VII Conference of EUROSAI-OLACEFS Georgia

SUB-THEME I

Enhancing stakeholder confidence: auditing management integrity, accountability and "tone at the top"

Tribunal de Contas
Portugal

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Introduction

- The world financial crisis is a tremendous evidence of the importance of **integrity and ethical conduct**

- Confidence is crucial for the markets. But confidence is also crucial for **democratic State**

- Citizens demand **transparency**, **integrity** and **competence**

- Public holders/officials/managers must be **accountable before citizens**

SAIs can no longer ignore the challenges posed by this reality

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Ethics in the *Tribunal de Contas* of Portugal

- **Audit Manual**
  - ➢ All auditors should comply with the Audit Manual rules related to ethical behavior, which focus primarily on values as independency, professional diligence and secrecy, objectivity, impartiality and responsibility
  - ➢ The INTOSAI Code of Ethics, is also a constant reference for auditors

- **Implementation Measures**
  - ➢ It has been decided to conduct a deep study on how to enhance Ethics and Deontology in our SAI
  - ➢ Analysis was made over the eight elements of an ethical infrastructure (legal framework, accountability mechanisms, public involvement and scrutiny, commitment from leadership, codes of conduct, socialization activities, such as education and training, human resources policy and co-ordination of the infrastructure), which serve three functions: guidance, management and control
  - ➢ The several measures proposed in this study are being taken step by step, in order to favor acceptance and compliance

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- **Prevention Plan Against Management Risks**

  ➢ The *Tribunal de Contas* has its own Prevention Plan against risks

  ➢ In this document, several important measures dealing with Ethics and correct behavior are recommended, such as:
    - ✓ Declarations on conflicts of interests made on a regular basis
    - ✓ Mechanisms for the control of professional secrecy
    - ✓ Human resources rotation policy
    - ✓ Auditees surveys on the ethical behavior of auditors
    - ✓ Reinforcement of supervision and revision phases of the audit work

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• **Recruitment and Training**

➢Ethical training courses are regularly offered to the employees of *Tribunal de Contas*

➢This training is compulsory for newly recruited auditors

➢ Concerns about Ethics are considered in the recruitment of new auditors and other employees

• **Collegiality and Transparency**

➢The Portuguese *Tribunal de Contas* works according to the principles of collegiality and transparency, which have a specific potential of enhancing ethical behavior

➢We can mention that:

✓ Audit teams and audit works, such as all the decisions of the Court are always collegial

✓There is an open list (accessible to everyone) of authorized accumulation of functions, annually updated

✓There is complete openness in the allocation of employees

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Conclusion

• A broad concept of accountability, which comprehends an ethical dimension, is one of the main issues in what concerns public governance

• Being aware of this reality, both our Court and all the EUROSAI Members are engaged in studying and promoting ethics, both in SAIs and in public organisations

• We hope to continue our joint work, in this issue, in the framework of EUROSAI, in order to strengthen our institution and to improve public management, and, thus serve even better our citizens

• It will be very important to share information and experiences with our fellow SAIs and their organisations, such as OLACEFS

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