



Tribunal de Contas

The President's Office

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5th EUROSAI/OLACEFS

Conference

LISBON 2007

OPENING SESSION

**SPEECH OF HIS EXCELLENCY, THE COUNSELLOR
PRESIDENT OF THE *TRIBUNAL DE CONTAS* (COURT OF
AUDITORS) DR. GUILHERME D'OLIVEIRA MARTINS**

Lisbon, Finance Ministry, Session Hall, 10 May 2007



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His Excellency, the President of the Portuguese Assembly of the Republic, Dr. Jaime José Matos da Gama

His Excellency, the Minister of Finances, Prof. Doutor Fernando Teixeira dos Santos

His Excellency, the President of INTOSAI, Prof. Árpád Kovács

His Excellencies, the President of EUROSAI and the President of OLACEFS, Prof. Dr. Dieter Engels and Dr. Rafael Hernán Contreras

His Excellency, the Secretary General of EUROSAI, D. Ubaldo Nieto de Alba, at the moment represented by His Excellency the Vice-President D. Manuel Nuñez Perez

His Excellency the Representative of the Executive Secretary of OLACEFS, Dr. Francisco Rodriguez

His Excellency the President of the Governing Board of the Organization of SAIS of the Community of Portuguese Language Countries, President of the Court of Accounts of Guiné-Bissau, Dr. Certório Biote



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Ladies and Gentlemen,

I am very pleased, as President of the *Tribunal de Contas* (Court of Auditors) of Portugal, to open the 5th EUROSAI/OLACEFS Conference.

I am honoured to welcome you to Lisbon, a magical city that was in the origin and in the centre of the dialogue between Europe and Latin America. I reaffirm the pleasure in welcoming the representatives of the Supreme Auditing Institutions here in this room that was, until 1989, the session hall of the *Tribunal de Contas* (Court of Auditors) – as can be seen by the decoration, representing the life of our institution and whose history is documented in the exhibition that was inaugurated yesterday.

First of all, I would like to stress how important it is to have Conferences such as this one that bring together the Supreme Auditing Institutions of EUROSAI and OLACEFS, and represent a privileged occasion to share different points of view and experiences.



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The theme that will be dealt with — Fiscal Sustainability, Presentation of Accounts and Accountability — and the proposed sub-themes for discussion are obviously very up-to-date, and are a challenge that most States face: the need to adopt public sustainable policies, reconciling the promotion of social well-being with the indispensable public expenditure restraint. In fact, the purpose is to reflect about the way the Supreme Auditing Institutions may effectively contribute to reinforce financial discipline, presentation of accounts, accountability and intergenerational equity.

The main concern in this issue is to ensure the continuity of an adequate level of provision of public goods and services, either in quantity or in quality, to cater to common needs, and simultaneously guarantee the sustainable funding of systems, without imposing costs on future generations and putting at risk the adequate running of the economies and the satisfaction of needs.

For the countries integrating the European Monetary Union (EMU), as is the case of Portugal, this imperative is a core national concern. The objectives of public finance balance, which are crucial for



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the appropriate development of the single currency, require the coordination of national policies in economic guidance and budgetary balance, as well as actions of multilateral auditing and control of excessive deficits. As a result, there is the need to adopt strong budgetary discipline measures, oriented to eliminate deficits, which involve the adoption of deep reforms in Public Administrations and services, particularly in social sectors, with special concern in reducing current expenditure. These measures represent, simultaneously, the States' needs as well as the external commitments resulting from the adoption of the Stability and Growth Pact (SGP).

On the other hand, the purpose of reducing public debt, which is an element of economic and financial stability, is yet another requirement to prevent future generations from having to support an unfair fiscal burden. Intergenerational equity is an added concern in European countries, given the decrease in the birth rate, the increase in life expectancy and a general trend in the decrease in the number of active population and its aging.



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But the sustainability of public policies is also a universal concern, namely because of globalization and the competition between States. The OECD recommends, thus, the evaluation of the sustainability of budget policies in all industrialized countries and the International Monetary Fund (IMF) and the World Bank introduce that commitment in developing countries.

In this context, it is necessary to equate the role of the Supreme Auditing Institutions, as State institutions promoting financial citizenship, by helping the people to become increasingly familiar with the destiny that is given to the taxes they pay.

In recent years, the Supreme Auditing Institutions and the Courts of Auditors have played an increasingly important role in the rule of law. The independence and the guarantees of exemption and of demand and rigour have become the corner-stones of the systems whose mission is to: pursue public money; present accounts (an essential rule); render financial accountability a discipline factor; contribute for the respect of the rules of competition; assure the defense of the taxpayer's legitimate rights and interests; actively fight fraud and corruption by



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preventing them and by creating a tight unfavourable network; safeguard the intergenerational equity; combat the bad use of public money and values by avoiding waste of resources and by stimulating savings and productive investments; favouring civic confidence through rigour and good accounts; and by reducing public expenditure and the economic weight of the State as factors of rational and stable environments.

With these concerns in mind, the *Tribunal de Contas de Portugal* (Portuguese Court of Auditors), in recent opinions about the General State Account, has been implementing an evaluating action on “the Economic Environment” within the framework of the budgetary implementation, with special attention given to the behaviour of the main macroeconomic variables, national and international, to the structural constraints with greater impact on public finance, as well as, to economic policy and to the weighting of the extraordinary measures adopted – so as to safeguard the defense of the public interest and defend the taxpayers.



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The *Tribunal de Contas* (Court of Auditors) has also undertaken audits on the reform of the social sectors and on their sustainability and quality, and has been particularly attentive to the reinforcement of the responsibility of administrators and users of public funds, in order to guarantee the adequate mechanisms for “accountability”, thus proving the quality of the practices followed, by making the follow-up of their recommendations, and assuring the punishment of the persons responsible for unjustified non-compliance while seeking, in addition, to evaluate the impact of their action on the improvement of the systems and on the correction of financial irregularities.

Issues, such as these, will be debated throughout these two days, during which we will equate the main transformations that financial sustainability has introduced to the universe and to the material to be audited, the new forms of presentation of accounts and accountability associated with those changes, experiences that have already been carried out by the EUROSAI and OLACEFS in this context, as well as the challenges to be faced in the future.



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For this, we will have three sessions with invited speakers representatives of the Supreme Auditing Institutions of the several regions. During Session Three, we will count on an external expert opinion of the Governor of the Bank of Portugal, who will speak about the issue under analysis.

The Conclusions and Recommendations of Session Four will, consequently, allow for the establishment of more consistent bases for the development of the activities of our institutions.

I would like to thank the presence of the different delegations of the Supreme Auditing Institutions, in a very appreciable number, some of them coming from far away countries, wishing that these work sessions be useful and fruitful for all.

I would also like to thank the presence of our guest, the President of the Board of Directors of the Organization of the Supreme Auditing Institutions of the Community of Portuguese Language Countries, President Certório Biote, as well as the presence of General Secretary, Minister Luciano Brandão Alves de Souza who, representing the



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different SAIs of this organization can contribute to and benefit from this dialogue between different experiences. In addition, I would like to stress the importance of the presence in this event of the main representatives of INTOSAI.

I would like to give a special word of recognition to His Excellency, the president of the Portuguese Assembly of the Republic, who is present in this opening session of the Conference. His presence confers a higher importance to this meeting and symbolizes, in particular, the dialogue that, in terms of financial sustainability, is fundamental to establish between the Parliaments and Financial Auditing Institutions. After all, if the national parliaments on behalf of taxpayers give their consent to the States to raise revenue and to make expenditure, the Supreme Auditing Institutions give a natural sequence to that action, achieving auditing, follow-up, and test of liability – in response to citizen's legitimacy and taxpayers' requisites.

The work that lies ahead aims at reinforcing the actions of our institutions, in a global world where progress requires justice and development – values that can only be achieved if rigour is to be



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adopted as a path and if we increasingly use scrupulously the taxpayers' money of which the States are mere trustees.

More responsibility, more civic commitment, more justice and more development, better public accounts, is the background that motivates us and that, in these working days, will allow us to reinforce cooperation between our Institutions.