



Fiscal responsibility during the COVID-19 pandemic: In the state of Santa Catarina and a comparison with the Southern Region of Brazil

Responsabilidade fiscal durante a pandemia de COVID-19: No estado de Santa Catarina e um comparativo com a Região Sul do Brasil

Ana Luiza Cavaleiro Duart

Luiz Felipe Ferreira

ABSTRACT

This article aims to analyze the application of the Fiscal Responsibility Law in the public administration of the State of Santa Catarina during the COVID-19 pandemic, in the period from 2020 to 2021 and to make a comparison with the states of Paraná and Rio Grande do Sul. The methodology used in this study is exploratory in nature, seeking to understand the application of the Fiscal Responsibility Law during the pandemic in the state of Santa Catarina and make a brief comparison with neighboring states. The positive and negative points of Santa Catarina management in this context will be analyzed. The study period covers from the beginning of cases in 2020 to the year 2021. The sources used to theoretically support the research include bibliographies already published on the Fiscal Responsibility Law, reports on the management of the pandemic in the states, analyses carried out by transparency bodies of public accounts, among other relevant materials. The research will explore these sources to gain insight into the actions taken by the State of Santa Catarina in terms of fiscal responsibility during the pandemic. The study also conducted a brief comparison between the states of the Southern region to identify similarities and differences in the approaches adopted in relation to fiscal responsibility during the pandemic. The main points of each state will be analyzed in order to provide a comparative view. It is hoped that this study will contribute to the understanding of the importance of fiscal responsibility during the COVID-19 pandemic and provide insights into the actions taken by the states of the southern region of Brazil. This can serve as a basis for improving fiscal management practices and promoting transparency and balance of public accounts during health crises.

Keywords: Fiscal Responsibility Law, Covid-19, Santa Catarina, Southern Region, Public Management, Transparency.

RESUMO

Este artigo tem como objetivo analisar a aplicação da Lei de Responsabilidade Fiscal na administração pública do Estado de Santa Catarina durante a pandemia de COVID-19, no período de 2020 a 2021 e realizar um comparativo com os estados do Paraná e Rio Grande do Sul. A metodologia utilizada neste estudo é de natureza exploratória, buscando compreender a aplicação da Lei de Responsabilidade Fiscal durante a pandemia no estado de Santa Catarina e fazer um breve comparativo com os estados vizinhos. Serão analisados os pontos positivos e negativos da gestão catarinense nesse contexto. O período de estudo abrange desde o início dos casos em 2020 até o ano de 2021. As fontes utilizadas para embasar teoricamente a pesquisa incluem bibliografias já publicadas sobre a Lei de Responsabilidade Fiscal, reportagens sobre a gestão da pandemia nos estados, análises realizadas por órgãos de transparência das contas públicas, entre outros materiais relevantes. A pesquisa explorará essas fontes para obter informações sobre as ações adotadas pelo Estado de Santa Catarina em termos de responsabilidade fiscal durante a pandemia. O estudo também realizou um breve comparativo entre os estados da região Sul visando identificar semelhanças e diferenças nas abordagens adotadas em relação à responsabilidade fiscal durante a pandemia. Serão analisados os principais pontos de cada estado, a fim de fornecer uma visão comparativa. Espera-se que



este estudo contribua para a compreensão da importância da responsabilidade fiscal durante a pandemia de COVID-19 e forneça insights sobre as ações adotadas pelos estados da região sul do Brasil. Isso pode servir como base para aprimorar as práticas de gestão fiscal e promover a transparência e o equilíbrio das contas públicas durante crises sanitárias.

Palavras-chave: Lei de responsabilidade fiscal, Covid-19, Santa Catarina, Região Sul, Gestão Pública, Transparência.

1 INTRODUCTION

The Fiscal Responsibility Law emerged to establish public finance standards focused on responsibility in fiscal management, where stricter fiscal measures, reforms in the budget process and new transparency rules were created to contain the growth of public debt.

Brazil and the world face a serious health crisis, which affected all aspects of the daily life of society that had to adapt quickly to new norms and daily customs to ensure greater security for the population and was no different in public and fiscal policies. (Transparência Internacional, Brasil)

The period requires the adoption of emergency measures and relaxation of rules for public procurement, purchase of supplies and equipment, increase of beds and even the construction of field hospitals. (Transparency International, Brazil)

The Brazilian Federal Government regulated the contracting of goods and services through Federal Law No. 13,979 of 2020, complemented by provisional measures No. 926 and 951 of 2020 were established simplified rules for hiring labor and waiving bids.

As a result, the public debt, which was already high in the previous period, is likely to grow and exceed the spending ceiling defined by the economic team, causing long-term consequences such as the rise of the dollar, high inflation, and recession of the economy. The legislation has adopted transparency guidelines for actions taken during this exceptional period to reduce the long-term side effects of the pandemic.

Through this research, it is intended to understand the measures used in the State of Santa Catarina to ensure fiscal responsibility and transparency in public accounts during the years 2020 and 2021, drawing a comparison with the states of the southern region of Brazil.

1.1 OBJECTIVE

The general objective of this work is to verify and analyze the application of the Fiscal Responsibility Law in the public administration of the State of Santa Catarina, between the period of 2020 and 2021, and to make a comparison between the states of Paraná and Rio Grande do Sul.



2 THEORETICAL FRAMEWORK

The bibliographic review will present the main terms used during the research, to demonstrate the understanding of several authors on the subject treated.

2.1 PUBLIC ADMINISTRATION

On the website Enciclopédia Jurídica, maintained by PUCSP, Souza (2020) argues that public administration "can be defined objectively as the concrete and immediate activity that the State develops for the achievement of collective interests and subjectively as the set of organs and legal entities to which the law attributes the exercise of the administrative function of the State."

Di Pietro (2010, *apud* Dalpiaz, 2021, p.2) understands that administration is "in a subjective sense: the legal entities, organs and public agents that exercise the administrative function; in an objective sense: the administrative activity carried out by those entities".

According to Sá (2002, *apud* Amorim, 2002, p.36) public administration "is the act of managing public affairs through the government at the federal, state and municipal levels, encompassing state, autarchic, foundational and parastatal entities".

The public administrator is the legal representative, who has the function of managing the resources of the state, whether material, financial, operational, or personal, following rules delimited by the federal constitution and its complementary laws.

For Meirelles (2010, *apud* Dalpiaz, 2021, p.3)

[...] In public administration these orders and instructions are concretized in laws, regulations and special acts, within the morals of the institution. Hence the indeclinable duty of the public administrator to act according to the precepts of Law and Administrative Morality because such precepts are what express the will of the holder of the administrative interests – the people – and condition the acts to be practiced in the performance of the public office entrusted to him.

2.2 PUBLIC BUDGET

Public budget is the instrument used by the government to estimate the use of money collected through taxes, fees, contributions of improvements, among others. This budget is prepared by forecasting the annual revenues and fixing the expenses, with the objective of preventing the government from spending more than collected.

The preparation of the public budget is regulated by the Annual Budget Law, which will define the resources necessary for the fulfillment of the objectives outlined by the Budget Guidelines Law. (Dalpiaz, 2021)

Piscitelli (2018, p.2) understands the public budget as one of the pillars of the state's financial administration.



2.2.1 Staff Expenditure

Personnel expenses include all expenses incurred with compensation and expenses applied to its employees, such as payment of salaries, social contributions, mandatory or spontaneous benefits, among others, not including expenses of an indemnifying nature.

According to art.18 of the Fiscal Responsibility Law:

[...] the sum of the expenses of the entity of the Federation with the active, the inactive and the pensioners, related to elective mandates, positions, functions or jobs, civilian, military and members of Power, with any kind of remuneration, such as salaries and advantages, fixed and variable, allowances, retirement income, pensions and pensions, including additional, gratuities, overtime and personal advantages of any nature, as well as social charges and contributions collected by the entity to the pension entities. (Brasil, 2002)

2.2.2 Spending Ceiling

The Constitutional Amendment No. 95, became known as the Constitutional Amendment of the Public Spending Ceiling, the rule is that the government can not spend in the year more than the previous year's expenditure corrected for IPCA inflation.

In this rule, among the expenses with personnel, are the discretionary expenses for general maintenance (water, electricity, telephone) and the expenses that depend on the decision of the rulers.

2.2.3 War Budget

War budget was the name given to the Proposed Constitutional Amendment No. 10/2020, which establishes an extraordinary fiscal, financial and contracting regime to face the national public calamity resulting from the international pandemic and provides other measures. (Brasil, 2020).

In order to facilitate the measures adopted to combat the pandemic, this regime has a limited period, and allows the expenses incurred for this purpose to be separated from the rest of the public budget.

Approved in the 2nd round of the Chamber of Deputies, as Amendment to the Constitution No. 106, of 2020, and promulgated by the National Congress, on May 8, 2020, the War Budget is one of the most relevant legal frameworks that have emerged in the context of the COVID-19 pandemic, based on a tripartite regime of fiscal, financial-credit and contractual regulations. (Maranhão; Ladies, 2020).

2.3 ACCOUNTABILITY / TRANSPARENCY

Term used to designate the accountability and transparency of the administrative actions of the government.

According to the article Transparency of Public Administration: Accountability by Carlos Sabino, the term refers to the set of mechanisms and procedures that induce government leaders to account for the



results of their actions to society, thus ensuring a higher level of transparency and the exposure of public policies."

As stated in the publication Public Governance, the website of the Court of Auditors of the Union

"Public transparency, in addition to having a fundamental role in the fight against corruption, enables the timely contribution of society and control bodies, in providing elements for the State to become increasingly efficient and effective. In addition, it encourages the development of a culture of integrity in the management of public affairs and encourages the effort for better government policies and programs."

Dassilva (2003, apud Amorim, 2002, p.3) also comments that "there must be transparency and controls in the three branches of the State, without exception, and the institutions themselves must establish channels of communication with taxpayers."

2.4 ACCESS TO INFORMATION ACT (LAI)

Established on November 18, 2011, Law No. 12,527 regulates access to information provided for in item XXXIII of article 5, in item II of paragraph 3 of article 37 and in paragraph 2 of article 216 of the Federal Constitution; amends Law No. 8,112, of December 11, 1990; repeals Law No. 11,111, of May 5, 2005, and provisions of Law No. 8,159, of January 8, 1991; and makes other arrangements. (BRAZIL, 2011)

In accordance with Art.1, sole paragraph. The following are subject to the regime of this law:

- I - The public bodies that are part of the direct administration of the Executive, Legislative, including the Courts of Accounts, and the Judiciary and the Public Prosecutor's Office;
- II - Local authorities, public foundations, public companies, mixed economy companies and other entities controlled directly or indirectly by the Union, States, Federal District and Municipalities.

In its sixth article, the law regulates that it is the responsibility of the organs and entities of the public power, observing the specific rules and procedures applicable, to ensure: I - transparent management of information, providing wide access to it and its disclosure; II - protection of information, ensuring its availability, authenticity and integrity; and III - protection of confidential information and personal information, subject to its availability, authenticity, integrity and eventual restriction of access. (Brazil, 2011)

3 METHODOLOGY

In this study, an exploratory research will be carried out on the application of the Fiscal Responsibility Law during the period of the Covid-19 pandemic in the state of Santa Catarina along with a brief comparison between neighboring states, Rio Grande do Sul and Paraná, in order to score the positive and negative points of Santa Catarina management. The study period will comprise the beginning of cases in the year 2020 and the year 2021.



The set of sources that allow to make a theoretical foundation is composed of all "bibliography already made public in relation to the theme under study, from single publications, bulletins, newspapers, magazines, books, research monographs, theses, cartographic material, and even oral media, be they radios, films and television". (Lakatos and Marconi, 1996)

For this research will be used as research material, studies conducted on the Fiscal Responsibility Law, reports on the management of the pandemic in the states, analyses carried out by transparency bodies of public accounts, among others.

3.1 OVERVIEW OF COVID-19 IN SANTA CATARINA

Located in the southern region of Brazil, the state of Santa Catarina has an estimated population of 7,338,473 people in 2021, and a territorial extension of 95,730,690 km² according to the Brazilian Institute of Geography and Statistics. According to (Cervenka, 2022) since the beginning of the pandemic, 21,855 deaths have been caused by the coronavirus in Santa Catarina, with a fatality rate of 126 people for every 10,000 infected.

Decree No. 515 of March 17, 2020 declared an emergency situation throughout the territory of Santa Catarina under the terms of COBRADE (Brazilian Classification and Codification of Disasters) No. 1.5.1.1.0 – viral infectious diseases, for the purposes of preventing and coping with COVID-19, and establishes other measures. As a measure to prevent community transmission, the decree restricted the movement of people and suspended activities considered non-essential. (St. Catherine, 2020)

Carlos Moises, governor of the state, says the state government has maintained continuous efforts since the beginning of the pandemic in order to expand the capacity of the hospital network. (Borges, 2021)

Complementary Law 173 of 2020, approved by Congress in agreement with the government, created financial aid to states and municipalities. A demand of parliamentarians and local governments due to the drop in the collection of entities. This law provided for the transfer of 60 billion in four installments, paid between June and September 2020. (Sant'Ana, 2021)

Also according to Sant'Ana (2021), the State of Santa Catarina received R\$208 million for application in health and social care and R\$1,945 million for free use.

The suspension of debt payments between the powers, instituted by Complementary Law No. 101 of May 4, 2020, was another measure adopted through the Federative Program to Combat the SARS-COV-2 (COVID-19) Coronavirus. (Brasil, 2020)

4 PRESENTATION AND ANALYSIS OF RESULTS

Article 48 of the LRF addresses the transparency instruments of fiscal management, which will be widely disseminated, including in electronic means of public access: the plans, budgets and Budget



Guidelines Law; the statements of accounts and their prior opinion; the Budget Execution Summary Report and the Fiscal Management Report; and simplified versions of those documents. (Barbosa and Atoji, 2021).

As described by Flávio CGE (2020), The Transparency Portal, maintained by the State Comptroller General (CGE), in partnership with the Center for Informatics and Automation of the State of Santa Catarina (CIASC), has developed in the Transparency Portal of the Executive Branch of Santa Catarina an exclusive section on the allocation of public resources and other information to keep citizens updated and allow social control of public actions on coping with the pandemic of the novel coronavirus (Sars-CoV-2).

Legislative Decree No. 18,332, of 03/20/2020 declared a state of public calamity in the state, for the purposes of the provisions of article 65 of Complementary Law No. 101, of 2000 and established in its article 2 the Commission Special Monitoring of Public Expenditures, within the scope of the Legislative Assembly, to be composed of members appointed by party leaders, with an equal number of nominations of alternate members, with the objective of monitoring the fiscal situation and the budgetary and financial execution of measures related to the public health emergency of international importance related to Covid-19. (GREEN-BELLY PALACE, 2020).

§ 1 - The work of the Commission may be carried out virtually, under the terms defined by its President.

§ 2 The Commission shall hold a monthly meeting with the Secretary of State for Finance to evaluate the fiscal situation and the budgetary and financial execution of the measures provided for in the caput of this article.

§ 3 - Bimonthly, the Commission shall hold a public hearing with the presence of the Secretary of State for Finance, for the presentation and evaluation of a detailed report on the fiscal situation and the budgetary and financial execution of the measures provided for in the caput of this article.

On July 20, 2020 at the meeting held at the Legislative Assembly of Santa Catarina (ALESC), he demonstrated the revenues and expenses recorded by the government since March and the presentation of the contingency plan developed by the government (Secretary of Health, Santa Catarina).

4.1 RIO GRANDE DO SUL

According to the international transparency ranking, the state of Rio Grande do Sul presented the best results, with 96 points occupies the 9th position among the 27 Brazilian states. In the transparency ranking released by Open Knowledge, the state occupies the third place, next to the Federal District is with 95 points out of a total of 100. During the year 2021, after drops in the score, the state moved to the 7th position.

According to Governor Eduardo Leite, the state is focused on the purpose of informing with clarity and transparency everything that concerns the pandemic, from the number of cases to the amount invested in each PPE (*personal protective equipment*). We believe that time to confront the coronavirus is also time to confront corruption." ((Secretaria de Saúde, Rio Grande do Sul, 2020)



The state's transparency portal made changes to its transparency portal throughout 2020, expanding existing data and attaching new information and the possibility of downloading spreadsheets to cross-reference.

The data expansion work was carried out jointly by the Secretariat of Governance and Strategic Management (SGE), with the collaboration of the Project Development Office (EDP) and the Center for Information Technology and Communication of the State of RS S.A. (Procergs), linked to the folder – and by the Secretariat of Health (SES). (Scarton, 2020)

4.2 PARANÁ

The state of Paraná occupies 13th position in the ranking of the international transparency website and in the ranking of Open Knowledge between August and October 2021 the state occupied the 7th position with 86 points, these scores oscillated over the years analyzed reaching the 3rd place in the publications of Open Knowledge.

The initiative to increase information for the population was coordinated by the State Comptroller General's Office, which sought the sources of the data, through its Coordination of Transparency and Social Control, in partnership with other secretariats. "In this time of uncertainty, the best weapon against misinformation and the spread of rumors is transparency. The situation is serious, but only the correct information can resolve doubts and avoid panic," explained the State Comptroller General, Raul Siqueira. (Secretaria de Saúde, Paraná, 2020)

On the exclusive website for the dissemination of actions to combat the covid-19 pandemic, the transparency tab was created, containing the coronavirus tab in numbers, including the number of beds available, investments made, hiring and emergency purchases made exclusively to cope with the disease, donations, among other information.

Our concern is that there are no doubts about the purchases and contracts made by the public administration or the donations that may be received. With the availability of this information, separated, we facilitate the understanding of the government's actions, as well as stimulate social control, "said Siqueira. (Secretaria de Saúde, Paraná, 2020)

He added that, in addition to monitoring expenses and contracts, society can play a supervisory role, helping the State to combat any deviations of products or conduct. "The State has its inspection apparatus, but only with the participation of society can we cover the whole of Paraná. We are all mobilized to confront this disease, but we do not neglect the fight against corruption," said the State Comptroller General. (Secretaria de Saúde, Paraná, 2020)



5 FINAL CONSIDERATIONS

In this study, we conducted exploratory research on the application of the Fiscal Responsibility Law during the Covid-19 pandemic in the state of Santa Catarina, briefly comparing it with the states of Rio Grande do Sul and Paraná. During the two years of study, including the beginning of the cases in 2020 and the year 2021, we analyzed several sources, from studies on the Fiscal Responsibility Law, reports on the management of the pandemic in the states and analyses of public accounts transparency bodies.

In the context of coping with the pandemic, Santa Catarina adopted emergency measures to address the situation, such as the declaration of an emergency situation and the restriction of movement of people. The state administration sought to expand the capacity of the hospital network and the federal government allocated financial resources for application in health and social assistance in the state. In addition, measures were adopted to suspend payments of debts between the powers.

As for transparency in fiscal management, the Fiscal Responsibility Law provides for the wide dissemination of transparency instruments, and in Santa Catarina, the Executive Branch Transparency Portal was used to disclose information on the allocation of public resources and allow social control of actions related to the pandemic. The Legislative Assembly also set up a Special Committee on Monitoring Public Expenditures, which held meetings and public hearings to assess the fiscal situation and the budgetary and financial execution of Covid-19-related measures.

In Rio Grande do Sul, the state obtained good results in terms of transparency, occupying prominent positions in transparency rankings. The state government emphasized the importance of clarity and transparency in the disclosure of information about the pandemic, making detailed data available on the transparency portal and expanding the information available to the population. Throughout the study period, the state had some better moments than others, but sought to comply with good disclosure and transparency practices.

In Paraná, efforts were also made to increase transparency and make relevant information available to the population. The exclusive portal for the dissemination of actions to combat the pandemic included a transparency section, presenting data on available beds, investments made, emergency hiring and purchases, donations, among other information. Society was encouraged to play a supervisory role, helping to combat possible deviations.

In conclusion, the research showed that both Santa Catarina and neighboring states sought to adopt measures to confront the coronavirus pandemic seeking to ensure transparency in the management of public resources. The dissemination of information and social control are essential elements to strengthen the trust of society, reduce cases of corruption and ensure responsible and efficient management. It is essential that governments continue to improve transparency and accountability mechanisms, allowing for more detailed



monitoring and encouraging the participation of the population. Transparency is one of the fundamental pillars of good public governance and enables the construction of a more just and democratic society.



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