

INSTITUTIONAL PERSPECTIVES OF EXTERNAL PUBLIC AUDIT

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Abstract

Institutional arrangements (as a synergy of formal and informal institutions) can decisively contribute to mitigating slippages related to the effective functioning of the intrinsic mechanisms resulting from the manifestation of the principal-agent binomial. Some externalities generated by the functioning of bureaucratic organizations tend to vitiate the mandate offered by the citizen to the governmental level, as a representative of the fundamental interests of the population. Starting from the institutionalist paradigm and tools (formal and informal institutions, the imposition of contracts, transaction costs), our research aims to analyze, using a qualitative approach, the role of external public audit in the functioning of formal and informal institutions, in relation to public organizations. The main results of the study highlight the way in which the external public audit carried out by the Supreme Audit Institutions (SAIs) contributes to remedying the deficiencies related to the improper promotion of taxpayers' interests, the fading of moral hazard (through the prism of opportunistic behavior) as well as the creation of premises aimed at increase trust in society.

Key words: agency theory; institutions; external public audit.