




Chapter 8


Disclosure of Financial Information via the Internet by the Portuguese Local Authorities


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ABSTRACT

In the context of new public management, public administration must be alert to the increasing needs of citizens, providing public organizations with efficient management systems in order to rationalize the financial resources and disseminate transparent and accurate economic and financial information to further assess the organizational performance. There have been recent technological advances, namely the use of the internet, that have influenced the way financial information is accessed. This work aims to assess the level of disclosure of financial information on the websites of local authorities in Portugal and the identification of possible factors that may influence the level of disclosure. Given the results in this study, it is time-consuming and difficult to find financial information on the websites. This hinders the users in their assessment on where and how mayors apply public resources. Among the factors tested, the size and political competition are the ones that seem to influence the level of disclosure of financial information on the website.

INTRODUCTION

In the context of New Public Management, Public Administration should both focus on the citizen's needs, which are increasingly demanding, and promote the transparency and efficiency of public management. In this way, it should provide the public bodies not only with effective and efficient management systems so that managers can rationalize the decision making process, aiming at improving the public services, but also with incentives for disseminating the economic and financial information, in a clear, rigorous and coherent way. This form of disclosure endows the different stakeholders with information that enables the assessment of the manager and organizations' performance. In the context of the New Public Management, the role played by the accountability of the manager and public organizations is very relevant. And, according to the Governmental Accounting Standards Board, GASB (1987), the financial report has an important role regarding the fulfillment of duty by the government, making it publicly responsible, in a democratic society where managers must be answerable to citizens in what concerns the use of resources.

The International Federation of Accountants, IFAC (1991), considers citizens as the main users of public entities' financial information. We understand that in the field of Public Administration, the financial report gains a greater importance, because, in addition to serving as a basis for the decision making, it also makes it possible to control legal obligations and management of public resources.

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