



PUBLIC BUDGET IN BRAZIL

ORÇAMENTO PÚBLICO NO BRASIL

PRESUPUESTO PÚBLICO EN BRASIL



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ABSTRACT

This study analyzes the evolution, types, and principles that shape the public budget in Brazil, highlighting its importance as a tool for planning, executing, and controlling state management. Initially, the study presents the various types of budgets, from the classic, focused exclusively on recording revenues and expenses, to the program budget, the current model characterized by its link to government goals and the pursuit of results. It also discusses experiences with performance budgeting, zero-based budgeting, and participatory budgeting, the latter of which has limited application in Brazil. The research also addresses the structuring of government functions and subfunctions established by Ordinance No. 42/1999 of the National Treasury Secretariat, which ensures standardization and transparency in budget classification. The study examines the budgetary principles established in Law No. 4,320/1964 and the 1988 Constitution, such as unity, annuality, universality, balance, legality, and publicity, as well as other complementary principles. Finally, the budget legislative process is described, encompassing the stages of preparation, review, approval, execution, and oversight, emphasizing the need to evaluate public policies to ensure efficiency and effectiveness. The conclusion is that Brazil currently has a robust budgetary model, centered on the program budget, capable of articulating planning, execution, and oversight, although challenges related to technical training and effective public participation persist.

Keywords: Budget Types. Program Budget. Budgetary Principles. Government Planning. Public Policies.

RESUMO

O presente estudo analisa a evolução, as espécies e os princípios que conformam o orçamento público no Brasil, destacando sua importância como instrumento de planejamento, execução e controle da gestão estatal. Inicialmente, são apresentadas as espécies de orçamento, desde o clássico, voltado exclusivamente ao registro de receitas e despesas, até o orçamento-programa, modelo vigente, caracterizado pela vinculação a metas governamentais e pela busca de resultados. São discutidas ainda experiências de orçamento de desempenho, orçamento base zero e orçamento participativo, este último de

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aplicação restrita no país. A pesquisa aborda, igualmente, a estruturação das funções e subfunções de governo instituída pela Portaria nº 42/1999 da Secretaria do Tesouro Nacional, que assegura padronização e transparência à classificação orçamentária. São examinados os princípios orçamentários previstos na Lei nº 4.320/1964 e na Constituição de 1988, como unidade, anualidade, universalidade, equilíbrio, legalidade e publicidade, além de outros de aplicação complementar. Por fim, descreve-se o processo legislativo orçamentário, compreendendo as etapas de elaboração, apreciação, aprovação, execução e controle, enfatizando a necessidade de avaliação das políticas públicas para assegurar eficiência e efetividade. Conclui-se que o Brasil dispõe hoje de um modelo orçamentário robusto, centrado no orçamento-programa, capaz de articular planejamento, execução e controle, ainda que persistam desafios relacionados à capacitação técnica e à efetiva participação social.

Palavras-chave: Espécies de Orçamento. Orçamento-programa. Princípios Orçamentários. Planejamento Governamental. Políticas Públicas.

RESUMEN

Este estudio analiza la evolución, los tipos y los principios que configuran el presupuesto público en Brasil, destacando su importancia como herramienta para la planificación, ejecución y control de la gestión estatal. Inicialmente, el estudio presenta los diversos tipos de presupuestos, desde el clásico, centrado exclusivamente en el registro de ingresos y gastos, hasta el presupuesto por programas, el modelo actual caracterizado por su vinculación con los objetivos gubernamentales y la búsqueda de resultados. También analiza experiencias con el presupuesto por resultados, el presupuesto base cero y el presupuesto participativo, este último con aplicación limitada en Brasil. La investigación también aborda la estructuración de las funciones y subfunciones gubernamentales establecidas por la Ordenanza n.º 42/1999 de la Secretaría del Tesoro Nacional, que garantiza la estandarización y la transparencia en la clasificación presupuestaria. El estudio examina los principios presupuestarios establecidos en la Ley n.º 4.320/1964 y la Constitución de 1988, como la unidad, la anualidad, la universalidad, el equilibrio, la legalidad y la publicidad, así como otros principios complementarios. Finalmente, se describe el proceso legislativo presupuestario, abarcando las etapas de preparación, revisión, aprobación, ejecución y supervisión, enfatizando la necesidad de evaluar las políticas públicas para garantizar su eficiencia y eficacia. La conclusión es que Brasil cuenta actualmente con un modelo presupuestario sólido, centrado en el presupuesto por programas, capaz de articular la planificación, la ejecución y la supervisión, si bien persisten desafíos relacionados con la capacitación técnica y la participación ciudadana efectiva.

Palabras clave: Tipos de Presupuesto. Presupuesto por Programas. Principios Presupuestarios. Planificación Gubernamental. Políticas Públicas.



1 INTRODUCTION

The analysis of the types of budget and its historical evolution shows that Brazil has gone through a long and complex process of normative and institutional improvement, capable of transforming a merely accounting instrument into a mechanism of strategic planning of the State. What was initially limited to the recording of revenues and the authorization of expenditures, without major concerns for social, economic or administrative efficiency objectives, has evolved into a more sophisticated, integrated model oriented towards achieving concrete results for society. This movement was driven by the need to align public spending with collective demands and the requirements of transparency and accountability in the management of resources.

The transition process allowed the public budget to cease to be just an instrument of financial control and to become a tool for government planning. Over time, techniques and methodologies capable of directing state action beyond the simple balance between revenues and expenditures were incorporated, including the definition of goals, programs, and performance indicators. This change in perspective provided greater clarity regarding government priorities and favored social control over the application of resources, strengthening the notion that the budget should serve as a means of implementing public policies and realizing fundamental rights.

Currently, the program-budget has consolidated itself as the main form of budget preparation in the country. Its logic consists of linking the forecast and execution of expenditures to previously defined objectives, structured in medium and long-term government programs. This link is supported by instruments such as the Multi-Year Plan (PPA), which establishes strategic guidelines for a period of four years, and the Budget Guidelines Law (LDO), which translates these guidelines into annual goals to be observed in the Annual Budget Law (LOA). In this way, the budget cycle is no longer merely formal and starts to articulate planning, execution and evaluation, promoting greater coherence between state actions and social demands.

Another important milestone was the standardization promoted by Ordinance No. 42/1999, which instituted the functional-programmatic classification of public expenditures, establishing government functions and subfunctions. This measure brought uniformity and comparability between the different federative entities, while reinforcing the transparency of budget management. By detailing the areas of government action, standardization facilitates the monitoring of execution and allows society to understand more clearly the destination of public resources, contributing to *accountability* and the consolidation of democratic governance practices.



In the legal field, constitutional and infra-constitutional principles provide the indispensable normative basis for the functioning of the budget system. Among them, the principles of unity, annuality, universality, balance, legality and publicity stand out. These principles ensure that the budget is prepared in a single and indivisible manner, covering all revenues and expenses, respecting the annual period and ensuring the wide dissemination of its provisions. Such premises constitute safeguards against arbitrariness, ensure the legality of budgetary acts and reinforce transparency as an essential value of public management.

Despite the advances, significant challenges remain, especially with regard to the effectiveness of participatory budgeting and the professionalization of budget management at the local level. Although experiences of popular participation in the definition of budget priorities have proven successful in some municipalities, their adoption is still restricted and faces structural, cultural and political barriers. In addition, in many municipalities, especially small ones, incremental budgeting practices still prevail, based on repetitions of previous years, without proper analysis of social needs or efficiency in the allocation of resources. The lack of technical training of managers compromises the full use of the budget as an instrument of social transformation and promotion of development.

Despite these obstacles, the current institutional framework reveals a considerable degree of maturity. The Brazilian public budget, structured on solid legal bases and integrated planning mechanisms, plays a central role in the consolidation of democracy, by ensuring that public policies are defined in a transparent manner and aligned with the collective interest. In addition, it is a strategic tool for inducing regional development, by guiding investments in essential areas such as health, education, infrastructure and social assistance. Finally, by structuring itself as a means of realizing fundamental rights, the public budget reaffirms its relevance not only as a technical piece, but as an instrument of citizenship, equity and social justice.

2 METHODOLOGY

The research presented in this article is characterized as **qualitative, exploratory and descriptive in nature**, based on documentary and bibliographic analysis. According to Gil (2008), exploratory research aims to provide greater familiarity with the problem, in order to make it more explicit or to build hypotheses, and is often used in theoretical studies. Descriptive research, on the other hand, according to Vergara (2007), seeks to expose characteristics of a given population or phenomenon, establishing relationships between variables without, however, manipulating them.



The study is also an **applied research**, since, although it uses theoretical concepts, its purpose is linked to the practical understanding of the normative and institutional evolution of the public budget in Brazil and its effectiveness as an instrument of planning, execution and control of government management (Triviños, 1987).

2.1 METHODOLOGICAL PROCEDURES

The methodology was developed in two main stages:

1. **Documentary analysis** – the main legal diplomas that make up the Brazilian budget system were examined, such as: Law No. 4,320/1964, which establishes general rules of financial law; Decree-Law No. 200/1967, which introduced the program-budget; the Federal Constitution of 1988, especially the provisions related to the public budget; Complementary Law No. 101/2000 (Fiscal Responsibility Law); that reinforces the principles of transparency and accountability; and Ordinance No. 42/1999 of the National Treasury Secretariat, which standardizes the functions and subfunctions of government.
2. **Bibliographic analysis** – a review of the literature specialized in public budget and public policies was carried out, based on works and articles of national reference. The bibliographic analysis made it possible to understand the various budget types (classical, performance, zero-based, program and participatory), their guiding principles and the stages of the legislative process of elaboration, appreciation, approval, execution and control.

In addition, the article used the methodological logic presented in the doctoral thesis that served as a theoretical basis, which was structured in four phases: survey of bibliographic and documentary sources, analysis of budget execution, evaluation of its effectiveness in relation to government functions and proposal of guidelines for the improvement of public management.

2.2 ADOPTED APPROACH

The **qualitative approach** was chosen because it allows a critical interpretation of the evolution of the public budget, going beyond numerical and statistical data, making it possible to understand the phenomenon in its historical, institutional and normative dimensions (Minayo, 2010). Thus, the research was not limited to describing norms or classifications, but sought to interpret them in the light of the Brazilian political and social context, identifying advances and challenges that are still present.



In summary, the methodology adopted gives the article scientific consistency by combining documentary and bibliographic analysis, situating itself in the field of qualitative, applied and exploratory research, allowing the examination of the Brazilian public budget not only as a technical piece of forecasting revenues and expenses, but as an essential instrument of planning, democratic management and implementation of public policies.

3 ORIGINS AND DERIVATIONS OF THE PUBLIC BUDGET IN BRAZIL

3.1 TYPES OF BUDGET

In this section, we will bring the budgets considered by the legal system, given their evolution, highlighting the most important species.

3.1.1 Classic or Traditional Budgeting

This budget type was used before the advent of Law No. 4,320/1964. As the constitutions themselves provided, there was only one document with the forecast of revenues and that authorized expenditures, with its main focus being spending in general. Issues related to society and the administration itself were not addressed by this document. In other words, the forecast of revenue and authorization of expenditure was restricted.

There were not even clear guiding objectives for the preparation of the budget piece.

On the other hand, the emphasis fell on the issues of spending, via accounting control with a somewhat exaggerated breakdown of the expense.

For Fortes (2006, p. 73) "the emphasis of the traditional budget was based on tax issues, leaving aside economic and social aspects, so that public spending was only the necessary means to achieve the intended ends".

According to Enap (2014), what was seen were budgets based on what was executed in the previous year, not prepared based on criteria to meet the needs that were intended to be met, which created a vicious cycle, based on discriminated spending, just to ensure a larger "slice" of the next budget.

Incredible as it may seem, this practice of using the previous year's budget as a basis, adding only a percentage to the revenues and expenses for the preparation of the next one, still persists in some municipalities, especially smaller ones and with less technical capacity to prepare a planning and budget structure appropriate to the real needs of that place.



3.1.2 Performance or Outputs Budget

What is observed here is an evolution in relation to the old model of budget preparation, since the focus has changed, here, instead of the focus being on expenditure, that is, what is bought, it becomes what the Government does.

As Jund (2008, p. 58) asserts, "the emphasis of this type of budget was the concern with the results of the expenditures and not only with the expenditure itself. It sought to define the purposes and objectives for which the credits were necessary".

Despite the evolution in relation to the previous one, this budget cannot be classified as a program budget, because there is no link to government planning for its actions, which is a main characteristic of the program budget.

3.1.3 Zero-Based Budgeting or by Strategy

This type or type of budget is nothing more than the technique used to carry out the program budget, since its main characteristic is that each administrator or manager justifies his requests, in detail, in relation to the requested resources.

Everything that is requested as necessary will be analyzed in batches, in stages, according to the degree of need and relevance proven.

Its main characteristics, according to Jund (2006) are the following:

- all programs must be justified at the beginning of a new budget cycle, and there are no acquired rights over funds previously granted;
- resource requests do not obey any priority;
- critical review of the traditional expenses of each area, and estimates of costs for the following year, starting from a new base, that is, zero base;
- creation of alternatives to facilitate the scale of priorities or relevance in the allocation of resources, which will be taken to a higher decision. (JUND, 2006, p. 85).

It originated in a private American company, *Texas Instruments*, which aimed to evaluate the indirect costs of its production.

In the public sector, it begins with the then Governor of Gorgea, who would become President Jimmy Carter, when he sponsors its implementation in the North American public sector, according to Enap (2014).

3.1.4 Program-Budget

It is the form of budgeting used today in our country. This form of budget was implemented by Decree-Law No. 200/1967, which makes the following provision in its article 16:



Article 16. Each year, a programme estimate will be drawn up, detailing the stage of the multiannual programme to be carried out in the following year and serving as a roadmap for the coordinated implementation of the annual programme. (BRAZIL. Decree-Law No. 200, of 02/25/1967).

However, the Secretariat of Planning and Coordination of the Presidency of the Republic, through Ordinance No. 9, of January 28, 1974, adopted the Program Budget in Brazil, so that its use would be clear, as well as its form of elaboration. This Ordinance remains in force, having not changed until 1999. Its last update took place in 2011.

What is intended with the program budget is the search for planning, in an effective way, seeking through it, to achieve the objectives that the Government proposes in a certain pre-established time.

It is actually a form of planning, execution, monitoring and subsequent analysis through the measurement of what was proposed, by the previously established indices of measurement of the public policies that were proposed.

The program budget, if well used and structured, can become within the public administration, a form of planning and managerial accounting of the public entity, serving as a basis for the achievement, execution, analysis and decision-making of the manager and/or public administrator in all spheres of government.

3.1.5 Participatory Budgeting

In a democracy like Brazil's, the people are represented by the Executive and especially by the Legislative, which is given the power to decide the destinies of its people. In these cases, it is also up to the Executive Branch to prepare and send the budget matter for consideration by the Legislature, defining the actions considered important and necessary to serve that population. In this way, what we have is that the main role of popular participation is via the Legislature, through its co-participation in the preparation of the budget piece.

Even so, what is sought with the participatory budget is to have a more direct and effective participation of the entire interested community, which is done through individual popular participation, or through organized civil society, represented by its classes, which can be done through public hearings, or any other means of listening to society to then propose the respective budget piece, thus meeting the desires and problems considered a priority by this community.

In Brazil, the first participatory budget took place in Porto Alegre in 1989, being considered a milestone in terms of budget preparation, being recognized by the United Nations (UN) as one of the best practices of public management.



What can be seen, however, is that this form of budget is little used in Brazil, and the Union does not even use it, having happened in the process of processing the budget for 2012, where there was an opening for the presentation of popular initiative amendments, directed to actions of implementation of priority public policies to support small municipalities, after that, this form of budget preparation was no longer used in the Union.

A point that can be observed in practice is the fact that we have in the country the linking of revenues to specific sources, which must be spent according to their collection, which flattens the amount of free resources capable of being used randomly as defined by popular participation. Another point hovers in the sense that with this form of participation, public managers, political agents, in a way, "lose" control over what they actually want to do, what in their view is "better" for themselves, or for the group they represent.

In summary, we present table 1, which shows the budget types and their main characteristics:

Table 1

Types of Budget

Kind of Budget	Characteristic	Sources
Classic or Traditional Budget	<ul style="list-style-type: none"> - this budget type was used before the advent of Law No. 4,320/1964. - it was restricted to forecasting revenue and authorizing expenditure. - there were not even clear guiding objectives for the preparation of the budget piece. - The emphasis of the traditional budget was on tax issues 	<ul style="list-style-type: none"> - Fortes, (2006); - Enap, (2014).
Performance or Achievements Budget	<ul style="list-style-type: none"> - evolution in relation to the old model, since the focus has changed, here, instead of the focus being on spending, that is, what is bought, it becomes what the Government does. - It cannot be classified as a Program Budget, because there is no link to government planning for its actions, which is a main characteristic of the Program Budget. - Concern with the results of spending and not just with the spending itself. 	Jund (2008)
Zero-Based Budgeting or by Strategy	<ul style="list-style-type: none"> - technique used to carry out the program budget, because its main characteristic is that each administrator or manager justifies his requests, in detail, in relation to the requested resources. - Everything that is requested as necessary will be analyzed in batches, in stages, according to the degree of need and relevance proven. - in the public sector begins with the then Governor of Georgia, who would become President Jimmy Carter, when he sponsors its implementation in the North American public sector 	<ul style="list-style-type: none"> - Fortes, (2006); - Enap, (2014)
Program-Budget	<ul style="list-style-type: none"> - implemented by Decree-Law No. 200/1967, provided for in article 16; - The Secretariat of Planning and Coordination of the Presidency of the Republic, through Ordinance No. 9, of January 28, 1974, adopted the Program Budget in 	<ul style="list-style-type: none"> - Decree-Law No. 200/1967; - Secretariat of Planning and Coordination of



	<p>Brazil, so that its use and its form of preparation would be clear. This Ordinance remains in force, having not changed until 1999. Its last update took place in 2011.</p> <ul style="list-style-type: none">- what is intended with the program budget is the search for planning, in an effective way, seeking through it, to achieve the objectives that the Government proposes in a certain pre-established time.- it is actually a form of planning, execution, monitoring and subsequent analysis through the measurement of what was proposed, by the previously established indices of measurement of the public policies that were proposed.	<p>the Presidency of the Republic;</p> <ul style="list-style-type: none">- Ordinance No. 9, of January 28, 1974.
Participatory Budgeting	<ul style="list-style-type: none">- the people are represented by the Executive and Legislative Branches, defining the actions considered important and necessary to serve that population. In this way, what we have is that the primary role of popular participation is given via the Legislature, through its co-participation in the preparation of the budget piece;- what is sought with the participatory budget is to have a more direct and effective participation of the entire interested community, which is done through individual popular participation, or through organized civil society, represented by its classes, which can be done through public hearings, or any other means of listening to society to then propose the respective budget piece, thus meeting the desires and problems considered a priority by this community.- the first participatory budget (PB) took place in Porto Alegre in 1989, being considered a milestone in terms of budget preparation;- During the annual PB cycle, most of the important decisions take place in these instances of representation- Later it was only used in 2012, and is no longer used by the Federal Government.	<ul style="list-style-type: none">- Enap (2014);- Fedozzi; Martins, (2015);- Lopes, 2016;- Luchmann, 2002;- Navarro, 2000;- Souza, 2000.

Source: Prepared by the Author based on the references (Sources)

The use of the program-budget also takes into account the budget division, by function and subfunction of government, considering programs to be executed in each area of government action, seeking in addition to facilitating planning, greater control and transparency of public actions.

3.2 BUDGETING BY FUNCTIONS AND SUBFUNCTIONS OF GOVERNMENT

Ordinance No. 42, of April 14, 1999, established by the National Treasury Secretariat (STN) within the scope of the Ministry of Finance, plays an essential role in the organization and standardization of budget classification in Brazil. This ordinance establishes the concepts and structuring of the functions and subfunctions of government, which are crucial instruments for the formulation and execution of the public budget, in addition to allowing greater transparency and social control over public spending.

3.2.1 Functions of Government

The functions of government, according to the ordinance, represent the highest level of aggregation of the various areas of activity of the public sector. They aim to categorize government activities in a broad way, grouping them into large thematic areas that reflect the performance of the State.

Each function is identified by a numerical code and a description, making it possible to organize government actions in a common language for different levels of government (federal, state and municipal). Examples of functions include Health, Education, Public Safety, Administration and Social Assistance, among others.

3.2.2 Subfunctions of Government

Subfunctions are subdivisions of functions, allowing for a more detailed description of government actions. They aim to specify the areas of activity within each function, promoting greater clarity and precision in the allocation of resources and in the monitoring of budget execution.

Each subfunction also has specific code and is associated with a single function. For example, in the Education function, subfunctions such as Basic Education, Elementary Education, High School can be identified.

Table 2 presents an overview of the functions and their respective subfunctions, as defined by Ordinance No. 42.

Table 2

Functions and Subfunctions of Government

FUNCTIONS	SUBFUNCTIONS
01 – Legislative	031 – Legislative Action 032 – External Control
02 – Judiciary	061 – Judicial Action 062 – Defense of the Public Interest in the Judicial Process
03 – Essential to Justice	091 – Defense of the Legal Order 092 – Judicial and Extrajudicial Representation
04 – Administration	121 – Planning and Budgeting 122 – General Administration 123 – Financial Management 124 – Internal Control 125 – Standardization and Inspection 126 – Information Technology 127 – Territorial Planning 128 – Human Resources Training 129 – Revenue Administration 130 – Concession Administration 131 – Social Communication
05 – National Defense	151 – Air Defense 152 – Naval Defense



	153 – Ground Defense
06 – Public Security	181 – Policing 182 – Civil Defense 183 – Information and Intelligence
07 – Foreign Affairs	211 – Diplomatic Relations 212 – International Cooperation
08 – Social Assistance	241 – Assistance to the Elderly 242 – Assistance to the Disabled 243 – Child and Adolescent Assistance 244 – Community Assistance
09 – Social Security	271 – Basic Pension 272 – Social Security of the Statutory Regime 273 – Supplementary Pension 274 – Special Pension
10 – Health	301 – Primary Care 302 – Hospital and Outpatient Care 303 – Prophylactic and Therapeutic Support 304 – Sanitary Surveillance 305 – Epidemiological Surveillance 306 – Food and Nutrition
11 – Work	331 – Worker Protection and Benefits 332 – Labor Relations 333 – Employability 334 – Promotion of Work
12 – Education	361 – Elementary School 362 – High School 363 – Vocational Education 364 – Higher Education 365 – Early Childhood Education 366 – Youth and Adult Education 367 – Special Education 368 – Basic Education (4)
13 – Culture	391 – Historical, Artistic and Archaeological Heritage 392 – Cultural Diffusion
14 – Rights of Citizenship	421 – Custody and Social Reintegration 422 – Individual, Collective and Diffuse Rights 423 – Assistance to Indigenous Peoples
15 – Urbanism	451 – Urban Infrastructure 452 – Urban Services 453 – Urban Public Transport
16 – Housing	481 – Rural Housing 482 – Urban Housing
17 – Sanitation	511 – Rural Basic Sanitation 512 – Urban Basic Sanitation
18 - Environmental Management	541 – Environmental Preservation and Conservation 542 – Environmental Control 543 – Recovery of Degraded Areas 544 – Water Resources 545 – Meteorology
19 – Science and Technology	571 – Scientific Development 572 – Technological Development and Engineering 573 – Dissemination of Scientific and Technological Knowledge
20 – Agriculture	601 – Promotion of Plant Production 602 – Promotion of Animal Production 603 – Plant Health Defense 604 – Animal Health Defense 605 – Supply 606 – Rural Extension



	607 – Irrigation
21 – Agrarian Organization	631 – Agrarian Reform 632 – Colonization
22 – Industry	661 – Industrial Promotion 662 – Industrial Production 663 – Mining 664 – Industrial Property 665 – Standardization and Quality
23 – Commerce and Services	691 – Trade Promotion 692 – Commercialization 693 – Foreign Trade 694 – Financial Services 695 – Tourism
24 – Communications	721 – Postal Communications 722 – Telecommunications
25 – Energy	751 – Energy Conservation 752 – Electric Power 753 – Mineral Fuels (3) 754 – Biofuels (3)
26 – Transportation	781 – Air Transport 782 – Road Transport 783 – Rail Transport 784 – Waterway Transport 785 – Special Transportation
27 – Sports and Leisure	811 – Performance Sports 812 – Community Sports 813 – Leisure
28 – Special Charges	841 – Refinancing of the Internal Debt 842 – Refinancing of the External Debt 843 – Internal Debt Service 844 – External Debt Service 845 – Other Transfers (1) 846 – Other Special Charges 847 – Transfers to Basic Education (2)

Source: STN Ordinance 42.

3.2.3 Importance of Structuring

The organization of functions and subfunctions established by Ordinance No. 42 has several purposes:

1. Standardization: The standardization of nomenclatures facilitates the comparison between the budgets of different federative entities.
2. Transparency: Allows the population to understand how public resources are being applied.
3. Planning and Control: Favors strategic planning, by defining priorities and monitoring the performance of public policies.
4. Efficient Management: Promotes a more efficient allocation of resources, by detailing the areas of government action.

3.2.4 Applicability

The functions and subfunctions established by the ordinance are mandatory for all federative entities in Brazil. This ensures uniformity in budget preparation and execution,



regardless of the level of government or region. In addition, the standardized classification is used in instruments such as the Annual Budget Law (LOA), Multi-year Plan (PPA) and Budget Guidelines Law (LDO).

In this sense, Ordinance No. 42, of April 14, 1999, represents a milestone in Brazilian public management by promoting the standardization and organization of government activities. The distinction between functions and subfunctions allows for more effective monitoring of budget execution and ensures that resources are used in a transparent and efficient manner, in line with the needs of the population.

3.3 BUDGETARY PRINCIPLES

Budget principles are of paramount importance for the preparation of Brazilian budget planning, they are, in short, rules and premises that must be observed when preparing them, they are, in theory, the fundamental rules to be followed.

In Brazil, we have several principles that must be observed, however, we will bring here only a few in a defined way, provided for in Law No. 4,320/1964, as well as some considered more evident with provision in the 1988 Constitution. The others, we will only list for the purposes of knowledge.

Law No. 4,320/64, in its article 2, determines that the Budget Law will comply with the principles of unity, annuality and universality.

In this way, we define these principles as follows:

- Principle of budgetary unity: The Budget Law must be a single and indivisible one, containing the fiscal, investment and social security budgets for a given financial year.
- Principle of annuality or periodicity: The Budget Law must be prepared with a validity of one year, usually being equal to the calendar year (January 1st to December 31st).
- Principle of universality: The Budget Law must contain all the revenues and expenses of all its bodies, both direct and indirect Administration, as well as foundations.

Such principles are described in the legislation itself indirectly.

The 1988 Constitution, on the other hand, brought in the same way, in addition to maintaining the principles already listed in the list of Law No. 4,320/1964, the principles of budget balance, publicity and legality of taxation, in addition to others no less important.

- Principle of budget balance: the Budget Law must enshrine the relationship of equality between revenue and expenditure.



- Principle of publicity and transparency: mandatory publication through the official communication/dissemination bodies, for the knowledge of the whole society, giving transparency to government action.
- Principle of legality of taxation: the Budget Law limits the State's power to tax.

In addition to the principles listed above, no less important are the principles of totality, the principle of budgetary purity or exclusivity, the principle of specification, specialization or discrimination, clarity, programming, the principle of regionalization, the principle of non-binding or allocation of revenues; Gross budget principle, budget accuracy or realism principle, and tax budget principle

3.4 LEGISLATIVE PROCESS FOR CONSIDERATION OF THE BUDGET PROPOSAL

Until we reach the current moment with regard to Brazilian budget planning, as we can observe throughout this study, many facts have happened, many changes, changes in understanding of how to prepare budget planning, among many other factors have occurred.

According to Heidemann (2009), progress until the middle of the twentieth century was at the mercy of the market economy, with political economy being only in the theoretical command.

For the same author: "without the presence or initiative of the State politically regulating the economy, there was no public policy to establish contours and condition economic nations, which depended, therefore, almost exclusively on a self-regulated market" (HEIDEMANN 2009, p. 24).

Over the years, we then have a greater involvement of the State, politics becomes part of this process, triggering public policies capable of modifying the progress, the development of a place.

What is also observed is that we have a formal public administration, focused on assets, with the public office being the institutional basis of Brazilian management and public administration.

In this sense, we need to elaborate a differentiated budget planning, built over the years, meeting the desires of an entire population, which in the words of Heidmann (2009, p. 32), is the necessary agency: "As for the government actor, the objective of public administration is to ensure that the services required by citizens are provided to them by sensitivity and in correspondence to their most legitimate desires".



However, in order to meet these desires, it is necessary to build an entire process, culminating in the fulfillment or not of these needs. This process is called the budget cycle or legislative process, which is composed of several stages.

According to our current system, everything actually begins with the preparation of a budget proposal, which will be transformed into a bill, which will be sent to the Legislature to be considered, amended (if this Power so wishes), voted, returning for sanction by the Executive that will publish it, with or without amendments (there may be a veto of the amendments presented), published and subsequently executed within the calendar year, observing the collection of revenue and the forecast of expenses, culminating in the evaluation and control of what was planned, including by the external control bodies, and, in particular, by the administration itself, aiming at the improvement, maintenance and/or correction of the course of what was planned.

In view of the long process because it must pass, that is, the various stages to be observed, this cycle begins even before the end of the current financial year, aiming at planning the next year, that is, the budget cycle demands a longer time than the financial year for which it was prepared.

3.4.1 Preparation of the proposal and bill

The preparation of a budget proposal that will culminate in the bill to be considered by the Legislature, begins with the presentation of the revenue estimate, prepared by the competent body of each entity of the federation in all its spheres, since it is from the amount of the estimated revenue, that the expenditure for the next year can be fixed, observing the programs and goals established by the administration. Subsequently, the partial proposal is presented by the management units, which must be by agency and budget unit. Such proposals are consolidated into a single document that will become the initial proposal converted into a bill to be sent for consideration by the Legislature.

Of course, we are here only summarizing the entire process, which obviously has many previous stages, including the public hearings for the presentation and discussion of this proposal.

It should also be noted that the budget proposal, as provided for in the Constitution of Article 165, I and in its paragraph 2, in addition to the Fiscal Responsibility Law (LRF), Complementary Law 101/2000 in its article 4, paragraphs 1 to 3, in addition to its article 5, must be in line with the Multi-Year Plan (PPA) and the Budget Guidelines Law (LDO).



3.4.2 Approval

After sending the bill to the Legislature, it will go to the Budget and Finance Committee. This committee will analyze the proposal, issuing an opinion on the project, in addition to inspecting and monitoring all budgetary matters.

In the same way, this committee is responsible for receiving the amendments presented by the peers of the Legislative House, appreciating them, issuing an opinion on them, and placing them for consideration by the plenary for voting.

After approval of the bill by the Legislative Branch, the latter will return it to the Chief Executive, who is responsible for sanctioning it in full, or proposing total or partial vetoes on the budgetary matter.

If the bill is sanctioned, it must be forwarded for publication, becoming law when it occurs.

3.4.3 Implementation

Once the stages of preparation, approval and sanction have been completed, the now budget law must be executed in the approved manner.

Several financial programming reports are published as soon as the financial year for which the budget law was approved is approved and comes into force. Such reports aim in particular to prepare a collection and expenditure plan within the aforementioned public agency.

All agencies are made aware of their financial programming, with the availability of accounting reports as provided for in the legislation, especially Law No. 4,320/1964 and LRF, LC No. 101/2000. Reports such as Annexes II of Revenue and Expenditure, and especially the Expenditure Statement Table (QDD), are normally used so that each agency and budget unit knows its effective collection schedule and expenditure possibility for the financial year.

What must be taken into account at this stage is that the public budget is effective when the commitment, settlement and payment of the Expenditure occurs and when the Revenue is being launched, collected and collected.

In view of the peculiarities, or the emergence of facts that are foreign to the plan, it is not possible to predict when the budget is prepared, and, because the public budget is a dynamic piece, it may undergo such changes, as to expenditure appropriations, and additional credits may be opened for this, such as supplementary credits, which are those intended to reinforce existing budget appropriations, there is also the special additional credit, intended for expenses with new programs or categories of programs, as well as the extraordinary additional credit, intended to meet unpredictable and urgent expenses in cases



of war, internal commotion or public calamity. All these provisions are enshrined in infra-constitutional legislation, especially in Law No. 4,320/1964 and in the LRF, LC No. 101/2000.

3.4.4 Control

The public administration is governed by the rules of public law, and, as such, is subject to all the rules of control over its actions, since these involve the collective interest.

At this stage, we have the special participation of the internal control of the body that will carry out its analysis in relation to budgetary matters, and its function is to supervise the budget execution, verifying the fulfillment of the programs, as well as proving the legality and evaluating the results, as to the effectiveness and efficiency of what was proposed.

In relation to external control, the competence lies with the Legislative Branch, which will do so with the help of the Courts of Auditors, through the assessment of the annual accounts of the Executive, as well as any entity of the direct or indirect administration that makes use of resources, assets, or any public assets, as we have already dealt with in a special chapter in this study.

It is necessary to take into account here the issues pertinent to the control of the management itself, the effectiveness and efficacy of its actions, which can be observed by the administrator, when he, when evaluating the proposed public policies, can verify if it is necessary to correct the course, or if the way in which they were executed is in fact achieving their objectives. Therefore, the importance of developing planned programs in fact, with coefficients, indicators, that can be measured so that this analysis can be carried out in a timely manner, contributing to the success of the public policies implemented, serving the community as expected.

What is observed in practice is the total ignorance or even lack of interest of managers, especially with regard to this form of management, not even knowing which indicator is used to measure a public policy proposed by them. Moreover, in many Brazilian municipalities, the accounting professionals themselves, or those responsible for budget preparation, do not have this knowledge, which greatly compromises the achievement of effective and effective public policies.

In this line of reasoning, thinking about somehow professionalizing the public sector, Heidmann (2009) takes the following position:

The conceptual cycle of public policies comprises at least four stages: the first refers to the political decisions taken to solve previously studied social problems. Then these policies need to be implemented. (...) We arrived at the satisfaction assessment. (...). And, finally, policies must be evaluated, with a view to their continuity, improvement, reformulation, or simply discontinuity. (HEIDEMANN 2009, p. 34).



As can be inferred, it is of paramount importance to measure public policies in order to observe their efficiency and effectiveness.

4 CONCLUSION

The historical trajectory of the public budget in Brazil demonstrates a path of constant institutional and normative improvement, which has allowed the country to overcome the restricted and accounting conception of a merely authorizing instrument of expenditures to consolidate a model of a programmatic, strategic and results-oriented nature. This evolution was fundamental for the budget to cease to be just a technical piece of financial record and to occupy a central position in the definition of public policies, functioning as a mechanism for planning, executing, monitoring and controlling government actions.

Over time, the incorporation of new types of budgeting — such as performance, zero-based and participatory budgeting — has contributed to the diversification of practices and to the adaptation of models to the requirements of each context. However, it is the program-budget that has established itself as the current and predominant model, as it more clearly articulates government objectives with medium and long-term instruments, such as the Multi-Year Plan (PPA), the Budget Guidelines Law (LDO) and the Annual Budget Law (LOA). This articulation ensures greater rationality in the budget cycle, ensuring that the forecast and execution of expenditures are aligned with previously defined goals and verifiable performance indicators.

Another decisive milestone was the standardization introduced by Ordinance No. 42/1999, which established government functions and subfunctions, conferring uniformity and comparability to public accounts between the different federative entities. The clarity of this classification strengthened transparency, expanded the capacity for social control and allowed the budget to become an effective accountability tool . In addition, the normative framework provided for in the Federal Constitution of 1988, in Law No. 4,320/1964 and in the Fiscal Responsibility Law (Complementary Law No. 101/2000) provided solid foundations for the consolidation of fundamental principles such as unity, annuality, universality, balance, legality and publicity.

Despite this normative and institutional advance, challenges persist that weaken the effectiveness of the Brazilian public budget. Among them, the difficulty of implementing broader participatory budgeting practices, limited in scope and impact, stands out; the prevalence of incremental practices in smaller municipalities, often based only on the repetition of previous exercises; and the lack of technical training of managers and teams responsible for budget preparation and execution. These weaknesses compromise the full



use of the budget as a tool for social transformation, restricting its potential to promote efficiency and effectiveness in public management.

Even so, it is undeniable that the Brazilian public budget has reached a degree of institutional maturity that places it as a strategic element of democratic governance. By articulating planning, execution and evaluation, the budget plays an essential role in inducing regional development, reducing inequalities and making the social rights provided for in the constitution effective. More than an accounting mechanism, the budget is today an indispensable political and legal instrument for the consolidation of citizenship, the transparency of government action and the strengthening of democratic legitimacy.

In summary, it is concluded that, although the advances already achieved represent a solid institutional base, the full potential of the public budget in Brazil will only be achieved through the combination of three factors: the professionalization of budget management, the incorporation of effective mechanisms of social participation and the continuous strengthening of the culture of evaluation of public policies. It is in this way that the budget will be able to fully fulfill its function as a structuring instrument of the State, promoter of development and guarantor of social justice

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