

ISO Standards Applicability and a Case Study About ISO 31000 in a Portuguese Municipality

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Abstract: This study aims to consider the applicability of standards as to the financial statements of any organization. For this goal it will consider IFRS, ISA and ERM or ISO 31000. The methodology of this paper relates to a case study achieved under a mixed qualitative/quantitative perspective in a Portuguese Municipality which uses most of these standards (IFRS, ISA and risk standards). This project has to do with the implementation of a Risk Management Plan, under ISO 31000, and all the steps of its process are explained. As a final result one may conclude that risk, if duly and well seized, in any organization either public or private, may become an opportunity to better face the future.

Keywords: IFRS, ISA, ERM, ISO 31000, Risk Prevention, Audit, Municipality

1. Introduction

This paper aims to make the connection between the audit function and the applicable standards and furthermore to consider the applicability of ISO 31000 in a municipality.

Audit consists of an activity of analysis, inspection and verification carried out about any subject, with the purpose of issuing an opinion about its veracity, transparency and accuracy (according to ISA 200). This process is achieved according to a reference or a benchmark of performance [1, 2]. Usually these tools, are often called standards and are applicable to a wide range of areas [3, 4, 5, 6]. Just naming some of them we speak about accounting, auditing and risk. A brief description of the respective applicability will be considered and to frame this issue, a case study about ISO 31000 in a municipality which has already implemented these standards will be described.

To begin with let us look at the standards that rule over accounting, audit and risk management.

2. Standards – Accounting, Audit and Risk Management

Standards are followed by numerous fields of knowledge [7]. Accounting uses IFRS (International Financial Reporting

Standards), Auditing uses ISA (International Standards on Audit). Risk management may use ERM – *Enterprise Risk Management* or ISO 31000.

2.1. IFRS – International Financial Reporting Standards

Presently all the organizations must follow the same accounting procedures described by IFRS (International Financial Reporting Standards, issued by IASB – International Accounting Standards Board – United Kingdom). These standards are applied worldwide and have the purpose of creating a global harmonization and comparability of the financial statements.

Many articles have been written about the early application of IFRS. Some organizations were not very interested in implementing these standards. It is interesting to note that there are very different opinions. Hans, Edward, Martin, and Cheng [8], in Germany, decided to measure the impact that the early implementation of these standards would have on the quality of management reports. They took as reference previous studies that measured the accounting quality through the management of the results, the timely recognition of losses and the relevance of value. While the literature showed that IFRS lead to the improvement of accounting quality, the authors considered that these improvements were just confined to companies that had incentives for their adoption. Thus this study showed that companies that resist

the adoption of IFRS have a closer links to banks and internal shareholders, who are consistent with lower incentives for the use of more comprehensive accounting standards. The authors concluded from the evidence gathered that they could not infer about changes in the quality of accounting around the voluntary adoption of the early implementation of IFRS. With similar conclusions, another study [9], which analyzed of a set of 67 articles published in accounting journals that integrate the Social Sciences Citation Index (SSCI), published between 2000 and 2013, refers a positive effect on the quality of information, capital markets, analysts' predictability, comparability and use of information as consequences of the implementation of IFRS. However, this effect is also related by other factors, such as the characteristics of both the country and the company. In short, they result from factors such as the country's socio-cultural framework. The authors conclude that rule-sharing is not by itself sufficient to create a common business language; only with management incentives and institutional factors playing an important role in framing the characteristics of financial reporting can it be really achieved.

Consistent with these ideas and under the same scope of analysis, Mukhlisin and Antonio [10] considered the accounting standards' development either in the United Kingdom and in Indonesia according to a different path and history. The results of their study confirm the importance of the legal foundation, as well as the political and social differences of both countries, as being factors and reasons that explain a unique development and results attainment.

However, regardless of being or not considered as an advantage IFRS and IAS implementation are a global fact. The most important is the comparability and harmonization of the financial information – the great motive inherent to all these standards. So, for this to happen it must be ensured that everything registered and done according to them, in any type of organization, is correct and in accordance with the appropriate and applicable framework. This analysis and inspection of what is done in the accounting is carried out by the audit, whose process activity development is also ruled by standards.

2.2. *ISA – International Standards on Audit*

The auditing function concerns the financial statements and is developed according to ISA (International Standards on Audit). These standards start with ISA 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing and end with ISA 810 – Engagements to Report on Summary Financial Statements covering the most relevant aspects of the audit process. Nowadays ISA's are a compulsory tool to be used by the auditors along their work development.

The importance of fostering more accurate audits has been heightened by a series of high-profile accounting scandals at the beginning of the millennium [11]. These scandals had the effect of leading to the creation of audit oversight bodies as the Public Company Accounting Oversight Board (PCAOB)

in the United States and the Public Oversight Board (POB) in the United Kingdom responsible for the issue of multiple procedures. Even the appearance, in 2002, of IAS and IFRS follow this direction. The referred authors surveyed the audit regulatory practices of public company auditors and based on this analysis, discuss the challenges and obstacles of engaging in intra-national audit, cross-national audit/inspections, and the challenges posed by differences in auditing standards used in various linked nations. This discussion is important because it highlights the effects of national culture, investor legal protection, economic development, and different financial standard sources. When speaking of standards, we are naming at this point of analysis the ISA and according to Bédard, Coram, Espahbodi and Mock [12]: Auditing standards define the objective of the audit and govern the overall process of generating the auditor's opinion. Moreover, they regulate the audit process from the auditor's acceptance of the appointment, through audit planning, the methods for obtaining audit evidence, the accompanying documentation and communication until the requirements for reporting [13]. All these steps make the process of audit. Auditing standards enhance public confidence in the audit if the standards are set in a transparent way and if their application leads to a high audit quality and to reliable financial statements [14]. This by the end will lead to the global financial harmonization and transparency provided that all the risks that any organization may face are timely and duly prevented.

2.3. *Risk*

2.3.1. *ERM – Enterprise Risk Management*

When considering an organization, a perspective of risk management must be encompassed. It is important to identify some of the tools available for the organizations, namely ERM (Enterprise Risk Management), whose last review is from 2017. Presently the risk perspective is most important because the global market is proactive and dynamic and has embedded some new important features, such as the "process" idea and the cultural dimension. ERM considers the life of organizations just like a process where one gets as inputs the core values of the company, translated in its Mission and Vision; then a set of risk procedures should be implemented inside the organization in order to achieve the mission and vision, so that an enhanced performance may be ERM final outcome (ERM was issued by COSO – Committee of Sponsoring Organizations from the Treadway Commission, USA). So, Enterprise Risk Management [15] is a tool – a benchmark, a standard – that, if correctly implemented in the organization, will contribute to a better performance.

As mentioned before and according to Figure 1, the inputs of this process are a clear definition of the organization's Mission and Vision. The former has to do with the development of the organization's activity and the latter has to do with its future placement in the market. The core values are related to the history tradition, beliefs and stories connected to the organization, that is, its cultural aspects,

which is a real innovation of ERM 2017 when compared to the previous Cube COSO.



Source: 2017-COSO-ERM-Integrating-with-Strategy-and-Performance-Executive-Summary.pdf.

Figure 1. ERM 2017.

The operational process consists of identifying the following aspects related to the organization's business strategy and objectives:

- (i) Risk Governance and Culture, that is, how the organization identifies the risk and the relevance of the organization's culture in terms of risk;
- (ii) Risk Strategy and Objective Setting has to do with the guidelines defined to identify risk situations;
- (iii) Risk in Execution has to do with the implementation of the risk;
- (iv) Risk Information, Communication and Reporting means how and to whom the risk environment is communicated;
- (v) Monitoring Enterprise Risk Management Performance, that is, the ways found in order to test the risk in the organizations.

This new COSO [15] assumes that if these procedures are undertaken in order to match the organization's Mission and Vision, the attainment of the organization's goals will be reached and an enhanced performance will be displayed.

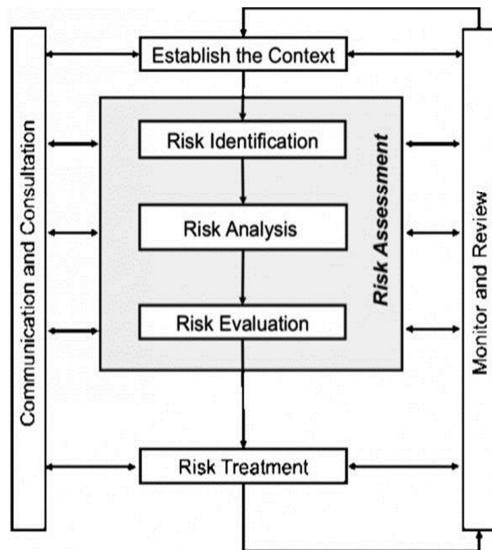
An interesting study, quite similar to the one developed along this chapter, was carried out in a municipality in Finland [16], having as purpose the analysis of the implementation of risk management as a tool for internal audit activities. The authors found that risk management,

rather than reducing uncertainty, created unexpected uncertainties that would otherwise not have emerged. These include uncertainties relating to legal aspects of risk management solutions, in particular the issue concerning the types of documents which are considered legally valid; uncertainties relating to the definition and operationalization of risk management and uncertainties relating to the resources available for expanding risk management. More generally, such uncertainties relate to the professional identities and responsibilities of operational managers as defined by the framing devices.

The connection between audit and ERM is strong. In order to identify the areas and the issues that may reveal a risk in a company, it is necessary to investigate, to check and to conclude about the risky events that may occur along a dynamic operational process of any kind of organization. And this process is made up of enquiries, testing and defining goals to be attained expressed in KPI (Key Performance Indicators).

2.3.2. ISO 31000

Furthermore, besides ERM, and still regarding risk management, ISO 31000 (Figure 2) can also be implemented. This standard's last revision occurred in March 2018.



Source: ISO 31000 – risk management – flowchart.

Figure 2. Risk management and the ISO 31000 standard.

It should be noted that companies that used to work with ISO 9001 prefer ISO 31000 because the language is objective and direct, in the same way and approach as ISO 9001, seeming the most obvious risk treatment [17].

In terms of input, communication and consultation is considered about risk position in the organization, defining a framework and then assessing the risk in three distinct phases: identification, analysis, and evaluation. Finally, there is the risk treatment. An output called monitoring and review ends the process. Yet, this is an iterative process leading to continuous improvement, which means that after monitoring and reviewing, there is a return to the first phase by communication and consultation because the non-conformities must be disclosed and treated.

An application of ISO 31000 was considered by Oliveira, Marins, Rocha and Salomon [18] regarding the supply chain. The authors posit that breaks and interruptions in supply chains can cause huge financial losses and damage the companies' reputation. Thus, Supply Chain Risk Management (SCRM) is considered to involve a multi-step process analysis. However, researchers differ on the number and content of these steps. The objective of this study was to analyze the applicability of ISO 31000 as a systematic procedure for SCRM. And, if so, how the standard can be implemented in the context of SCRM, with a structure and in a specific company. Through the literature review, the risk management steps proposed by SCRM surveys were compared and harmonized. In addition, a way has been developed to identify and prioritize the risk assessment tools and techniques in ISO 31000: 2009 that should integrate a procedure for SCRM, based on the Analytic Hierarchy Process (AHP), exemplified in a car industry supply chain. Based on the results of the research [19], the authors concluded that ISO 31000 can be used in a beneficial way as a standardized method to execute SCRM, provided that the tools and techniques are selected according to the needs of

the company and the characteristics of the business.

As to the relation of audit to ISO 31000, it may be stated that its implementation is based on audit once the risk identification, analysis, and assessment is based on a previous analysis of the factors and events that may prove as being of some risk for the company. And after its implementation, the monitoring is a kind of audit that must be achieved within the working process of the organization. This study is under the scope of many other carried out about municipalities and local entities that have somehow inspired it because they use already these management tools.

3. Case Study: Portuguese Municipality

3.1. Introduction

As to municipalities, it is important to refer that a great part of Portuguese municipalities is already implementing most of the standards: on accounting the IFRS, and on audit the use of ISA are compulsory for disclosing the financial statements in the global market. The District of Porto includes 18 municipalitiesⁱ. And considering the size of the population to be served/provided, the following municipalities stand out: Maia, Matosinhos, Porto and Vila Nova de Gaiaⁱⁱ.

The municipality of Maia is an entity with autonomous administration of the Portuguese State and is geographically located in the District of Porto (Portugal). The municipality of Maia has implemented ISO 9001, ISO 14001 and ISO 18001. Furthermore, it is important to mention that this municipality decided to implement in advance some procedures and measures to face the risk, being this fact one of the good reasons that justifies this case study.

As initially mentioned, some studies have revealed interest on municipalities [20, 21] either about the environmental accounting and related reporting procedures or about the importance of internal control as to the usefulness of the information displayed. Ribeiro, Aibar-Guzmán, Aibar-Guzman and Monteiro [22] considered the development of Environmental Accounting and Reporting Practices (EARP). In this sense an index was developed from eight of the 69 Portuguese local entities included in the considered sample. Three variables were defined as possible factors that drive the development of Environmental Management Practices (EMP) by local entities: size of entity, accounting framework, and degree of development of EMP. Results indicate that the degree of development of EARPs in Portuguese local entities is low. Additionally, accounting regulation and the degree of development of EMPs explains the weak degree of development of EARPs in Portuguese local entities. The information about the environment seems to be relevant but internal control and the usefulness of the financial information obtained for internal decision making is also quite a relevant issue [23]. The authors made a quantitative research, based on a cross-sectional analysis developed in the local government context. Data was collected from a survey addressed to decision makers

(politicians and chief officials) in charge of the financial area in all Portuguese municipalities. The response rate was approximately 49%, assuring representativeness. As to the perceived usefulness of financial and budgetary reporting for internal decision making, the results show that the attitudes of municipalities' internal users towards using accrual-based financial reporting for decision making is changing. Additionally, internal decision makers consider financial and budgetary information as being very useful for decision making, and the different types of internal control applicable to that information are referred as very important. The results also clearly point towards the existence of a significant and positive relationship between internal control (including internal auditing) about financial and budgetary information and its perceived usefulness for municipal decision making.

i. Porto District: Amarante; Baião; Felgueiras; Gondomar; Lousada; Maia; Marco de Canaveses; Matosinhos; Paços Ferreira; Paredes; Penafiel; Porto; Póvoa de Varzim; Santo Tirso; Trofa; Valongo; Vila do Conde; Vila Nova de Gaia.

ii. Source: Direção Geral das Autarquias Locais – Data from August 13, 2018.

From literature we get that municipalities are aware of the change that is occurring all around.

It was both a challenge and a deep interest of research to develop this case study from a risk management perspective and one must say that as to the Portuguese Public Sector, risk management practices are quite recent. Since 2007 the Corruption Prevention Council has been working closely with the Court of Accounting (Tribunal de Contas) and has taken on, a leading role in the adoption of new risk management practices, issuing recommendations with a binding and compulsory application. These should be considered within the internal control measures/mechanisms to be implemented in a municipality in order to prevent/avoid their occurrence. In this context, the project herein described is based on the integrated Risk Management Model for the Portuguese Public Sector. The overall objective (see Table 1) is to design an integrated risk management model with the following objectives:

Table 1. Aims of the case study.

To check the existence of mechanisms and instruments of Risk Management implemented in the municipality	Quality Management System –already implemented in the municipality
To develop a risk management model based on ISO 31000 – Risk Management – integrating it into the Management System based on ISO 9001	To assess the operationalization of the Risk Management Plan designed for corruption and related infractions and ascertain its contribution to management

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This study aims to contribute to the continuous improvement of the management system of the organization, placing it above the peers' level [19, 24]ⁱⁱⁱ.

3.2. Identification of the Organization: the Municipality of Maia

The article 235 from the Portuguese Constitution (Constituição da República Portuguesa), establishes that the democratic organization of the Portuguese State includes the existence of local authorities. Local authorities are collective persons of population and territory with representative bodies, elected by direct and secret universal suffrage, which aim the pursuit of their interests, common and specific to the populations they serve [25, 26].

The municipality of Maia is part of the group of local authorities, which include the City Council (executive body), composed by the President, the Vice-President and Councillors, and the Municipal Assembly (deliberative body), which includes the members representing the respective political parties and the Presidents of the country's parishes. It is headquartered in the city of Maia, located in the District of Porto, and is one of the 18 municipalities that make up the Metropolitan Area of Porto. Over the last thirty

years, this municipality, with mostly rural characteristics, has become one of the most important poles of attraction in the north of the country. Covering a population of more than 100,000 inhabitants it is part of the group of Large Municipalities and besides it has a strategy of enhancing high levels of quality of life to their citizens. They highlight the guidelines for Quality and Environmental certification; the international projection and entrepreneurship and the bet on youth, sports, culture, environment, education and social support (e.g., implementation of sports promotion programs that distinguished Maia in 2014 with the title "European City of Sport"; the rehabilitation of housing through the Special Rehousing Program; the implementation in the environmental domain of the *Ecoponto* at Home Project; the creation of one of the largest industrial parks in the country and the certification of its services according to ISO 9001 and ISO 14001).

iii. A deep and recognized feeling for the help, knowledge transmission and team spirit granted by Rita Daniela Oliveira de Sousa, who is part of the Top Management of this Municipality, must be put forward.

As to Risk Management, this municipality complies strictly with the recommendations of the Corruption Prevention Council. Yet the process exists in the organization but needs consolidation and for this effect the Municipal Executive Board is aware of the importance of this process in the strategic management of the organization and aims to cooperate in its effective implementation.

There are numerous risks to be taken into account, such as:

- (i) the fact that all public entities are subject to the primacy of legality and exist in the light of political cycles;
- (ii) they do not have as main objective the profit;
- (iii) they are entities governed by public law, but also practice acts of private law (purchase, sale);
- (iv) their Top Management responds in some cases to electors and in other cases to ministerial tutelage [27].

In addition, it should not be forgotten that there is also the risk of going-concern, since the municipalities are mostly dependent on transfers from the State Budget [28]. At the same time, the risk of corruption is inherent. According to a study on criminal sociology coordinated by Luís de Sousa in 2010 [29], entitled “A corrupção participada em Portugal 2004-2008” (Participated corruption in Portugal 2004-2008), 345 of the 838 lawsuits analyzed during the 2004-2008 period were related to local government authorities and municipal enterprises [30].

3.3. Methodology

According to the proposed objectives, a case study of an exploratory and descriptive nature was developed through the use of documentary research and direct observation got from the interview technique.

The documentary research consisted of gathering and analyzing documents generated within and across the organization that consisted of the consideration of:

- (i) Risk Management practices;

- (ii) Organization Management System;
- (iii) Monitoring the Risk Management Plan.

As to the internal documentary sources consulted, they consisted of: The Organization Macro-structure; the Management Report; the Management Policy; Review by Management; Management Guide; Internal Control Standard; Risk Management Plan and Implementation Report.

It was considered appropriate, for the objectives of this case study, to carry out semi-structured interviews, under previously studied specific objectives. The interviewees were chosen according to the organizational hierarchy (mainly quality managers, related staff and top management), their position in the municipality and the level of knowledge about the organization's Management System. The contents of the interview guide were displayed beforehand to the interviewees and consisted in the following main issues: (i) involvement of the workers in the anti-corruption plan; (ii) relation of the internal audit department to this anti-corruption plan; (iii) identification of the main risks considered; (iv) strategy to be used to face the risks; (v) report about the execution of the measures defined to prevent the risks and respective KPI. Thus, a content analysis grid was used, in which the interviewees' perceptions were characterized. Each issue asked to the interviewees corresponded to each objective of the study. At this moment it is important to put forward the formulated assertions ruling this project (see Table 2).

Table 2. *Assertions.*

The existence and contribution of Risk Management practices for the municipal management	The contribution of the Internal Audit for the management of the risks of the organization
Integration of ISO 31000 – Risk Management – in the Quality Management Systems	The effectiveness of the Risk Management Plan as an instrument to support the management of the municipality

This way the main frame for risk management seems to be launched.

3.4. Risk Management

The Integrated Risk Management Model for the Portuguese Public Sector in this municipality is based on the consideration of ISO 31000 – Risk Management – Principles and Guidelines for the management practices of the

organization. Once this municipality was already and previously quality certified by ISO 9001 – Quality Management Systems (updated 2015) and once this last version provides a new approach for a Risk-Based Thinking, it has been a real facilitator for the integration of ISO 31000 within the organization management practices. Thus the risk model to be constructed has the following objectives (see Table 3).

Table 3. *Objectives of the Risk Model.*

To be oriented for the implementation of the process of Risk Management	To integrate the risk culture into the organization's culture
To establish a structured and systematic risk management	To contribute to improving the organization's image and reputation

Since the municipality of Maia has clearly defined guidelines and strategic objectives, it is important to try to identify the risks that may affect their fulfilment. Therefore, a Risk Management Policy must be formally created. This will contribute to the consolidation of the risk management practices already instituted and, consequently, to the improvement of the Management System of the organization [31, 32]. For this the elaboration of a Manual of Risk

Management was done, having a main role in the implementation and maintenance of the process. It will allow to standardize concepts and to create, in the organization, the adequate practices for managing the risks and further monitor them. It also considers the stakeholders and contributes to the transparency of the organization's risk management. In short, the content of the Manual is shown in Table 4.

Table 4. Risk Management Manual.

MANUAL
Applicable legal and regulatory imperatives and risk management procedures.
Concept of risk, description of level of risks and synthesis of the control and reporting systems that integrate and support the process.
Responsible people and their interaction in the process.
Procedures to be followed in the evaluation of the risks and periodicity of execution.
Criteria considered in the implementation of measures to mitigate risks and responsibilities in this area.
Graduation methodologies and quantification of risks (inherent and residual risk).
Methods of monitoring, responsible persons and periodicity. Measures to be implemented when risk limits are exceeded.
Model of risk report to be prepared.
Parameters to follow in the evaluation of the risk management process.

Risk Management within all the processes of the municipality will include different paths:

- (i) Identification of the risks according to the strategic objectives;
- (ii) Detailed identification of the organization: vision, mission and strategic objectives; articulation of the Internal Audit and Risk Management process; organizational macrostructure and data about human and financial resources;
- (iii) Presentation of the methodology used in the plan and the report;
- (iv) Introduction of data analysis concerning the execution of the plan (partial and global results of the management as to the organization risks);
- (v) Insertion of a chapter for final considerations (inquiries regarding recommendations issued by the Corruption Prevention Council or changes to the International Organization for Standardization referential);
- (vi) Adequacy of the schedules and annexes attached to the plan and report (identification of processes and objectives, articulation between strategic guidelines and objectives of

each process, identification of risk factors, expected dates for carrying out risk management actions and evaluation of effectiveness).

In addition to the preparation of this Manual, the Risk Execution Plan was also carried out and in order to attain it, some complementary supports were developed:

- (i) Checklist for the Independent Evaluation of the Risk Management Process;
- (ii) Risk Management Implementation Schedule;
- (iii) Communication Report.

As it can be seen from ISO 31000 previously described in this chapter (Figure 1), this standard is fully used in this case. Starting by establishing the context within the municipality until the moment of assessing the risk and treating it, all the steps were considered and respective guidelines and procedures were implemented [33]. In order to integrate these relevant issues in the organization's Management System (related to ISO 9001) it was suggested to implement the following actions (see Table 5).

Table 5. Actions to be undertaken under a risk management approach.

ACTION 1: Adapt all the processes to the new approach of Risk Based Thinking, including strategic and change management. So, municipal management should be developed taking into account the risks, their causes and their impact (both positive and negative) on all projects, programs and organizational plans
ACTION 2: Quarterly monitoring of actions defined for the treatment of risks. The organization has an internal event registration system. This internal event recording system should include risk management strategies in order to face possible changes to the risk profile and the definition of measures to be implemented when the risk limits are exceeded.
ACTION 3: Integration in the annual review of the organizational performance information concerning the risk management activity and its analysis by the top management. Monitoring the evolution of the risk management strategies' implementation may be a valid indicator of process performance.

As concerns the role of Internal Audit within the process, and taking into account that the new paradigm is based on a vision focused on risks [34], it is closely related to Risk Management and to the Internal Control of the organization. When internal auditors assess the Internal Control, they will question whether the controls are appropriate to the risks identified by the organization. One must say that controls exist because there are risks, and the risks exist because the organization has goals. As to the Internal Audit, the municipality of Maia considers it as an important tool and top management is quite involved and interested in it. Nonetheless, reflection about these two aspects was considered quite beneficial:

- The first concerns the consideration of "risk" in the planning and implementation of Internal Audit. Since the audit work is based on sampling some criteria and some faithful samples must be previously defined. If the focus lays

upon the high risky areas, it is essential that planning continues to think about the critical processes, top management, internal service requests, macrostructure changes, legal, regulatory or regulatory changes and available resources;

The second relates to the periodic performance of an independent evaluation of the Risk Management process. This evaluation should be developed according to the organization's specific characteristics, and this could happen within the scope of analysis of internal audit and/or verifications carried out by the Management System. Top management should formally have this commitment and disseminate this organizational practice internally. Assuming it as a credibility factor, the independent evaluation about risk management process of the organization should have as a main objective to provide security about the effectiveness of Risk

Management activities in the municipality. Thus, in short, (see Figure 3): these guidelines seem to be important to frame this issue

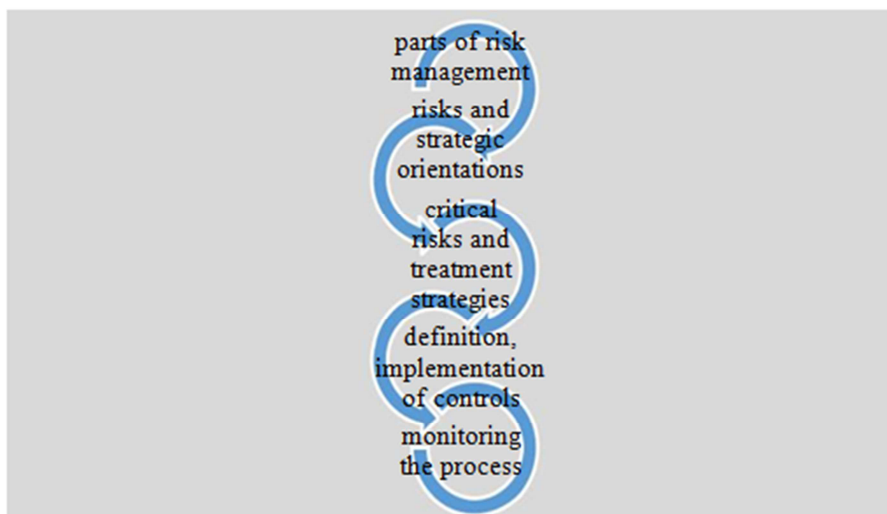


Figure 3. Guidelines for the evaluation of Risk Management.

At this moment, the project is completely described and some final comments about it may be considered.

4. Conclusion

Standards represent some accrued value in the management of any kind of organization. Mainly when the company has a good market-share to defend, relevant business numbers, significant assets and a large number of workers. This study considered standards like IFRS and ISA and a particular attention was driven to Risk Management placed under either ERM or ISO 31000. In this last and particularly as to ISO 31000 a project in a municipality was evidenced. From it some ideas may be taken:

(i) Risk Management is a crucial tool of management whatever the status of the organization is – public or private. The philosophy of management meaning the top management involvement is a main issue mainly as to what is legally required by the Corruption and Prevention Council;

(ii) Although risk is usually associated with the future and uncertainty, it can be exploited and managed in the sense of getting the most of it as if it might become an opportunity;

(iii) Besides the organization's context, it was very interesting to consider the monitoring of stakeholders' expectations and objectives;

(iv) Internal Audit conquered a place in the planning of the risk of the organization towards the critical areas;

(v) Particularly this municipality take advantage of the previous implementation of ISO 9001 and the KPI (key process indicators) associated to the Quality Management System and they will contribute to the diffusion and promotion of risk culture in the organization. The integration of the Risk Management Plan and the Implementation of its Report into the Organization Management System is crucial to get evidence about the process compliance;

(vi) Finally, the organization in the Management Report

and in the Management Review Minutes will display all the risk process and relevant measures undertaken to face it.

Managing the risk can be named as a competitive advantage [19, 24, 35]. This study revealed that a favorable corporate culture, characterized by a clear involvement of top management across the whole process is an essential condition for the consolidation of risk management. This is a very positive instance, once options and decisions about issues related to Risk Management in the Portuguese Public Sector, may depend many times, on political options that stand beyond the scope of the organization.

As a limitation of this study, one can refer that there was not yet time to evaluate or get a quantifiable appraisal of the added value of ISO 31000 implementation because it is still too early to measure it. Furthermore, the consideration of only one municipality is somehow a short sample. As future research paths, this study could be replicated in other municipalities or public/private institutions and it would be quite interesting to record the different environment, outcomes and findings considering the specific institutional organizational frame.

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