



Lisbon School  
of Economics  
& Management  
Universidade de Lisboa

# **MASTERS IN MANAGEMENT (MIM)**

## **MASTERS FINAL WORK**

### **INTERNSHIP REPORT**

#### **THE PORTUGUESE PARLIAMENT: A SOVEREIGN BODY FINANCIAL MANAGEMENT**

**MARIANA DE SÃO JOSÉ PARRA DA SILVA MARCOS  
SARAIVA**

**MARCH - 2023**



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*ABSTRACT*

An efficient financial management is essential for ensuring the stability and development of the country, as well as promoting transparency and accountability in the use of public funds. Thus, this master's Final Work aims to study Public Sector Finances and Accounting in several European countries, relating that with each country type of Sovereignty and posteriorly with the Finances of the sovereign institution where this internship took place, the Portuguese Parliament.

This report analyses theories on Sovereignty and Laws on each country Finances and Accounting, as well as information gathered from some Parliament's staff and website. Furthermore, some practical research was done in this internship, completing this report. The internship description demonstrates that the Portuguese Parliament, being a Sovereign body and a part of Public Sector, follows the theoretical and legal frameworks. The research findings indicate that the Portuguese Parliament has made significant strides in improving its financial management practices in recent years. These include the adoption of a new accounting system, the establishment of a finance department, and the development of new policies and procedures for budgeting and financial reporting.

This report aims at being a contribution for a comparative analysis of different parliament's sovereignty and functioning, as well as their financial management and specific laws on the matter. Overall, the dissertation concludes that effective financial management is critical for the Portuguese Parliament's ability to carry out its constitutional mandate, and that continued investment in this area is necessary to ensure the stability and prosperity of the country.

**Keywords:** Sovereignty, Parliament, Financial Management, Public Sector,

Accounting, Laws

***RESUMO***

Uma gestão financeira eficiente é essencial para garantir a estabilidade e o desenvolvimento do país, bem como promover a transparência e a responsabilidade na utilização de fundos públicos. Assim sendo, este trabalho final de mestrado foca-se no estudo das Finanças e Contabilidade no Sector Público em vários países europeus, relacionando-o com a soberania dos seus países e com as finanças da instituição soberana onde este estágio decorreu, a Assembleia da República.

Esta tese analisa teorias no âmbito da Soberania e Leis sobre finanças e contabilidade em cada país, bem como informação recolhida através de *websites* e funcionários de alguns parlamentos. Adicionalmente, também foi feita investigação prática no quotidiano do estágio. A descrição do estágio demonstra que a Assembleia da República, sendo um órgão de soberania e parte do sector público, enquadra-se nas teorias apresentadas, assim como no quadro legal. Os resultados da investigação concluem que a Assembleia da República tem realizado progressos significativos na melhoria das suas práticas de gestão financeira nos últimos anos. Estas incluem a adoção de um novo sistema contabilístico, a criação de um departamento financeiro específico e o desenvolvimento de novas políticas e procedimentos para o orçamento e reporte financeiro.

Esta tese contribui, assim, para uma análise comparativa de diferentes soberanias parlamentares no âmbito da sua gestão financeira e das leis específicas neste tema. Em suma, a dissertação conclui que uma gestão financeira eficaz é fundamental para capacitar a Assembleia da República no cumprimento do seu mandato constitucional e que é necessário continuar a investir nesta área para garantir a estabilidade e prosperidade do país.

**Palavras-Chave:** Soberania, Parlamento, Gestão Financeira, Setor Público,  
Contabilidade, Leis

**ABBREVIATIONS**

ADSE	Public Health Insurance
ANSI	American National Standards Institute
AT	Tax Authority
BDO	Official Travel Bulletin
CGA	General Retirement Fund
CIVA	Code of Value Added Tax
DAPAT	Procurement and Property Division
EPSAS	European Public Sector Accounting Standards
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
EU	European Union
FMD	Financial Management Division
GDP	Gross Domestic Product
HAM2	Harmonized Accounting Model (New)
HR	Human Resources
IBAN	International Bank Account Number
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IRS	Personal Income Tax
ISEG	Lisbon School of Economics & Management
IVA	Value Added Tax
KPI	Key Performance Indicator
KPQ	Key Performance Question

NATO	North Atlantic Treaty Organization
POCP	Plan of Accounting for the Public Sector
RCI	Contributory Relationship via Internet
SDG	Sustainable Development Goal
SEPA	Single Euro Payments Area
SIGAR	Integrated Management System of the Parliament
SigFinP	Public Finance Management Information System
SIGO	Budget Management Information System
SNC-AP	National Account System for Public Administration
SS	Social Security
S3CP	Central System of Accounting and Public Accounts
TXT	Text Document
UK	United Kingdom
UN	United Nations
UniLEO	Implementation Unity of the Budgetary Framework Law
xml	eXtensible Markup Language



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## 1. INTRODUCTION

This thesis is an internship report and concentrates on the four-month internship at *Assembleia da República*, the Portuguese Parliament in Lisbon, representing my master's final work in Management at Lisbon School of Economics & Management (ISEG).

This internship's purpose was to fully understand and experience the work life in a Financial Management Department as well as to improve my knowledge. Throughout these four months, I experienced the main roles of the Financial Management Division (FMD), which are described through this report, therefore each month was designated to a specific role.

The question of this research is: Is this sovereign body, the Portuguese Parliament, aligned with public sector legislation and financial management rules?

For a better understanding, this report includes four chapters besides this Introduction. The literature review, with theories regarding sovereignty, public sector finance and types of sovereignty in different parliaments of European countries for a wider comparison. The Portuguese Parliament, concerning its history, description, structure and sustainability goals, since this Master is focused on the Sustainable Development Goals (SDG's). Furthermore, the fourth chapter is about the internship, describing the department where I was in and functions that I performed. To finalize, is the Conclusion, with the internship critical analysis, as well as challenges and limitations.

## 2. LITERATURE REVIEW

### 2.1. Sovereignty

According to the Oxford English Dictionary, sovereignty is the "supreme power or authority; the authority of a state to govern itself or another state." (Oxford University, 2012) Moreover, the "sovereign" word derives from the Latin *superanus* and is influenced by the etymology association with reign.

Since the beginning of time, leadership, authority and hierarchy were known concepts and, over the centuries, they were reformed to a materialization of power within a community. Sovereignty is a fundamental concept in international relations, as it defines the boundaries of state power and the relationships between different states. It is recognized as a key principle of international law, and it is an essential element of the modern nation-state system. In international law, the principle of sovereignty is based on the assumption that states are equal and should not interfere in the internal affairs of other states.

*Jean Bodin*, a French philosopher and jurist, famously defined sovereignty in his 1576 work "Six Books of the Commonwealth" as the "supreme power over citizens and subjects unrestrained by law," and argued that it was essential for the maintenance of political order and stability. (Bodin, 1955) This view of sovereignty as an absolute and indivisible power remained influential for centuries, particularly in the context of the rise of the nation-state in Europe. According to *Jean-Jacques Rousseau*, who followed the theory of *Jean Bodin*, sovereignty follows principles such as: Universality, Perpetual, Exclusivity, Inalienability, Indivisibility and Absoluteness. (Rousseau, 1762) It is universal since it is a concept existing all over the world, perpetual because it is not limited in time, exclusive because, in a legalistic sense, it is based exclusively on jurisdiction, inalienable as it is not transmissible, indivisible since it is a whole, even

though it can be divided according to its object (legislative, executive and judicial), and absoluteness because it is not controlled by any other power.

However, in the last quarter of the 20<sup>th</sup> century, sovereignty came under increasing pressure from a range of forces, including globalization, international law, and human rights. Scholars such as Stephen Krasner argued that sovereignty was becoming "hollowed out" as states ceded authority to international organizations and norms, and that this trend posed a challenge to the traditional notion of sovereignty as an absolute and inviolable power (the currency can be an example).

The concept of State Sovereignty varies, as stated by the political scientist Stephen Krasner, "sovereignty can be distinguished" in four different meanings: Interdependence sovereignty ("refers to the ability of states to control movement across their borders"), Domestic sovereignty, Vattelien sovereignty ("refers to the exclusion of external sources of authority") and International legal sovereignty ("refers to mutual recognition"). Domestic sovereignty, the one which this dissertation focus on, "refers to authority structures within states and the ability of these structures to effectively regulate behavior" (Krasner, 2001)

More recently, scholars have also examined the relationship between sovereignty and democracy, particularly in the context of the European Union (EU) and other regional organizations. According with *Jürgen Habermas*, a German academic professor, "In short, the transfer of sovereignty from the national to the supranational level threatens the legitimacy of democratic decision-making by distancing the locus of authority from the citizens affected by decisions" (Habermas, 2001) while *Michael Zürn*, a German dean of the *Hertie* School of Governance, argues that "The transfer of sovereignty to supranational institutions is necessary to address the challenges of global governance and the transnational issues that require collective action." (Zürn, 2018)

According to Nicholas Barber, a Professor at Oxford University, Parliament Sovereignty is fading. The author refers to United Kingdom (UK), but it can easily be applied to Portugal. With the entrance to the EU, European laws have “priority over conflicting rules of national law” and this is a “direct challenge to Parliamentary sovereignty, an attempt to impose a substantive limit on the effective legislative capacity of subsequent parliaments”. (Barber, 2011)

Hence, the EU countries must apply EU laws otherwise the European Commission will take actions to enforce them. Therefore, the international globalization surpasses the State sovereignty to a world scale, as this is not only the EU, but also all the supranational organizations like United Nations (UN), World Trade Organization, International Monetary Fund (IMF), North Atlantic Treaty Organization (NATO). Thus, State is losing its sovereignty to a globalization even more persistent. As such, the concept of sovereignty continues to be a critical area of inquiry in political theory, international relations, and global governance. Understanding the complex and dynamic nature of sovereignty is essential for navigating the challenges of an increasingly interconnected and interdependent world, and for advancing the values of democracy, human rights, and social justice.

## **2.2. Public Sector Financial Management and Sovereignty of Parliaments**

Financial management is a complex and multifaceted process that involves a range of activities, including budgeting, accounting, cash management, debt management, risk management, and investment management. A well-designed financial management system can help to promote long-term economic growth, reduce poverty and inequality, and improve the standard of living for citizens. At the same time, inadequate financial

management can lead to fiscal deficits, debt crises, and macroeconomic instability, which can have serious social and economic consequences. (Smilowitz, 2018)

Financial management in a sovereign body refers to the process of managing the financial resources and obligations of a government or state. It involves the planning, organizing, controlling, and monitoring of financial activities. The main goals of financial management in a sovereign body are to ensure the efficient and effective use of public funds, to maintain financial stability and sustainability. Therefore, it is crucial for sovereign bodies to adopt good financial management practices and to invest in the development of strong institutional frameworks and capacities to support these practices. This requires a commitment to transparency, accountability, and good governance, as well as the development of robust financial management policies and systems that are tailored to the specific needs and challenges of each country. Overall, efficient financial management is a critical component of successful governance, and it is essential for ensuring the sustainable development and stability of sovereign bodies in an increasingly complex and interconnected world. (Maqbool, 2018)

Sovereign bodies can take many different forms, including nation-states, federations, and other forms of government. They are often recognized as having the right to conduct their own affairs and to govern their own people without interference from external actors. In the context of sovereign bodies like parliaments, these financial management processes are critical for upholding the sovereignty of the legislative branch of government.

Regarding Public Sector, accounting, budgeting, and auditing are essential components of an efficient financial management in sovereign bodies like parliaments. These processes ensure that public funds are managed in a transparent and accountable manner, and that financial resources are allocated efficiently to support the delivery of public services and infrastructure.

In the last decades, public sector accounting had been through some changes, mainly due to stakeholders and their demand for disclosure of financial information to be transparent, primarily as a result of the growth of international capital markets since the 1990s, secondly as a result of the 2008 crisis and the increasing role of international organizations in granting loans to national governments and public institutions. (Brusca, 2015) With the development of International Public Sector Accounting Standards (IPSAS), the governmental accounting has improved but the accounting systems used in Europe are not homogeneous, despite EU development of new standards to satisfy EU's policy objectives, the European Public Sector Accounting Standards (EPSAS). Thus, harmonization of government accountability is emerging to facilitate comprehension, comparison of financial reports and evaluation of different governments' performance. Public sector accounting is one of the features of a state sovereignty, which cannot be eliminated without superior reasons.

In this research, the selection of countries to be compared was done based on Europe's territory, Members and Non-Members of EU, different types of parliament sovereignty and its accounting systems, for a various range, covering Western Europe (France, Germany and Switzerland), Northern Europe (UK), Eastern Europe (Romania) and Southern Europe (Portugal). (United Nations - Department of Economic and Social Affairs, Statistics Division, s.d.)

Legally, in the countries already stated, the parliament's budget is part of the state budget. Moreover, in most bicameral parliaments, each chamber has its own budget, except in two countries mentioned: Switzerland and UK. Additionally, the parliaments with a high degree of budgetary autonomy may draw up their budget with little or no involvement of the government, this is the case of France, Portugal, Romania, Switzerland and UK. In the case of Germany, the upper chamber has a low degree of



budgetary autonomy, whereas the lower chamber (*Bundestag*) has a high degree. (ECPRD - Budgetary Sovereignty of Parliaments, 2022) In the countries previously mentioned, we can identify cash-based system (transactions only recognized when cash is received or paid) and accrual system (the transactions are recognized when occur and not when cash or its equivalent are received or paid, following the rules of double entry book-keeping, and recognized in the financial statements of the periods to which they relate). (IPSASB, 2017)

### 2.2.1. Portugal

Portugal is a unitary state with solid centralization and legalistic tradition, and public sector is built on administrative laws. Hence, budgetary and financial reports are established by law. The Portuguese Parliament budgetary autonomy is explained in detail in chapter 3 and its process is explained in chapter 4.

Since 1997, public sector accounting and reporting followed the Plan of Accounting for the Public Sector (POCP) framework, which was a cash-based accounting system with accrual-based financial and cost accounting. (Decree Law n° 232, 1997)

Nonetheless, in 2013 the Committee for Public Sector Accounting created a new accounting system framework called National Account System for Public Administration (SNC-AP), an accrual-based financial and cost accounting to supplement the cash-based system, adapting the IPSAS to a more accurate Portuguese Public Sector context, but this was only approved by law in 2015 and public institutions just incorporated this system four years later. SNC-AP provides a more comprehensive and accurate view of the financial position of public entities compared to the cash accounting method, preserves the measurement criteria similar to business accounting criteria, alters the setup of the financial statements, requires an income statement by function, a cash-flow statement and a statement of changes in equity. (Article 6, Decree Law n° 192, 2015)

Regarding auditing, the external control is done by the Court of Accounts since the 19<sup>th</sup> century (*Tribunal de Contas*) (Article 11 - Law n° 8, 1990) (Sousa, 2012)

One of many challenges by implementing the SNC-AP concerns technical capacity and skills to deal with the system, requiring a substantial investment in training.

According to the Decree Law n° 33/2018, article 26, all entities subject to SNC-AP are obligated to send their budget information and finance reports to the Central System of Accounting and Public Accounts (S3CP) following the rules of the Implementation Unity of the Budgetary Framework Law (UniLEO). (Article 26, Decree Law n° 33, 2018)

### 2.2.2. France

The French parliament is bicameral, divided in Senate and National Assembly. In France, parliamentary sovereignty is not a constitutional principle but a political concept. It means that the Senate and the National Assembly have the power to adopt laws and hold the government accountable. However, the French Constitution recognizes the supremacy of international treaties over national law, which limits parliamentary sovereignty. Both Senate and National Assembly have its own location and regulations, although they sporadically meet at the Palace of Versailles as the Congress of the French Parliament, and in each house, the Quaestors are responsible of administrative and financial management. (Parlement Français, s.d.) Each house draws up its budget and proposes to the Bureau (includes the president, vice-presidents, the secretaries and three questors). Afterwards, both budgets are submitted to a joint committee (includes three questors of each house and a member of the Court of Accounts) who deliberates on the budget of both houses. Subsequently, the two budgets are incorporated in the state budget and in form of a bill. (ECPRD - Budgetary Sovereignty of Parliaments, 2022)

French public administration is divided in national and territorial and had an accounting reform on August 1<sup>st</sup> of 2001 called “*Loi organique des Lois de finances*” (the

constitutional by-laws on budget) to ensure transparency and reliability and stipulated that the Court of Auditors (the national supreme audit institution) supervises the financial audits. Although accountants used to supervise only accounts, now, after the reform, they have to supervise and control beyond accounting purposes. These controls must preserve the responsibility of everyone involved in public management. (Brusca, 2015)

Regarding budgeting system, its aim is to track the responsibilities of parliamentary authority and to deliver annual public financial information. Like in many countries, their budgets are based on a modified cash-based system, which is based on receipts and payments, and an extra period at the end of the year to match costs and profit (accrual), and on the notion of commitment - "Recognition of budget revenues and expenditure obeys the following principles: Revenue is recognized for the budget of the year in which it is collected by a public accountant and expenditure is recognized for the budget of the year in which it is paid by the accountants commissioned to the expenditure. All expenditures must be charged to the appropriation for the year in question, regardless to the receivable date" (Article 28 - Constitutional by-law budget act, 2001) Thus, French accounting system follows accrual-based standards. (International Federation of Accountants - IFAC, s.d.)

Concerning financial reporting, it is required to present an administrative statement and a management statement. The administrative statement traces budget execution, revisions, supplementary budget and transferences between different departments budgets, as the management statement traces budget execution as well, and accrual accounting.

The French information system lacks development, so it cannot ensure the maintenance of governmental accounts. Therefore, this technical issue needs to be solved before

considering the application of EPSAS for a more homogeneous accounting system in Europe. (Brusca, 2015)

### 2.2.3. Germany

The German Parliament is bicameral with *Bundestag* and *Bundesrat*. In Germany, parliamentary sovereignty is closely tied to the principle of the rule of law. The *Bundestag* has the power to pass laws, but these laws must be consistent with the Constitution and the principles of international law. The Federal Constitutional Court can review and strike down laws that violate these principles, which limits parliamentary sovereignty.

*Bundestag* is the national parliament of the Federal Republic of Germany, elected by the German citizens and seats at the *Reichstag* Building, in Berlin. (Deutscher Bundestag, 2022) The Administration of the German *Bundestag* is a supreme federal authority constituted by several Directorates and its Divisions. Specifically in the Law Directorate, the Budget Division is responsible for preparing the annual draft budget for the German *Bundestag*. (Linn & Sobolewski, 2015) The draft budget is then forwarded to the Budget Committee to be approved and later voted in the next sitting of the *Bundestag*. (Deutscher Bundestag, 2022)

The *Bundesrat* is the States Parliament, it has representatives from each state elected by each state government and seats at the former Prussian House of Lords, in Berlin. The Permanent Advisory Council, the President and Vice-President of the *Bundesrat* are in charge of preparing a draft budget. (Rule 8, Article 52 - Basic Law on Rules of Procedure of the Bundesrat)

Each chamber has its own budget, adopted in the form of a bill, nonetheless, *Bundestag* has a high degree of budgetary autonomy while *Bundesrat* has a low degree. (ECPRD - Budgetary Sovereignty of Parliaments, 2022)

The federal government, *Länder* (16 states) and Governmental Districts (localities) are the three levels of Public Administration in Germany. “At federal level, the main legal sources for public sector accounting and budgeting are the Basic Law, the Budgetary Principles Act, the Federal Budget Code and some further budgeting and accounting regulations” (Brusca, 2015) These apply to budgeting at federal and state levels, but after the 2008 crisis, the German Federal Parliament and the Federal Council approved an Act on the Modernization of the Budgetary Principles Act to guarantee harmonization at federal and state levels. Since January 1<sup>st</sup> of 2010, the federal and state levels stopped using just cash-based system report (both accounting and budgeting) to also use accrual system. (Federal Law Gazette I, n° 51, 2009) But the German Central/Federal Government continues to use cash-based, single-entry accounting. (International Federation of Accountants - IFAC, s.d.)

Although, at local level, most districts and municipalities have increased accounting and budgeting to just accrual system. (Budgetary Principles Act, 1969 (last amended in 2013))

However, because the Finance and Personnel Statistics Law still requires cash-based information, the financial reports need to have cash-based information for finance statistics purposes. (Brusca, 2015)

Regarding financial statements, the Standards for Governmental Accrual Accounting require a statement of financial position (Balance sheet), a statement of financial performance (income statement/profit-and-loss statement), a cash-flow statement, notes and analysis.

The federal budget is annual, corresponding to the fiscal year, and covers the aggregate cash-flows, commitment authorizations, financial balance and borrowing plan. “The departmental budgets contain estimates of revenues, expenditure, commitment

authorizations and established posts.” (Brusca, 2015) Additionally, it is prepared a financial plan for a sustainability report.

Moreover, the Federal Court of Auditors oversees auditing, which is incorporated in an annual report with the aim of ensuring rules and value for money.

In the last few years, these reforms originated some discussions mainly because of the EPSAS and the premise that “regulation of public sector accounting at European level would affect the budget autonomy of the *Länder*.” (Brusca, 2015)

#### 2.2.4. Switzerland

Swiss public administration is systematized in three levels: Federal, State (26 cantons) and Local government. The Swiss Parliament is called “The Federal Assembly” and is bicameral composed of the National Council (the *Nationalrat*) and the Council of States (the *Ständerat*), held in Bern in the Federal Palace. One of the departments of the Swiss Federal Government, the Federal Department of Finance, controls the financial administration. (Federal Department of Finance, s.d.) Although it is a bicameral parliament, the chambers have a joint budget with a high degree of budgetary autonomy and it is a part of the state budget in the form of a federal decision. (ECPRD - Budgetary Sovereignty of Parliaments, 2022)

Swiss structure is categorized by two fundamental principles: federalism and subsidiarity. Federalism refers to the fact that states and localities appreciate a substantial financial autonomy, with respect to their budget and accounting law. Indeed, the constitutional sovereignty of the states is not limited by laws or decrees without constitutional basis. The second principle, subsidiarity, refers to the responsibilities and power shared between all levels to decentralized authority. (Brusca, 2015)

The current accounting model, the new Harmonized Accounting Model (HAM2), was created and implemented in 2007, being a fully accrual system, both accounting and

budgeting system, based on and in compliance with IPSAS. “However, HAM2 allows for alternative treatments, especially in respect of measurement, of which some clearly deviate from the IPSAS, and fall explicitly short with respect to disclosure requirements.” (FDK-CDF, 2008) For example, recognition of some asset classes and accrued recognition of some revenue items.

The components of the HAM2 are the Income statement, Balance sheet, Financing and cash-flow statement and Statement of investments. The last one discloses the inflows and outflows from investments, which needs to be approved by parliament, and it is a traditional tool of Swiss Public Sector Financial Management. (FDK-CDF, 2008)

Regarding audit, the financial audit is in charge by the Finance Committee, the Swiss Federal Audit Office and the financial inspectorates. The first one is a parliamentary body, and it is the supreme financial supervisor body. Conferring with the Federal Auditing Act, the external audit includes performance and efficiency, and the internal audit is decentralized, being the responsibility of the financial inspectorates. (Brusca, 2015)

#### 2.2.5. United Kingdom

The United Kingdom Parliament is also bicameral with the House of Commons and the House of Lords, but as a third member which is the current monarch, and the parliament gather at the Palace of Westminster in London. (UK Parliament, s.d.)

In the UK, parliamentary sovereignty is a fundamental constitutional principle. It means that Parliament has the power to make or unmake any law, and no other body can challenge or overrule its decisions.

Either the House of Commons or the House of Lords, each of them has a Finance Committee which is responsible for the preparation of their own budget and financial management. (Old UK Parliament, s.d.) The Parliament’s budget is in form of a bill and, although both chambers have separate budgets with a high degree of autonomy, they share

some services such as In-House Services and Estates, the Parliamentary Digital Service, the Parliamentary Security Service and the Parliamentary Archives, which are paid by the Commons and the Lords. (ECPRD - Budgetary Sovereignty of Parliaments, 2022)

The public accounting policies in the UK are determined by the Treasury and based on EU-adopted International Financial Reporting Standards (IFRS) (previous to IPSAS), even though UK is not part of EU anymore. (Brusca, 2015) The UK accounting system was practically only cash-based (accrual accounting was only practiced in health services and local government) but the system was reformed in the 90's to an accrual accounting system, known as Resource Accounting and Budgeting, which specified accrual-based budgeting system for each department. Although the new system is accrual-based (for public institutions), regarding central government it remains cash-based, thus, the finance and accounting of UK Parliament is cash-based with accrual accounting. Hence, it is required financial statements such as: statement of comprehensive income, statement of financial position, statement of changes in equity, cash-flow statement and notes. The disclosures of these financial statements are according to the Government Resources Accountants Act of 2000. (International Federation of Accountants - IFAC, s.d.)

Regarding auditing, it is done by Comptroller and Auditor General (the supreme auditor) which leads the National Audit Office and it is overseen by The Public Accounts Commission, a parliamentary committee. (National Audit Office, s.d.) The auditing framework is based on standards issued by the UK's Auditing Practices Board, the Financial Reporting Council. (Brusca, 2015) The new standards for audit have been updated in May of 2022 and state "Auditing standards for audits of financial statements include objectives for the auditor, together with requirements and related application and other explanatory material" (Financial Reporting Council, s.d.)



Even though EU-adopted IFRS is used for public and private sector, it was implemented with the Treasury's interpretation and since IFRS is the base of IPSAS, if UK would change to IPSAS, it would not be a massive change. "In itself, such a change would not affect the Treasury's sovereignty on behalf of the UK parliament." (Brusca, 2015)

#### 2.2.6. Romania

Romanian Parliament was created in 1862 with a bicameral legislature, assembly at the Palace of the Parliament (also known as The People's House) in Bucharest, and its two chambers administration and finance (Senate and Chamber of Deputies) are set out in the Constitution and the Parliament is considered to be the supreme representative body of Romanian people. (Article 61, Romanian Constitution, 1991) (Parliament of Romania, s.d.)

The two houses present sovereignty by the Constitution, so they have financial independence and independence in budgeting. (Article 64, Romanian Constitution, 1991)

Each house provides its own budget, which needs to be approved by the Government because it is included in the overall national-government budget. (Article 34 - Law 500, 2002) "The reality is that legal and constitutional enshrinement of the Romanian parliament's financial independence in creating, approving, and implementing its budget is not a synonym of independence free from any form of oversight of its spending." (Vedinas & Condurache, 2019)

On one hand, the Senate draft budget is prepared by four quaestors and then sent to the Permanent Bureau, which sends it to the Senate floor to be voted by the senators in session. (Article 40, Senate Rules)

On the other hand, the Chamber of Deputies draft budget is prepared by the Permanent Bureau with the endorsement of the house Finance and the House Budget Committee, and then sent to the house floor to be voted in session. (Vedinas & Condurache, 2019)

The accounting and budgeting system method was cash-based but, in 2006, Romania reformed with a supplementary accrual accounting, improving budgetary classification. (Crisan, 2019)

There are two forms of oversight: internal and external. At the Chamber of Deputies, the internal oversight is carried out by the quaestors of the Permanent Bureau, which ensure the asset management, performance of the different offices of the house and financial auditing of its expenditures. (Article 37, Regulation of the Chamber of Deputies) At the Senate, the quaestors, besides drafting the budget, propose a balance sheet for the financial year and internal financial auditing with asset management. (Article 41, Senate Rules) At an external level, auditing is carried out by the Court of Audit and the Court of Audit Act of 1992. (Law n° 94, 1992) The drafting of each house's budget and house's budget implementation is supervised by the Court of Audit with exclusive jurisdiction. (Article 25 - Court of Audit Act, 1992)

#### 2.2.7. European Parliament

The European Parliament is unicameral, and it is one of the legislative bodies of the European Union and it is held in Strasbourg, France (every month) and in Brussels, Belgium (for additional part-sessions).

The European Parliament accountability and budgeting follows the EPSAS framework, which is an accrual system. The EPSAS Conceptual Framework drafted by the European Commission states that "Financial reporting under the accrual basis of accounting provides stakeholders with a complete and reliable picture of the financial position, of the financial performance and the cash flows of the reporting entity in the referenced period." (European Commission, 2018)

The College of Quaestors, in the Bureau, which belongs to the political bodies of the European Parliament, is responsible for drafting the budget and deciding all

administrative and financial matters. After the preliminary draft, the budget is submitted to the budget committee, where a report is done outlining Parliament's work and the capital necessary for that. Additionally, the report on the budget is voted during a plenary session and later incorporated in the EU's draft budget for the following year. (European Parliament, s.d.)

Regarding auditing, the budget is audited by the Budgetary Control Commission and the European Court of Auditors (the EU's independent external auditor).

#### 2.2.8. Comparing European Countries

“Harmonizing budgeting, accounting and auditing in Europe is definitely a challenge.” (Brusca, 2015) Due to different government levels in each country, this leads to different types of public sectors and its responsibilities.

Nowadays, in Europe, no country uses only a cash-based system for all public sectors. Some countries use a cash-based with accrual accounting system, such as Portugal, Germany and Romania, and some other countries like France, Switzerland and UK use only an accrual accounting system. However, UK and Germany have the particularity to have different accounting systems within its levels of public sector. On one hand, if we focus on UK parliament, its accounting system is both cash-based and accrual. On the other hand, if we focus on Germany Federal Government, its accounting system is just cash-based. There is an accountability and transparency effort to ensure that public sectors are obligated to be responsible for the management of public resources.

The external audit in all countries mentioned, is regulated from a governmental body, and stated in a law or decree to regulate central government audits. Also, in central government, budgets are audited by the relevant supreme audit institution, as well as the audit of financial statements.

Overall, EPSAS harmonization is still far away, considering some main challenges such as the limited of accounting education level, the lack of investment in a new accounting information technology system and legislation of rules within different governmental levels.

### **3. THE PORTUGUESE PARLIAMENT**

#### **3.1. Creation, History and Parliament Sovereignty**

The Portuguese Parliament is located in Lisbon, at Palace of Saint Benedict, an old monastery of Benedictines. In 1598, the order initiated the construction of the monastery with the direction of the architect *Baltasar Álvares* for a hundred monks but, in 1833, the merely nine resident monks were forced to leave the monastery by demand of *D. Pedro IV* and, subsequently, the parliament was formed and settled there with two parliamentary chambers created in the Constitutional Letter of 1826, replacing the Constitution of 1822. (Parra da Silva, 2011)

The Parliament, as we know it, was established by the Constitution of 1976 as a Sovereign body representing all Portuguese citizens. After the legislative elections were held, the Parliament initiated its tasks on June 3<sup>rd</sup> of 1976, being the main legislative body and having the power to form the Government. (Assembleia da República, s.d.)

Since it is a sovereign body, it has administrative and financial autonomy. (Law nº 8, 1990) Hence, it has an internal control system following the framework of SNC-AP, specifically for Public Administration, but it is audited by Court of Accounts (*Tribunal de Contas*)

The relationship between the Parliament and other sovereign bodies is constitutionally bound by the principle of separation of powers and interdependence of those bodies. This

means that the sovereign competences of the State are spread among the sovereign bodies that cooperate with each other or have control mechanisms.

Although the main competence is to supervise the Government and Public Administration activity, the Parliament has other competences such as ensuring compliance with the Constitution and laws and reviewing the Constitution and legislate.

Within the reserved area of the Parliament legislative competence, there are some subjects that the Government may legislate upon legislative authorization from the Parliament: rights, freedom and guarantees, definition of crimes and penalties, foundations of the social security system, tax creation and tax system, foundations of agricultural policy, monetary system, rural and urban lease and statute of local authorities. (Assembleia da República, s.d.)

### **3.2. Parliament structure**

Having 450 employees, the Parliament exhibits a functional vertical and decentralized structure, as it is shown in Appendix 1. At the top, is the President of the Parliament and below six subdivisions, in particular the Secretary-General, from whom depend other subdivisions, more crucial the Deputies of the Secretary-General where the several departments spread, each with multiple divisions, where the Financial Management Division is. (Assembleia da República, s.d.)

Besides these 450 employees, there are 230 parliament members, 220 staff of parliamentary groups and 32 staff of integrated entities (Commission on Access to Administrative Documents, National Data Protection Commission, National Election Commission, National Ethics Council for the Life Sciences, Council for the Oversight of the Intelligence System of the Portuguese Republic, Council of Justices of the Peace, National Council for Medically Assisted Procreation, Council for the Oversight of the

Integrated System of Criminal Intelligence, Oversight Board of the DNA Profile Database, Oversight Body for State Secrets, Media Regulatory Authority and Ombudsman) making a total of 932 people.

### **3.3. Sustainability within the Parliament**

The UN defined sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." (United Nations, 1987)

Sustainability is a core element in public sector because it helps to ensure that government agencies and institutions, such as the Portuguese Parliament, operate in a way that is socially, economically, and environmentally responsible. Sustainable practices can help to reduce costs and improve efficiency. Moreover, sustainability as a leadership principle in the public sector is crucial since it sets an example: by prioritizing sustainability, public sector leaders can demonstrate their commitment to environmental stewardship and inspire others to follow. Furthermore, sustainability can also drive innovation: by embracing new technologies and approaches, public sector leaders can create new opportunities for economic growth, job creation, and community development. (Miles, 2020)

Concerning the Portuguese Parliament, the Procurement and Property Division (DAPAT) is responsible for ensuring that the parliament follows its Manual of Good Environmental Practices. Unfortunately, it is not an Environmental, Social and Governance (ESG) report, nonetheless it relates to the Sustainable Development Goals (SDGs) of the UN.

According to the Manual previously mentioned, it sets up all the information regarding environmental issues, which aims to ensure the commitment to a continuum

improvement and the necessary tools to prevent and minimize the impacts on the environment as a result of parliament activities. In this manual, there were identified four areas of improvement within the Parliament environmental performance: Goods and services management, Waste management, Water use management and Energy use management.

In the first area, the goals are “Implementation of acquirement procedures with environmental criteria” and “Social Policy to provide goods in decent conditions to social institutions”. In practice, this is achieved by having contracts with suppliers with environmental concerns and, at the end of the day, *ReFood* (a Portuguese institution) goes to the Parliament canteen to collect food leftovers and to distribute them to people in need. This is related to SDG 2 – Zero Hunger and SDG 17 – Partnerships for the goals. Referring to SDG 2, according to UN “About 1 in 10 people worldwide are suffering from hunger” and “Nearly 1 in 3 people lack regular access to adequate food (2020)”. Even if it was just 1 hungry person, it would be a lot. All people deserve to have food, and with Covid-19 and the Russia-Ukraine War, food prices are soaring and, consequently, inequalities are growing. In line with SDG 17, the aim is to implement and revitalize partnerships for sustainable development.

In the second area, the goals are “Reduce, reutilize and Value” achieved by an integrated process management of goods and services purchase, an internal policy to motivate employees to extend the lifetime of goods and recycling and reusing materials, promoting a circular economy. In reality, this is accomplished with multiple trash bins in every floor, divided by categories. This is related to SDG 12 – Responsible consumption and production, concerning the increase of reliance on natural resources and the lack of waste management.

In the third area, the intention is to “Reduce water usage by reducing water flow and having a water reuse system for watering outdoor spaces”. This is correlated to SDG 12 as well and associated with SDG 6 – Clean water and sanitation, which is concerned with water availability and water sustainable management.

Finally, Energy use management has the purpose of reducing energy consumption by implementing a Plan of Energy Management with measures to save energy such as reducing lighting in areas with low usage, motion sensors and renewable energy with solar panels. Again, this is related with SDG 12 and with SDG 7 – Affordable and clean energy, which aim energy efficiency and the increase of renewable energy.

Furthermore, besides having this Manual of Good Environmental Practices, the Parliament has a Final Report on the measures implemented with a diagnostic and evaluation of those measures regarding environmental sustainability.

#### **4. INTERNSHIP**

I interned at *Assembleia da República* in Lisbon, the Portuguese Parliament, in the Financial Management Division since September 12<sup>th</sup> of 2022 until December 23<sup>rd</sup> of 2022.

My internship did not have just one role, I worked in the main sectors of the Division to fully understand it: Accounting, with budgeting, Management account and Reports, and Remunerations and Subsidies. I decided to learn and work in 2/3 of the Division, as shown in Appendix 2, with the purpose to have a more accurate experience of the work life in a Financial Management Department.

The FMD follows the Parliament Services Organization and Operation Law (Law n° 77, 1988 (last amended in 2021)) and the Budgetary Framework Law (Law n° 151, 2015),



and it has the mission to ensure, plan and execute the financial and budgetary management of the Parliament, as such, it promotes an effectively and efficiently management of the resources. (Resolução da Assembleia da República nº 20, 2004) This division sorts all financial and budgetary information, allowing a better planning, control and decision making, keeping in mind a list of Key Performance Indicators (KPI) for an objective evaluation of the division, as shown in Appendix 3. The financial competences of this entire sovereign body are centralized in the FMD and most of it is executed in an Enterprise Resource Planning (ERP) called Integrated Management System of the Parliament (SIGAR).

The main functions of the division that I performed were Budget execution, Management accounts, Wages and subsidies processing with posterior delivery of the discounts, Allowances processing and Issue of management control reports to supervisor entities.

#### **4.1. Budget Execution and Management Accounts**

The Parliament, since it is a sovereign body and has a high degree of budgetary autonomy, its budget is independent of the state budget.

In June, the secretary-general sends a dispatch to all divisions, so they propose their estimations for the budget in SIGAR - Patrimonial, following some budgetary guidelines by the FMD. The parliament budget is constituted by projects of each division, economic classification, description and its total dotation estimated (Ex.: DAPAT – P01 – Building Maintenance – 0202030000 = 1 000 000 €)

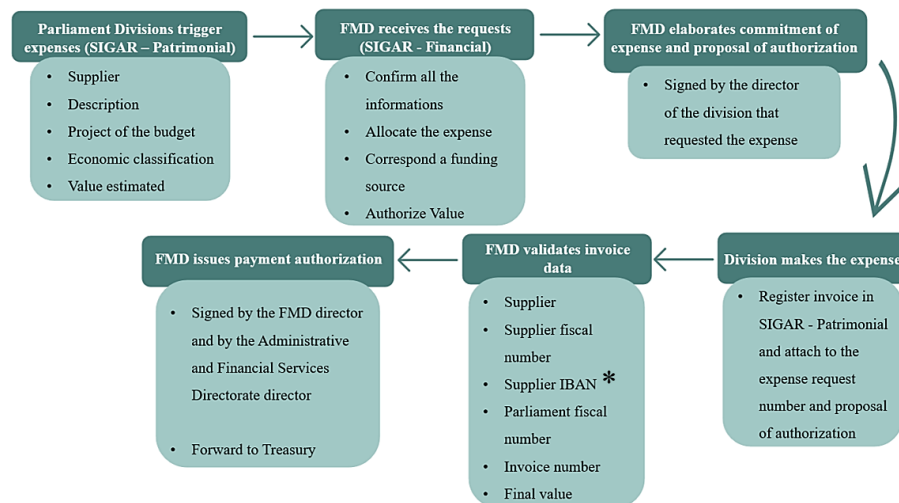
The FMD validates the forecasts and presents a budget forecast map that follows to the Administrative and Financial Services Directorate for a second validation or some changes if necessary. Subsequently, the budget map proposal is prepared and it proceeds

to the Secretary-General to be validated. In September, it follows to the Board of Administration combined with the budget report for approval. Finally, until the end of October, it proceeds to the parliament to be 100% approved and the final budget is prepared and included in the state budget. (Article 49 - Law 77, 1988)

Since the elaboration of the budget began in June, I only accompanied its execution that passes through approving requests for rightness of the budget, issuing the commitment of the expenditure and proposal of expenditure authorization, payments and Working Capital management.

The budget is always approved for the next fiscal year and, once the budget has been approved and the fiscal year starts, the several Parliament divisions trigger expenses in SIGAR – Patrimonial to request its right of a part of the budget, as explained in the process of Figure 1 below.

Figure 1 - Expense request and authorization process



Source: (Division, 2022)

\*International Bank Account Number

Occasionally, throughout the year, some divisions already spent their projects budget, so it is necessary to make an adjustment or relocation of the budget. A budget relocation (vertical adjustment) occurs when it is necessary to relocate a value of an

economic classification in any project, or value of a project even with different segments, and that influences others. It needs to be validated by the Secretary-general and approved by the Board of Administration.

The horizontal adjustment occurs when it is necessary to adjust values within a project or a specific economic classification without adjusting others. This is just communicated by email to a deputy of the Secretary-General.

None of these relocations or adjustments are included in the supplementary budget, this is just for the carryovers, which is transited from the previous year, until December 31<sup>st</sup> of N-1. The carryover is one of the funding sources, which can be the state budget, the revenues and the carryover, and it is estimated for the approved budget, but we estimate under value, so it is easier to increase in the rectification further ahead in the supplementary budget, instead of reducing it.

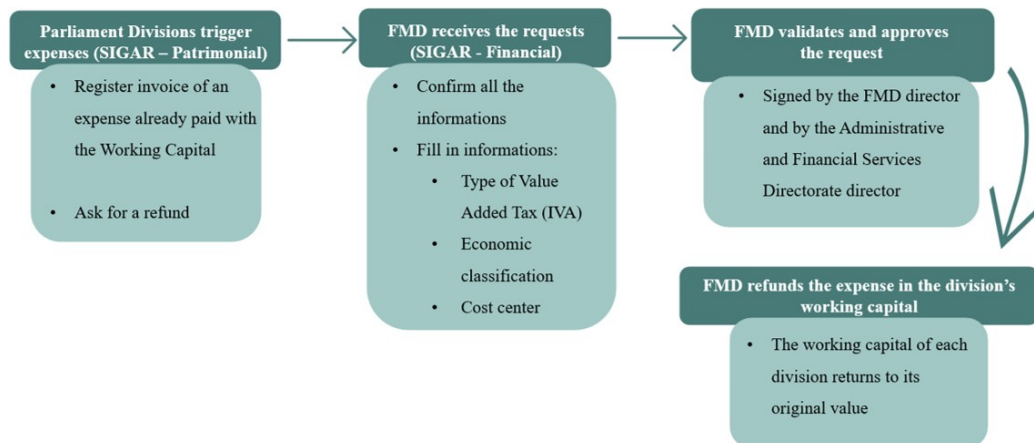
If by any chance, the invoice value is different from the value requested, the division can request an adjustment by reinforcement or cancelation of the value, depending on whether the final real value is higher or lower than the previous one.

Regarding working capital, some divisions have their own working capital with a previous authorization for X €/month (included in the annual budget) for urgent and momentary expenses that cannot wait for a request approval. (Regulation of Permanent Funds of the Portuguese Parliament, 2013) The Treasury, included in the Accounting sector within the FMD, is responsible for all payments and working capital of our department.

For example: A division catches a taxi and pays 50€ with its working capital. After asking for a refund and that had been validated, approved and signed by the two directors previously mentioned in Figure 1, the FMD refunds that 50€ back in the division's working capital.

Sporadically, some divisions spend their monthly working capital, so they need to request the expense from a project, like any other, in SIGAR – Patrimonial, and wait for that to be approved and paid, but paid with a project budget and not the working capital, as explained in the process of Figure 2 below.

Figure 2 - Working capital refund process



Source: (Division, 2022)

#### 4.2. Wages, Subsidies, Allowances and Discounts Processing

The FMD is responsible for this process instead of the Human Resources (HR) Division, due to the sensibility at cost and budget level, but it is a hybrid process between both.

There are four processing groups: the parliament employees, the parliament members, staff of parliamentary groups and staff of integrated entities. Within all the process, there are 30 cost centres and 43 economic classifications.

According to the Remuneration Statutes of Political Positions Holders, the wage of Portugal's President equals 100% and the other wages are in % of that, but the allowances for representation expenses are in % of their own wage. (Law nº 44, 2019) For a simpler presentation of information, the remunerations are explained in the Table 1 below.

Table 1 - Remunerations statutes

Category	Wage	Allowance
President of Parliament	80%	40%
Prime Minister	75%	40%
Vice-Prime Minister	70%	40%
Ministers	65%	40%
State Secretaries	55%	25%
Members of Parliament	50%	10%
Vice-President of Parliament and Administrative Council	50%	25%
Presidents of Parliamentary Groups and Table Secretaries	50%	20%
Vice-President of Parliamentary Groups <sup>1</sup> , Parliamentary Committees Presidents and Vice-Table Secretaries	50%	15%

Source: (Law nº 44, 2019)

<sup>1</sup> Parliamentary Groups with a minimum of 20 members

In SIGAR – HR, we insert all the information regarding each employee: employee type, wage, allowance, subsidies, discounts, assiduity, Personal Income Tax (IRS) type and leaves.

This sector in the FMD has a specific calendar every month. The wages and subsidies are paid on the 18<sup>th</sup> of each month and the travel subvention is paid on the 1<sup>st</sup> day of each month.

Regarding wages and subsidies, until day 7 of each month, we receive from the HR division a file with wages alterations, such as progressions, retirements or extraordinary

hours. After receiving this file, we process everything in SIGAR – HR. On the eve of the bank processing the wages payment, we submit in the Homebanking platform the Single Euro Payments Area (SEPA) file. For example, if the 18<sup>th</sup> is on a Monday, the bank will process on the Friday before, on the 15<sup>th</sup>, thus, we need to submit the file until the 14<sup>th</sup>. Concerning discounts, the timeline begins after the wage’s payment of the correspondent month and the discounts are for Public Health Insurance (ADSE), General Retirement Fund (CGA), Social Security (SS) and IRS. This process implies a heavy workload, but the calendar is identical every month and predictable, so it is possible to know the work we have got in advance.

In Table 2 below, is shown the type of file to submit, the information required, the platform to submit the file and the submission day, by process type.

Table 2 - Processes information

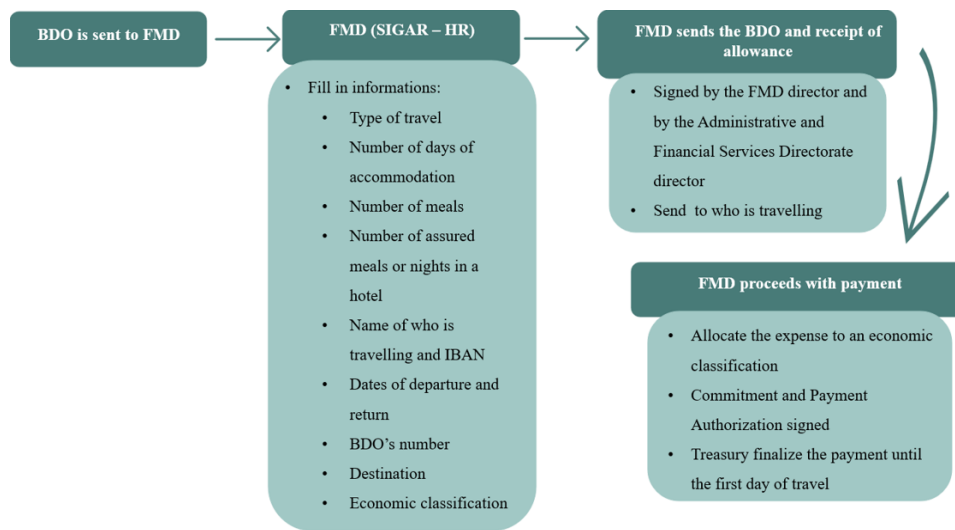
Type of Process	Type of file	Information required	Platform	Submission Day
Wages and Subsidies	eXtensible Markup Language (XML)	Final values	Homebanking	18 <sup>th</sup> of each month
Discounts				
ADSE	XML	Employee ADSE number, monthly payment and fiscal number	ADSE platform	Until the 20 <sup>th</sup> of each month
CGA	Text Document (TXT) with encoding American National Standards Institute (ANSI)	Wages, recipient number of CGA, tax withholdings and fiscal number	Contributory Relationship via Internet (RCI)	Since the 21 <sup>st</sup> of each month until the 5 <sup>th</sup> of next month

SS	TXT	Wage, allowances, subsidies, absences, SS number, fiscal number and date of birth	SS platform	Until the 3 <sup>rd</sup> of the next month
IRS	TXT	Wages, tax withholdings and fiscal numbers	Tax Authority (AT)	Until the 10 <sup>th</sup> of next month

Source: (Division, 2022)

Concerning allowances, these can be for transports, meals and a person's accommodation. The values are categorized for each processing group (the four groups mentioned in wages processing) and for national travels and abroad, as we can see in Appendix 4. (Portaria n.º 1553-D, 2008 (last amended in article 42 Law 66-B/2012)) If the Parliament can assure their accommodation, it is deducted 15% on the value received for the parliament members (minimum 4 stars hotel) and 30% for parliament employees (minimum 3 stars hotel). Additionally, it is deducted 20% for each meal that had been assured. (RAR nº 113, 2019) The allowance received can never be less than 20% of the total approved by law and if it is for different types of processing groups or different types of remunerations within a same group, the value is always regarding the highest category. (Decree Law nº 106, 1998) Moreover, if a person travels between 1pm – 2pm and/or 8pm – 9pm, the person receives an extra of 25% for both situations. The process, as explained in Figure 3 below, begins with the International Relations and Cooperation Division, this division sends us the Official Travel Bulletin (BDO) with the authorization of the President of the Parliament and signed by the Secretary-General, with all the travel details.

Figure 3 - BDO process



Source: (Division, 2022)

Afterwards, we print the BDO report for archive (because the Court of Accounts audits everything in paper) signed by the FMD director and by the Administrative and Financial Services Directorate director.

### 4.3. Issue of Management Control Reports

With the purpose to be audited, the parliament is required to submit some financial reports: Budget Execution Report, SNC-AP Budget Report and Asset Reconciliation Report.

The budget execution report is submitted directly in the Finances system Budget Management Information System (SIGO). In SIGAR – Financial, we take the monthly budget execution map with the economic classifications, financing funds, commitments, initial dotation, revised dotation and final balance.

The SNC-AP Budget Report is submitted in the Public Finance Management Information System (SigFinP) platform (a government platform for public entities). The FMD, in SIGAR – Financial, generates all the files that we need to submit, which are



accumulated monthly reports, in an XML format: analytical balance sheet, statement of budget performance, statement of revenue execution, statement of expenditure execution, debts to third parties, balance sheet, Income Statement by nature, statement of changes in net worth, Cash-flow statement and intangible assets/tangible fixed assets/investment properties. Afterwards, in the SigFinP platform, in the S3CP sector, each XML file is submitted separately by this order, because if the analytical balance sheet is with error, all the others are as well. (1 cent is enough to give an error)

The Asset Reconciliation Report is trimester accumulated and it is concerned to the previous month. The FMD receives a file from DAPAT, with all our assets classified and correspondent economic classification. The assets value must agree with the analytical balance sheet submitted in the SigFinP platform so, if necessary, we take values from one account to another, so the assets are reconciled. We also confirm if it agrees with the Cash-flow statement and the statement of budget performance. Afterwards, we submit again these files in the SigFinP platform with all the reconciliations.

## **5. CONCLUSION**

### **5.1. Internship Critical Analysis**

This internship was a very enriching experience since it allowed me to improve the knowledge I received in both Bachelor and Masters in Management at ISEG. Even though ISEG is a great school, there is nothing like the day-to-day class in the workplace. Although this internship was not the first professional experience, it was certainly the most different one since it was at a Portuguese sovereign body.

All the areas of the division were linked so good communication skills, team spirit and good time management were very important. There was no fear of asking questions and

all the team was available for knowledge sharing. With the engagement of the whole division, the goals for this internship were accomplished.

The main cause of the internship challenges was the information system, it should be improved and more automated. Dividing by sector of the division, in the Accounting, the system does not extract the list with all the projects on the budget of the several divisions, in the FMD we needed to create an excel from scratch with all the projects' information. The system can extract an excel file with all of this but in the wrong format and badly organized.

Regarding accounts management, even after a division had already suggested an economic classification from the budget for its expense request, the FMD needs to categorize again the expense, as well as all the information the other division gave. For the same expense request, it is possible to have several economic classifications, which makes the request very confusing, so the system should oblige to have just one to one, which in the future makes the search of the request easier. Furthermore, when we wanted to search for frequent expenses request, such as expenses bond with a contract, all the invoices were attached together and it is difficult to find the most recent one.

Although it is all in the system, when conferring all the information to generate a Payment Authorization, we printed all the invoices, its respecting contracts and expense proposal authorization, just because it is easier to check everything by hand because the system is very slow and freezes frequently, so we consumed a lot of paper. Nonetheless, all the paper in the printers is recycled.

Moreover, in the system, when we wanted to delete a process, it showed up a message saying "Are you sure you want to delete this process?" and the option to respond is just "OK", instead of "Yes, delete" and "Cancel" to go back in case we clicked on delete by accident. Additionally, when a process is not accepted in the system, but we need to enter

it, we take down the system, which allow us to enter all the processes we want (even with errors), and we alert the division to not enter anything else in the system for the next hour.

Regarding the Working Capital management, to approve the requests, in the FMD we fill in the gaps, in the system, that were already filled in by the division that requested the working capital, losing time, and we print all again in paper to be approved by the Administrative and Financial Services Directorate director.

Concerning reports, the system rarely works for the Budget Execution Report, and we must enter the values by hand in the file and confirm it.

Related to wages processing, the system generates errors regarding absences for more than 30 days in discounts and economic classifications. Likewise, concerning progressions, the system does not do supplements and retroactive based on the new wage and date. We needed to enter all this information by hand in the file given by the HR.

Answering the key question of this thesis “Is this sovereign body, the Portuguese Parliament, aligned with public sector legislation and financial management rules?”, relating the information in the theoretical framework with this internship, there are many laws specific for Public Administration and for a sovereign body. This sovereign body follows SNC-AP as the law commands, sends its budget and finance reports to S3CP always following the rules of UniLeo, and is audited by the Court of Accounts, as all Public Administration is. (Article 6, Decree Law nº 192, 2015) (Article 11 - Law nº 8, 1990) (Sousa, 2012)

A negative point is that the Court of Accounts audits everything in paper, which is not environmentally friendly. Correlated with this, even though the Portuguese Parliament does not have an ESG Report, it has concerns for this matter and it has been taking actions for ESG goals and SDG’s, the focus of my Master where this thesis is framed. (ISEG - Lisbon School of Economics and Management, s.d.)

Additionally, since it is a sovereign body, the excessive bureaucracy, the long processes for decision making and granting authorizations and the confidential matters, were core challenges for my internship, and for the sovereign body itself. (Law n° 77, 1988 (last amended in 2021))

## **5.2. Limitations**

Concerning limitations, since it was a curricular internship, I was not allowed to have access to a lot of functions in the system, most work was done with the supervision of my colleagues and their usernames in the system, since mine did not have access to the main functions. Nonetheless, I believe I made the right choice by choosing an Internship Report and this institution. Afterall, an internship with an inside perspective and description of a sovereign body is more unique.

In conclusion, the challenges and limitations are mainly regarding the information system used, which should be improved, and the processes simplified and dematerialized, from a perspective of economic and environmental efficiency, accomplished with the upgrading of documentary management.

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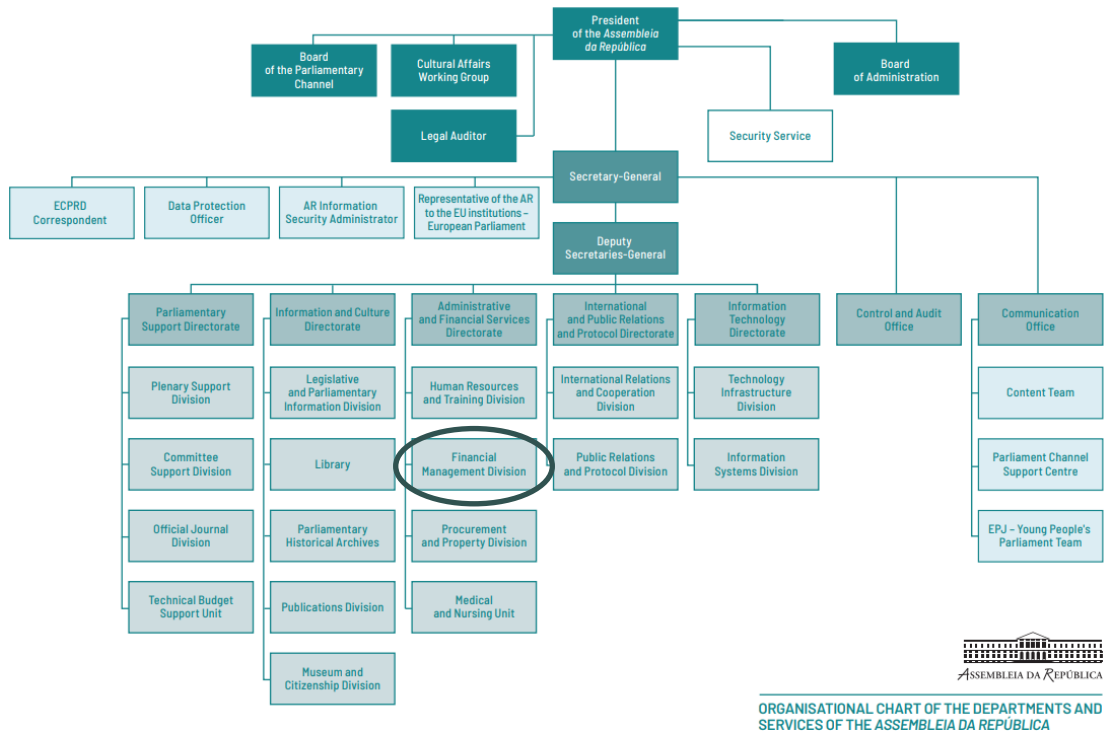
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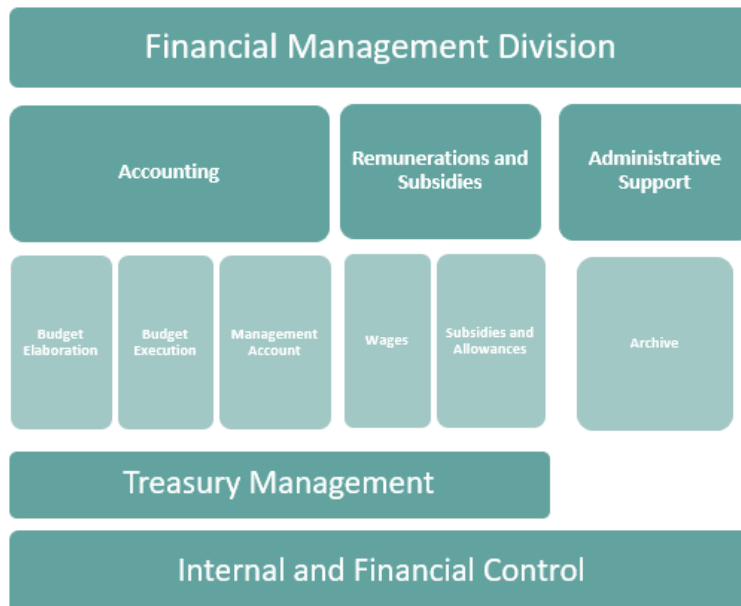
APPENDIX

Appendix 1 - The Portuguese Parliament organizational structure



Source: (Assembleia da República, s.d.)

Appendix 2 – Financial Management Division Structure



Source: (Assembleia da República, s.d.)



## Appendix 3 - Financial Management Division KPI's

KPI	Key Performance Question (KPQ)	Description	Method	Evaluation	Compliance	Data
CAB	Are the expenses requests being correctly classified?	Check if budgetary and analytical information are correct	Validation by sample of requests already classified	Number of occurrences in non-compliance	Economic classifications	Monthly
COMP	Does the value committed agrees with the value approved?	Assure both values agree	Validation by sample of commitments already approved	Number of occurrences with different values	Budget execution	Monthly
EXEC-Desp	Is expenditure budget execution within the values approved?	Evaluate the necessity of budget relocations	Validation of the budget execution chart	Values estimated for each period	Budget execution	Trimestral
EXEC-Rec	Is revenue budget execution within the values approved?	Evaluate the necessity of budget relocations	Validation of the budget execution chart	Values estimated for each period	Budget execution	Trimestral
OBRIG	Is the process done according with approvals?	Assure the processes are with the right information	Consult the archive for validation	Number of payments authorizations in non-compliance	SNC-AP	Trimestral
AGRUP	Is budget relocation consistent with transfers within groups?	Validate if transfers are correct	Validation of budget relocations chart	Number of transfers in non-compliance	Public Finances Principles	Each occurrence
SIGO1	Is budgetary information concluded in time?	Assure the reports are concluded in time	Verify if the reports are done and finalized	Number of reports not finalized	SIGO	Monthly
SIGO2	Is budgetary information being submitted without divergencies?	Assure the reports have correct values	Verify if the reports are correct	Number of reports with incorrect values	SIGO	Monthly

Source: (Division, 2022)

Appendix 4 - Daily allowance values

	National	Abroad
<b>Parliament Members</b>	€69,19	€100,24
<b>Parliament Employees</b>		
<b>Remuneration Level &gt; 18</b>	€50,20	€89,35
<b>9 ≤ Remuneration Level ≤ 18</b>	€43,39	€85,50
<b>Remuneration Level &lt; 9</b>	€39,83	€72,72

Source: (Portaria n.º 1553-D, 2008 (last amended in article 42 Law 66-B/2012))