constrained settings, auditors are compelled to work on non-audit related tasks. Although most of the Brazilian Courts do have an Ombudsman's Office, auditors facing mobbing cannot count on it as interviewees highlighted that the Court's Ombudsman is usually part of the "network" of Magistrates. Moreover, there are usually no safeguards regarding anonymous whistleblowing. In effect, rather than prosecuting those involved in malpractice, the whistleblowing mechanism is used to persecute those auditors pushing for change. Therefore, auditors at the Courts often passively accept "things just as they are" and their motivation to seek change weakens.

> *When the whole Court of Accounts is dysfunctional… if this level of pathology is embedded in the organizational culture, there is no President, nor Vice-President, nor Ombudsman, nor any other equivalent authority, nor a governance structure, you can trust in order to change things.* (INT 8)

As individual responses are deemed unsustainable, collective resistance emerged in some cases. We found some evidence that auditors increasingly support, and adhere to, professional auditors' associations. Professional associations are seen to protect individual auditors against Magistrates' threats. Moreover, those associations help individual auditors to make sense of similar malpractices that occur in other Courts. As one interviewee explained, "*as one auditor talks to auditors from other Courts around the country, this auditor realizes*

that malpractices happen everywhere [...] auditors are captured and they have no independence nor autonomy." (INT 10)

Professional associations keep a sufficient level of autonomy and distance from Courts' Magistrates. For instance, the national auditors' association is politically and financially autonomous from each Court. At the same time, it comprises a network of local auditors' associations present in several regional Courts all over the country – thus the professional association does not lose sight of bottom-up local demands. The national association disseminates the occurrences of identified malpractices and generates a space for interaction and empowerment of auditors who are unsatisfied with the functioning of the Courts. If some Magistrates retaliate against an auditor member of the association, the latter may use the national association to get his/her voice heard and publicize the mobbing. The auditor then is protected, as the association raises the complaints to a Court without identifying the auditor, making it more difficult for the Magistrates to threaten them.

The national auditors' associations and their orbiting local associations collectively design a political agenda for change, adopting discursive strategies to enroll other auditors and mobilize the press. These associations appear to provide auditors with the awareness of shared experiences, and a possible motivation to challenge the status quo:

> *I do not want to retire, look back, and see that I was the person who does everything that they [Magistrates] tell him to do. I do not want to look back and see that I have dedicated my life to an organization in which my work is of no use [to society]. [When I started attending professional association meetings] I met more people who think just like me. And I do not think it is fair that these people fight for me, fight for the Courts to change, while I relax and put my feet up. What moves me is to see that there are colleagues who want to do it differently [in the associations] and that if we do it differently, the Court of Accounts can change.* (INT 8)

Professional associations have advanced bills proposing changes to the system of appointment of Magistrates and aimed at reducing their discretionary decision rights. Obviously, these proposals face strong and veiled resistance by the legislative branch. As change does not take place, the associations act to block Magistrate's abusive appointments by appealing to justice – although most of the time this is also ineffective due to links between members of the judiciary and politico-economic elites. In general, based on interviews supported by associations' formal statements and official documents, they usually propose the following provisions to change the Courts: (i) limiting freely appointed job positions (e.g., reducing the number of advisors, especially those who are not selected among tenured auditors); (ii) reducing allowances for the leading senior auditor and advisory teams; (iii) setting standards for due process (e.g., following minimum standards of procedural rules on the oversight process); and (iv) increasing the transparency of the audit report. Such proposals challenge one or more types of second-order corruptive practices that we identified earlier. Finally, associations also developed other strategies that are already in place aiming to protect auditors, for instance, (v) denouncing types of mobbing to mitigate the culture of fear within the Courts of Accounts; and (vi) offering whistleblowing channels and subsequently issuing public letters or starting criminal procedures. According to the interviews, those strategies are successful to some (limited) extent, for instance by amplifying awareness of the actions of those associations. Yet they clearly point to the need for those actions to be escalated.

The political agenda raised by the National Auditors Association is even more challenging due to diversity in how these Courts operate and interpret the federal laws. Thus, there is also a longstanding call for standardization and implementation of a national independent oversight body to control and regulate more than 30 Courts of Accounts in Brazil.

7. Discussion and conclusions

Mobilizing Zyglidopoulos's (2016) concepts of first and second-order corruption, our study provides novel perspectives on the concrete ways in which Courts of Accounts and a number of their members may contribute to sustaining corrupt practices, instead of fighting them. In doing so, we offer a threefold contribution to the discussion on audit organizations and corruption. First, we demonstrate that the external influence of elites pursuing economic and political interests is key to the ability of corrupt schemes to emerge and sustain themselves within the Courts. Second, we highlight the specific first- and second-order mechanisms that enable corruption. Third, we emphasize specific policy implications of the case at hand.

First, our study provides evidence on how the close relationship between politicians and Magistrates and members of the Courts is key to the emergence and persistence of corrupt schemes - at least in the Napoleonic model of public audit under analysis. In doing so, our study also addresses calls for a deeper understanding of how mechanisms for political appointments in public sector audit organizations influence their performance (Seyfried, 2016; Morin, 2010). In the case under analysis, politicians (funded by businesspeople) exert great influence on the Courts through the appointment of Magistrates. Private interests infiltrate the Courts as Magistrates appoint loyal senior auditors and advisors who act based on reciprocity to systematically control the audit processes. Similar to Jávor and Jancsics (2016), our study shows that actors in these roles have a certain control over technical procedures and act to favor Magistrate (and elite) interests. The external and undue influence which infiltrates the Court of Accounts from top to bottom fosters an organizational culture in which auditors are not independent, professionalism remains weak (as reciprocity pays more), primarily oriented by individual interests rather than service to citizens. As Gustavson and Sundstrom (2016) stated, components of "bad auditing" such as the ones described here may lead to systemic corruption. In this context, the audit organizations may end up fighting corruption only under specific conditions, i.e., when this is in line with the powerful politicians' specific interests. For instance, Courts' selective justice may attack "enemy" political groups, similar to Johnston's (2005) Elite Cartel syndrome of corruption. The findings highlight the mutual benefits accruing to both the supply and demand sides of corruption (Rodrigues & Barros, 2020; Sikka & Lehman, 2015). Therefore, our findings show that Courts of Accounts are not just ineffective in fighting corruption, but can also be proactive in supporting corrupt activities. An additional feature of the case under analysis is the strong interconnections between the different levels of corruption (individual, organizational, and institutional). In such a context, overall control integrity is compromised, different types of corruption at all levels are mutually nurtured, and there are open opportunities for corrupt networks to flourish. Thus, corruption remains endemic.

Second, our empirical findings contribute to the literature concretely illustrating the types of mechanisms that enable corruption (counting) on malfunctioning public audit organizations. Both second- and first-order corruption co-occur counting on multiple and complementary mechanisms to ensure the "success" of the overall corruption network.

Magistrates and their protégés rely on the entanglement of first- and second-order corruption practices at all levels of the organization to protect the elites' interests via the strategies of selective justice and weakening of the audit findings.

Powerful actors within the Courts count on their power and discretion to constantly design (or maintain) rules to facilitate or even legitimize first-order corruption (Roberts, 2015), for example creating a favorable environment for reciprocity to emerge. In such a Napoleonic audit setting, selective justice is supported by rules that govern the oversight processes' agenda setting and legitimize partisan voting by Magistrates and the control of rapporteurs of each oversight process. Rules are also designed to maintain control of audit processes in the hands of members of the audit organizations that are linked to external elites. Those rules maintain audit opacity and operate by limiting workable audit hours and interfering on audit scope and pace. As audit work requires human resources and enough workable auditing hours (Power, 1997; DeAngelo, 1981; Isaksson & Bigstein, 2012; Caramanis & Lennox, 2008), those mechanisms weaken the audit findings and prevent audit evidence from even surfacing – important mechanisms to enable corruption. These findings corroborate that reciprocity and opacity are critical elements for both first- and second-order corruption to thrive (Meza & Pérez-Chiqués, 2020).

Several of these rules were historically enacted by previous politically biased groups of Magistrates that occupied the Courts since their early years (Lino, 2019), and not by the current Magistrates. However, as shown, they are perpetuated and maintained by the incumbent Magistrates as they may favor their interests. This suggests that the effects of second-order corruption may reproduce and continue indefinitely, as long as they are aligned to the interests of the most powerful members of the public audit organization and not contested by other relevant stakeholders. Following Zyglidopoulos (2016), one way to mitigate second-order corruption is to make clear the rationales behind any regulatory change. However, in the case analyzed, the rationale behind regulation and norms dates back a long time. Thus, second-order corruption becomes rooted in organizational routines and culture (Cooper, Dacin & Palmer, 2013).

Third, our findings also have relevant policy implications providing the basis for improving audit organizations in similar settings, trying to make corruption more visible. While focusing on the context of Brazilian Courts of Accounts, similar corrupt organizations might benefit from responses that address the specific combination of reciprocity and opacity. In corrupt organizations without opacity, well-suited checks and balances would be sufficient to provide legal sanctions to perpetrators (Meza & Pérez-Chiqués, 2020). However, the combination of reciprocity and opacity creates a facilitative environment for corruption. Thus, to resist this toxic environment, forms of resistance might focus specifically on opacity and reciprocity within the organization.

Regarding reciprocity, measures should be considered to reduce incentives to support corrupt networks within the Courts. For instance, lowering the leading senior auditors' (or audit directors') allowance and requiring only career auditors take that role are possible ways to reduce reciprocity in the case under analysis. Another form of resistance (current in the Brazilian case) is the congregation of auditors into independent professional associations, relying on collective responses to amplify their voices - while enjoying the protection of anonymous whistleblowing. Following this bottom-up approach (Jancsics, 2019), auditors and their associations can count on the press to publicize any form of selective justice or attempt to weaken the audit findings. By prompting public awareness, it would be costly for actors to

engage in reciprocity relationships – as, usually, whenever a scandal attracts media attention, a scapegoat (guilty, but not the only one) is punished (Courtois & Gendron, 2017).

Regarding the opacity of audit processes, while acknowledging that to publicize the auditor's opinion may also generate new second-order rules and attacks on Brazilian auditors' independence, an entirely visible oversight process could empower auditors' resistance. It could include how the work of auditors is organized; how workload is allocated; the first report that the local or state government received; the justifications presented by the government's defense; which new information was requested by the rapporteur; the subsequent auditors' opinion based on that information, and so on. These points make mechanisms put in place to weaken audit findings more easily verifiable. Similarly, the creation of an independent oversight body to regulate and enforce minimum audit standards to all Courts could increase the comparability of Courts' audit procedures and potentially reduce the opportunities for actions aimed at weakening audit findings. In addition, greater visibility would allow comparisons between judgments from different local governments, and any differences of understanding would be more transparent to citizens or the press. Indeed, as Rocha, Zuccolotto, and Teixeira (2020) pointed out, the Courts of Accounts are seemingly "invisible" to civil society – something that seems to be an intentional decision. Thus, auditors' professional associations might promote the engagement of civil society based on the development of a whistleblowing culture; also, within the Courts, the same culture should exist, creating and extending auditors' safeguards against Magistrates' retaliation.

Our findings might be extended by empirical observations in other transferable settings following the Napoleonic audit model, such as the French Cour des Comptes, the Italian Corte dei Conti, or even the Brazilian Supreme Audit Institution (Tribunal de Contas da União). Other future avenues of research may be as follows. Despite arguments that audit is deliberately obscure to preserve it from expected pressures (Power, 1997), how can those (corrupted) audit organizations under analysis establish their legitimacy and maintain it given the context under which they operate? Indeed, how could they develop and reproduce over time? How do actors not involved in reciprocity ties with Magistrates or members of the ruling elites perceive the corrupt actions surrounding them? What is the role of professions in fighting systemic corruption? Finally, it would be interesting to analyze the temporal nature of second-order corruption and how it can thrive over time – independent of the pioneer entrepreneurs who designed the relevant rule or norm.

References

Alston, L. J., Melo, M. A., Mueller, B., & Pereira, C. (2016). *Brazil in transition. Beliefs, leadership, and institutional change*. Princeton University Press.

Arantes, R. B., Abrucio, F. L., & Teixeira, M. A. C. (2005). A imagem dos Tribunais de Contas subnacionais. *Revista do Serviço Público*, *56*(1), 57–85.

Aquino, A. C. B. de, & Batley, R. A. (2021). Pathways to hybridization: Assimilation and accommodation of public financial reforms in Brazil. *Accounting, Organizations and Society*, 101297.

Ashforth, B. E., Gioia, D. A., Robinson, S. L., & Treviño, L. K. (2008). Re-viewing organizational corruption. *Academy of Management Review*, *33*(3), 670–684.

Avritzer, L., & Filgueiras, F. (2011). Corrupção e controles democráticos no Brasil. Brasília: IPEA.

Azambuja, P. A., Teixeira, A., & Nossa, S. N. (2018). Aprovação de contas municipais com irregularidades gravíssimas: quando a auditoria técnica não é suficiente. *Revista de Contabilidade e Organizações, 12,* e149212.

Azevedo, R. R. de, & Lino, A. F. (2018). O distanciamento entre as normas de auditoria e as práticas nos Tribunais de Contas. *Revista Sociedade, Contabilidade e Gestão, 13*(2), 9–27.

Bauer, M. W., & Gaskell, G. (Eds.). (2000). *Qualitative researching with text, image and sound: A practical handbook for social research*. London: Sage.

Blanco, D. V. (2017). Of distributive politics and pork barrel system: Why not epistemic governance approach? *International Journal of Public Administration*, *40*(1), 89-99.

Blume, L., & Voigt, S. (2011). Does organizational design of supreme audit institutions matter? A cross-country assessment. *European Journal of Political Economy*, *27*(2), 215–229.

Bogner, A., Littig, B., & Menz, W. (2009). Introduction: Expert interviews – An introduction to a new methodological debate. In Bogner, A., Littig, B., Menz, W. (*eds) Interviewing experts. Research Methods Series.* (pp. 1–13). London: Palgrave Macmillan.

Bonollo, E. (2019). Measuring supreme audit institutions' outcomes: Current literature and future insights. *Public Money and Management*, *39*(7), 468–477.

Bowen, C, & Bowen, W. M. (2008). Content analysis. In Yang, K.; Miller, G.J. *Handbook of research methods in public administration*. (pp. 689-703). Nova York: CRC Press.

Brass, D. J., Butterfield, K. D., & Skaggs, B. C. (1998). Relationships and unethical behavior: A social network perspective. *The Academy of Management Review*, *23*(1), 14-31.

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative research in psychology*, *3*(2), 77-101.

Buscaglia, E. (2011). On best and not so good practices for addressing high-level corruption worldwide: an empirical assessment. In Rose-Ackerman S, Soreide T. (eds). *International handbook on the economics of corruption.* (pp. 453–477) 2nd ed. Northampton, MA: Edward Elgar.

Caramanis, C., & Lennox, C. (2008). Audit effort and earnings management. *Journal of Accounting and Economics*, *45*(1), 116–138.

Castro, A., & Ansari, S. (2017). Contextual "readiness" for institutional work. A study of the fight against corruption in Brazil. *Journal of Management Inquiry*, *26*(4), 351–365.

Cooper, D. J., Dacin, M. T., & Palmer, D. (2013). Fraud in accounting, organizations and society: Extending the boundaries of research. *Accounting, organizations and society*. *38*(6), 440-457.

Choi, S. J., Gulati, G. M., & Posner, E. A. (2008). Professionals or politicians: The uncertain empirical case for an elected rather than appointed judiciary. *Journal of Law, Economics, and Organization*, *26*(2), 290–336.

Cialdini, R., Li, Y. J., Samper, A., & Wellman, N. (2019). How bad apples promote bad barrels: unethical leader behavior and the selective attrition effect. *Journal of Business Ethics*, (0123456789).

Couto, C. G., & Abrucio, F. L. (1995). Governando a Cidade? A força e a fraqueza da Câmara Municipal. *São Paulo em Perspectiva*, *9*(2), 57–65.

Courtois, C., & Gendron, Y. (2017). The "normalization" of deviance: A case study on the process underlying the adoption of deviant behavior. *Auditing: A Journal of Practice & Theory*, *36*(3), 15–43.

DeAngelo, L. E. (1981). Auditor size and audit quality. *Journal of Accounting and Economics*, *3*(3), 183–199.

De Graaf, G. (2007). Causes of corruption: towards a contextual theory of corruption. *Public Administration Quarterly*, *31*(1), 39–86.

DFID. Department for International Development (2004). *Characteristics of different external audit systems*. Briefing. Policy Division nº 21.

Dye, K. M. & Stapenhurst, R. (1998). Pillars of Integrity: The importance of supreme audit institutions in curbing corruption. Economic Development Institute of the World Bank. http://documents.worldbank.org/curated/en/199721468739213038/Pillars-of-integrity-the-importance-of-Supreme-Audit-Institutions-in-curbing-corruption. Accessed 20 November, 2020.

Ezennia, C. N. (2016). The modus operandi of the international criminal court system: An impartial or a selective justice regime? *International Criminal Law Review*, *16*(3), 448–479.

Everett, J., Neu, D., & Rahaman, A. S. (2007). Accounting and the global fight against corruption. *Accounting, Organizations and Society*. *32*(6), 513-542.

Farquharson, K. (2005). A different kind of snowball: identifying key policymakers. *International Journal of Social Research Methodology*, *8*(4), 345-353.

Fernandes, G. A. A. L., Fernandes, I. F. L. A., & Teixeira, M. C. (2018). Estrutura de funcionamento e mecanismos de interação social nos Tribunais de Contas Estaduais. *Revista do Serviço Público*, *69*, 123–150.

Flick, U. (2013). *The SAGE Handbook of Qualitative Data Analysis*. Sage.

Fleming, P., & Spicer, A. (2014). Power in management and organization science. *Academy of Management Annals*, *8*(1), 237–298.

Funnell W. (1994). Independence and the public sector auditor in Britain: constitutional keystone or a case of reified imagery. *ABACUS*, *30*(2), 175–195.

Gendron, Y., Cooper, D. J., & Townley, B. (2001). In the name of accountability. State auditing, independence and new public management. *Accounting, Auditing & Accountability Journal*, *14*(3), 278–310.

Gloppen, S. (ed.) (2010). *Courts and power in Latin America and Africa*. Basingstoke: Palgrave MacMillan.

Gloppen, S. (2014). Courts, corruption and judicial independence. In Søreide, T, & Williams, A. (Ed). *Corruption, Grabbing and Development*. Ed. Edward Elgar Publishing.

Gustavson, M., & Rothstein, B. (2013). Can Auditing Generate Trust? The Organization of Auditing and the Quality of Government. In: Reuter, M., Wijkström, F.; Kristensson –

Uggla, B. (Eds). *Trust and organizations. Confidence across borders.* (pp. 41-63). New York: Palgrave Macmillan.

Gustavson, M., & Sundstrom, A. (2016). Organizing the audit society: Does good auditing generate less public sector corruption? *Administration & Society*, *50*(10), 1508-1532.

Grajzl, P., & Silwal, S. (2020). Multi-court judging and judicial productivity in a career judiciary: Evidence from Nepal. *International Review of Law and Economics*, *61*, 105888.

Grasso, P. G., & Sharkansky, I. (2001). The auditing of public policy and the politics of auditing: The U.S. GAO and Israel's State Comptroller. *Governance*, *14*(1), 1–21.

Hay, D.; & Cordery, C. (2018). The value of public sector audit: Literature and history. *Journal of Accounting Literature*, *40*, 1-15.

Hidalgo, F. D., Canello, J. & Lima-de-Oliveira, R. (2016). Can politicians police themselves? Natural experimental evidence from Brazil's Audit Courts. *Comparative Political Studies*, *49*(13), 1739 – 1773.

Intercept Brasil. (2019). As mensagens secretas da Lava-Jato. https://theintercept.com/series/mensagens-lava-jato. Accessed 20 November, 2020.

INTOSAI - International Organization of Supreme Audit Institutions. (2011). *Declaración de Lima.* http://www.intosai.org/es/issai-executive-summaries/detail/detail/News/issai-1-la-declaracion-de-lima.html. Accessed 20 November, 2020.

Isaksson, A. S., & Bigsten, A. (2012). Institution building with limited resources: Establishing a supreme audit institution in Rwanda. *World Development*, *40*(9), 1870–1881.

Jancsics, D. (2019). Corruption as resource transfer: An interdisciplinary synthesis. *Public Administration Review*. *79*(4), 523-537.

Jávor, I., & Jancsics, D. (2016). The role of power in organizational corruption: An empirical study. *Administration and Society*, *48*(5), 527–558.

Jeppesen, K. K. (2018). The role of auditing in the fight against corruption. *British Accounting Review*, *51*(5), 100798.

Johnsen, Å. (2019). Public sector audit in contemporary society: A short review and introduction. *Financial Accountability & Management*, *35*(2), 121–127.

Johnston, M. (2005). *Syndromes of corruption: Wealth, power, and democracy*. Cambridge University Press.

Johnston, M. (2008). Japan, Korea, the Philippines, China: Four syndromes of corruption. *Crime, Law and Social Change*, *49*(3), 205–223.

Kayrak, M. (2008). Evolving challenges for supreme audit institutions in struggling with corruption. *Journal of Financial Crime*, *15*(1), 60–70.

Khan, S. R. (2012). The sociology of elites. *Annual Review of Sociology*, *38*, 361–377.

Kish-Gephart, J. J., Harrison, D. A., & Treviño, L. K. (2010). Bad apples, bad cases, and bad barrels: Meta-Analytic evidence about sources of unethical decisions at work. *Journal of Applied Psychology*, *95*(1), 1–31.

Klitgaard, R. (1988). *Controlling corruption*. Berkeley, CA: University of California Press

Kowal, S., & O'Connell, D. C. (2013). Transcription as a crucial step of data analysis. In U. Flick (Ed.), *The SAGE Handbook of Qualitative Data Analysis* (pp. 64–78). Sage Publications.

Lancaster, K. (2017). Confidentiality, anonymity and power relations in elite interviewing: Conducting qualitative policy research in a politicised domain. *International Journal of Social Research Methodology*, *20*(1), 93-103.

Lassou, P. J. C., Hopper, T., & Ntim, C. (2020). How the colonial legacy frames state audit institutions in Benin that fail to curb corruption. *Critical Perspectives on Accounting*, (102168).

Lazzarini, S. (2018). Capitalismo de laços: Os donos do Brasil e suas conexões. 2nd Ed. São Paulo: BEI Comunicação.

Levine, D. P. (2005). The corrupt organization. *Human Relations*, *58*(6), 723–740.

Limongi, F, & Figueiredo, A. (1998). Bases institucionais do presidencialismo de coalizão. *Lua Nova: Revista de Cultura e Política*, *44*, 81-106.

Lino, A. F. (2019). *As lógicas conflitantes no tribunal de contas e o enfraquecimento de sua relevância social*. Doctoral Thesis. Universidade de São Paulo.

Lino, A. F., & Aquino, A. C. B. de (2018). The diversity of the Brazilian regional audit courts on government auditing. *Revista Contabilidade & Finanças*, *29*(76), 26–40.

Lino, A. F., & Aquino, A. C. B. de. (2020). Organizational wrongdoing in courts of accounts. *Journal of Public Administration*, *54*(2), 220-242.

Loureiro, M. R., Teixeira, M. A. C., & Moraes, T. C. (2009). Democratização e reforma do Estado: o desenvolvimento institucional dos tribunais de contas no Brasil recente. *Journal of Public Administration*, *43*(4), 739-772.

Manning, N., & Stapenhurst, R. (2002). *Strengthening oversight by legislatures*. *PREM Notes*. Washington DC.

Mckinnon, J. (1988) Reliability and validity in field research: Some strategies and tactics. *Accounting, Auditing & Accountability Journal*, *1*(1), 34–54.

Melo, M. A., Pereira, C., & Figueiredo, C. M. (2009). Political and institutional checks on corruption: Explaining the performance of Brazilian audit institutions. *Comparative Political Studies*, *42*(9), 1217–1244.

Merriam-Webster. (2021). Quid pro quo. In Merriam-Webster.com dictionary. Retrieved September 5, 2021, from https://www.merriam-webster.com/dictionary/quid%20pro%20quo

Meza, O., & Pérez-Chiqués, E. (2020). Corruption consolidation in local governments: A grounded analytical framework. *Public Administration*, 1–17.

Morin, D. (2010). Welcome to the court… *International Review of Administrative Sciences*, *76*(1), 25–46.

Neu, D., Everett, J., & Rahaman, A. S. (2013). Internal auditing and corruption within government: The case of the Canadian Sponsorship Program. *Contemporary Accounting Research*, *30*(3), 1223-1250.

Neu, D., Everett, J., Rahaman, A. S., & Martinez, D. (2013). Accounting and networks of corruption. *Accounting, Organizations and Society*, *38*, 505–524.

Neu, D., Everett, J., & Rahaman, A. S. (2015). Preventing corruption within government procurement: Constructing the disciplined and ethical subject. *Critical Perspectives on Accounting*, *28*, 49–61.

Nielsen, R. P. (2003). Corruption networks and implications for ethical corruption reform. *Journal of Business Ethics*, *42*(2), 125–149.

Nowell, B., & Albrecht, K. (2018). A reviewer's guide to qualitative rigor. *Journal of Public Administration Research and Theory*, *29*(2), 348–363.

Nunes, S. P. P., Marcelino, G. F., & Silva, C. A. T. (2019). The Courts of Accounts on the interpretation of the Fiscal Responsibility Law. *Revista de Contabilidade e Organizações*, *13*(e145151).

O'Donell, G. (1998) Accountability horizontal e novas poliarquias. *Lua Nova*, *44*(98), 27–54.

OECD. (2020), *Auditing decentralised policies in Brazil: Collaborative and evidence-based approaches for better outcomes*, OECD Public Governance Reviews, OECD Publishing, Paris.

O Globo. (2017). *TCU e TCEs têm 41 integrantes investigados*. https://oglobo.globo.com/brasil/tcu-tces-tem-41-integrantes-investigados-21518437. Accessed 20 November, 2020.

Paiva, N., & Sakai, J. (2014). Quem são os conselheiros dos Tribunais de Contas. *Transparência Brasil*, 1–32.

Palmer, D. (2008). Extending the process model of collective corruption. *Research in Organizational Behavior*, *28*, 107–135.

Palmer, D. (2017). Institutions, institutional theory and organizational wrongdoing. In R. Greenwood, C. Oliver, T. B. Lawrence, & R. E. Meyer (Eds), *The SAGE handbook of organizational institutionalism* (pp. 737–758). Sage Publications.

Pierre, J., & Licht, J. de F. (2019). How do supreme audit institutions manage their autonomy and impact? A comparative analysis. *Journal of European Public Policy*, *26*(2), 226–245.

Pinto, J., Leana, C. R., & Pil, F. K. (2008). Corrupt organizations or organizations of corrupt individuals? Two types of organization-level corruption. *Academy of Management Review*, *33*(3), 685–709.

Posner, P. L., & Shahan, A. (2014). Audit institutions. In M. E. Bovens, R. E. Goodin, & T. Schillemans (Eds), *The Oxford handbook of public accountability* (pp. 488–506). Oxford: Oxford University Press

Power, M. (1997). *The audit society: Rituals of verification*. Oxford: Oxford University Press.

Praça, S., Freitas, A., & Hoepers, B. (2011). Political appointments and coalition management in Brazil, 2007-2010. *Journal of Politics in Latin America*, *3*(2), 141-172.

Prosecutors' General Report (2018). http://www.mpf.mp.br. Accessed 20 November, 2020.

Radcliffe, V. S. (1997). Competing rationalities in "special" government audits: The case of NovAtel. *Critical Perspectives on Accounting*, *8*(4), 343–366.

Rahaman, A. S. (2009). Independent financial auditing and the crusade against government sector financial mismanagement in Ghana. *Qualitative Research in Accounting & Management*, *6*(4), 224–246.

Raile, E. D., Pereira, C., & Power, T. J. (2011). The executive toolbox: Building legislative support in a multiparty presidential regime. *Political Research Quarterly*, *64*(2), 323-334.

Rapley, T. (2013). Sampling strategies in qualitative research. In U. Flick (Ed), *The Sage Handbook of Qualitative Data Analysis* (pp. 49–63). London: Sage Publications.

Reichborn-Kjennerud, K., González-Díaz, B., Bracci, E., Carrington, T., Hathaway, J., Jeppesen, K. K., & Steccolini, I. (2019). *Sais work against corruption in Scandinavian, South-European and African countries: An institutional analysis*. The British Accounting Review, *51*(5), 100842.

Reichertz, J. (2013). Induction, deduction and Abduction. *The Sage handbook of qualitative data analysis*. (pp. 123-135). London: Sage Publications.

Roberts, J. (2015). The "subject" of corruption. *Critical Perspectives on Accounting*, *28*, 82–88.

Rocha, D. G. da, Zuccolotto, R., & Teixeira, M. A. C. (2020). Insulated and undemocratic: the (im)possibility of social accountability in Brazilian courts of accounts. *Journal of Public Administration*, *54*(2), 201-2019.

Rodrigues, C. C., & Barros, A. (2020). From caciques and godfathers to second-order corruption. *Journal of Management Inquiry*, 1–15.

Rose-Ackerman, S. (1999). *Corruption and government: causes, consequences, and reform*. Cambridge: Cambridge Univ. Press.

Rose-Ackerman, S. (2007). Judicial independence and corruption. *Transparency International, Global Corruption Report*, 15-24.

Ryan, G. W., & Bernard, H. R. (2003). Techniques to identify themes. *Field Methods*, *15*(1), 85–109.

Sakai, J., & Paiva, N. (2016). Quem são os conselheiros dos Tribunais de Contas. *Transparência Brasil*, 1–32.

Samsonova-Taddei, A. (2013). Social relations and the differential local impact of global standards: The case of international standards on auditing. *Abacus*, *49*(4), 506–538.

Sandes-Freitas, V. E. V. de, & Massoneto, A. P. (2017). (Ultra)presidencialismo de coalizão estadual: uma análise a partir dos casos de São Paulo e do Piauí (1995-2010). *Cadernos Adenauer*, *18* (2), 119-142.

Santiso, C. (2015). Why budget accountability fails? The elusive links between parliaments and audit agencies in the oversight of the budget. *Brazilian Journal of Political Economy*, *35*(3), 601-621.

Saunders, B., Sim, J., Kingstone, T., Baker, S., Waterfield, J., Bartlam, B., Burroughs, H., & Jinks, C. (2018). Saturation in qualitative research: exploring its conceptualization and operationalization. *Quality & quantity*, *52*(4), 1893-1907.

Seyfried, M. (2016). Setting a fox to guard the henhouse? Determinants in elections for presidents of supreme audit institutions: Evidence from the German federal states (1991–2011). *Managerial Auditing Journal*, *31*(4/5), 492-51.

Sikka, P., & Lehman, G. (2015). The supply-side of corruption and limits to preventing corruption within government procurement and constructing ethical subjects. *Critical Perspectives on Accounting*, *28*, 62–70.

Souryal, S. S., & Diamond, D. L. (2001). The rhetoric of personal loyalty to superiors in criminal justice agencies. *Journal of Criminal Justice*, *29*(6), 543–554.

Speck, B. W. (2011). Auditing institutions. In Power, T. J. & Taylor, M. M. (Orgs.), *Corruption and democracy in Brazil: The struggle for accountability* (127–161). University of Notre Dame Press.

Stapenhurst, R., & Titsworth, J. (2001). Features and functions of supreme audit institutions Washington, DC: *World Bank PREM Note 59.*

Tackett, J. A. (2010). Bribery and Corruption. *The Journal of Corporate Accounting & Finance*, *21*(4), 11–15.

Taylor, M. M. (2018). A corrupção e as reformas anticorrupção no Brasil: um longo caminho. In Seligman, M. & Mello, F. (Eds). *Lobby Desvendado. Democracia, Políticas Públicas e Corrupção no Brasil Contemporâneo*. (pp. 94-126). Rio de Janeiro: Record.

Teixeira, M. A. C. (2017). Os Tribunais de Contas e o controle dos controladores. In M. A. Alves, J. Brigagão, & F. Burgos (Eds). *Por uma gestão pública democrática: 25 anos do Centro de Estudos em Administração Pública e Governo* (p. 203–218). São Paulo: Programa Gestão Pública e Cidadania.

Weaver-Hightower, M. B. (2019). *How to write qualitative research*. Routledge.

Zyglidopoulos, S. (2016). Toward a theory of second-order corruption. *Journal of Management Inquiry*, *25*(1), 3–10.

Zyglidopoulos, S., Hirsch, P., Martin de Holan, P., & Phillips, N. (2017). Expanding research on corporate corruption, management, and organizations. *Journal of Management Inquiry*, *26*(3), 247–253.