



TRIBUNAL DE
CONTAS

2019

ANNUAL WORK PLAN

(EXCERPT)

TECHNICAL INFORMATION

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MISSION

The Court of Auditors mission is, in accordance with the Constitution and the Law, to: control the legality and the regularity of the public revenues and expenditure; judge on the Accounts which the Law has ordered to be submitted to it; give opinion on the General State Account and on the Autonomous Regions Accounts; assess the sound public financial management; enforce financial liabilities and exercise such other powers as are assigned to it by Law (Article 214 of the Constitution; Article 1 of the Organization and Procedural Law of the Court of Auditors - OPLCA).

It is also incumbent upon the Court to certify the General State Account as of 2020 (Article 66, point 6 of Law no. 151/2015, of September 11, as amended by Law no. 37/2018, August 7).

VISION

Promote the truth, sound management, the legality and liability in public finances.

VALUES

Independence | Integrity | Impartiality | Accountability | Transparency

PRESIDENT'S FOREWORD

The 2019 Work Plan will be the last annual exercise of the 2017-2019 strategic period, thus providing the opportunity to fully achieve the defined goals and objectives.

In 2018, the Court self-assessment process was completed, with quality certification by the competent agency of the Courts of Auditors and Related Institutions World Organization (INTOSAI/IDI). This is an exercise of the greatest importance, whose conclusions will undoubtedly contribute to the development of actions, in view of the improvements necessary for the upgrading of the Institution.

As last year, some changes were also introduced during the Work Plan preparation, thus continuing to take small steps towards a change that is intended to reform the strategic and annual planning model, with a view to improving the functioning of the Institution, its productivity and also the relevance that it assumes in the Portuguese Society and at the international community level of the Supreme Audit Institutions.

In this sense, risk areas for which the planned actions contribute were identified, selection criteria were listed and applied, as well as the results and expected impacts were indicated, always bearing in mind that the planning instruments should be flexible and dynamic.

Regarding the priorities to be considered, those established in the previous year were considered to be good, in particular because the work and themes involved were not yet depleted, as to, inter alia, the impact of demography in Portugal in the areas of social security, education and health, as well as related to the way the State, in its different legal forms, uses public resources in the management of disaster and catastrophes risk prevention and in protecting and supporting its victims. This is the case, for example, with the matter of fires and desertification, in which the wills of the Portuguese and Spanish Courts of Auditors combined, now embodied in this work plan.

The institution capacity to carry out its mission, including the certification of the General State Account, deserves to be highlighted. As a matter of fact, it is already foreseen that 30 new qualified workers will be admitted to the special control body, following a very competitive external competition.

This Work Plan success implementation depends on the professionalism and commitment of all those who work in the Institution, as well as the achievement of the strategic goals foreseen in the three-year 2017-2019 program, with the main objective of contributing to the improvement of public financial management.

The President,



(Vítor Caldeira)



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I | PLAN OVERVIEW



1. Introduction

This Work Plan is the last one that implements the strategy defined in the Triennial Plan for the period 2017-2019, and integrates the Annual Programs of the 1st and 2nd Chambers and Azores and Madeira Regional Chambers, beginning with the General Part, prepared by the Standing Committee, and ending up with the Court headquarters Support Services Annual Plan.

The actions planned are part of the Strategic Goals and Strategic Action Lines established in the Triennial Plan, as well as in the priorities approved by the General Plenary and in the risk areas defined as the framework for the selection of audits and accounts verification to be held in 2019.

The Court action will therefore take into account the identified priorities and the main risk areas, with particular relevance, among them, the concerns about the public finances sustainability and the significant changes in accounting systems (Accounting Standardization System-Public Administration – ASS-PA).

It will be given special attention to the Transversal Programming, as well as the 2nd Chamber Horizontal Programming, as they are constituted by actions addressed to the improvement of the performance and quality of the Court products.

The development of actions in the area of information systems, integrated in the ISSDP (Information Systems Strategic Development Plan) and approved by the General Plenary will also continue.

With a view to improving the qualification and professional up-grading of its human resources, the Court will continue its investment in recruiting and strengthening skills to enable high-quality results achievement with emerging issues in mind.

The Plan implementation will be duly followed up, and a status report will be assessed on it at the end of the first semester, and the progress of the institutional indicators will also be noted:

- Completion degree of the Control Programs
- Decision of the Prior Approval cases within the deadline
- Number of audits carried out (concomitant, successive control) over the expected time horizon in the year
- Average length of time for the enforcement of liability cases and for the 1st Chamber jurisdictional appeals
- Stakeholder assessment
- Recommendations follow-up
- Presence in the media

The Court will continue to develop its involvement in international and supranational organizations and bodies, including INTOSAI, EUROSAI and the European Union (EU) Contact Committee. Particular emphasis will be focused on cooperative actions with the European Court of Auditors and similar international institutions, namely with the Supreme Audit Institutions of the Community of Portuguese Speaking Countries (OSAI/CPSC).

It should be underlined the continuation of bilateral cooperation with a number of similar institutions. In 2019, the joint work with the Spanish Court of Auditors on matters of mutual concern, such as fires and desertification, stands out.



2. Expected results

Bearing in mind the essential tasks entrusted to the Court of Auditors, it is forecasted to 2019:

In the context of prior and concomitant control

- Control the acts and contracts that enter the Court, in a timely manner;
- Conduct 20 audits: 11 at Headquarters, 1 in the Azores Regional Chamber (ARC) and 8 in the Madeira Regional Chamber (MRC);
- Conduct 20 audits to clearing of financial liability following prior approval cases (19 at Headquarters and 1 at MRC).

In the context of successive control

- Issue the Opinions on the 2018 General State Account (GSA), including that of Social Security, and on the 2018 Accounts of the Azores and Madeira Autonomous Regions.
- Carry out two budget implementation follow-up actions to be carried out by ARC and MRC;
- Issue the Opinions on the 2018 accounts of the Parliament and of the Azores and Madeira Autonomous Regions Legislative Assemblies;
- Conduct 88 audits and external verification of accounts (54 at Headquarters, 20 in the ARC and 14 in the MRC);
- Perform internal verification of 627 accounts (508 in the 2nd Chamber, 59 in the ARC and 60 in the MRC).

In the context of the jurisdictional function

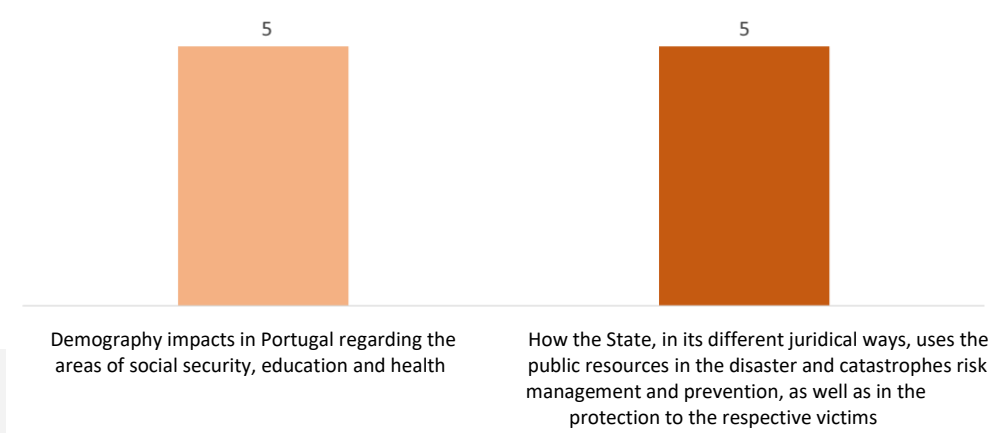
In this ambit, cases for **the enforcement of liabilities** may be initiated based on the control actions reports of the Court and of the internal control bodies that enhance facts constituting financial liability.

It is considered that the average duration of the proceedings, between the time of their distribution to trial and the closing of the case, through the delivery of the Sentence or Judgment, it should not exceed 6 months, without prejudice to the complexity of each case.

3. Priorities and risk areas

In November 2017, the General Plenary set priorities for consideration in the audits and external verification of accounts (EVA) to be planned in the control programs of the 1st and 2nd Chambers and the Regional Chambers. Thus, by 2019 they will continue to be implemented according to the following distribution:

Chart 1 – Distribution of audits and AVA by priorities

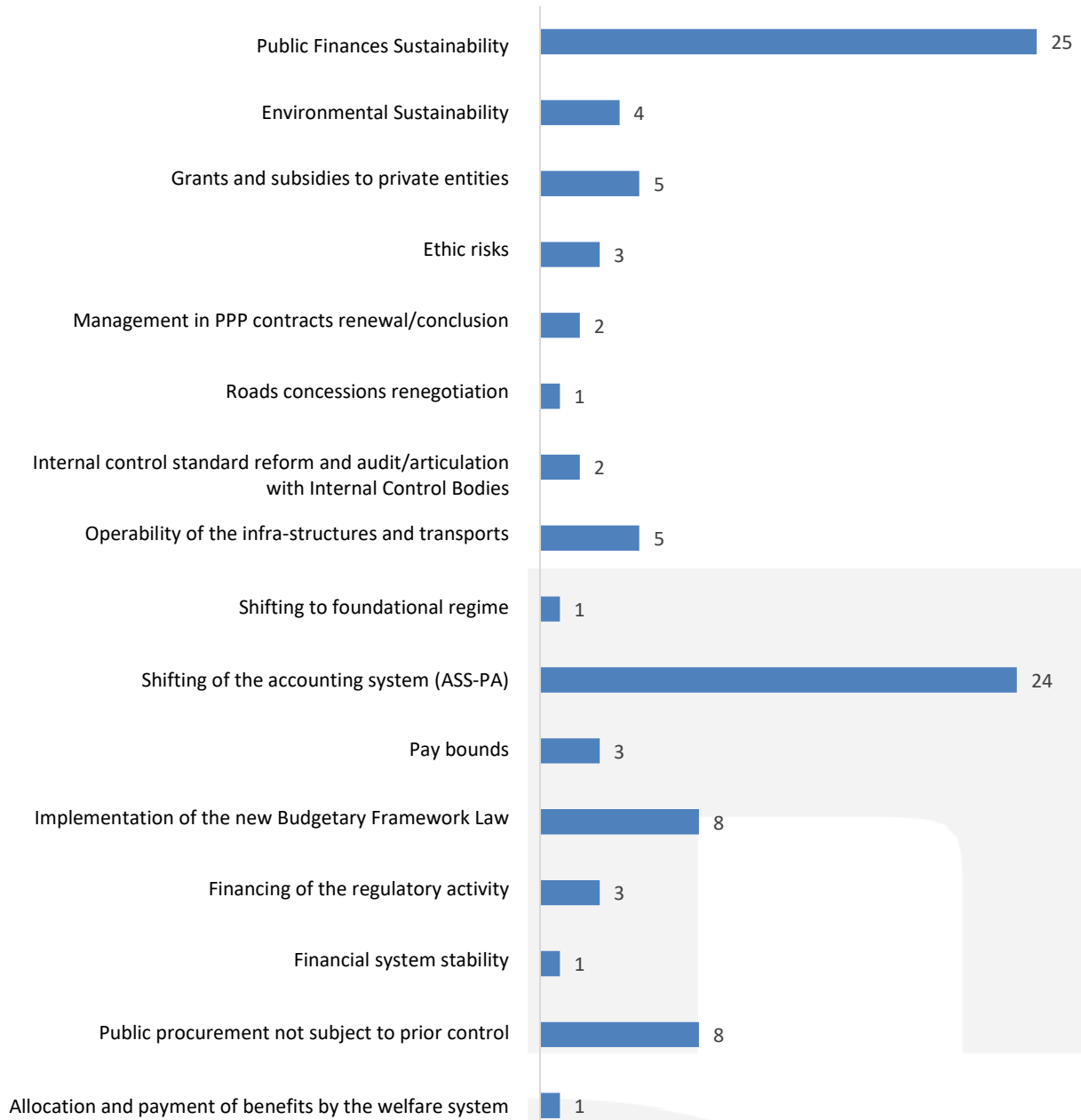


The priority regarding the impacts of the use by the State, local authorities, public companies and local companies or any other public and private law entities to arbitration and other alternative means of resolution of disputes, will be implemented through actions (relating to the analysis of the costs and risks of arbitration awards in the context of public contracts subject to the Court control) to be developed by the 1st Chamber.

Guidance lines were also defined with regard to the risk areas to be considered in the selection of future audits and EVA, bearing in mind that an audit could compete for more than one risk area.



Chart 2 – Distribution of audits and EVA by risk area





The most relevant risk areas are Public Finance Sustainability and Accounting System Change (Accounting Standardization System-Public Administration – ASS-PA)

In selecting the audits to be carried out in 2019 the following criteria were mostly used:

- Materiality / Relevance;
- Expected Result / Impact;
- Opportunity / Timeliness.

4. Cross actions to the Court Chambers and its Support Services

The 2017-2019 Triennial Plan defined strategic actions that, by their very nature, are transversal to the entire organization and require the performance of the Court various instances and departments, with a view to improving the respective quality. The following performance measures were envisaged for 2019:

| Actions/Projects | 2019 Performance Measures |
|--|--|
| Harmonization and adaptation of methodologies and procedures related to the various control cases | Adoption of guidelines on audit practices and their implementation |
| Establishment of a general framework for quality control, to be developed in accordance with the specificities of the different chambers | Quality control standards to be included in the compliance and financial audit manuals |
| Accomplishment of annual quality controls, according to the Court approved plan | Approved Plan |
| Deepening cooperation with similar institutions at bilateral level and within the EU and International Organizations (e.g. INTOSAI, EU, EUROSAI, Contact Committee, OSAI/CPSC) | <ul style="list-style-type: none"> - Active participation and reporting of the results of the Working Groups and Task Force that the Court be a member of the EU and international organizations; - Participation in the INTOSAI Board of Directors; - Dissemination of best practices in the TC; - Assurance of a permanent updating and innovation in the training provided at the Centre for Studies and Training of the OSAI/CPSC. |
| Development of an ethics management and control system (ISSAI 30) | Implementation of the actions resulting from the Working Group presented plan |
| Reformulation of strategic (and annual) planning in the light of best practices, including risk analysis | Application of the chosen model while preparing the 2020-2022 Triennial Plan |
| Accomplishment of the annual evaluation of the strategic objectives implementation according to appropriate quantitative and qualitative indicators | Assessment from 2017 and 2018 |
| Development and implementation of the ISSDP (Information Systems Strategic Development Plan) | As updated calendar |
| Presentation of Court reports and opinions in the Parliament/Autonomous Regions Legislative Assemblies | Preparation and answer to the requests from the Parliament and the Regional Legislative Assemblies |
| Implementation of a Court self-assessment on the basis of appropriate methodologies, in particular the SAI-PMF | Adoption of the Work Plan and application of improvement recommendations |
| Preparation of a communication strategy and release its implementation | Implementation of a defined communication strategy |
| Revision/preparation of Audit and Procedures Manuals, incorporating, in particular, the ISSAI and possible translation of the ISSAI | Elaboration of the Compliance Manual and development of the Financial Audit Manual |
| Approval of Instructions for the individual and consolidated rendering of accounts, adjusted either | Approval of Instructions to the rendering of accounts for the Treasury and for the community funds managers. |



| Actions/Projects | 2019 Performance Measures |
|---|---|
| to the adoption by the public administrations of the ASS-PA, or to the GSA certification. | |
| Revision of the rendering of accounts electronic platform, taking into consideration the new accounting system ASS-PA and the GSA certification | Development of an electronic platform for the Treasury accounts and the Community Funds managers. |
| Analysis of internal control bodies complaints and Reports | - Ongoing cases and diligences handling - Referral to the respective Audit Departments |

5. Information Systems Strategic Development Plan (ISSDP)

At the time of the 2017-2019 Triennial Plan approval, ISSDP was also approved as a framework document for the Information Systems (IS) of the Court of Auditors and its Support Services, considering the established strategic objectives.

The projects to be developed in this context for 2019 are the following:

| Action / Projects | 2019 Performance Measures |
|---|--|
| eACCOUNTS – Prior Approval eACCOUNTS – Concomitant Control | The internal tests will be held by DECOP/DCC and pilot entities, in order to enable the actions that are dependent on them: <ul style="list-style-type: none"> • Use of the platform by pilot entities (to be appointed by the institution) • Approval and publication of new Instructions |
| eACCOUNTS – Internal Verification of Accounts | Integration with the Systems of the Directorate-General of the Local Authorities (DGLA) and S3CP of the Ministry of Finance (GSA Financial control System) |
| eACCOUNTS – Enforcement of liabilities | Completion of tasks: <ul style="list-style-type: none"> • Module for dispatching and signing of official papers and electronic dispatches, including the following participants: President, Vice President, Counsellor Judges, Public Prosecution Service, Director-General, Assistant Director-General, Court Registry • Chamber dematerialisation infrastructure (plenary session module): development scheduled for the last quarter because the Court Registry has redefined as a priority the previous point Integrate with the CTT (Portuguese Postal Service) systems to fully dematerialize the inputs and outputs |
| Intranet and Internet | Maintenance and performance tuning actions will be developed |
| Adoption and implementation of an audit integrated model (ModInAudit) | Will be developed actions of: <ul style="list-style-type: none"> • Maintenance and tuning of system performance • Training with departments • Implementation of requirements and/or changes that may be defined by the monitoring structure and/or resulting from the development work of the financial and compliance audit manuals • Beginning of the implementation regarding the recommendations follow-up • Periodic reassessment |
| Planning and management assessment integrated System (SIPAG) | <ul style="list-style-type: none"> • Finalization/reformulation of functional specifications and of information systems reference architecture. • Development and design, using external contracting |
| Solution for implementing Voice over IP technologies (VoIP) | <ul style="list-style-type: none"> • Opening of acquisition procedure • Implementation and migration of voice structures |
| Adoption of a planning, implementation and report integrated model, within the accounts legal certification | The follow-up structure responsible for ModInAudit will incorporate, according to the development of the accomplished and approved works by the Court on legal certification of accounts, the new requirements to be developed |
| Reliable/secure authentication project (biometric identification) | If the tests prove to be positive, the park/users of the computer network will be fully covered |



6. International Relations and with the European Union¹

6.1. Relations within European Union

In the framework of the Contact Committee of the European Union (EU) Supreme Audit Institutions (SAI), comprising all the presidents of the EU SAIs and the European Court of Auditors (ECA), the Portuguese Court of Auditors (PCA) will take part in the next Liaison Officers meeting to be held in Bucharest in April as well as in the Presidents' meeting in Warsaw in June.

The Court will be present in a several working groups set up for cooperation between the EU SAIs, while continuing to ensure coordination of the "2020 Lisbon/Europe Strategy Audit Network".

The PCA will continue to ensure the updating of the Public Procurement Audit guide within the Working Group set up for this purpose.

It will also participate in the activities of the Network on Fiscal Policy Audit, the Working Group on Preventing and Combating Fraud and Irregularities in EU Financial Resources, the Task Force on Public Sector Auditing Standards of the European Union (EPSAS) and, for the first time, in the newly established Working Group on Banking Union.

6.2. International Relations

The Court is a member of numerous international organizations of Supreme Audit Institutions (SAI): International Organization of Supreme Audit Institutions (INTOSAI), European Organization of Supreme Audit Institutions (EUROSAI), European Organization of Regional Audit Institutions (EURORAI) Organization of Supreme Audit Institutions of the Community of Portuguese Speaking Countries (CPSC OSAI) and Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS).

The PCA was elected a member of the INTOSAI Governing Board in 2016², during the 22nd Congress (INCOSAI), an important event held every three years. The 23rd INCOSAI, which will take place in Moscow from September 23 to 29, will have the representation of the Court, and its President will participate in the meetings of the Board of Directors that will take place during the Congress.

Still within INTOSAI, it will continue to participate in the implementation of activities that contribute to achieve the Strategic Goals defined for 2017-2022.

Thus, the PCA will organize, as a member of the Working Group, the next annual meeting of the INTOSAI Professional Standards Committee - Subcommittee on Conformity Audit (PSC/CAS) in May.

¹ See diagram on page 20.

² INTOSAI is a world SAI non-profit organization. Founded in 1953, it currently has 194 regular members and five associate members. It integrates 7 Regional Organizations, with Portugal being a full member of EUROSAI and a member of OLACEFS



The PCA will continue to collaborate in 2019 in the following Working Groups:

- Public Debt (WGPD);
- Public Procurement Audit (WGPPA);
- Big Data (WGBD);
- SAIs Value and Benefits, (WGVBF) including Jurisdictional SAIs Forum.

The Court of Auditors President, as a member of the IDI - the INTOSAI Development Initiative - Board of Directors, will attend its meetings and will be represented at the INTOSAI Donors Committee meetings as an observer.

The Court of Auditors, through its President, will continue in 2019 to perform the EUMETSAT (European Organization for the Exploitation of Meteorological Satellites) external auditor functions, for which it was appointed, following a call for tenders, in 2017.

As far as **EUROSAI** is concerned, the 50th Board of Directors Meeting will take place in Latvia in June. At the end of the year, the Court will organize a seminar on the Sustainable Development Goals (SDG) in an AFROSAI/EUROSAI partnership, participate in the 3rd EUROSAI-ASOSAI Conference in Israel in March and in the 4th Young EUROSAI Conference (YES) in the UK.

The Court will contribute to the Operational Plan implementation in 2019, as regards Strategic Goals 1 - Professional Cooperation and 2 - Institutional Capacity Building, as well as to the EUROSAI Task Force and Working Groups in particular:

- Task Force on Audit and Ethics (TFA & E) - chaired by the Portuguese Court of Auditors;
- Task Force on Municipalities Audit (TFMA) - the Court will organize a Seminar in Lisbon and the 3rd annual meeting on 10 and 11 October;
- WG on Environmental Auditing (WGEA);
- Information Technology WG (ITWG)

Within the Organization of Supreme Audit Institutions of the Community of Portuguese Speaking Countries (OSAI/CPSC), the Court cooperates with its counterparts of Portuguese-speaking countries, as an OSAI/CPSC Centre for Studies and Training.

In this context, the Court will be represented at the biennial seminar to be held in Cape Verde.

It is also foreseen, as an acceding member, the Court participation in the XXIX General Assembly of **OLACEFS**, to be held in El Salvador, as well as in the Coordinated Audit of Protected Areas promoted by this organization.

The Court also participates in the NATO **International Board of Auditors** annual meeting with the Member States SAIs in Brussels.



6.3. Bilateral Relations

In the framework of bilateral relations, the Court will strengthen cooperation and the sharing of knowledge and good practice, both with the European Court of Auditors and similar institutions.

In cooperation with the Spanish Court of Auditors (SCA), meetings are planned to coordinate the scheduled audits by both Courts in the context of programs to combat desertification and fires. A visit to the SCA is also planned in connection with an audit to bank resolution cases, as well as the SCA participation in a conference to be held in Portugal on the decentralization of powers in the Municipalities.

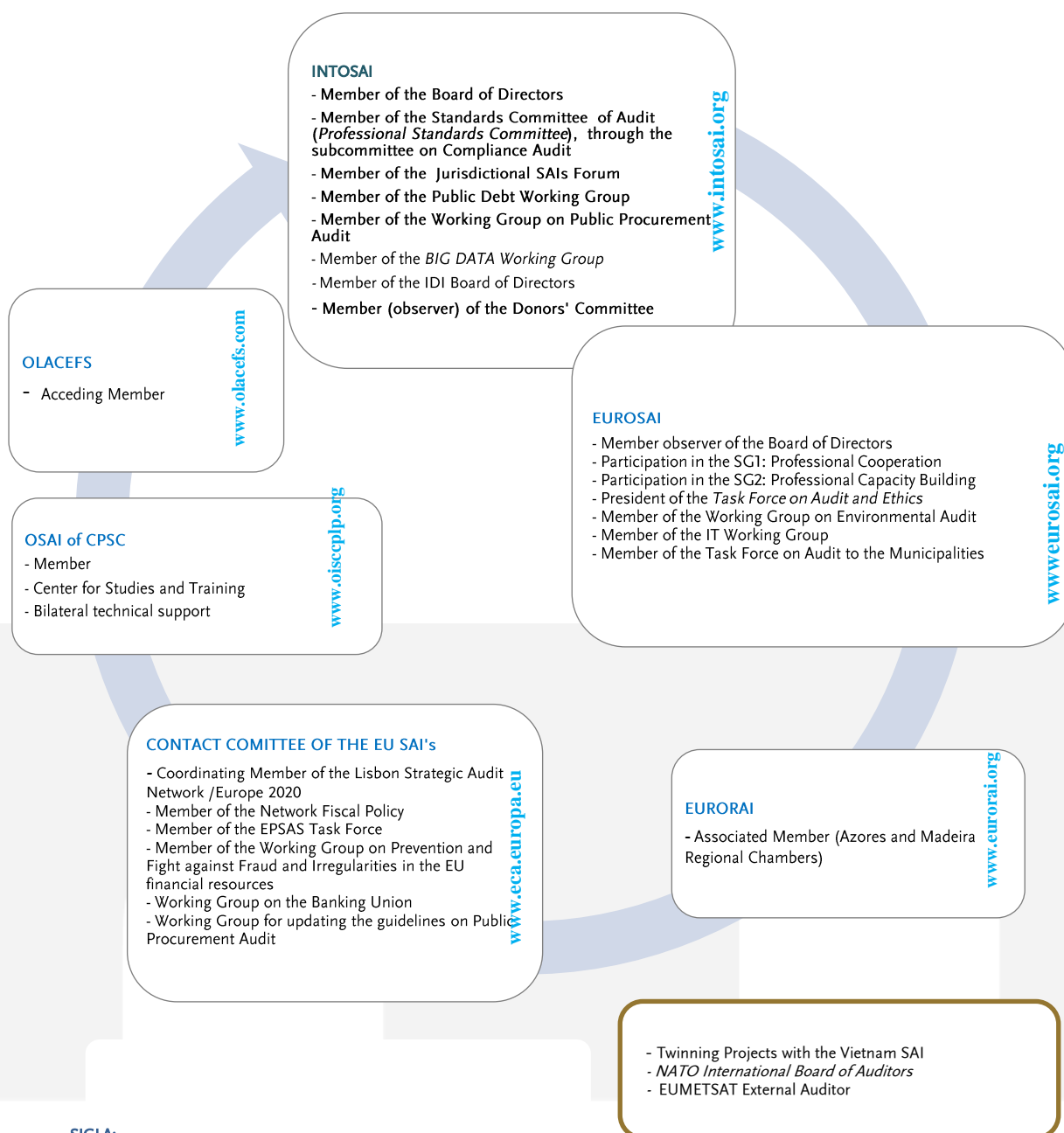
Another International Colloquium of FONDAFIP will take place in Lisbon in June.

The Court of Auditors accepted invitations from the Romania SAI to attend a conference in Bucharest and from the Ecuador Contraloria General to attend an International Seminar in Quito.

Technical support will be given for institutional capacity building projects, especially with Portuguese-speaking countries, but also with other SAIs, such as Vietnam.



International Relations



SIGLA:

| | |
|---------------------|--|
| EUMETSAT | European Organization for the <i>exploitation of meteorological satellites</i> |
| EURORAI | <i>European Organization of Regional External Public Finance Audit Institutions</i> |
| EUROSAI- | <i>European Organisation of Supreme Audit Institutions</i> |
| IDI | INTOSAI Development Initiative |
| INTOSAI | <i>International Organization of Supreme Audit Institutions</i> |
| SAI | Supreme Audit Institution |
| NATO | North Atlantic Treaty Organization |
| OSAI of CPSC | Organization of the Supreme Audit Institutions of the Community of the Portuguese Speaking Countries |
| EU | European Union |

7. Human and Financial Resources

7.1. Human Resources

The Court of Auditors is composed of 19 Counsellors judges, including the President.

It has a Support Service at Headquarters and Regional Chambers, and it is expected that the 624 human resources that comprise them will be distributed as follows: 521 employees at Headquarters, 52 in the Azores Regional Chamber and 51 in the Madeira Regional Chamber.

The human resources planned for Headquarters already include the 30 Audit Higher Technicians to be recruited through an ongoing external competition.

With regard to the allocation of human resources, it is observed that 60% of the employees work in the areas of prior, concomitant and successive control.

Approximately 45% of the human resources belong to the Special Control and Audit Body, the remaining are distributed by technical careers such as inspection, computer and higher technicians and administrative careers.

Human resources with higher graduation (71%) present a multidisciplinary of knowledge areas, predominantly in Economics, Management and Accounting, Law and Auditing.

7.2. Training Actions

The human resources training and professional updating is a permanent Court and its Support Services purpose, within the framework of the Court activities strategic dynamics and the direction it intends to take, playing a particular role in the creation and strengthening of competences that will allow the qualification and the professional specialization increase and high quality results.

It is scheduled to carry out 87 internal training actions - 70 at Headquarters, 5 in the Azores Regional Chamber and 12 in the Madeira Regional Chamber - and 17 training actions to be carried out by other entities. These training actions will take into account the Resolution 8/2018 – 2nd Chamber provisions, focusing, inter alia, on the following areas: modinAudit, an electronic accountability platform designed for the preparation and writing of reports, for statistical analysis and data processing.

7.3. Financial Resources

The expenditure Court budget, for Headquarters and Regional Chambers, is € 29,405,935, with approximately 83% being used to cover personnel costs.

Regarding the financing sources, it should be noted that 76% of the total amount comes from the State Budget and 24% from own resources - Private coffers.