

## Continuous model in the audit of municipalities in the state of Veracruz

### Modelo continuo en la auditoría de municipios en el estado de Veracruz

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#### Abstract

This study aims to determine the feasibility of carrying out traditional audit procedures applied in the public sector, by continuous procedures, in which the substance of digitalization, distance and the use of specific software for mass analysis prevail, in addition to risk reduction through a total analysis. In this way, an accurate audit is achieved, in which the correct adherence of the municipalities of the State of Veracruz to the applicable regulations is ensured. To carry out this study, the Audit Program granted by the Superior Audit Body of the State of Veracruz to external offices is taken as a basis, subsequently analyzed in detail each of the procedures that make it up and their work papers, in this way it is determined if they are likely to be carried out virtually, and the digital evidence they require for their realization. When determining the feasibility of carrying out the traditional audit of the public sector in Veracruz by a continuous audit, it creates the guidelines to be able not only to apply existing Information Technologies, but to develop specific software that maintains a true analysis in real time, reducing time, costs and human resources.

**Continuous audit, Traditional audit, Municipal audit**

#### Resumen

Este estudio tiene como objetivo determinar la viabilidad de realización de procedimientos de auditoría tradicionales aplicados en el sector público, por procedimientos de carácter continuo, en los cuales prevalece la sustancia de la digitalización, la distancia y el uso de software específico para el análisis masivo, además de la reducción de riesgos a través de un análisis total. De esta forma, se logra una fiscalización certera, en la cual se asegura el correcto apego de los municipios del Estado de Veracruz a la normatividad aplicable. Para la realización del presente estudio, se toma como base el Programa de Auditoría que otorga el Órgano de Fiscalización Superior del Estado de Veracruz a los despachos externos, posteriormente se analiza a detalle cada uno de los procedimientos que lo conforman y sus papeles de trabajo, de esta manera se determina si son susceptibles de realizarse de forma virtual, y la evidencia digital que requieren para su realización. Al determinarse la viabilidad de realización de la auditoría tradicional del sector público en Veracruz por una auditoría continua, crea las pautas para poder no sólo aplicar Tecnologías de Información existentes, sino desarrollar software específico que mantenga un verdadero análisis en tiempo real, reduciendo tiempos, costos y recursos humanos.

**Auditoría continua, Auditoría tradicional, Fiscalización municipal**

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## Introduction

Continuous auditing is a new paradigm of traditional auditing, which breaks all the schemes of the exams that until today, many auditors did.

In the case of continuous auditing, the focus is on prevention rather than correction, unlike traditional auditing, which has its central focus on the detection of problems that have arisen long after its creation.

Continuous auditing has among its characteristics the implementation of information technologies, virtuality, and the implementation of remote techniques, always ensuring that the information can be reviewed, in addition to reducing risks, since all transactions are reviewed.

The scheme of government auditing has always been based on the traditional model, however, the growing use of technology has hinted at a series of problems in the implementation of principles, such as posteriority and annuality, which require that the review be at the end of the accounting period and not during it.

Given the importance of the public sector, it is relevant to establish modern, practical, and strict review models that ensure that the application of public resources are faithfully attached to legal regulations.

Derived from the problem of the use of traditional auditing in the government sector, an analysis of the audit procedures of public accounts is proposed, which today are applied by the Órgano de Fiscalización Superior (ORFIS) of the state of Veracruz in the review of the management of municipalities.

Based on the above, a theoretical framework is reviewed consisting of the conceptualization of the traditional audit against the continuous audit, subsequently the controversies present with the principle of posteriority, and examples of continuous models in the Mexican public sector, as well as the challenges that the pandemic has shown to the traditional audit in the state of Veracruz.

From the above, we proceed to apply a methodology for reviewing the audit program provided by the ORFIS of Veracruz to the external evaluation offices, which details the possibility of carrying out these procedures virtually and the digital evidence, as well as the software necessary for their realization. In this way, it contributes to creating the guidelines to be able to evolve the traditional model to a continuous model, at first through the application of first-level software and later through legal and constitutional reforms that allow the specific development of software that generates a model in real time.

## Traditional audit

For a long time, the traditional audit has been the review methodology implemented in the government sector, however, the pandemic by the SARS-COV-2 virus, highlighted the weaknesses of this system, given that the government audit processes were severely delayed. In accordance with the above, Fernández (2016), indicates that "the traditional, cyclical and retrospective audit no longer meets the needs of institutions to have at all times updated, accurate and error-free information that allows making the best decisions" (pp. 194 – 195). Indeed, one of the great problems faced by traditional audit is that the review is a subsequent process, so that the transactions and movements of the municipalities are reviewed when the accounting period in which they originated ends, making it have a corrective and not preventive approach.

On the other hand, the traditional audit arises at a time in society when the technology was not strongly developed, but the need to give reasonable validity to the transactions of the entities, led to the establishment of a feasible methodology, so representative samples were implemented, which would provide the auditor with a vision to be able to hold an opinion on the attachment of the entities to a legal framework.

Derived from the above, it is pointed out that traditional auditing maintains a high risk, since despite the existence of risk analysis and evaluation techniques in audit, these are still present, something that does not happen with continuous models, since the information is reviewed in its entirety (Bensghir and Ayid, 2021).

## Continuous audit

Continuous auditing allows us to set a new course for traditional auditing, by attaching unique features such as real-time review, remote and digital review.

The continuous model responds to the weaknesses of the traditional model, in addition to taking advantage of the technological advances of daily life and the automation of companies and government entities; highlighting that this type of models generates new knowledge, since it starts from the basic idea of digital evidence and the use of information technologies that allow analyzing the evidence in large volumes, issuing an opinion in a short time and on the totality of the information.

For ACL (cited by Valencia, 2015, p. 121), it points out that "continuous auditing modifies the audit paradigm, ceasing to be a mere review of examples of transactions, to become continuous audit procedures that evaluate 100% of transactions", in this case, it can be observed that it not only provides the advantage of being able to carry out reviews remotely, but by performing them in real time and reducing the number of processes, a greater number of information can be covered, that is, the audit risk is reduced and greater certainty is given in the opinion, that is why it is said that continuous auditing is a new paradigm, since it breaks with all the schemes already known.

If we reflect on the benefits it would have in the public sector, it is possible to affirm that they are diverse since, not only costs are reduced, but also, it allows to foresee errors or diversions of resources, by making it possible to carry out an audit frequently, and by getting, reduces the margin of presenting any type of fraud within the Public Administration. Although, in Mexico, this type of audits are still little used in the public sector, it is possible to find some cases of their application, such as in the INE, to supervise the political parties, and in the state of Sonora in some autonomous bodies, which due to the COVID-19 pandemic, decided to implement audits in real time.

It can be defined that continuous auditing is an audit model aimed at taking advantage of technological tools, in real time and with greater scope.

Thanks to ICT, it is possible to meet the requirements of being remote and constant, and at the same time, have a better analysis and handling of a large volume of data, which facilitates the review and increases the degree of confidence in the opinion issued by the auditor.

## Audit of municipalities

As part of the development of the management of each of the municipalities, they must present a public account, which, according to the Ley de Fiscalización Superior y Rendición de Cuentas del Estado de Veracruz, in its article 26, is a document which must be presented by the auditable entities to Congress, in the terms indicated by the Constitution of Veracruz with respect to its budgetary exercise and its results of its Financial Management.

Likewise, Priego, Ramírez and García (2018, p. 151), point out that "the presentation of the Public Account to the Local Congresses constitutes, in most cases, the starting point of the annual process of legislative oversight of the public treasury".

As can be seen, public entities when managing the resources of the public treasury require presenting the results of such management, which will be analyzed and reviewed by an Autonomous Oversight Body, in order to determine if the management of resources was appropriate.

Auditing is an act of review; an attribution given to certain organs, which is enshrined in the largest legal system of the country, the Political Constitution of the United Mexican States; however, this attribution can be at different levels, since regardless of whether it is the federal, state or local level, public resources are required to be transparent.

## Controversy with the principle of posteriority

The Ley de Fiscalización Superior y Rendición de Cuentas del Estado de Veracruz, in the third article, establishes the principle of posteriority as the basis for the Audit, which is presented in the following paragraph "the review of the public accounts shall be carried out after the end of each fiscal year".

Therefore, the posteriority is an element referring to the moment of carrying out the audit, since the law itself indicates that the review made of the public accounts and the financial situation of the Entities will take place until the moment in which the fiscal year ends.

It should be noted that for Acosta (2018, p. 123), the principle of posteriority is "the prohibition of reviewing the Public Account during the current fiscal year (...), requires that the audit be carried out only when the fiscal year to be audited has ended".

The principle of posteriority makes the government audit limited, since it is impossible to establish models that allow review at the time transactions arise or in short periods of time after they have been generated.

It should be remembered that the continuous or real-time audit is based on the immediate analysis of the transactions and facts that are generated in government entities, and hence the structure of models based on technology that allow obtaining immediate results and greater certainty in the opinions that are poured on the public accounts.

### **The audit of political parties as a precedent for the continuous audit in Mexico**

The clarification of the use of public resources and the attachment to the law were the main aspects that led to question the current National Electoral Institute, about the methods under which the control of political parties was carried out since it followed a traditional process and like that which is still used in other government entities of the country.

Gilas and Christiansson (2016) explain that, in effect, the control of political parties, derived from their nature, required that it be expedited and, therefore, the principle of subsequentity (basis of the Mexican government audit) could no longer be maintained, in which it is established that the review must begin once the fiscal year or period to be reviewed concludes.

The need for posteriority arises from the impossibility of carrying out the review of government entities during the moment that transactions arise, and even Gilas and Christiansson et al (2016), determine that this impossibility in the field of expenses and administration of resources of political parties was not acceptable, since after the elections, it took a year and even a year and a half to obtain an opinion on whether the management of the candidates' resources had been correct and adequate to the provisions of the laws and regulations.

Then, this deficiency of obtaining such a late opinion led the Institute to consider a structure strong enough to be able to obtain a prompt, effective and truthful result, so that to achieve it was necessary a structural and legal reform and above all the implementation of technology.

The above is stated by Gilas et al (2016, p. 97), through the following statement "the 2012 elections showed the limitations of the audit model, which was too slow, inefficient, failed to deter the commission of irregularities and, consequently, did not generate confidence in the results". Thus, it is highlighted not only the problem of control in the electoral field, but throughout the governmental sphere, since the audits that are carried out to the different entities of the government are usually slow, expensive and even unreliable.

Now, the impact of the above was such that a reform was carried out in which technological development was implemented, with the aim of firstly, harmonizing the accounting of the parties and secondly developing an entire online accounting system, in which operations must be recorded at the time they are generated, based on the Financial Reporting Standards and regulations issued by the Institute (Gilas et al, 2016)

### **The audit in 2020 in the face of the Sars-Cov-2 pandemic**

During the year 2020, the country's audit had many effects derived from the COVID-19 pandemic, so this precedent must be analyzed as a historical moment of high impact for the implementation of new models that establish digital and remote procedures.

Through a statement from the Superior Audit of the Federation, he announced the measures implemented in 2020 to reduce the impact of the pandemic on the audit, so he points out that the largest oversight body in the country has implemented technologies that allow remote audits, such as the digital mailbox, which seeks to facilitate the delivery of information by the audited entities, to continue with the review (ASF, 2021). The audit was not only delayed at the federal level, but in the state of Veracruz it also had effects, derived from the lack of training and tools to implement remote audit procedures.

To justify the above, it is enough to review the report of the Diario de Xalapa regarding the approval of the Public Account of the State of Veracruz, in which the letter says, "after extending on three occasions the delivery of the Public Account by the Órgano de Fiscalización Superior de Veracruz (Orfis), the reports were approved with 36 votes in favor, 9 against and zero abstentions" (Molina, 2021). In this case it can be identified that the Public Account of Veracruz had a delay of up to three times, and this speaking only of its delivery by the body empowered for the audit.

In addition, in the same report cited above, it is clarified that not only was the Public Account delayed, but that it was not delivered in full, since there are dependencies of which the review is still pending

## Methodology

This research is non-experimental, as it is an area of the social sciences, with a transversal and descriptive approach. To carry out this study, it is part of the Audit Program granted by the Órgano de Fiscalización Superior del Estado de Veracruz to the external evaluation offices of the municipalities of the state. This program is also accompanied by working papers, which support the procedures and techniques applied in the audit work.

The realization of the study implies starting from the Audit Program, which is classified into procedures of general aspects, corresponding to the stage of planning and execution procedures, which are classified for each of the monetary funds received by the municipalities of the state; *Recursos Fiscales* and *Participaciones Federales*, *FISMDF*, *FORTAMUNDF* and other programs.

In the case of general aspects or budgetary financial review, the Audit Program presents four procedures, while for *Recursos Fiscales* a total of twenty procedures, in the case of *FISMDF* nineteen procedures, in *FORTAMUNDF* eighteen procedures and for other programs fifteen procedures.

It should be clarified that the procedures of each program are classified first by those referring to the accounts of the balance sheet, that is, procedures of assets, liabilities and equity, while the last two items focus on income and expenses.

General study (budget financial review)	Recursos Fiscales and Participaciones Federales
1.1. General study of the Entity	2.1. Sample determination
1.2. Request for documentation	2.2. Analysis of the budget apply
1.3. Review of the contents of the public account	2.3. Document validation
1.4. Review of internal control	2.4. Banks
	2.5. Debtors
	2.6. Advances
	2.7. Donations
	2.8. Assets
	2.9. Accounts payable
	2.10. Taxation
	2.11. Accounting assets
	2.12. Sample
	2.13. Income policies
	2.14. Sample
	2.15. Expense policies
	2.16. Personal services
	2.17. Resources granted to the DIF
	2.18. Constructions and actions with own resources
	2.19. Tenders
	2.20. Others

**Table 1** Procedures to be examined

Source: Own Elaboration

When making a detailed analysis of all the procedures, there are similarities between both funds, so the object of this investigation will only be the four procedures of the general study and the twenty that make up the fund of *Recursos Fiscales* and *Participaciones Federales*.

We proceed to determine the requirements and work roles that make up each of the procedures, with the aim of determining if they are likely to be carried out under the modality of continuous audit, or if derived from their nature it is not feasible to carry them out in this scheme.

## Results

After reviewing the procedures that make up the Audit Program applied by external offices in support of the Órgano de Fiscalización Superior del Estado de Veracruz, to evaluate the management of the public accounts of the 212 municipalities of the state, the result is the possibility of implementing a continuous model, for which, the required digital evidence is broken down below for each procedure examined, as well as the modality under which it is feasible to make them.

In general, it should be indicated that all procedures start from a common base, digital evidence and cloud storage of the same, this with the aim of providing the audit team with the possibility of carrying out the remote review, however, there are procedures that derived from their nature require face-to-face, as is the case in the case of property procedures, in which it is essential that the audit team performs the physical inspection of the existence of the goods, in addition to having the characteristics recognized in the accounting and evidenced through digital tax receipts.

Derived from the above, it can be understood that, although physical assistance is necessary, it can be combined with Information Technologies that accelerate the processes in such visits, for example, the fact of having previously reviewed the digitized inventories against what is stated in the accounting of the city council, to, when making the physical review have a greater facility in the identification of the goods.

It is for this reason that two types of modalities have been developed in the procedures, the virtual one, which permeates that the realization of the procedures can be completely digital, accessing digital evidence that must meet certain requirements, such as being in non-editable file formats, with signatures that achieve their authentication and guarantee that they do not represent a risk for the issuance of the audit opinion.

Secondly, hybrid procedures are established, i.e., those that involve a physical inspection, but which are combined with remote realization.

Below, the required digital evidence and modality for the four procedures that make up the budget financial review are broken down.

### 1.1. General study of the entity

This procedure requires as digital evidence, bank contracts appointments of the councilors, financial statements that make up the public account, organizational chart, and administrative manuals.

Its modality is hybrid, since being the first contact with the city council, the visit must be made to know in a general way its location, processes, and personnel.

### 1.2. Request for documentation

For its elaboration it is essential, to carry out the office of requesting information in digital form, the establishment of the media. And the elaboration of the folder in the cloud that complies with the means of security, to share information.

It is a hybrid procedure, since the offices of request for information must be physically delivered and notified via mail, being evidence for the audit office before any refusal of information, which will be reflected in the audit report.

### 1.3. Review of the contents of the public account

To apply the working papers of this procedure, the office of presentation of the public account, the financial statements that make up the public account and the act of cabildo of the approval of the public account are required.

However, an alternative for its constant realization is to validate monthly the financial statements of the auditable entity in order that at the end of the year they comply with the request of the *Ley de Fiscalización Superior del Estado de Veracruz*.

### 1.4. Review of internal control

The continuous way to carry out this procedure is by relying on online forms that allow internal control questionnaires to be applied among the employees of the city council, and the reports issued by these forms will also serve as evidence, in addition to facilitating the analysis of the results.

It is considered that the modality of this procedure is hybrid, since, although the application of online questionnaires facilitates the work of the audit team, it is important to make sure of the veracity of the answers, for this it will be enough with the subsequent analysis that will be carried out to the rest of the procedures, and through physical inspection.

After having reviewed the four previous procedures, the results of the procedures that make up the *Recursos Fiscales* and *Participaciones Federales* fund are presented.

### 2.1. Sample determination

For the determination of the sample, the verification balances of the entity are required, and the accounting assistants of income and expenses.

The procedure is determined virtually, since its realization requires the determination of total income and expenses, which is why the visit is not necessary; it should be noted that, being continuous procedures, total review is suggested, which must be indicated on the audit working paper.

### 2.2. Analysis of the budget apply

The application of the analysis of the budget apply implies having as evidence, the income law of the municipality, its approved expenditure budget, the state of activities and the balance of verification.

The modality of the procedure is virtual, since it does not imply a visit, with the above information it is possible to carry it out remotely and continuously.

### 2.3. Document validation

The document validation are the authentication of the legitimacy and validity of the vouchers that protect the transactions, so their realization involves the CFDIs and XML of the expenses, the use of mass validation software and the trades for external confirmations via email.

The modality of the procedure is virtual, since, through the mass validation software, the performance of the procedure is practically automatic, except for external confirmations that will be made via email.

### 2.4. Banks

In the case of banks, it is necessary to obtain as digital evidence, bank contracts, account statements, accounting assistants of banks, balances of verification, the statement of financial position, the statement of cash flows, the fidelity bonds contracted, the reports of transfers between funds and accounting policies.

Therefore, the procedure is feasible to be performed virtually.

### 2.5. Debtors

In the case of diverse debtors, the required evidence consists of, the accounting assistant of various debtors, the balances of verification, the accounting policies, the files corresponding to the accounting information of the fund digitized in its entirety, the massive validations of the CFDIs issued to the entity and the financial statements.

The analysis can be done virtually since the digital information provided is sufficient to know the verification of the debtors.

### 2.6. Advances

In the case of the advances given by the entity, its analysis is based on the accounting assistant of advances, the balances of verification, the financial statements, the files corresponding to the fund and the accounting policies.

As with diverse debtors, it is a completely virtual procedure, which through the base information is possible to be carried out.

## 2.7. Donations

In the case of donations, the accounting assistant of advances, the balances of verification, the financial statements, the files corresponding to the fund, the accounting policies and the attestations made to the dependencies that are provided by the ORFIS (information card) are considered. The analysis is completely virtual, however, being donations, it is possible to receive an invitation from the entity to go to the donation deliveries, as is the case of the distribution of pantries, and thus take photographs directly by the office.

## 2.8. Movable and immovable property

In the case of goods, this is a procedure that requires physical inspection, and that starts from the following digital evidence, the accounting assistant of the fixed asset, the files corresponding to the fund, the financial statements, the photographic evidence, the results of the CFDI certificates, the reports of registrations and cancellations of goods, the request for cancellation of goods, the technical opinions, the minutes of the council, the updated inventory of goods and the balances of verification.

## 2.9. Accounts payable

In the case of accounts payable, the base evidence is concentrated in the accounting assistant of accounts payable and banks, the Files corresponding to the fund, the financial statements, the results of the CFDI certificates, the audit reports of previous years, the minutes of the town hall, the bank statements, and the balances of verification. The procedure is virtual, since the physical visit to the entity is not required, so the review of the cited documents allows its execution.

## 2.10. Taxes and withholdings payable

To carry out the procedure, the validation of the outstanding contributions is necessary, so as indispensable evidence you must have the accounting assistant of taxes payable and banks, the files corresponding to the fund, the bank statements.

The financial statements, the payroll concentrate of the year, the payroll receipts and massive validations of the same, the tax returns for the year, the proof of payment of taxes and the opinion of tax compliance of the entity. This procedure follows the same structure as the previous ones, so that its virtual and constant application is feasible, that is, it meets the criteria of the continuous model.

## 2.11. Accounting assets

In the case of accounting assets, it goes hand in hand with the movable and immovable property procedure, so doing the first, this does not require face-to-face and can be done continuously.

The basic information for this procedure consists of photographic reports obtained in the property procedure, the accounting assistant of the patrimony, the financial statements, the reports of registrations and cancellations of movable and immovable property and the files of accounting information.

## 2.12. Sample determination

This procedure is repetitive, given that at the beginning it had already been validated, however, the ORFIS Audit Program considers it again, emphasizing the income to be reviewed. As already explained, this procedure in a continuous model is limiting, since the use of ICT and office tools allows to completely review the information.

## 2.13. Review of income policies

In the case of income, they are a procedure that is feasible to be virtual and continuous, since it is enough to analyze the information provided by banks and the municipality's own system, to know the level of collection and perception of income from the fund.

For the elaboration of the procedure, it is required as a base document, the files of accounting information of the fund, the massive validations of the CFDIs of income, the cash cuts issued by SIGMAVER, the financial statements, the balance of verification, the bank statements, the accounting assistants of income and banks, the CFDIs and XML of income, the offices of notification of *Participaciones Federales* issued to the municipality and the treasury receipts of the revenues collected.



### 2.14. Sample determination

The same assumption that has already been discussed occurs again, the determination of the sample is requested for the third time, but focused on the egresses, remembering that being a continuous procedure, all the information is reviewed and specified in the working papers of the procedure.

### 2.15. Review of expense policies

Having carried out the massive validation of vouchers in the certificates, the work is reduced, since the concentration of the audit team is on the verification and adequate accounting recognition of expenses, so it becomes a procedure of easy virtual application, requiring for its analysis the files of accounting information, the financial statements, the CFDIs and XML of the expenses that are checked, their validations, the verification balances and the accounting assistants of expenses and banks.

### 2.16. Personal services

The same assumption occurs as in the discharge procedure, which is why it is feasible to carry it out virtually.

However, the above, it is suggested physical visit, to inspect that the workers who are on the payroll are really working, for this as a technique a roll call, photographs and observation are recommended.

The performance of this procedure involves, the files of accounting information, the accounting assistants of banks and expenses, specifically of the item of personal services, the bank statements, the payroll receipts of the workers, the massive validation of the stamped payroll receipts, the payroll reports of the entity, the updated staff template, the reports of personnel registrations and cancellations, the organization chart of the entity, the balance of verification and the financial statements

### 2.17. Review of the resources granted to the DIF

The procedure is identical to that of the review of expenditure policies, so, given the same analogy, it is feasible to carry it out virtually.

In this procedure, the only thing that must be considered is that all the information provided on the expenses must be exclusive to the DIF, that is, all the expenses incurred by this institution.

### 2.18. Constructions and actions with own resources

It is a procedure that, although it could be carried out virtually, the physical visit is necessary to carry out an inspection of the works that are being developed.

The use of techniques such as observation are necessary, since it is verified that what is recognized accounting, as well as what is stated in the contracts and tax receipts coincides with the reality of the work.

For this procedure it is only necessary to obtain as source documentation for its realization the work files, the verification balances, the financial statements, the bank account statements, the accounting assistants of works and banks, the proof of retention from 5 to the thousand (local tax), as well as their respective payment vouchers, the CFDIs and XML of the work, either advance and estimates and work contracts.

### 2.19. Tenders for the acquisition of goods

In this procedure it is possible to carry it out virtually, since, having digitized the files of the suppliers and contractors that make up the registers of the city council, plus the bidding files of acquisitions and leases, it is feasible to determine that the bidding procedure was made in accordance with the regulations applicable to the state of Veracruz.

The essential documents for the application of the continuous procedure are the digitized register of suppliers and contractors, the files of suppliers and contractors that make up the register, the tender files, the accounting assistants of expenses and the CFDI and XML.

### 2.20. Others

All those techniques and procedures that were not considered within the audit program are included in the procedure of others, which can be carried out virtually, through the information provided by the entity.

As base documents, there are the financial statements, the accounting assistants, balances of verification and the files of accounting information digitized. Finally, after the review of the procedures, and the determination of the basic evidence for their realization, it should be annexed that the continuous model is complemented by additional technological tools, for example, in the section of document validations the use of massive software for the validation of tax receipts is indicated, which also has an impact on procedures such as various debtors, accounts payable, income and expenditure.

In addition, data analysis tools, pivot tables and graphs in the spreadsheet software, facilitates the work of analysis, quickly detecting inconsistencies in the information presented. Therefore, it is essential to accompany the continuous audit of additional software, which allows to accelerate the process of determining results, considering the totality of the information, and carrying out the analysis at the same time as the development of the transactions.

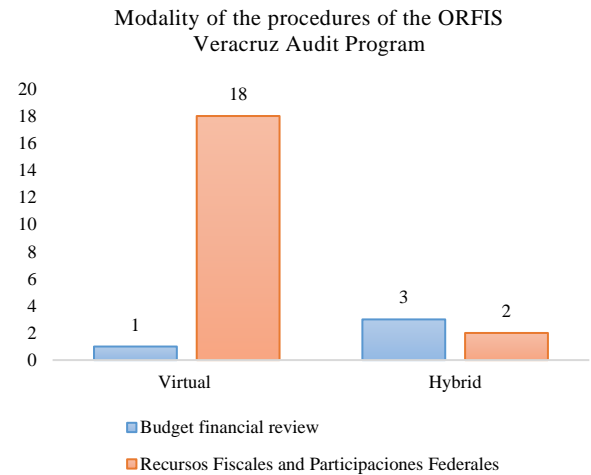
2.4. Banks	With the use of Excel spreadsheets and digital statements, the congruence between what is recognized in accounting and what is presented by the bank can be quickly checked.
2.7. Donations 2.8. Assets 2.11. Accounting assets	Taking pictures through mobile devices. Validation of the physical characteristics of the goods against what is reported in accounting and contracts.
2.18. Constructions and actions with own resources	Use of photographs with geolocation coordinates through mobile devices. Subsequently, through Excel and Project, the progress of the work is monitored.
2.19. Tenders	Use of Excel and Project, to always know the progress and compliance of the tenders based on the applicable regulations.

**Table 2** Development of procedures and ICT implemented

Source: Own Elaboration

Likewise, communication must be one of the indispensable tools, for which there is video calling software, with which, you can constantly establish communication with those responsible for the areas, giving the opportunity to complement the results obtained with your opinion and knowledge of the facts.

Procedure	Realization
1.1. General study of the Entity 1.2. Request for documentation	Point of development of the communication between the audit team and the councilors, the processes are analyzed and the formal request for information is made through office and notification by email.
1.3. Review of the contents of the public account	Spreadsheets are used in Excel, to list that all the financial statements of the public account are available.
1.4. Review of internal control	It is supported by the observation made in the physical visit and is complemented by questionnaires in Google Forms that evaluate the internal controls of the municipality.
2.1. Sample 2.12. Sample 2.14. Sample	The procedure is performed three times, and only involves the use of Excel spreadsheets in which all the income and expenses of the city council are recognized.
2.2. Analysis of the budget apply	Same assumption above, Excel, and digital evidence stored in the cloud, is used to fill out the work papers.
2.3. Document validation 2.5. Debtors 2.6. Advances 2.9. Accounts payable 2.10. Taxation 2.13. Income policies 2.15. Expense policies 2.16. Personal services 2.17. Resources granted to the DIF 2.20. Others	Use of software such as <i>eComprobante COM</i> , which massively validates the CFDI and XML received by the Entity, both expenses, income, and payroll, in addition to generating dynamic tables and reports of all expenses and income that allow to visualize in a pleasant way the verification of public expenditure.



**Graphic 1** Modality of audit procedures

Source: Own Elaboration

As can be seen, in the continuous model, the specific review of the *Recursos Fiscales* and *Participaciones Federales* fund is viable, since at least 90% is possible to be determined through technological tools and digital evidence, while 10% requires physical inspection derived from the acquisition of goods or validation of works. On the other hand, in the case of the budgetary financial review, 75% require a physical inspection or visit, which is evident, since it is the planning stage, so it is essential to approach the auditable entity.

Virtual	Hybrid
1.3. Review of the contents of the public account	1.1. General study of the Entity
2.1. Sample	1.2. Request for documentation
2.2. Analysis of the budget apply	1.4. Review of internal control
2.3. Document validation	2.8. Assets
2.4. Banks	2.18. Constructions and actions with own resources
2.5. Debtors	
2.6. Advances	
2.7. Donations	
2.9. Accounts payable	
2.10. Taxation	
2.11. Accounting assets	
2.12. Sample	
2.13. Income policies	
2.14. Sample	
2.15. Expense policies	
2.16. Personal services	
2.17. Resources granted to the DIF	
2.19. Tenders	
2.20. Others	

**Table 3** Modality of government audit procedures

Source: Own Elaboration

Although, the entire audit cannot be carried out virtually, it should be indicated that a continuous audit should not necessarily be entirely virtual, since the planning, being the first contact, must have a physical part, accompanied by observation techniques, but the part of the execution, which is the substantive part of the examination of the public account, it is feasible to be carried out remotely, trying to validate that the digital evidence used meets criteria that guarantee that it is reliable information to which it works in the archives of the city council.

## Conclusions

Although the control of municipalities in the state of Veracruz was limited by the principles of annuality and posteriority; the latest challenges generated by the sars-cov-2 pandemic have highlighted the need for continuous monitoring, for which the procedures corresponding to the planning and execution stage of the *Recursos Fiscales* and *Participaciones Federales* fund of the municipalities of the state of Veracruz were analyzed.

From the review it is obtained that the planning in its entirety involves the physical visit, since it is essential to observe and determine the controls, policies, organization, procedures, and context in which the city council that will be subject to review is developed.

Although the physical visit is necessary, it is accompanied by technological tools, such as the application of questionnaires through online forms that simplify the results through reports and graphs, allowing the audit team to know in detail the control mechanisms used by the entity.

When talking about the execution of the audit, 90% of the procedures are feasible to be applied remotely and virtually, through a series of base documentation, which must meet criteria of authenticity and non-modification, through signatures, and non-modifiable file types.

Access to information is done through documentation in the cloud, which must maintain criteria of privacy and computer security to avoid the flow of information on the web, in addition the continuous model must be protected by strong communication channels, thus achieving that the audit team functions as a preventive mechanism, instead of corrective as is usually done annually through external audit firms.

Undoubtedly, the use of basic office tools such as spreadsheets, cloud storage, mass validation software, online forms, graphing software, and data analysis, allow the audit team to have constant control of the transactions they raise in the entity.

Although, within other government agencies, advanced software has been developed for the analysis of the transactions of the entities in real time; as a first stage begins with the use of tools of a basic level, to determine the impact that this type of models would have on the control of Veracruz.

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