Tribunal de Contas

Audit to the Social Security Systems of Collection of Contributions and Quotas and Relationship with Banking and otherEntities Engaged in Collection Initiatives

OBJECTIVES

The audit aims to evaluate the effectiveness and efficiency of the processes implemented in respect of the processing schemes of contributions/quotas, whose Wages Statements (WS) entered into the system in the first quarter of 2007, test the reliability, stability and confidence level of the application systems developed and the respective values processed in the entire collection circuit and respective accounting, and also check compliance with the contracts celebrated with banking entities.

METHODOLOGY

Having regard to the terms set out in the Manual of Audit and Procedure of the Court of Auditors and in the INTOSAI Standards designed for tasks of this nature, as well as in the audit norms of information systems recommended by ISACA – *Information System Audit and Control Association*, the adopted methodology included three phases – planning, execution and reporting.

The approach was planned in order to obtain a global overview of the risks and controls underlying the processes and systems developed with regard to the entire information circuit with referenceto the scope and objectives of the audit at issue, as well as to obtain a detailed knowledge of the processes involved, including the understanding of the systems management processes and information technologies of the SISS[1]. This approach included the following steps:

- surveying of the Architecture of Support Systems and Information Technologies;
- surveying of the Main Processing, Collection and Accounting of the Contributions/Quotas and the Management Processes of Systems and Information Technologies;
- identification and analysis of the most important risks associated with the aforesaid processes, including the identification and evaluation of the existing controls to manage the impacts of the risks identified;
- execution of Control Testing; and
- reporting of the specific Control needs and identification of the possible control improvement actions.

The evaluation of the internal control system was made on the basis of the COBIT, ORCA and "*Global Best Practices*", which aims to check if the existing controls are adequate to manage the related risks. In the course of the related fieldwork, we have sought to understand the processes, procedures, controls set up, interconnections between the application systems, and analyse and understand their underlying data models.

In the course of the execution phase, managers and persons responsible for the main areas of activity were interviewed, and procedure, compliance and substantives tests were conducted to the extent deemed necessary for the collection of the relevant evidence to support the audit work. In addition, the recording of some accounting transactions, selected by the sampling method, were checked in the SIF[2] system.

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[1] SISS (Sistema de Informação da Segurança Social) – Social Security Computer System.

[2] SIF/SAP (Sistema de Informação Financeira) – Financial Information System.

CONCLUSIONS

Contribution Processes

The controls set up, which refer to the transfer of data between the different application systems, were not considered to fully ensure, until they were automated, the accuracy of the contributions/quotas statements and respective payments, which were recorded under the current accounts. An example of this is the duplication of the contributions/quotas statements or the lack of update of the GC[3] with respect to payments, which refer to enforced collections.

Management Processes for Information Systems

Based on the CobiT Maturity Model and the risk levels associated with information criteria of the same model – efficacy, efficiency, confidentiality, integrity, availability, compliance and reliability – the Instituto de Informática, IP currently presents the "Defined" level, under the terms of the following table:

Level	Understanding and Acknowledgment	Training and Communication	Process and Practices	Techniques and Automation	Compliance	Specialized Knowledge
Defined	Acknowledgment of the need for action on the process	Informal training that supports individual initiatives	Defined, standardized and documented practices allowing for sharing best practices	They are available and a set of standardized tools is used	Inconsistent monitoring, measurement of the process initiated; intuitive analysis of causes	Involvement, from time to time, of IT experts in the "business" processes

Overall conclusions

Given the integrated manner in which they operate, the main sources of information of the social security system, which have been integrated into the SISS[4] since 2002, ensure that the data they store and processes are reliable, making certain the accuracy and entirety of the information throughout the whole system. Nevertheless, despite the efforts and the noteworthy improvements made, comparatively to the previous system, the fact is that some application systems still lack the adequate quality, mainly at the level of information control that must be ensured, particularly the IdQ[5] and GC sub-systems.

Taking into account that the IT processes are not adequately managed and that the controls set up on the contribution processes show some limitations, it is not possible to ensure the entirety and accuracy of the contributions/quotas and payments reflected under the current account and therefore recorded in the Financial Information System.

As a result of their significance, it is worth noting the cases in which the limitations to the social security contribution processes can result in violations of the law, such as already expired contribution payments or enforced collections for already paid contributions or under a situation of exemption.

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[3] GC System (Sistema de Gestão de Contribuições) – Contribution Management System.

[4] The national architecture of the SISS, which has been implemented since 2002, included, in 2007, the main information systems of the social security system, except for some, notably the SEF (Sistema de Execuções Fiscais), integrated in January 2008, and the application systems regarding pension award, processing and payment, which are resident at the CNP (Centro Nacional de Pensões).

[5] IdQ System (Sistema de Identificação e Qualificação) – Qualification and Identification System.