

# Annual Report 2013 Netherlands Court of Audit

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# Preface

## Open to the future

This year, we celebrate the two hundredth anniversary of the recognition of the Netherlands Court of Audit as a High Council of State (*Hoog College van Staat*) in the Constitution. Since then, our task has been to audit the revenues and expenditures of the central government. Of course, quite a few new tasks have been added over the years, as today we also conduct various kinds of audits to help ministries formulate effective and efficient policies. It is our natural role to check whether what was intended has been successfully achieved.

Looking back is part of our work. Seeing how things have progressed and drawing lessons from this for the future. In our 2013 Annual Report, we look back over the year gone by. At the same time, this is a good opportunity to look forward to the third century of the Court of Audit, which lies ahead of us. What developments do we see and what kind of influence will they have on our work? Transparency, information and open data will play an increasingly important role. Hence, this is the topic for our first publication of the Open Data Trend Report. In addition, we are taking an exceptional step in terms of our own transparency. For the first time in this 2013 Annual Report, we offer you an insight into our expenditures, in the form of open data.

## Knowing and doing

Information on what the government does and how the government operates is of great importance in our particular area of expertise: public accountability. So it is no coincidence that - together with the House of Representatives (*Tweede Kamer*) and the Ministry of Finance (*Ministerie van Financiën*) - we launched (in 1999) the initiative entitled 'From Policy Budget to Policy Accountability' (*Van Beleidsbegroting Tot Beleidsverantwoording, VBTB*). This operation dealt with the relationship between costs, performance and the impact of policy. We were all in agreement that budgets and accountability had to be more closely related to policy content. However, in the last fifteen years, we have observed that it is difficult to systematically provide this information on an annual basis and as a result, the above-mentioned VBTB operation has now been pared down to 'Responsible Budgeting' (*Verantwoord Begroten*).

At the same time, the amount of data on what the government knows has increased exponentially over the last fifteen years. Increasingly, a large amount of these data are becoming 'open', which means they are digitally accessible to all and suitable for reuse. As a result, citizens, companies and institutions can work independently with these data, free of any obstacles.

## Why do we need open data?

The importance of open data, as a catalyst for making governments more transparent and efficient, is recognised worldwide. For example, consider an initiative such as the Open Government Partnership, which the Netherlands joined in 2013. Governments must be transparent about how they spend taxpayers' money and about the results achieved. Moreover, these data ultimately belong to the citizens and not to the government; hence it is appropriate that the data should be restored to the citizens.

Not only is this important for proper democratic control, but also in terms of citizens' confidence in their government.

### Government policy on open data

The government recognises the importance of open data and is therefore offering an increasing amount of data in an open and transparent manner. For example, the national budget is available as open data and a great deal of geographical data is also openly accessible. In addition, the government is committed to open access - i.e. providing free access to scientific information - so that open data can also contribute to innovation and our knowledge-based economy. After all, the Dutch are expert when it comes to developing apps that help us in our everyday life. This is possible only if all kinds of data are made freely available. Thanks to data from the Royal Netherlands Meteorological Institute (KNMI) and innovative companies, today we all have the 'Precipitation Radar' (*Buienradar*) app installed on our smartphones, which always tells us whether we need to carry an umbrella with us.

### Open data in education

Another good example is open data in education. In education, a lot of information is available about e.g. success rates, Cito scores, as well as other more qualitative aspects. This information helps students and parents in choosing the right school. For schools, the publication of this information provides an incentive to perform better. And finally, this information helps the Ministry to make the right policy choices.

### What does this example demonstrate?

This example from the education sector strikingly illustrates the changes in the public sector. Partly due to decentralisations, today the government is less of a policy implementer and more of a 'director' who brings together different parties and various kinds of data. It also plays the role of an information broker, so that citizens, public authorities and businesses have access to the same information. Citizens and organisations can develop websites and apps based on these data, so that it is finally possible for students and parents to better compare different schools with one another.

### But to achieve all this, some effort is required!

Open data does not happen automatically. This is something we can see today in the healthcare sector. This sector is finding it very difficult to e.g. make mortality figures public. In the case of educational data, a request under the Government Information (Public Access) Act (*Wet openbaarheid van bestuur, Wob*) was necessary before data on educational results was made accessible. In my opinion, there is a threshold that needs to be crossed by employees of public organisations. Concern for privacy and fear of the unknown (e.g. thoughts such as "What will they do with my data? I am sure they are going to misuse it.") and existing revenue models (e.g. tariffs) sometimes stand in the way of a wider offer of open data.

### What should the government do?

For the government, it is important to create the right preconditions for a better availability and greater use of open data, while safeguarding data integrity. Privacy is also an important aspect; this must never be violated. In addition, the exceptions implied under the 'unless...' clauses of the 'open, unless...' policy also include confidential business data and State secrets.

When President Obama took up office in the United States, he regulated that all ministries must provide access to their data as open data (unless...). In the United Kingdom, Prime Minister Cameron is committed to ensuring that the government provides maximum access to open data. To this end, he facilitated the founding of the Open Data Institute, an important catalyst for open data, at the end of 2012. In this way, both these countries are leading the way with open data and both have thriving open data communities.

### Provide more open data on government operations

How does this affect the work of the Court of Audit? If all goes well, we will gain a better understanding of what the government knows: open data development contributes to this. For effective public accountability and an open government, it is necessary that the government is open about what it does and how it operates. At present, the open data offered by the government are mainly about what government knows. It would be helpful if, in the coming years, we can also gain a better insight into what the government does. As soon as a substantially larger amount of data is opened up, the position of the Court of Audit will also change: many more people will have access to the data, whereas now we are often one of the few 'outsiders'. When this happens, we can focus, even more so than at present, on auditing what the government does and how the government operates, and link this - along with many others - to what the government knows. In our opinion, this will lead to much more up-to-date and improved insights into the effectiveness and efficiency of the government. We, for one, welcome the birth of many such 'armchair auditors'.

### Open data as a policy instrument

Municipal authorities are already heavily engaged in collecting data. Many new tasks are being imposed on municipal authorities, mainly arising out of the healthcare sector. Data sharing can help municipal authorities improve the quality of healthcare they provide to their inhabitants. The sharing of data and linking these data using modern techniques is no longer regarded as 'rocket science'. As a result, public organisations can improve their cooperation and gain a better understanding of what they can signify for each other. Sharing and linking data also offers a better insight into the living conditions of citizens and hence contributes to the formulation of policies that genuinely help citizens. It connects the policy world better to the real world. This is also necessary for the decentralisation of tasks, by transferring the responsibility for these from the central government to the municipal authorities. Families requiring help will soon be assisted by municipal authorities based on a single plan and a single coordinator. While at present, different bodies have access to part of the data and information, municipal authorities will soon have a complete picture, so that they can help families properly and determine whether the families have received the right assistance. The government would then finally be able to use

the aggregated data from municipal authorities to determine whether the decentralisations are actually beneficial for citizens and whether they actually lead to better quality at a lower cost. The publication of these results provides inhabitants an up-to-date insight into how their municipal authority is performing, by itself and in comparison to other municipal authorities. This will allow municipal authorities to learn from each other and the government and the House of Representatives will be able to see whether the decentralisations have led to the desired results.

### Publication of own expenditures

Lastly, we return to our 2013 Annual Report. Today, we publish our own expenditures (the 'general ledger') in the form of open data. This displays our commitment to transparency and 'open spending': you can follow what we have done and what expenses we have incurred. We will be doing this for the first time this year. We see this as a new step in a process of development towards more transparency. We leave it to others to judge whether this is effective and efficient. Though I hope now that one sheep has leapt over the ditch, all the rest will follow! In this way, we can be compared with one another and can learn from each other to do our work as effectively and efficiently as possible. Because we are always open to improvements.

[Saskia J. Stuiveling](#)

President of the Netherlands Court of Audit

27 March 2014

## Introduction

At the Netherlands Court of Audit, we check whether the central government spends money and implements policy as intended. We have been doing this for 200 years now. Moreover, we keep a close eye on the interests of citizens and companies.

The budget of the Court of Audit is made up of public funds. We strive for transparency and find it important to give an annual and correct account of how we have spent these funds. In this 2013 Annual Report, the Court of Audit accounts for the results of its activities in 2013, and the resources utilised for this.

What have we done, what keeps us busy and what is happening with our operational management? In our 2013 Annual Report, you will find information on trends and developments in our environment and about our institutional position, audits and activities in 2013, collaborations at home and abroad and operational management process. This 2013 Annual Report is particularly special because with this we bring to a close a period of 200 years of our existence: in 2013, we started making the necessary preparations for the celebration of our bicentennial in 2014.

A new aspect, and unique in the Netherlands, is that this year we are taking a big step forward in the area of transparency and 'open spending'. We have decided to make all our expenditures (our 'general ledger') public. We will do this for the first time in the form of open data. We sincerely hope that other public organisations will follow our initiative, so that you - and we as well - can compare our expenditures next year with those of other public organisations. In a letter to the House of Representatives, dated 7 November 2013, regarding the Government Accounts Act 2001 (*Comptabiliteitswet 2001, CW2001*), the Netherlands Court of Audit states: "for meaningful information on government spending, this information must be available at the transaction level". We want to play an exemplary role in this regard.

We will publish our 2013 Annual Report in digital form.

Would you like to comment on this? If so, we would be happy to hear from you.



# I Developments in 2013

The government exists for society. Ministers spend public money collected from citizens and companies, with the ultimate intention of ensuring that these citizens and companies get back as much value for their money as possible. Today, various developments are taking place simultaneously. The central government is cutting back, which involves savings of more than €51 billion and increases in the tax burden till 2017. At the same time, municipal authorities are being assigned more tasks and responsibilities in areas such as employment, healthcare and youth care. In the environmental area, tasks are shifting from the central government to the provincial authorities. Both citizens and parliamentarians should be given the opportunity to understand the consequences of these fundamental changes. Society, in general, should be able to trust the State to fulfil its role actively, use public money in a well-considered manner and keep a close eye on public interests.

This is the context within which the Court of Audit performs its activities. In 2013, there were several developments and trends in our environment that had a significant impact on our work. You can read more about that in this chapter. These trends and developments are in turn connected to our own projects and activities, about which you will learn more in Chapters 3 and 4.

## 1.1 Transfer of responsibility for tasks to municipal authorities

In 2014, Dutch citizens will elect their municipal councillors and their Dutch representatives to the European Parliament. These two levels of government - the municipal authority and the EU - play an increasingly important role in society.

Relationships between the different levels of government - centralised, decentralised and European - are in a constant state of flux. For example, in 2013, the central government and the decentralised authorities worked on facilitating the transfer of a set of tasks in the social domain to the municipal authorities by 2015. These tasks are related to the field of youth care, employment and healthcare and assistance for chronically ill and elderly people. This set of tasks involves an expenditure of approximately € 16 billion.

Regardless of which level of government is responsible for the task, we find it important that citizens should be able to determine whether the tasks performed by government authorities have proved worthwhile and whether public funds have been well spent. For this reason, attention must be paid to transparent accountability and proper monitoring and supervision in the area of policy development, both at the decentralised and European levels.

## 1.2 Reorganisation of the Civil Service

The Civil Service is faced with a challenging task. The Coalition Agreement (*Regeerakkoord*), concluded at the end of 2012, targets an overall saving of € 1.1 billion. This target comes in addition to previously agreed cuts amounting to more than € 3 billion on personnel and material expenditures of the Civil Service. In 2013, government services started feeling the impact of these earlier cuts more and more.

The government wants to achieve this target through greater efficiency in areas such as office premises, procurement and ICT, and by reducing the workforce of the central government. At the same time, the quality of the central government services must be maintained.

Hence, it is important to keep a finger on the pulse at all times. Not only to achieve the targeted savings but, perhaps even more importantly, to ensure that the spending cuts do not place too much pressure on the quality of the services provided by the central government. We think it is important to introduce spending cuts and reforms in a responsible manner, with a clear answer to the question of what the government does and does not consider (or no longer considers) as part of its tasks. It is the government's responsibility to point out the practical implications for companies and citizens of all its proposals that are submitted to the States General (*Staten-Generaal*).

### 1.3 Developments of interest for parliament

In various areas within the government, developments are occurring which have major implications for the information position of parliament and the exercise of the right to approve and amend budgetary policy. Examples of these are the consequences of European policies and regulations and developments with regard to open data. Other issues that require attention include the accountability for resources allocated for healthcare and social security, the position of companies owned by the government (State participations) and the use of different accounting systems within the public sector, which makes it difficult to compare information across organisations. In November 2013, we sent a letter to the House of Representatives highlighting these developments and the importance of proper accountability in these areas. This letter will serve as an input in the debate on the revision of the Government Accounts Act 2001. This Act regulates the conditions to be met by budgets proposed and accounting provided by the central government, and hence this is very important for the tasks of the Court of Audit.

### 1.4 Sustainability of public finances

Since the beginning of the credit crisis in autumn 2008, the Netherlands has, in cooperation with other countries, taken many measures to control the financial and economic problems at home and in the European Union (EU). In addition, financial resources have been utilised, via existing and new international institutions, to assist countries and banks experiencing financial problems and to strengthen the economy. In February 2013, the Minister of Finance nationalised SNS REAAL. All these measures have created risks for public finances, which must be clearly understood so as to manage public finances properly. This is especially important at a time when making cutbacks has also become a necessity. More than ever before, the sustainability of public finances is now a significant point of concern.

#### 1.4.1 Public finance risks

In September 2013, we published a report on the financial stake involved in guarantees issued by and participations of the Netherlands in international institutions that are working to combat the European debt and banking crisis. This stake has increased in recent years, from € 18.5 billion (3% of the GDP) in 2008 to € 201 billion (33% of GDP) in 2012. This sharp increase is accompanied by the increasingly higher lending capacity of international institutions, which are thereby exposed to greater risks. These

risks may eventually be passed on to the countries that serve as guarantors, including the Netherlands. Hence, we believe it is important for the House of Representatives to have a clear understanding of these risks; which is also why we are happy that the Budget Memorandum (*Miljoenennota*) and last year's Annual Financial Report of the central government included a comprehensive risk analysis, offering an insight into the development of public finance risks.

#### 1.4.2 Spending cuts: implementation and impact

By 2017, savings of approximately € 51 billion will have to be achieved via austerity measures. What is the status of the implementation of such measures and the social impact of these spending cuts? In this context, it is important that the government continues to provide the House of Representatives a clear picture of the implementation of this very extensive austerity and reform package. Citizens are entitled to know about this and it is also a prerequisite for good and reliable government policy.

### 1.5 Many changes in EU areas

In the area of the EU, we have been advocating an improved level of control and accountability for several years now. The need for this has become greater due to the many measures taken to combat the crisis. The EU is keen to strengthen budgetary discipline in the Member States and the influence of Brussels on the national states can be perceptibly felt in this respect. Since 1997 (Stability and Growth Pact), EU Member States are required to communicate their draft budgetary plans for the coming years to the EU in spring. More than ever, today budgets are under pressure as a result of the crisis. In addition to some tightening measures in this area, this pressure casts its shadow more clearly on the upcoming budget debates in autumn. Member States are also required to indicate, via reports, how the recommendations from Brussels are being or will be followed, what policy measures will be taken to achieve the specified objectives and how and when they will implement these measures. The number of obligations increases as the performance of a Member State worsens and it enters into a (macroeconomic and/or budgetary) procedure, or falls into financial difficulties and receives emergency assistance.

In addition to these measures aimed at ensuring sound public finances, countries sometimes receive assistance from emergency funds if they are in an extremely unhealthy financial situation. By the end of 2013, the countries that needed assistance had received a total amount of € 429 billion. These emergency funds rely heavily on our treasury through the provision of guarantees and actual payouts. Nevertheless, this policy appears to have borne fruit. For example, at the end of 2013, Ireland was able to announce that it could proceed further without assistance.

Another important development in the EU is the formation of a Banking Union. The Banking Union consists of the largest banks of the eurozone countries, operating under the joint supervision of the European Central Bank (ECB) and following the same regulations, which include a guarantee system for solving problems with regard to the (savings) deposits of account holders in 'bankrupt' banks. The Court of Audit believes it is important to properly monitor this supervision and regularly draws attention to this.

Finally, just like Denmark and Sweden, the Netherlands makes a (voluntary) declaration on how European funds are spent in the Netherlands. At the end of 2013, a discussion arose once more among EU institutions (European Commission, European

Parliament and the Council of Europe) about how national accountability of the spending of EU funds can be better coordinated, so that the EU can make more use of this information. This discussion fits in well with the recently expressed intentions of the European Parliament to bring about greater cooperation between the European Court of Audit and the national SAIs and to prevent duplicate audits.

## 1.6 Overview of the supervisory authorities

In January 2013, we drew the attention of the House of Representatives to the current limitations in the powers of audit bodies for auditing the operations of supervisory authorities in financial markets, both at the European and national levels. For example, the powers of the Court of Audit to ensure the quality of the supervisory activities of De Nederlandsche Bank (DNB) and the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, AFM) have not yet been sufficiently provided for. The Minister of Finance has responded to this signal and a bill is under discussion for regulating our access to the information possessed by DNB and AFM by means of the Act on Financial Supervision (*Wet op het financieel toezicht*, Wft).

## 1.7 Focus on policy implementation

For the implementation of policies by institutions operating at arm's length from the central government, proper attention must be paid at all times to ensuring that the relationship between ambitions, policy, money and performance remains in balance. These executive agencies face a big challenge in terms of their obligation to keep providing good services, while making cutbacks. At the same time, the government is committed to redesigning a part of the field and improving management, accountability and supervision.<sup>1</sup> According to the Court of Audit, spending cuts related to executive agencies are not always applied in a responsible manner and can lead to (an unintended) reduction of the tasks performed by these agencies. We find it important that decision-making on government measures and the implementation thereof occur carefully and in conjunction with one another. Institutions operating at arm's length from the central government have great social and financial significance. For example, the implementation of tasks by autonomous administrative authorities and legal entities with a statutory duty - i.e. a subset of all (semi-)public institutions - alone involved an expenditure of approximately € 132 billion of public funds. Hence, it is essential to safeguard public services to citizens both during and after change processes.

## 1.8 Healthcare and welfare

In addition to the above-mentioned transfer of tasks in the area of healthcare and social assistance, the healthcare sector is also on the verge of reforming the organisation of long-term healthcare. The repositioning of tasks as well as the extent to which healthcare expenditures can be controlled will play an important role in this reform process. In 2013, approximately € 65 billion was spent in public-funded healthcare. In its series on 'Expenditure management in the healthcare sector' (*Uitgavenbeheersing in de zorg*), the Court of Audit pays greater attention to increasing healthcare expenditures and the possibilities of controlling this. We realise that we are dealing with a very complex system of (hospital) healthcare, both in terms of organisation and financing. The complexity of the healthcare system and continuous

<sup>1</sup> To ensure this, there are plans to make autonomous administrative authorities (ZBOs) a part of the ministries and strengthen the external financial supervision of autonomous executive agencies.

changes involved entail certain risks. Not only does it become difficult to control healthcare expenditures, but society at large also requires that healthcare funds are spent in a lawful and effective manner.

This is even truer in times of scarcity, when healthcare choices are being and must be made.

## 1.9 Active monitoring of State holdings

At present, there are 36 State holdings: companies in which the State owns all or part of the share capital, as in e.g. the NS (Dutch railways), Schiphol Airport, TenneT and Urenco. The government invests in these holdings partly to safeguard the public interests invested in the company. Recently, the Minister of Finance presented the Memorandum on the Participation Policy of the Central Government (*Nota Deelnemingenbeleid Rijksoverheid*) 2013 to the House of Representatives. More than before, the government emphasises in this Memorandum that the State, as a shareholder, must ensure that the social funds invested in State holdings are managed in a responsible manner. We find it important that the ministers in question should be held accountable for how they are fulfilling their responsibilities as shareholders, so that the House of Representatives can monitor this.

## 1.10 Budgeting and accounting

Since the Accounting System Operation (*Operatie Comptabel Bestel*) conducted in the 1980s, the quality of budget management has been of a high level in the Netherlands. The Annual Financial Reports of the central government in recent years reveal that, on average, the government's expenditures, revenues and obligations are more than 99.7% legitimate. In May 2013, the Court of Audit approved the central government accounts for 2012. The central government spent € 236.4 billion in 2012, almost € 15.5 billion more than budgeted.

In September 2013, the House of Representatives indicated that it wanted the accountability documents of 2013 to focus on certain specific aspects. It decided to give priority in May 2014 to two topics related to the accountability for 2013: fraud and decentralisation. Determining the areas of focus creates certain expectations regarding the approach to accountability and the audit thereof by the government, the Court of Audit and the House of Representatives. For example, the areas of focus should be reflected in the Annual Financial Report of the central government, the annual reports of the ministries, the Accountability Letter of the government, the reports of the Court of Audit and in the related parliamentary activities.

## 2 Netherlands Court of Audit: an independent institution

### 2.1 High Council of State

The Court of Audit audits the revenues and expenditures of the central government, and checks whether policies are being implemented as intended. This is our statutory duty. The Court of Audit is a High Council of State. High Councils of State are established by (constitutional) law and have an autonomous and independent position with respect to the government. This independence implies that we do not work under the orders of the government or parliament. Other High Councils of State include the Senate (*Eerste Kamer*) and the House of Representatives, the Council of State (*Raad van State*), the National Ombudsman and the Chancellery of the Dutch Orders (*Kanselarij der Nederlandse Orden*).

#### 2.1.1 Our mission

The objective of the Court of Audit is to audit and improve the regularity, efficiency, effectiveness and integrity of central government and the institutions associated with it. It also examines whether the Netherlands is complying with its obligations under international agreements. As part of this process, it passes on its audit findings and accumulated audit-based experience to the government, States General and the organisations responsible for the audited bodies. This information consists of audit findings, opinions and recommendations on organisation, management and policy, all of which is, in principle, also available to the public.

In addition, we have a duty to contribute to good governance by exchanging knowledge and by working with others at home and abroad. The Netherlands Court of Audit considers quality, reliability and usability to be the hallmarks of its products, and independence, efficiency and effectiveness to be the hallmarks of its working methods. It strives to be a transparent organisation that continually invests in the quality of its employees and working methods.

#### 2.1.2 Our sphere of operation

The sphere of operation of the Court of Audit encompasses the central government and the 'institutions that operate at arm's length from the central government', which perform a public duty or participate in public-private partnerships that are (partially) funded with public money. Public duties include the operation of schools, benefit agencies and police forces and public-private partnerships include e.g. collaboration with parties involved in the construction of national motorways.

We are entitled to audit the accounts of private individuals, companies, provincial authorities, municipal authorities and other institutions that receive subsidies from the European Union (EU). These audits are intended to ascertain whether these parties are spending EU funds in a correct manner. In practice, private individuals and decentralised authorities often voluntarily cooperate with audits on other topics, when requested to do so.

Decentralised authorities - provincial authorities, municipal authorities and district water boards - are legally responsible for organising audits of their finances. Provincial and municipal authorities have their own audit offices.



### 2.1.3 Our stakeholders

The Court of Audit plays an important role in Dutch democracy. Various parties benefit from our audits:

**The Senate and the House of Representatives.** Our audits provide reliable and useful information based on which members of Parliament can determine whether the functioning and performance of a minister are satisfactory. The House of Representatives requires such information in order to properly discharge its budgetary responsibilities and for exercising its political supervisory task. At the request of the House of Representatives, we regularly perform audits on specific topics about which the House of Representatives is keen to obtain more information.

**The government.** Based on the results of our audits, ministers can make targeted and well-substantiated improvements in policy design and implementation and provide justification for this. This enhances the regularity, efficiency and effectiveness of government policy. In some cases, we also perform audits at the request of a member of government.

**Society at large.** Ultimately, citizens, companies and institutions will experience the actual impact of government policies that are developed and implemented with their tax money. This is also applicable, for instance, to the money invested by the government for responding to the financial crisis. Hence, it is important for society that we keep a finger on the pulse of government spending.

Our duties and responsibilities are a topic in the discussion we are having with the Ministry of Finance regarding the revision of the Government Accounts Act 2001 (CW2001).

### 2.1.4 Our strategy

Good governance and contributing to the learning ability of public administration are of primary importance in our work. This forms the cornerstone of our strategy, entitled 'decisive and transparent', which we adopted in 2010 for the period up to 2015. In this strategy, we have selected a number of themes for our audit. Under the denominator of 'performance' of the government, we focus on the following domains: people (healthcare, education and development cooperation), the Netherlands (competitiveness, integration, infrastructure and security) and the planet (climate and energy).

Under the denominator of 'operations' of the central government and the agencies associated with it, we focus on two themes, i.e. personnel and property. We will audit these themes in addition to the regularity audits we perform as part of the annual approval of central government accounts. During this strategic period, we will pay attention to the following:

- Sustainability of public finances: is the government taking sufficient measures to safeguard the long-term health of central government finances and are these measures effective?
- Information position of the House of Representatives: are the members of Parliament properly informed by ministers about the results of their policies?
- Administration at arm's length: have adequate measures been taken to supervise institutions associated with the central government?
- Europe: is the spending of EU funds being adequately supervised?
- Integrity: are ministries doing enough to ensure that they are functioning in an incorruptible and reliable manner?

### 2.1.5 Our independence

In the meantime, the United Nations has also recognised the independence of the Supreme Audit Institutions (SAIs) as an important prerequisite for an effective supervision of government spending. To this end, it adopted a resolution in 2011, which refers to the Lima Declaration of Auditing Precepts of 1977 and the Mexico Declaration on Supreme Audit Institutions Independence of 2007, and it invited Member States to apply and monitor the principles contained in the resolution. The Lima Declaration defines independence at three levels: at the level of the institution, the members and employees, and the finances. The independence of the Court of Audit with respect to the first two levels is defined in Chapter 7 of the Government Accounts Act 2001. This independence is reflected, for instance, in the appointment and dismissal procedures of its Board members, the unconditional access to information at the audited organisations and the fact that the Court of Audit is free to decide what information it will disclose and how. If any amendments are made to this Act, we will ensure that our independence is retained. The financial independence of the Court of Audit is guaranteed by law through management agreements with the Minister of the Interior and Kingdom Relations, who is responsible for the management of Chapter IIB of the Central Government Budget. The Court of Audit is entrusted with the management of Article 2 of this budget. The management agreements also state that the Court of Audit has the opportunity, at all times, to present its vision on the budget via the budgetary documents intended for the House of Representatives. This effectively secures its access to the budget legislator. Based on these agreements, the Court of Audit has, for example, stated in the draft budget of 2014 that it cannot agree with an additional savings obligation for the period 2016-2018. Hence, the management agreements between the Court of Audit and the Minister of the Interior and Kingdom Relations are essential for safeguarding our independence.

## 2.2 Corporate social responsibility

In line with its social duty, the Court of Audit aspires to make a conscious and positive contribution to the sustainable development of society and the environment. Our strategy is more than just the sum of the audits listed in our Activity Programme. We also pay attention to our own performance and operations and to making our knowledge accessible to the public. This is why we have explicitly chosen to include corporate social responsibility (CSR) policy as a specific aspect of our strategy. In practical terms, this means the following:

- we consciously focus on activities that add value to people, planet and profit, in order to contribute to social welfare in the long term;
- we maintain a relationship with stakeholders based on transparency and dialogue.

This is embedded in our strategy for 2010-2015 and in the Code of Conduct of the Court of Audit. The CSR policy has been translated into a series of action plans aimed at ensuring the sustainability of the operational management of the Court of Audit (also see Chapter 5).

## 2.3 Activity Programme for 2014

We have recently drawn up our Activity Programme for 2014. This offers an overview of the audits that you can expect from us in 2014. Three times a year, we closely examine



our Activity Programme and adjust it, if necessary. Every four months, we determine the projects we can start working on during the next four months. By doing this, we are also able to monitor the balance between our capabilities and ambitions. Our website always displays the current status of the Activity Programme.

## 2.4 Bicentennial of the Netherlands Court of Audit (1814-2014)

2014 is our anniversary year. We exist for 200 years, just like our Kingdom of the Netherlands. This is a milestone, which we plan to celebrate accordingly. In addition, we have been appointed, for the period from 2014 to 2017, as President of EUROSAI, the partnership of SAIs in Europe. In 2013, we have already kicked off the preparations for our anniversary year. We carried out various activities to celebrate our bicentennial and our EUROSAI Presidency: namely, the organisation of the EUROSAI Congress in June 2014 and the Young EUROSAI Congress for young employees of SAIs in Europe (35 years and under) in November 2013. We provide a brief outline below.

We want to take the opportunity presented by our bicentennial celebrations to show what we stand for. Not only will we look back over the past two hundred years, but we will also look ahead to the developments engaging our attention at the beginning of our third century. Through the activities of the anniversary programme, we will focus on Dutch society and especially on school and university students. Innovation is central to our work: innovations in our audit activities and in achieving greater impact with our audits. The activities we organise in the context of our anniversary should have a lasting effect. For this, we will work together with other parties, such as local and provincial audit offices, students, the National Committee for the Bicentenary of the Kingdom (*Nationaal Comité 200 jaar Koninkrijk*) and the Hague Committee (*Haags Comité*). We launched our anniversary programme in 2013. In April 2013, in cooperation with ProDemos (House for Democracy), we published a special educational newspaper for students in year 4 of senior general secondary education (HAVO) and in year 5 of pre-university education (VWO). The newspaper contained a contest: 'Propose a topic for an audit by an audit body'. The winning proposal was submitted by Augustinianum in Eindhoven: 'How much does it cost to educate a pre-vocational secondary student (VMBO) and a pre-university student (VWO) relative to their future earnings?' The results of the audit will be published in June 2014. Moreover, we have also contributed to the Summer School of ProDemos. On 17 July 2013, Board member Arno Visser gave a lecture on control and accountability, entitled 'Power and countervailing power through the ages' (*Macht en tegenmacht door de eeuwen heen*). The audience ranged from students from the first year of secondary school to pensioners.

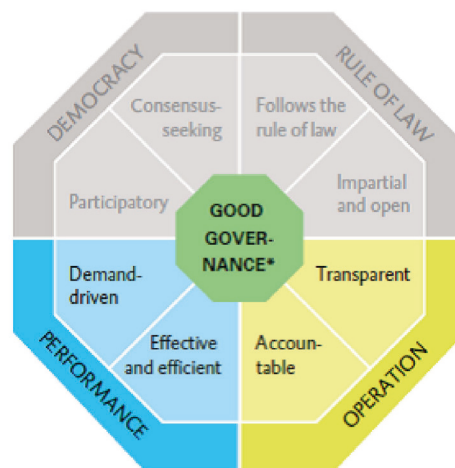
We find it important to share our knowledge on public accountability and control. We would like to do this in an innovative manner, which is why we organised our first webinar in 2013. In this online seminar, we examined the results of our audit of the DBFMO contracts (Design, Build, Finance, Maintain, Operate) which the government concludes with private parties. After their summer holidays, students of the Design Office of the Royal Academy of Art (*Koninklijke Academie van Beeldende Kunsten*) started creating visualisations that will depict our history and place in society. Since then this has led to several beautiful and creative productions. On 14 September 2013, we threw open our premises to the public during Heritage Day (*Open Monumentendag*). Nearly 1,600 visitors visited our premises on that day. We will repeat this event on 29 March 2014.

## 3 Audits and activities in 2013

In 2013, the Netherlands Court of Audit conducted a large number of audits, prepared audit reports and other innovative reports and actively disseminated the results. Here, we make a distinction between audits focused on government performance and those focused on the operations of the government. In case of performance, the emphasis of the audit lies on the implementation of government policy, and in case of operations, the emphasis lies on the method of budgeting, accountability and supervision.

### 3.1 Overview of audits in 2013

The four characteristics of good governance associated with the two above-mentioned aspects are: in case of performance audits, demand-oriented nature and effectiveness & efficiency, and in case of operational audits, transparency and public accountability. Given our duty under (constitutional) law and our mission, we try to contribute to improving these four characteristics. Of course, performance and operations are closely intertwined in practice. Whether an organisation can perform well, partly depends on the proper operations of this organisation.



Our audits and activities often lead to the preparation of audit reports, but often we also choose to carry out other types of interventions. This may involve giving presentations, organising meetings, conducting interviews or providing an overview on our website or via fact sheets and other products.

In 2013, we published 47 reports:

- Of these, 24 reports were part of the regularity audit (State of Central Government Accounts (*Staat van de Rijksverantwoording*) 2011) and 23 reports were related to the government's annual reports.
- We also sent 26 letters to the House of Representatives, of which 12 letters concerned the budgets.
- Several web dossiers and web products.

We organised numerous meetings and participated in meetings and discussions organised by others.

Four audits have been published at the request of the House of Representatives and/or a member of government:

- Funding for primary education;
- Budget for decentralisation of youth care;
- Are Dutch primary schools capable of offering 'needs-based education'?
- Validation of the policy document 'In the Interests of the Netherlands'.

In addition, at the request of the Senate, we sent a letter analysing the developments in European economic governance.

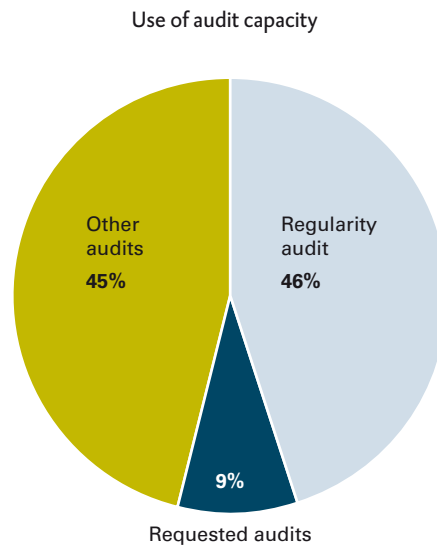
In 2013, we published a retrospective study entitled 'Sustainable fisheries: a retrospective', in which we examined the state of affairs since our first audit entitled 'Sustainable Fisheries' (30 October 2008). In addition, we conducted three follow-up audits (i.e. 'Sustainable intensive livestock farming: Follow-up audit 2013', 'Follow-up on the performance audit of the criminal justice system' and 'Effectiveness audit of the central government: Follow-up audit').

The follow-up audits are forerunners of a new system to be launched in 2014, while in our retrospective audits, we mapped how far the ministers had succeeded in implementing our recommendations from previous audits. From 2014 onwards, we have asked the ministries to maintain a record of this and report to us on it. After all, it is primarily the responsibility of the Minister to maintain a good overview of this. We report on this survey annually to the House of Representatives through our budget letters. This enables the House of Representatives to get an idea of the progress made and, if necessary, ask the relevant Minister questions about this. For important dossiers and for high-risk areas, we will continue to perform follow-up audits ourselves.

We have published a total of 26 products related to performance audits and 17 related to operational audits, where the regularity audit is counted as a single product. Of these, four audits, which had been planned separately, were (ultimately) incorporated in the regularity audit. The actual figures relate to the entire audit process. The actual number of days taken also include the days spent in creating the publication, publishing it, presenting it to the relevant players and target groups and promoting its continued effects. Everything cannot be planned in advance: unexpected possibilities often present themselves, which we are happy to utilise. In some cases, it may appear that more or less days have been spent than initially planned.

### 3.1.1 Use of audit capacity

Based on its independent position, the Court of Audit has a certain amount of freedom in what it audits, what it chooses to make public and in what form it publishes its findings. Part of our work is determined by law. This concerns the so-called regularity audit, described in Articles 82 and 83 of the Government Accounts Act 2001. The manner in which this audit is conducted is defined by international standards. The basic principles for auditing the effectiveness and efficiency of the implemented policy are laid down in Article 85 of the Government Accounts Act 2001. We have a greater degree of freedom when it comes to selecting audit topics and policy areas, so that we can respond to current topics and areas of public interest. Finally, we also conduct audits at the request of parliament or the ministries. The graph on the next page shows the use of our audit capacity for the different types of audits.



### 3.2 Performance of the government

Projects focused on the performance of the government

Project		Estimated (total number of days)	Actual (total number of days)
1	16 January 2013 Letter to the House of Representatives on the update of the web dossier on EU governance		50
2	17 January 2013 Administrative burden of teaching hours in senior secondary vocational education (MBO)	338	340
3	24 January 2013 Spending cuts at executive organisations	250	343
4	7 February 2013 Sustainable fisheries: a retrospective	152	152
5	28 February 2013 Letter to the House of Representatives on the follow-up of the performance audit of the criminal justice system	50	55
6	28 March 2013 Quality indicators in the healthcare sector	100	86
7	28 March 2013 Central government approach to ICT in 2012: Lessons learned	250	239
8	03 May 2013 Letter to the House of Representatives on the update of the web dossier on EU governance		50
9	22 May 2014 Sustainable intensive livestock farming: Follow-up audit 2013	270	340
10	06 June 2013 Contract management for DBFMO projects	410	501
11	18 June 2013 Budget for decentralisation of youth care: Check of the calculation	-	189
12	25 June 2013 Tradable rights and the environment: Background study	200	196

13	26 June 2014 Letter to the House of Representatives on the update of the web dossier on spatial planning	100	60
14	27 June 2013 Effectiveness audit of the central government: Follow-up audit	340	229
15	02 July 2013 Are Dutch primary schools capable of offering 'needs-based education'?	400	430
16	12 September 2013 Quality control of higher education in the Netherlands and Flanders: Follow-up audit 2013 Report of the Belgian Court of Audit (Rekenhof) and the Netherlands Court of Audit to the Flemish Parliament and the House of Representatives of the States General (Tweede Kamer der Staten-Generaal)	190	223
17	24 September 2013 Letter to the House of Representatives on the update of the web dossier on EU governance		50
18	30 September 2013 Financial risks to the Netherlands due to international guarantees: Guarantees provided to institutions involved in the European debt and banking crisis	150	284
19	14 October 2013 Coordinated audit on the enforcement of the European Waste Shipment Regulation: Joint report based on eight national audits		127
20	Flood control projects*	520	485
21	Market approach of the Directorate-General for Public Works and Water Management (Rijkswaterstaat) to sand replenishment*	50	27
22	16 October 2013 Funding for primary education: Requested audit; Letter to the House of Representatives; Interim report of requested audit on funding for secondary education (sub-project)	300	429
23	28 October 2013 Transparency of hospital expenditure: Expenditure management in the healthcare sector Part 2	400	448
24	13 November 2013 Monitoring development cooperation policy: State in 2012	265	185
25	14 November 2013 Progress report, Improvements at the Immigration and Naturalisation Service (Immigratie- en Naturalisatiedienst): State in 2012	130	185
26	20 November 2013 Supervision of the Dutch Food and Consumer Product Safety Authority (Nederlandse Voedsel- en Waren-autoriteit) following the merger	575	635
27	28 November 2013 Wadden area: Nature protection, nature management and spatial planning	450	486
<b>Total</b>		<b>5,890</b>	<b>6,824</b>

\* These projects are published in our budget letters for 2014.

### 3.3 Operations of the government

Projects focused on the operations of the government

Project		Estimated (total number of days)	Actual (total number of days)
1	07 February 2013 EU Trend Report 2013: Developments in the financial management of the European Union	420	392
2	16 January 2013 Letter to the House of Representatives on the update of the credit crisis website	32	33
3	28 March 2013 Letter to the House of Representatives regarding the web dossier on the replacement of F-16 aircraft	280	162
4	25 January 2013 Letter to the House of Representatives on limited powers to audit financial supervisors	120	43
5	15 May 2013 Reports to the government's annual reports for 2012 (regularity audit, 24 reports)	7,428	7,663
6	15 May 2013 Report on the National Declaration of 2013: Accounting for the Netherlands' use of European funds under shared management (Accountability Cycle 2012)	500	532
7	15 May 2013 Letter to the Minister of the Interior and Kingdom Relations regarding the Decentralisation Letter	65	15
8	30 May 2013 Letter to the House of Representatives on the update of the credit crisis website	50	70
9	19 September 2013 Validation of the policy document 'In the Interests of the Netherlands'	558	547
10	26 September 2013 Letter to the House of Representatives on the update of the credit crisis website	50	43
11	26 September 2013 - 2 December 2013 Letters to the House of Representative: Considerations for the budget for 2014	65	197
12	04 November 2013 Consolidation of the opening balance of the police forces*	150	99
13	25 November 2013 Supporting Social Policy (Sociaal Flankerend Beleid) 2009-2011*	287	382
14	25 November 2013 Strategic Personnel Planning*	80	27
15	18 June 2013 Decentralisation: Poster and Guide*	50	43
16	01 October 2013 Letter to the House of Representatives on the audit of NATO expenditures	30	43
17	11 December 2013 Accounting for Haiti aid funds 2012	85	80
<b>Total</b>		<b>10,250</b>	<b>10,371</b>

\* These projects are published in our budget letters for 2014.

### 3.4 Flexible Activity Programme

In 2013, we worked with a flexible Activity Programme. Previously, we used to finalise our audit calendar at the beginning of the year, but in 2013 we have updated this on three occasions. This has helped us respond more flexibly to current developments and requests of the Senate and the House of Representatives and/or members of the government.

Our ambition of responding better to current developments is also reflected in our current projects. Sometimes, even before the completion of the entire project, we have published a number of intermediate products. Examples of this include the letter to the Senate on European economic governance (28 November 2013) and the letter to the House of Representatives on the transfer of the maintenance of exterior structures and renovation of school buildings (12 December 2013). In addition, the letter to the House of Representatives on the considerations for the development of responsible budgets (25 February 2013) and the letter to the Minister of the Interior and Kingdom Relations on the progress analysis of the SISA Action Plan (18 April 2013) are examples of topics that required our attention in the intervening period before the actual completion of the project (in this case, our reports on the government's annual reports published on the third Wednesday of May).

Our intention to serve the House of Representatives properly and on time is demonstrated in our letters containing budget considerations which we sent to the House of Representatives in the period from September to December 2013. With this, we drew the attention of the House of Representatives to topics that might be discussed during the budget debates.

Publication of interim products may imply that current projects require more capacity in terms of the number of days. There are also other reasons why projects sometimes require more (or less) capacity. Potential challenges in terms of content and/or challenges of a methodical-technical nature during the project cannot always be foreseen at the start of an audit. Moreover, the scope of an audit sometimes changes during the project, because this may enable us to deliver more added value.

With our flexible Activity Programme, it is not as straightforward as before to get an idea what we remains to be done. If we compare our expectations from early 2013 to what we have published so far, we see that the following audits have been carried forward to 2014:

- Providing information on the impact of the Exceptional Medical Expenses Act (*Algemene wet bijzondere ziektekosten, AWBZ*)
- Web dossier on tax expenditures and environmental tax
- Compliance with and the impact of EU policy in the Netherlands
- Impact of spending cuts
- Combating money laundering practices: Situation in 2013
- Ambitions and capabilities with respect to disaster response and crisis management

### 3.5 Explanation on the audit of public finance sustainability

In the context of the ‘Sustainability of public finances’ project (ongoing since 2010), in 2013 we continued to focus on the three tracks that we consider important: measures resulting from the credit crisis, risks faced by public finances and austerity measures. We audited the implementation and impact of the (planned) austerity measures. We explain this further below.

#### 3.5.1 Credit crisis website

Since the beginning of the credit crisis in 2008, the Netherlands has taken measures, in cooperation with other countries, to reduce the financial and economic problems in the European Union (EU). In addition, financial resources have been deployed, via existing and new international institutions, to assist European countries and banks facing financial problems and to strengthen the economy. In February 2013, the Minister of Finance nationalised SNS REAAL. Our credit crisis website <http://kredietcrisis.rekenkamer.nl/> provides an overview of the measures taken by the Ministry of Finance to counteract the impact of the credit crisis. In the past year, the website has been updated three times. The website was regularly consulted in 2013 by members of the House of Representatives, journalists, officials, banking sector employees and other interested parties.

In January 2013, we sent a letter to the House of Representatives drawing its attention to our limited powers for auditing the activities of the supervisory authorities for financial markets. For example, the powers of the Court of Audit to ensure the quality of the supervisory activities of De Nederlandsche Bank (DNB) and the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, AFM) have not yet been sufficiently provided for. The Minister of Finance has responded to this signal and a bill is under discussion for regulating our access to the information possessed by DNB and AFM by means of the Act on Financial Supervision.

#### 3.5.2 Public finance risks

In September 2013, we published a report on the financial stake involved in guarantees issued by and participations of the Netherlands in international institutions that are working to combat the European debt and banking crisis. This stake has increased in recent years, from € 18.5 billion (3% of the GDP) in 2008 to € 201 billion (33% of GDP) in 2012. This sharp increase is accompanied by the increasingly higher lending capacity of international institutions, which are thereby exposed to greater risks. These risks may eventually be passed on to the countries that serve as guarantors, including the Netherlands. Hence, we believe it is important for parliament to have a clear understanding of these risks; which is also why we are happy that the Budget Memorandum (Miljoennota) and last year’s Annual Financial Report of the central government included a comprehensive risk analysis, giving an insight into the development of public finance risks.

#### 3.5.3 Spending cuts: implementation and impact

In the State of Central Government Accounts 2012 report, we had stated that we find it very important that the government continues to provide parliament with a proper view of the implementation of the highly extensive austerity and reform package.

For example, the target of the Rutte/Verhagen Government was to achieve a total savings of € 788 million through the Compact Civil Service (Compacte Rijksdienst)



programme. Yet by May 2013, the feasibility of achieving a saving of € 426 million of the above total savings had not yet been substantiated. Hence, the remark of the Minister for Housing and the Civil Service (*Wonen en Rijksdienst*) that extra savings would ‘automatically occur’ was qualified by us as a risk of ‘wishful thinking’. Executive agencies are expected to (continue) providing high-quality services and, at the same time, make cutbacks. In January 2013, it appeared that the austerity measures were not always being applied in a responsible manner in relation to executive agencies, such as the Netherlands Public Broadcasting (*Nederlandse Publieke Omroep*), the Institute for Employee Insurance Agency (*Uitvoeringsinstituut Werknemersverzekeringen*, UWV), the Tax and Customs Administration, the Directorate-General for Public Works and Water Management and the National Forest Service in the Netherlands (*Staatsbosbeheer*). Though it is sometimes possible to work more efficiently, this can also lead to a reduction in the services provided by these agencies, with all the contingent consequences for citizens.

Moreover, our audit entitled ‘Supervision of the Dutch Food and Consumer Product Safety Authority following the merger’ in November 2013 revealed that the merger of the Food and Consumer Product Safety Authority, the General Inspection Service (*Algemene Inspectiedienst*) and the Plant Protection Service (*Plantenziektenkundige Dienst*) had not led to the intended savings. Economies of scale and other methods of supervision have not resulted in the hoped-for savings at the Dutch Food and Consumer Product Safety Authority. Neither is it expected that the additional targets for 2018 and later will be met. This audit provides valuable lessons for future merger plans.

### 3.6 Clarification on the regularity audit for 2012

The ministers account for central government expenditures and revenues in the Annual Financial Report of the central government and in the annual reports of all ministries. These are sent by the government to the House of Representatives and published on Accountability Day, which is the third Wednesday in May. In May 2013, the Court of Audit approved the central government accounts for 2012. The central government spent € 236.4 billion in 2012, almost € 15.5 billion more than budgeted. Since the Accounting System Operation conducted in the 1980s, the quality of budget management has been of a high level. The Annual Financial Reports of the central government in recent years reveal that, on average, the government’s expenditures, revenues and obligations are more than 99.7% legitimate.

2

The operational management of a ministry includes all the processes and tools necessary for a ministry to function properly. If we detect a problem in the implementation of one of these processes, which amounts to more than an incident, we note this problem as a shortcoming. Substantial problems are indicated by us as severe shortcomings.

The central government’s operational management was generally in order in 2012, even during these times of spending cuts and reorganisations. This led us to conclude that the number of shortcomings in operational management, as compared to last year, had decreased from 61 to 47.<sup>2</sup> We did not find any shortcomings in the operational management of the Ministry of Social Affairs and Employment (*Ministerie van Sociale Zaken en Werkgelegenheid*, SZW) and the Ministry of Foreign Affairs (*Ministerie van Buitenlandse Zaken*, BZ). The Ministry of Defence (*Ministerie van Defensie*) and the Ministry of Public Health, Welfare and Sport (*Ministerie van Volksgezondheid, Welzijn en Sport*, VWS) have made progress in improving persistent problems in their operational management. However, a deterioration in operational management was observed in the case of the Ministry of the Interior and Kingdom Relations (*Ministerie van Buitenlandse Zaken en Koninkrijksrelaties*, BZK) and the Ministry of Security and Justice (*Ministerie van Veiligheid en Justitie*, VenJ).

A positive picture does not emerge of the information value of the government's accountability for 2012. For example, the government did not clearly indicate whether the envisaged savings of approximately € 8 billion for 2012 have actually been achieved. An in-depth audit into five specific objectives conducted by the Court of Audit revealed that the government often did not inform the House of Representatives whether government policies had produced the intended results.

Furthermore, it was notable that the Ministry of Security and Justice was unable to complete its Annual Report 2012 on time due to problems with a new financial system. As a result, a part of the annual accounts had to be prepared manually. The Court of Audit entered an objection in this regard and urged the Minister to suggest a plan for improvement. This objection was subsequently withdrawn.<sup>3</sup>

On 29 May 2013, our regularity audit website (*vo-online*) went live (<http://verantwoordingsonderzoek.rekenkamer.nl>), displaying the results of our regularity audits for 2011 and 2012. The website provides a complete and accessible overview of all the results of our regularity audits, based on which the various ministries can be compared with one another. Moreover, the search functionality has been improved. In 2014, we will again publish our findings from the regularity audit on the regularity audit website.

## 3.7 Clarification on other audits

### 3.7.1 Tax and Customs Administration and allowances fraud

In April 2013, the TV programme 'KRO Brandpunt' broadcast a report exposing cases of healthcare and housing allowance fraud. In response, members of the House of Representatives questioned the State Secretary for Finance regarding this allowances fraud.

We have been monitoring housing and healthcare allowances since the introduction of the housing and healthcare allowance system in 2005. Since that time, we have often drawn the attention of the House of Representatives and the responsible members of government to the specific risks of fraud in the allowances system defined by the Tax and Customs Administration. According to us, the problem lies in the chosen allowance model. At the time, politicians had decided to grant the allowance first and only afterwards check whether or not the granting of the allowance was justified. This service orientation has paved the way towards fraudulent practices.

While presenting the report on the central government's Annual Report, our President indicated that the problem regarding the granting of allowances had more to do with the complexity of the legislation, rather than the work of the Tax and Customs Administration.

### 3.7.2 Budget letters

In the second half of 2013, we sent thirteen letters to the House of Representatives containing the considerations for the government's budget for 2014. In these letters, we listed the points which had emerged from previous audits performed by the Court of Audit, which were relevant for the budget debates. As a result of some of these letters, we also held briefings for the members of the House of Representatives.

3

The Court of Audit may, as part of the regularity audit, enter an objection if it finds serious and/or prolonged shortcomings, errors, uncertainties and/or irregularities. Entering an objection is a serious measure that the Court of Audit uses specifically in accordance with a fixed procedure.

### 3.7.3 Europe

In 2013, the financial and economic crisis continued to remain high on the European agenda. The EU institutions and Member States are working together to combat the crisis. They are taking measures to stimulate healthy public finances in the Member States, assist Member States facing financial difficulties with emergency funds such as the EFSF and ESM, and strengthen the supervision of banks.

Due to the importance of this area and the complexity of the subject matter, the Court of Audit has chosen to intensively monitor developments in this regard and periodically inform the House of Representatives and other interested parties about new developments. We will do this via our website and through interim publications, such as our letter to the Senate on the consequences of these developments for the budgeting process and for justifying the agreements that the Netherlands has entered into with other EU Member States for the purpose of improving budgetary discipline.

Since 2011, the emergency funds represent a significant financial interest, which also expose the Netherlands to varying risks.

Lastly, the European Banking Union has been given further shape in 2013. A significant development in this respect is that, from the end of 2014, the supervision of the largest banks will no longer be done nationally, but at a European level by the ECB.

Furthermore, the intention is that the (future) burdens of banks facing difficulties should be borne, as far as possible, by the banks themselves, rather than by European governments and taxpayers.

In our audit of these aspects of the financial and economic crisis, we mainly focus attention on whether the processes of supervision, control and accountability are sufficiently regulated, both at the European and national levels. If these aspects are not or insufficiently regulated, this entails certain risks: namely, risks for policy implementation, the provision of information to parliament and European taxpayers.

### 3.7.4 Validation of defence policy document ‘In the Interests of the Netherlands’

Since 2006, we have been monitoring the purchase of the successor to the F-16 fighter aircraft. In 2013, at the request of the Minister of Finance, we performed an audit of the vision of the armed forces of the future, as the Minister of Defence has expressed this in the policy document entitled ‘In the Interests of the Netherlands’. The main topic of political debate was the government’s planned purchase of 37 Joint Strike Fighter (JSF) aircraft. We have examined the financial substantiation of the measures described in the policy document. Last year, this audit contributed to balanced decision-making and attracted a lot of attention in the media and in parliament.

### 3.7.5 Accounting for Haiti aid funds 2012

Since 2010, the Netherlands Court of Audit has been monitoring the manner in which the Cooperating Aid Organisations (*Samenwerkende Hulporganisaties*, SHO) inform the Dutch public about the spending of the donations for Haiti, which was hit by an earthquake in 2010. A third audit in this series (which continues till 2016), entitled ‘Accounting for Haiti aid funds 2012’ shows that the accountability for donations is improving each year. We have filmed a number of SHO projects in Haiti.

### 3.7.6 Spotlight: Different types of interventions

The list of publications shows that we publish our data in a variety of ways. Often, we publish a report as the end product of an audit. Increasingly we are making use of the

internet to make our findings public. For example, for the first time in 2013, we posted a clear overview of our findings from the regularity audit for 2012 on a special website dedicated for this purpose.

This manner of publication makes it possible for the reader to quickly zoom in on matters that are of interest to him or her. It is also evident in other dossiers that internet allows us to display our findings in a clear, easy-to-view manner as in, e.g. the JSF site.

Besides the easy-to-view display, publication on the internet has another advantage: it makes it possible to respond quickly to current events. Especially in case of dossiers that are subject to rapid developments and where the stakes are high, we have decided to provide regular status updates to members of the House of Representatives and the general public. Examples of this are our website on the credit crisis and our web dossier on the measures taken by the EU to combat the crisis.

Internet offers us yet another advantage. It offers the opportunity to highlight the core element of our message through a video. We are doing this more often at present; see e.g. the video of Kees Vendrik presenting our findings regarding the Immigration and Naturalisation Service.

Lastly, during the year, we have also updated a number of other websites:

- Web dossier on EU governance ([www.rekenkamer.nl/eu-governance](http://www.rekenkamer.nl/eu-governance))
- Web dossier on spatial planning ([www.rekenkamer.nl/ruimtelijkeinrichting](http://www.rekenkamer.nl/ruimtelijkeinrichting))
- Passion for Public Accountability website ([www.passievoorpubliekeverantwoording.nl](http://www.passievoorpubliekeverantwoording.nl))

Besides internet, another new trend is that we are sending more letters to parliament than before. These letters are often the result of relatively small audits and studies, in which we look closely at topics that are relevant to society at the time, e.g. the budget letters in which we communicate our considerations for the budget to the House of Representatives each year in autumn. We publish these letters just before the relevant budget debates.

Often we opt for publishing an extensive report, in which we have sufficient room to describe clearly and thoroughly the often-complex reality. Our reports are also undergoing changes. We are providing concise summaries for the quick reader with more images and infographics to make the complex reality easier to understand. We have also provided an overview of the limited overlap in activities between the Food Safety Authority (*Voedselwarenautoriteit*), General Inspection Service and the Plant Protection Service.

### 3.7.7 Retrospective audits

Since 2005, through our so-called ‘retrospectives’, we regularly look back at our completed audits. We do this in order to get an idea of how our recommendations have been developed and implemented in reality. We initiated a different approach in 2013. Our new approach is a combination of:

1. An annual reporting by all ministries on their activities and progress made at the level of individual recommendations. In 2014, we will report on this for the first time. We will do this through the letters containing budget considerations, which we send to the House of Representatives each year in autumn just before the budget debates.

2. Follow-up audits, through which we try to gain an insight into the extent to which the problems identified by us have been resolved. The planned follow-up audits are incorporated in our Activity Programme.

## **3.8 More than just audits**

Apart from performing audits, we also take a special interest in the following four topics: quality control, innovation, relationship management and communications.

### **3.8.1 Quality control**

The Court of Audit strives to perform high-quality audits that meet the standards adopted by the International Organisation of Supreme Audit Institutions (INTOSAI). We make use of an internal quality control system. In line with agreements within the international community of SAIs, the Court of Audit seeks to increase the quality of its work with the help of advice from internal experts and quality assurance assessments. We ensure the quality of our audits through the close involvement of management and the Board in projects, adequate training of personnel and use of the standard steps in the audit process. One such standard step is the principle of ‘hearing both sides’, where both the official and administrative bodies involved in the audit process are allowed to have their say.

### **3.8.2 Three control points for advice and assessment**

For efficiency and effectiveness audits, our internal quality control system includes three control points for advice and assessment: before, during and at the end of the audit.

1. At the request of the audit team, the internal Information Centre for efficiency and effectiveness audits provides advice before the audit. This Information Centre provides advice regarding the definition of audit issues and audit questions and on how to perform the audit with maximum effectiveness and efficiency.
2. During the audit, based on assessments of the project plan and the report on the findings, a team of fellow auditors gives advice on the technical and strategic quality of the audit.
3. At the end of the audit, the team of fellow auditors carries out a quality assurance assessment to verify the clarity and readability of the draft version of the final report. They also check the validity, reliability, consistency and added value of the audit.

We constantly seek to improve the effectiveness of our internal quality control mechanisms. For this, we have chosen to embed quality assurance even more firmly in the audit process by strengthening the dialogue, at various moments during the audit process, between the auditors and colleagues who play a role in advising on and assessing quality. This means that adjustments must be made to the quality control organisation, which are expected to be put into effect during the course of 2014.

### **3.8.3 Endowed chair**

Our audit work generates knowledge, which we seek to share more widely by giving presentations, writing articles and exchanging knowledge with universities. For this, we sponsor an endowed chair at Tilburg University.

The endowed chair in Good Governance in Public-private Partnerships at the Tilburg University is held by Professor C. (Cor) van Montfort. He is an audit manager at the Court of Audit and also temporarily serving on the Scientific Council for Government Policy (*Wetenschappelijke Raad voor het Regeringsbeleid*) as a 'Guest of the Council'.

As in other years, in 2013 the endowed chair has given rise to a range of publications in academic journals and books.

In addition, Cor van Montfort has also given guest lectures and presentations at academic conferences, both at home and abroad. Other activities were also developed under the aegis of the endowed chair: in 2013, just as in 2012, all third-year Public Administration students at Tilburg University were invited to attend an orientation day at the Court of Audit to get to know the institution better.

#### **3.8.4 Innovation as a development task**

Society is developing at an ever-increasing pace and with it, the challenges for public administration. Within this environment, it is also essential for SAIs to continue to innovate if they want to remain relevant.

Hence, we focus on the theme of 'innovation' in our preparations for the celebration of 200 years of the Netherlands Court of Audit in 2014. In 2013, we kicked off the celebrations by organising 'Young EUROSAI', a congress for SAI employees up to 35 years of age, from all over Europe.

Furthermore, we are always looking for opportunities for innovation in our audits and communications. For example, we have set up the Innovation Lab (*InnovatieLab*) in 2010: a space for experimentation within our organisation, where we try out the new approaches of the future. In 2013, we focused our efforts on conducting experiments for connecting open (geo)data, social media and visualisation.

#### **3.8.5 Open data**

We see many opportunities for improving the performance and operation of the government based on the developments concerning open data. This is why the Innovation Lab mainly focused its efforts on the development and implementation of an open data strategy. The crux of this strategy is that not only will we use open data, wherever possible, in our audits and study the availability and quality of open data in public organisations, but that we also want to be the first public organisation in the Netherlands to publish our expenditures in the form of open data, as part of our Annual Report.

#### **3.8.6 Revision of the Government Accounts Act 2001**

In 2013, a steady progress was made in the discussions on the revision of the Government Accounts Act 2001. This law regulates the audit powers and working methods of the Court of Audit as a High Council of State. The amendment of this law is a subject of discussion between the Ministry, the Court of Audit and the House of Representatives. In autumn, the Court of Audit published ten fact sheets calling the attention of the House of Representatives to a number of major developments that may affect accounting system regulations and the impending amendment of the Government Accounts Act 2001. These include developments related to the European Union, open (spending) data, premium-funded sectors, accounting systems and reporting regulations, State participations, policy information, decentralisations, the



semi-public sector, ministerial responsibility and public finance risks. These fact sheets were discussed at the round-table meetings on the Government Accounts Act 2001, which were organised by the House of Representatives and attended by external experts. The Framework Memorandum on the Government Accounts Act 2013 (Hooflijnennotitie CW2013) of the Minister of Finance was also discussed in autumn at the House of Representatives. As expected, the Minister will submit the draft of the revised Government Accounts Act in 2014 to the Court of Audit for its formal opinion, as part of the legislative process.

### 3.8.7 **EUROSAI Presidency 2014-2017**

Within the context of the Presidency of the European Association of SAIs for the period 2014-2017, we have created a space for collaboration in 2013, where employees of European SAIs can work together online within a closed environment (Pleio). We have also launched a website with information on the activities in the context of the Presidency: [www.eurosai2014.nl](http://www.eurosai2014.nl).

### 3.8.8 **Criticism of the Court of Audit**

Criticism regarding the activities of the Court of Audit is sometimes heard from the public as well as from the world of politics. We believe it is important to know what this criticism is precisely about, because we can learn from it. For this, we contact the people who criticise us and answer questions coming from the House of Representatives and other quarters. In 2013, we received critical questions about the audit on the validation of the policy document 'In the Interests of Netherlands' and in particular about the manner in which we had dealt with the Minister's comments. We think it is important that the facts established in the audit should be correct. It is common for our audit findings to be presented to the official and subsequently, to the administrative bodies involved in the audit, so that relevant ministries or members of government can also have their say. In this case, comments were made by administrative bodies regarding our text on the decision of the government to select JSFs as a successor to the F-16 aircraft. Since we felt that these comments were justified, we adapted our text in this regard. We have clearly displayed the changes and published them on the internet, see [www.rekenkamer.nl](http://www.rekenkamer.nl). Moreover, since The Court of Audit wants to be transparent in its working method, we also added a footnote regarding this on page 18 of the report. Subsequently, we received inquiries regarding these events, both from the media as well as the House of Representatives. The impression was that we had made changes at the request of the Minister, though this was not true. From the viewpoint of transparency, we felt it important to explain our working method. This was our response to the House of Representatives.

### 3.8.9 **Social media**

In 2013, we have used social media as an additional means of communication to connect with interested citizens and institutions. Our number of followers on various social media has increased in 2013, to more than 1,400 on Twitter alone. Short videos are uploaded more and more often to our YouTube channel. And our website [www.passievoorpubliekeverantwoording.nl](http://www.passievoorpubliekeverantwoording.nl) is regularly updated.

### 3.8.10 **Many consulted publications in 2013**

Since December 2012, our website [www.rekenkamer.nl](http://www.rekenkamer.nl) is in compliance with the EU Cookie Law. This makes it possible to provide figures relating to the number of visits to our website [www.rekenkamer.nl](http://www.rekenkamer.nl).

- Number of visits to our other websites in 2013
- Regularity audit website: 4,543 unique visitors
- Credit crisis website: 3,977 unique visitors
- F-16 replacement website: 8,810 unique visitors
- Passion for Public Accountability website: 3,474 unique visitors

### 3.8.11 User survey

In order to make our websites and digital publications as accessible and user-friendly as possible, we have ensured that (qualitative) pre-testing is carried out before making the regularity audit website operational. We have also ensured that a (quantitative) web profile study is performed, in the form of a web survey. The results of the survey will be known at the beginning of 2014. In January 2013, we allowed our website [www.rekenkamer.nl](http://www.rekenkamer.nl) to be tested by the independent Accessibility Foundation (Stichting Accessibility) for accessibility and compliance with web guidelines. In 2013, our website [www.rekenkamer.nl](http://www.rekenkamer.nl) met the requirements for the highest level of accessibility.

### 3.8.12 Relationship management and communications

The results and other insights gained from the audits performed by the Court of Audit are shared firstly with parliament and the ministers and state secretaries involved. In addition, our external communications are targeted at the ministries, (academic) institutions and organisations, interest groups, media and interested citizens. All our audit reports, letters and digital productions are accessible to all via our website.

Journalists, both from general media and trade media, devote a great deal of attention to the findings and recommendations of the Court of Audit on the internet, in newspapers and via radio and television broadcasts.

We provide a briefing to the House of Representatives prior to each publication. At this briefing, a member of our Board, assisted by auditors, talks to the members of the House of Representatives for an hour about the results of the audit, and afterwards there is time for questions about the findings. In 2013, more than 30 briefings were provided to the House of Representatives. Such briefings were also provided last year for the Senate and for members of government. When an audit is completed and approved by the Board of the Court of Audit, we send the results to the Senate, House of Representatives and the ministers and/or state secretaries involved. On the same day, the publication is made accessible to all via our website.

Most of the audits are performed by the Court of Audit at its own initiative. In 2013, four audits were published, which had been requested either by a member of government or parliament. These included the audits on the introduction of 'needs-based education' in primary schools, funding for secondary education, a validation of the policy document of the Minister of Defence about the future of the armed forces and the budget for the decentralisation of youth care. Another audit, performed at the request of the Senate, involved a commentary on developments in European economic governance.

In addition to an explanation during the briefings, there is also a periodic consultation with the House of Representatives' Committee on Central Government Expenditures (Commissie voor de Rijksuitgaven). During this consultation, it is sought to align the information requirements of the House of Representatives, the method by which the



government accounts for policy implementation, the auditing possibilities of the Court of Audit and the procedures to be followed.

## 4 International cooperation

The Netherlands Court of Audit contributes to good governance. Our mission states that we do this by exchanging knowledge and working together with agencies at home and abroad. We are an active member of the Dutch, European and international associations of SAIs, such as INTOSAI and EUROSAI. We are also working increasingly often with planning agencies, universities and other institutions and organisations, if a reason arises thereto. We participate in cooperation projects both within the Kingdom of the Netherlands and the European Union (EU). Within the EU, we focus on improving EU-wide financial management. Finally, we also assist several individual SAIs in Europe and in the rest of the world.

### 4.1 Provincial and local audit offices

The Court of Audit audits and expresses opinions on the central government, while local and provincial audit offices look into the activities of local or provincial authorities. An audit office is required by law for provinces and municipalities since 1 January 2006 and 1 January 2005, respectively. Since then, the Netherlands has about 350 audit offices and audit committees. Below is a list of the five provincial audit offices and seven (non-mandatory) district water board audit offices. The audit offices of Amsterdam and Rotterdam, with approximately 15 employees, are the largest local audit offices. The largest provincial audit office - the Randstad Region Audit Office - has 12 employees. Most municipalities have an audit committee. This committee consists of several members, including some members of the municipal council, who perform a subsidiary function as members of this committee and who often outsource the actual audit to a private party.

Now that central government policy is increasingly being implemented in a decentralised manner, there is also an increasingly greater need for cooperation between the Court of Audit and the provincial and local audit offices. In 2013, the Netherlands Association for Audit Offices and Audit Committees (*Nederlandse Vereniging voor Rekenkamers en Rekenkamercommissies*, NVRK) and the Court of Audit further strengthened their mutual cooperation and process for the exchange of knowledge.

#### 4.1.1 Exchange of knowledge

Dozens of local and provincial audit offices have participated in 2013 in joint meetings, round-table meetings, speed dates, sounding board groups, reviews, expert meetings and other forms of exchange of knowledge, such as our first webinar. A webinar is a seminar on the web: our first webinar was a digital contact with our colleagues throughout the country on the topic of public-private partnerships in the form of DBFMO contracts (Design, Build, Finance, Maintain and Operate). Some young colleagues from NVRK, from the audit office of Rotterdam and a colleague from a foreign regional audit office (Tirol) also took part in the International Young EUROSAI (YES) Congress on innovation, which was organised by the Court of Audit for young employees of European SAIs. During this Congress, a workshop on local/provincial audit offices was organised.

Knowledge was shared and exchanged on the following topics: open spending, use of images in reports, the Sustainability of Public Finances Act (*Wet houdbaarheid overheidsfinanciën*), related parties and public-private partnerships, EURORAI (European

Organisation of Regional External Public Finance Audit Institutions), sustainable spatial planning and management and the maintenance of roads.

Employees of the Court of Audit participated in various sounding board groups and meetings organised by NVRR, provincial and local audit offices, including the Wiki Association (WIKI-kring), the meeting of the Advice and Quality Assurance Team of NVRR, meeting of the first District Water Board Association (Waterschapskring) and the Auditors' Association of NVRR.

In 2013, a working meeting was held for the fifth time for all local, provincial, and District Water Board audit offices (and audit committees), organised by the Court of Audit and NVRR. Of the more than 40 audit offices (and audit committees), a total of about 80 members, secretary-generals and auditors were present to discuss transparency, adequate control, cooperation opportunities for decentralisation and the performance of further joint audits in relation to the Participation Act (*Participatiewet*), the Better Utilisation (*Beter Benutten*) programme and the student contest 'Propose a topic for an audit by an audit body'.

#### 4.1.2 NVRR letter on decentralisation

For some time now, the local government in Netherlands has been in the grip of the imminent decentralisations in the social domain. These are: the Participation Act, the Exceptional Medical Expenses Act/ Social Support Act (*AWBZ/Wmo*) and the Youth Care Act (*Wet op de jeugdzorg*). This operation is expected to lead to the formulation of a consistent policy, which must be implemented such that it is as close as possible to the citizen. NVRR has drawn up a letter requesting attention for a democratic control, in case of such a transfer of tasks and funds. The letter to the municipal and provincial councils indicates the problems that they will be facing if there is no control and what is actually needed - provision of information - to assist the municipal and provincial councils as best as possible.

The letter to the Minister of the Interior and Kingdom Relations focuses, in particular, on the flaws in the system and the resources (means, powers, amendment of the Joint Regulations Act (*Wet gemeenschappelijke regelingen*)) required by audit offices to compensate for the lack of control. These letters, an animation and responses are available on the NVRR website.

#### 4.1.3 Audit of the Participation Act

During the fifth working meeting of NVRR and the Court of Audit on 19 September 2013, discussions took place regarding the cooperation between the Court of Audit and local audit offices for an audit of the Participation Act. Most of the audit offices indicated that decentralisation should be an important subject for audits. It appears that many audit offices are occupied at present in developing audit plans targeted in this direction.

Local audit offices currently share their plans or other ideas on the digital platform Pleio, which is a collaboration space for local audit offices and audit committees. One of the activities on Pleio is the exchange of ideas for developing further details of the audit and for a possible cooperation with local audit offices and audit committees. In addition, a pilot project is underway with a local audit office. Based on these activities, follow-up steps (e.g. meetings) will be required.

#### **4.1.4 Study of the Better Utilisation (*Beter benutten*) programme**

The central government and 10 regions will spend a total of over € 1.1 billion in the coming years to ensure a 20% reduction in the congestion in the 10 busiest regions in the Netherlands in 2014. The Better Utilisation programme aims to ensure that existing networks are used more efficiently. The Court of Audit has performed a quick scan of the key principles of the policy and the initial developments to date.

This quick scan as well as the possibility of a joint audit by the audit offices have been discussed with various provincial and local audit offices. The Court of Audit is of the opinion that an audit will only add value if there is collaboration between the various audit offices.

#### **4.1.5 Audit by audit office as a result of school contest**

The Court of Audit will perform an audit of the costs and benefits of secondary education and further education in the Netherlands. The idea to do this comes from Augustinianum students, a school in Eindhoven, whose students won the school contest held in the context of our bicentennial in 2014. We have examined the ways in which local audit offices can contribute to this audit. Our colleagues in local and provincial audit offices have also provided useful tips for the audit.

#### **4.1.6 Where do we go from here?**

In 2014, the joint meetings will once again focus on exchanging knowledge and working together in bigger or smaller associations. The Activity Programme for 2014 includes new cooperation projects, such as the audit of the Participation Act and study of the Better Utilisation programme which seeks to promote cooperation between various audit offices. As part of our bicentennial, we are organising various activities through which we will again connect with NVRK and with our local and provincial colleagues, e.g. via a webinar on subsidies in cooperation with the Nijmegen and Randstad audit offices, workshops on information design and of course, the annual working meeting on the third Thursday of September.

### **4.2 Within the Kingdom of the Netherlands**

#### **4.2.1 Twinning with the Curaçao audit office**

In 2013, no activities were performed at the Curaçao audit office.

#### **4.2.2 Twinning with the Sint Maarten audit office**

In 2013, we provided assistance for the regularity audit performed by the Sint Maarten audit office. In addition, we have drawn up a joint plan of approach for an integrity audit. In September, the Cabinet requested the Governor of Sint Maarten to perform an audit to verify that the public administration in Sint Maarten was operating in a sound and ethical manner. This gave rise to a certain amount of commotion in the Sint Maarten government, prompting the Sint Maarten audit office to postpone this integrity audit.

### **4.3 International activities**

The Netherlands Court of Audit has an active international policy. As a 'Supreme Audit Institution', we are the only organisation of its kind in the Netherlands and hence it is natural for us to seek peer review opportunities and best practices from across the border. We also want to make an active contribution to the development of

professional norms and standards within the SAI community. Moreover, we aim to contribute to the improvement of public administration and the effectiveness of SAIs worldwide and of international organisations. We achieve these objectives through institutional capacity-building projects and by acting as external auditors for other organisations.

Our international activities not only strengthen us as an institution, but also help increase the personal knowledge and skills of our employees. They contribute to motivation and job satisfaction and the quality of our institution. We continue to stimulate individual learning through the maximum possible involvement of employees in international activities. Managers take this into account during the results and development interviews. This also assists in our efforts to be an attractive employer.

Each year, the Court of Audit devotes an equivalent of 14 FTE in hours in international activities (of which 8 FTE in hours are externally funded). This amounts to about 5% of our total capacity. For institutional capacity-building projects and for acting as external auditors for other organisations, we require these activities to be externally funded to ensure that they are cost-effective. Chapter 5 includes an overview of the projects completed in 2013 and their degree of cost-effectiveness.

#### **4.4 International exchange of knowledge and experience**

The Netherlands Court of Audit actively seeks cooperation with sister institutions abroad. Experience shows that active participation in the international SAI community is important for keeping in touch with current professional insights in our work.

##### **4.4.1 INTOSAI**

As part of the community of the International Organisation of Supreme Audit Institutions (INTOSAI), the Court of Audit is working to strengthen the position of SAIs worldwide. We do this by actively participating in various international working groups and working meetings. INTOSAI's strategic plan ensures focus on its activities. An important theme of this strategic plan is capacity building, which mainly focuses on the strengthening of SAIs by other SAIs.

##### **4.4.2 INCOSAI**

In October, the Board of the Netherlands Court of Audit participated in the 21st INCOSAI Congress (INCOSAI XXI) in Beijing, China. This INCOSAI Congress is held once every three years. The host for this edition, China, is the new President of INTOSAI for the next three years. The Court of Audit spoke in China about Intosaint - a tool with which SAIs can develop an integrity policy for their own organisation - and about the importance of innovation. The results of the Congress are outlined in the Beijing Declaration. This focuses on the implementation of the UN Resolution A/66/209 for 'strengthening the independence of Supreme Audit Institutions (SAIs)'. Moreover, 12 new auditing standards were adopted by the Congress and it was decided that INTOSAI will seek further cooperation with the United Nations in order to contribute to the Post-2015 Development Agenda. Finally, the Congress approved various recommendations for audit activities with respect to 'National Audit and National Governance' and 'The Role of SAIs in Safeguarding Long-term Sustainability of Finance Policies'.

#### 4.4.3 **IntoSAINT and integrity**

In 2013, the Court of Audit worked on preparing a presentation of the results of IntoSAINT at the INCOSAI XXI Congress in China. In order to collate the experiences of all SAIs that currently use or want to start using the IntoSAINT tool, we organised a 'Lessons Learned Meeting' in April 2013. In October 2013, the results of the roll-out of IntoSAINT were presented by President Stuiveling at INCOSAI XXI in Beijing to the INCOSAI community. The film on IntoSAINT was also premiered here. During the Congress, the new version of the IntoSAINT manual was presented and the IntoSAINT website for trained moderators was launched.

In May 2013, together with colleagues from the SAIs of Macedonia and Turkey, the Netherlands Court of Audit organised a EUROSAI moderator training in Ankara, Turkey. Furthermore, in September 2013, we supervised two IntoSAINT assessments and an OLACEF (Latin American and Caribbean Organisation of Superior Governmental Auditing Institutions) moderator training at the Mexican SAI. In November 2013, together with the Norwegian SAI, we worked on an IntoSAINT assessment at the European Court of Audit.

During the meetings of the EUROSAI Task Force on Ethics and Integrity in 2013 in Croatia (April) and Luxembourg (September), discussions were held on integrity in audits and at SAIs. We are working on a joint position paper on strategies and best practices to strengthen the ethical infrastructure of SAIs.

#### 4.4.4 **EUROSAI**

In 2014, the Netherlands Court of Audit becomes the President of EUROSAI for the next three years. We will inaugurate our Presidency at the ninth EUROSAI Congress (15 to 19 June 2014 in The Hague). Innovation will be the coordinating theme. In the run-up to the EUROSAI Congress, a very successful international meeting was held in November 2013 in Rotterdam for SAI employees aged up to 35 years: Young EUROSAI (also see Chapter 2).

In addition, in the context of the EUROSAI, we participated in 2013 in the EUROSAI Goal Team 4 meeting, the EUROSAI - ARABOSAI (Arab Organisation of Supreme Audit Institutions) meeting in Baku, Azerbaijan and the EURORAI Congress in Halle, Germany.

#### 4.4.5 **Contact Committee**

The Netherlands Court of Audit works together with sister institutions in the Contact Committee. This is the permanent consultative platform for the presidents of SAIs within the EU and those of the European Court of Audit.

#### 4.4.6 **International peer reviews**

Peer review is one of the tools used by SAIs to enhance their own performance and increase their learning ability. In 2013, we contributed to the peer reviews of the SAIs of Iraq, Iceland and Poland.

#### 4.4.7 **Administrative visits**

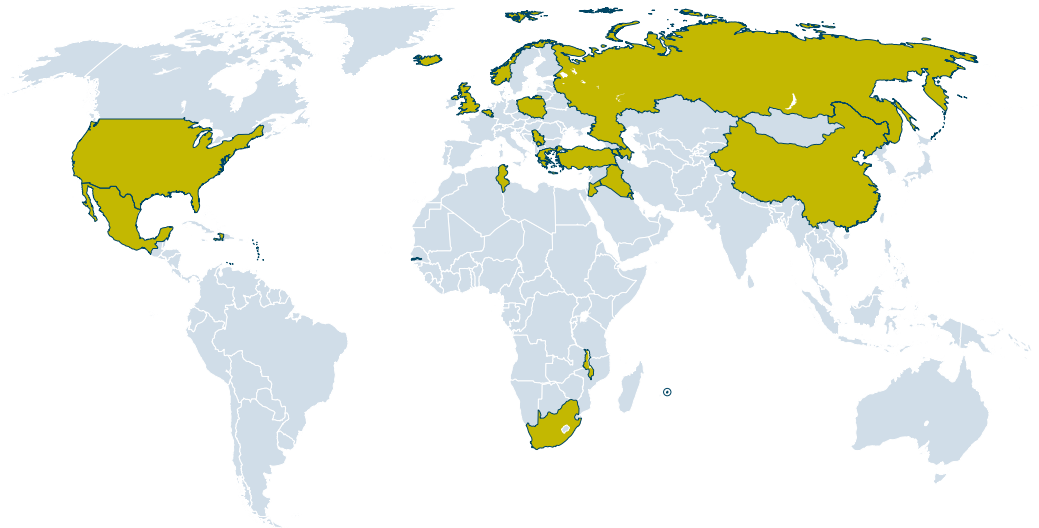
In June 2013, the President of the Palestinian SAI visited the Netherlands Court of Audit with a delegation of 17 employees. During this visit, information was exchanged on effectiveness audits and on relationships with parliament.

In September 2013, the President of the SAI of Thailand visited the Netherlands Court of Audit with 80 employees. The water management system in the Netherlands and our audit on water quality were discussed.

#### 4.5 Sister institutions and acting as external auditors for other organisations

The Netherlands Court of Audit assists other SAIs in their efforts to promote the transparency of government actions in their countries. We give priority, in succession, to requests from prospective member states of the European Union (EU), the Balkan countries, new neighbours of the EU, countries from the Arab region and developing countries. In addition, we want to contribute to the transparency and accountability of international organisations to which the Netherlands makes an important contribution.

#### 4.6 Countries where the Netherlands Court of Audit was active in 2013



Norway	Mexico	South Africa
China	Luxembourg	Gambia
The Caribbean	Turkey	Malawi
Azerbaijan	Kuwait	Mauritius
Russia	Jordan	Iceland
US	Serbia	Poland
Greece	Kosovo	Belgium
Iraq	Armenia	UK
Tunisia		

## 5 Operational management

Corporate social responsibility (CSR) is placed high on the agenda of the Court of Audit. This is the guide for our operational management in the broadest sense. Our operational management is largely focused on providing proper facilitation for our employees. After all, the work of the Court of Audit is ‘people work’. We continuously invest in the quality of our employees. We also strive to increase the efficiency and effectiveness of our work. In addition, we want to meet the standards by which we judge others. Our operational management activities are intended to assist and monitor the implementation of our statutory duties. While doing this, we want to limit to a minimum the burden on the environment caused by our activities. In this chapter, we account for our operational management.

### 5.1 Working at the Court of Audit: Objectives and figures

The Court of Audit is a knowledge organisation. Hence, the transfer of knowledge, inflow of young people and preservation and extension of knowledge are of major importance. We ensure that we promote the deployability, mobility and development of our employees in a sustainable manner. With the tightening of the labour market, fewer younger employees and the overall ageing of our organisation, these are important considerations for us over the next five years. In addition to these topics, we also devote our attention to other topics in the field of personnel and organisation. For instance, since 2012, we have been working towards achieving the following principles within our organisation:

- less control, more connection, more cooperation and more trust;
- fewer systems and procedures and making more agreements, talking more to each other;
- less management and more common sense;
- less staff and support and more emphasis on the audit process.

#### 5.1.1 Management of output

In our working methods, we try to place a greater focus on ‘output’ right from the start. What do we want to achieve? How will we approach this? Who and what do we need? We have carried out discussions on output management internally and acquainted employees with the concepts and working methods that fit in with this philosophy. We will continue to do this in 2014. For example, we have changed our basic description of the audit process and made more room for consultation in the early stages of the audit.

#### 5.1.2 CSR objectives for employees

The Court of Audit applies the following CSR objectives for its employees:

- Diversity of employees: the objective is to ensure that women occupy 30% of top positions and 50% of middle management positions by 2014 as part of our commitment to the Talent to the Top Charter (*Charter Talent naar de Top*).
- Contribute to central government objectives for promoting inflow of people who are at a disadvantage in the labour market: employ at least three FTEs each year under the Work and Social Assistance Act (*Wet werk en bijstand, Wwb*), Sheltered Employment Act (*Wet sociale werkvoorziening, Wsw*) or Invalidity Insurance (Young Disabled Persons) Act (*Wet arbeidsongeschiktheidsvoorziening jonggehandicapten, Wajong*).

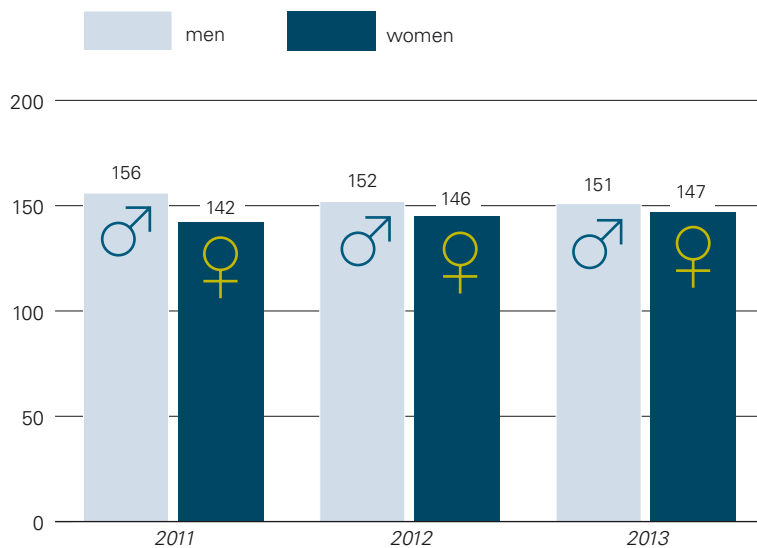


- Contribute to the ambition of the central government of achieving a greater inflow of young people into the labour market.
- Ensure that each employee spends at least five days in training and/or personal development programmes.

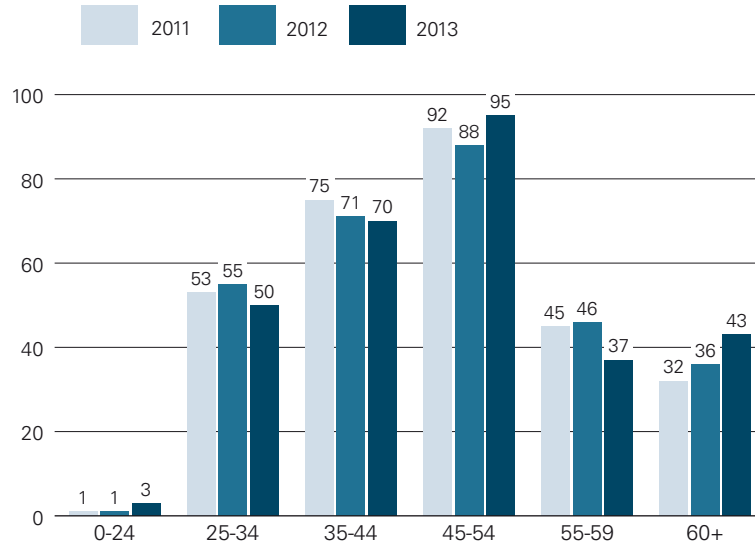
### 5.1.3 Employee diversity

We strive for a balanced composition in our workforce, with an eye for diversity. If properly managed, teams with a diverse composition are demonstrably more creative and more innovative. Such teams increase the efficiency of our organisation. Having an eye for diversity goes beyond paying attention to the 'traditional' target groups. It is also about diversity in work styles, work experience, characters, cultural backgrounds, education, religions (or none), languages, ages, types of family units, hobbies and political preferences. We believe that we can only take full advantage of diversity if our focus lies on respecting and taking advantage of differences. This means that visible difference (such as gender and age) and invisible differences (such as values, talents and education) between employees must be managed and utilised in a conscious manner.

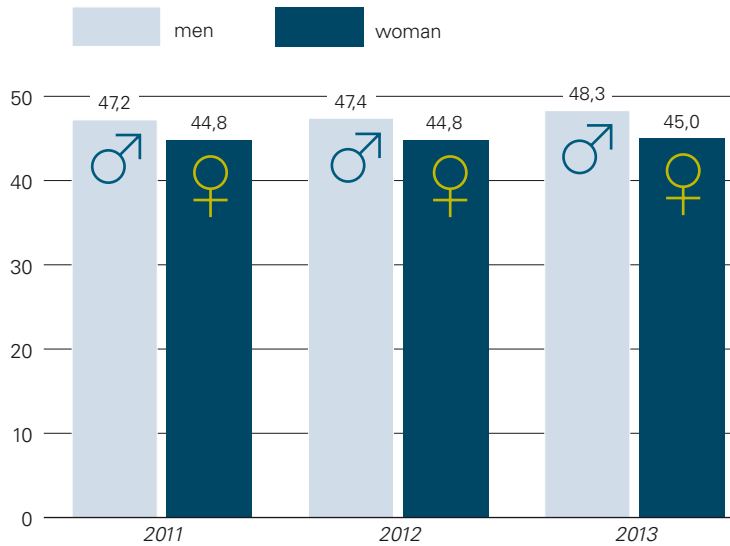
Distribution of men and women in 2013 (exclusive of Board members)



Number of employees per age group



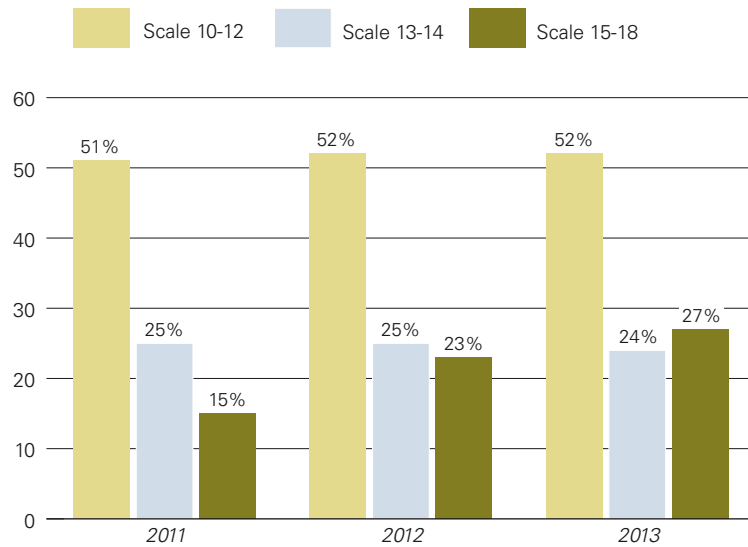
Average age by gender



#### 5.1.4 Talent to the Top

Along with the other High Councils of State, the Court of Audit signed the Talent to the Top Charter in 2009. In 2013, two of the six top positions were occupied by women, which meant that 33% of the top positions were held by female employees. As a result, the 2014 target of 30% was already achieved in 2013; and this without counting our President, who is a woman, since this percentage does not include the Board. In the second-tier positions, the male/female ratio has not changed in 2013: 33% women.

Percentage of women per scale group (for the Talent tot the Top Charter)



### 5.1.5 Working on achieving central government objectives

The central government has defined (partly collective) objectives for increasing the inflow of people who are at a disadvantage in the labour market, including occupationally disabled persons, persons receiving benefits under the Work and Employment Support (Young Disabled Persons) Act, young people and people in low-wage positions. For the last category of people, during the reorganisation of the operational management processes in 2013, it was decided to insource staff for reception duties, a part of the internal activities and the mailing tasks.

### 5.1.6 Inflow and outflow

Efforts have also been made in 2013 to ensure the inflow of persons receiving benefits under the Work and Employment Support (Young Disabled Persons) Act. This has been done through speed-dating with potential candidates and Job Crafting (a method under which an individual restructures his or her job). Unfortunately, the intake potential appeared to be limited. The Court of Audit has one colleague in its workforce who is at a so-called 'distance from the labour market'. Hence, the objective of three FTEs was not yet achieved in 2013.

In 2013, there was an inflow of 10 employees, 5 of whom are 30 years of age or younger.

### 5.1.7 Development and deployment of employees

#### Continuous development

It is our belief that the continuous development of our employees and with that, of our organisation, should be given constant attention. Without learning, there can be no growth, improvement or innovation. This is why we encourage our employees, both audit and support staff, to constantly hone their knowledge and skills and stay up-to-date in their fields. For this, we have an active Continuing Education (CE) policy, which focuses on developing and sharing knowledge. Learning activities, such as tutorships, contribution to articles or other technical developments, also fall under our CE policy. Employees are responsible for their continuing education and the Court of Audit facilitates this. Thanks to these efforts, in addition to learning activities in their daily activities, our employees have devoted more than 5 days (5.1 on average per person) to developing and transferring their knowledge and skills. A total of € 508,000 was spent on external training costs. This amounts to an average of € 1,700 per FTE. Compared

to the central government (average €1,600 per FTE), we are at the high end of the average.

We believe that this is more in keeping with our knowledge-intensive organisation, where continuous development is a high priority.

#### **Modernisation and innovation**

Various in-company trainings were organised in 2013. In particular, investments were made in trainings aimed at the modernisation and innovation of working methods and products. For example, attention was focused on data journalism, writing for the web, information design, speed reading and visual harvesting. Primary knowledge has also been given priority. For example, our government-wide team for regularity audits followed a workshop on dossier review and our auditors participated in a training on professional ethics and in the Accountancy Trends Day (*Trenddag Accountancy*). In cooperation with the Erasmus University, a training on State participations was organised for the various teams carrying out efficiency and effectiveness audits. This knowledge can be applied directly in the audit. Moreover, we have invested in more traditional skills trainings, such as training in writing clear reports, personal effectiveness, English and advanced interview techniques. In addition to these in-company trainings for experienced employees, there were two learning groups (introductory trainings) for new employees, focused on socialisation and the acquisition of basic knowledge and skills. In 2013, we paid extra attention to trainings for secretaries.

#### **Social cohesion and knowledge-sharing**

In the context of learning from each other and knowledge-sharing, two 'Update Days' were organised in spring and autumn for the entire organisation. Themes such as innovation in audit (methods), supervision during turbulent periods, open spending and online publishing were handled in an interactive manner, mostly by our own colleagues. New forms of cooperation, a different method of reporting, new forms of management and the digitisation of our products were also discussed.

#### **Secondments**

The Court of Audit strives to promote the internal and external exchange of (professional) knowledge and skills through secondments. With our secondments, we work on improving (career) development opportunities for employees and attracting (professional) knowledge and expertise to our organisation in a targeted manner. We believe that secondments help bring in knowledge and experience on different audit methods (e.g. citizen-oriented research), working methods, forms of assistance, customs and procedures. In addition, it gives us an opportunity to explain what we, as the Court of Audit, do and how we do it.

In 2013, 11 employees of the Court of Audit were seconded to other organisations and nine colleagues from other organisations were seconded to the Court of Audit.

#### **International policy and employee development**

International activities not only strengthen us as an institution and help us in being an employer of choice, but they also increase the personal knowledge and skills of employees. They contribute to motivation and job satisfaction and the quality of our institution. We will continue to stimulate individual learning and development through the maximum possible involvement of employees in international activities.

Managers take this goal of employee involvement into account during results and development interviews.

#### **Ethics and integrity of the Court of Audit**

The integrity of the Court of Audit must never be in dispute. For our daily operations, members of the Board and our senior officials follow our integrity policy for 2012-2015 and our code of conduct. The latter, which we defined in 2009, distinguishes eight values: reliability, respect, objectivity, professionalism, independence, collegiality, austerity and sustainability. The spearhead of the current integrity policy is the 'promotion of a safe working environment'. We are trying to develop the conditions for making ethics a topic of inter-collegial discussion. In other words, we strive for an organisational culture in which ethical dilemmas can be discussed at an early stage. From October 2012 to April 2013, the Court of Audit experimented with an external confidential adviser. This trial not only offered a number of insights into our company culture, but also revealed opportunities for improving the safety of our working environment.

In 33 cases, employees approached the external confidential adviser for advice and mediation and in a few cases, they approached the internal confidential adviser. No complaints were filed in 2013.

### **5.1.8 Supporting integrity in other organisations**

#### **IntoSAINT**

In an international context, the Netherlands Court of Audit participates in cooperation projects to contribute to better governance in partner countries. One of the important themes in this respect is the role of SAIs when it comes to fighting corruption. Of course, it is also very important for SAIs to be ethical as organisations.

In the Netherlands, together with the Ministry of the Interior and Kingdom Relations and the Amsterdam Integrity Agency (*Bureau Integriteit Amsterdam*), we developed an Integrity Self-Assessment workshop in 2006, called SAINT. This workshop allows organisations to gain a quick understanding of their integrity risks and the quality of their control measures in this area.

With the IntOSAINT project, we have developed this method such that it is suitable for international use by SAIs. In 2011, we started with the roll-out of IntOSAINT within INTOSAI, the international community of SAIs (also see Chapter 4). Until now, we have trained over 200 colleagues from more than 50 countries worldwide in the use of this methodology. Moreover, 17 SAIs have actually carried out a self-assessment. There is great interest in this tool, particularly among the SAIs in Latin America, Africa, Eastern Europe and in the Arabic-speaking countries. For more information, you may visit our dedicated IntOSAINT website: [www.courtofaudit.nl/saint](http://www.courtofaudit.nl/saint) into.

#### **EUROSAI Task Force on Audit and Ethics**

The Netherlands Court of Audit is a member of the EUROSAI (the European umbrella organisation for SAIs) Task Force on Audit and Ethics. This Task Force focuses on the further improvement of the audit function of SAIs in the area of integrity in public administration and the improvement of ethics in public administration by starting with the improvement of ethics within SAIs. The Netherlands Court of Audit is the initiator, in terms of content, of the latter objective. Within this context, the Task Force intends to publish a guide in 2014 for further improving ethics within SAIs. The Netherlands Court of Audit is currently developing a new audit tool for AFROSAI-E,

the umbrella organisation for SAIs in Southern Africa, and this tool will also be rolled out in Europe by the EUROSAI Task Force.

The Task Force was established in 2012 and by now it has developed cooperation partnerships with the Organisation for Economic Cooperation and Development (OECD), an umbrella organisation for the SAIs of Latin America, Southern Africa, Arabic-speaking countries and the European Parliament.

## 5.2 Working at the Court of Audit: Working conditions

### 5.2.1 Less satisfied employees

In 2013, we conducted an employee satisfaction survey, in which three-quarters of our employees participated. The main outcome of this survey is that the job satisfaction has decreased within the organisation. For topics such as the content of the work, result-orientation, information and communications, the Court of Audit scores below average compared to other organisations in the public sector. However, employees are satisfied with the working conditions, although there is also a high workload for certain groups. Young people (aged below 35 years) and older employees (aged above 60 years) within our organisation came together this year to talk about their work and working conditions. Of these two groups, it appears that young people, in particular, would like to have more career development opportunities.

We have carried out initial discussions regarding the results at the departmental and sectoral levels. We have also started implementing the points of improvement that emerged from these discussions. Job satisfaction is something that is partly dependent on the employees themselves. All these subjects have also come to the fore in the context of the integrity policy and feedback on outcomes received from the external confidential adviser. Apparently, we find it difficult to talk about things with each other. This is a concern which needs to be dealt with in our integrity policy in 2014. The reorganisation (also see below) has influenced the results of the employee satisfaction survey held in 2013, although we cannot quantify this influence.

Partly based on the results of the employee satisfaction survey, it has been agreed that the focus for employees in the coming period will lie on:

- Clarifying the direction in which the Court of Audit is developing;
- Increasing job satisfaction.

### 5.2.2 Employees of the Court of Audit and their health

The Court of Audit wants to contribute to keeping its employees healthy and vigorous. In 2013, we implemented our health policy based on the 'BRAVO' intervention.<sup>4</sup> BRAVO (a Dutch acronym for *Beweging, Roken, Alcohol, Voeding, Ontspanning*) focuses on five main lifestyle-related themes:

**Physical activity:** organisation of a Sports Day, contribution towards expenses for sporting activities via the employee association Sonar, participation in the Golden Tenloop race; assessing whether employees are getting sufficient physical exercise is part of the preventive medical examination.

**Smoking:** no specific initiatives to stop smoking were organised in 2013.

**Alcohol:** this subject is discussed during the preventive medical examination which every employee may voluntarily participate in every three years.

**Nutrition:** our caterer provides responsible and healthy food.

<sup>4</sup> Physical activity, smoking, alcohol, nutrition and relaxation.

Vitality is an aspect taken into account in our career development policy, progression and development process. During the results and development interviews, attention is also paid to the balance between work and private life and the life phase of the employee.

Absenteeism due to sickness decreased in 2013 to 2.6%. As a result, the sickness absence rate is well below the Verbaan standard of 3.6%. The frequency of sickness absence decreased to 1.2.

	2010	2011	2012	2013
Excluding maternity leave	4.1	3.3	3.5	2.6
Frequency of sickness absence	1.4	1.3	1.4	1.2
Employees without sickness absence	112	103	96	107

Counselling of employees, who are frequently absent due to sickness, is monitored and discussed in the meetings between managers, company doctors and social welfare workers.

### 5.2.3 Working conditions

In 2013, we further developed the concept of 'The New Way of Working' (Het Nieuwe Werken). This has resulted in a positive evaluation. The short-term actions still to be carried out were the installation of lockers, creation of central cabinet spaces, use of software to help locate and contact employees and pillars to display the workstation at which an employee is logged in and setting up of a project room and meeting rooms. At the same time, preparations have been made for implementing the 'Bring your own ICT devices' programme. It has been decided that all audit employees will be accommodated at our office premises at Lange Voorhout 8 by mid-2014. This will enable us to achieve the target of 0.9 workstations per employee. A few years ago, this was still as much as 1.5 workstations per employee (2011).

### 5.2.4 Workload

The Court of Audit has a home working policy and facilities, which help employees combine home and work life better. In 2013, the topic of workload was discussed in various ways:

- During the results and development interviews;
- During the preventive medical examination;
- In the employee satisfaction survey.

### 5.2.5 Seniors' network

For the first time, a meeting was organised with employees aged 55 years and older. At this meeting, it was discussed whether and in what way these employees could share their knowledge and experience with younger colleagues, certain myths about older workers were dispelled and an employee of the ABP pension fund was present to provide information on pensions. Partly based on the experiences of the employees involved, we will decide whether there will be a follow-up meeting.

### 5.2.6 YoHoCo

YoHoCo is an association of young civil servants (up to 36 years of age) from the High Councils of State. YoHoCo organises all kinds of activities for its members: ranging from lunch readings to drinks, from a media training workshop to the annual study



trip to the High Councils of State of another EU country. Members can also take part in various activities of the youth associations of the ministries. In 2013, twelve YoHoCo members worked at the Court of Audit.

#### 5.2.7 Social Fund

The Court of Audit has set up a Social Fund to help colleagues who are in financial difficulties. The Social Fund provides assistance in the form of an interest-free loan to resolve short-term financial problems. The Fund is populated with contributions from employees of audit bodies.

In 2013, for the first time in many years, no employees of the Court of Audit applied for assistance from the Social Fund. At the end of 2013, there were four outstanding loans from previous years.

#### 5.2.8 Employee association

The employee association of the Court of Audit, called 'Sonar', was active in various areas during 2013. At the end of 2013, Sonar had 259 members (one more than on 1 January 2013), 54 senior members and 4 donors. 86% of the employees are members of Sonar.

### 5.3 Social commitment of the Court of Audit

#### 5.3.1 Volunteer work and social gatherings or outings

For external gatherings, we choose companies that offer sustainable catering and locations. In addition, several departments and one of the three audit departments focused attention on CSR activities during the annual company outing in 2013.

In addition to our core tasks, we also support the social initiatives of employees. In some cases, they are given free time to participate in such initiatives. For example, nine colleagues are engaged in providing reading assistance at three schools in The Hague, where they help children with a learning disability with reading. Approximately 20 colleagues have signed up for [www.opdefietswerktbeter.nl](http://www.opdefietswerktbeter.nl). With this initiative, we support a good cause as well as encourage employees to use their bicycle for the home-work commute.

#### 5.3.2 Internship posts

The Court of Audit offers internship posts to students from senior secondary vocational education (MBO) and higher professional education (HBO). In 2013, 22 students completed an internship at the Court of Audit. The objective is to create 15 internship posts per year.

### 5.4 Staff changes in 2013

On 15 January 2013, Arno Visser joined the Board of the Court of Audit. Prior to becoming a Board member of the Court of Audit, he had served as Alderman of Almere and as a member of the House of Representatives for the Dutch People's Party for Freedom and Democracy (VVD) (2003-2006). Born in The Hague, Arno Visser studied General and Comparative Literature at the University of Groningen.

Cornelis van der Werf was appointed Audit Director on 1 October 2013. He is engaged in audit activities in the area of internal affairs, Kingdom relations, central government operational management, government-wide regularity audits, finances, security,

justice and general affairs. In addition, he is the facilities coordinator for the CIO position. He succeeds Thomas Meijer, who moved to Horizon, an organisation for youth care and special education, on 1 July 2013.

Since 1 June 2013, Piet Rozendal is acting Audit Director. He is engaged in audit activities in matters related to the EU, infrastructure and the environment, economic affairs, agriculture, nature management and innovation and government-wide efficiency and effectiveness audits. He succeeds Peter van der Knaap, who has moved to SWOV, an audit institution in the area of road safety.

## 5.5 Corporate social responsibility

Since 2006, corporate social responsibility (CSR) has been included on the agenda of the Court of Audit. The CSR policy applies the definition of corporate social responsibility proposed by the Social and Economic Council (Sociaal-Economische Raad, SER): concern for the social impact of the functioning of the organisation. In practical terms, this means the following:

- Consciously focusing the activities (of the organisation) on creating value in three areas, i.e. people, planet and profit, and hence contributing to social welfare in the long run;
- Maintaining a relationship with stakeholders based on transparency and dialogue.

In drawing up its Strategy 2010-2015, the Court of Audit has explicitly taken this definition of CSR into account. The aspects of people and planet in John Elkington's so-called 'Triple Bottom Line' (People-Planet-Profit/Prosperity) play an important role in the strategy. In recent years, many audits have been performed that have contributed to social debate and government policy in these areas (see [www.rekenkamer.nl](http://www.rekenkamer.nl)).

Since 2009, 'sustainability' has been included as one of the eight values in the new Code of Conduct of the Court of Audit: We strive to work in a sustainable manner, by taking into account not only the 'here and now', but also the consequences for 'elsewhere and later'.

The CSR policy has been translated into a series of action plans, aimed at ensuring the sustainability of the operational management of the Court of Audit. These action plans are based on objectives that are in line with the European climate targets, which strive to achieve a 20% reduction in CO<sub>2</sub> emissions by 2020 and 20% less energy consumption as compared to 2009. The Court of Audit complies with the central government policy for sustainable operational management, e.g. by taking the environmental and social criteria of the applicable guidelines into account in its procurement procedures.

The action plan applicable to the period 2013-2015 is entitled 'Sustainable Court of Audit' (Duurzame Rekenkamer). So far, we are on track to achieve the defined objectives, but we realise that the continuation of this plan will require organisation-wide commitment and input. This is why we aim to strengthen the CSR policy in 2014.

### 5.5.1 CSR governance

The CSR policy is in line with the mission and strategy of the Court of Audit. CSR themes regularly occur in the efficiency audits of the Court of Audit. Until now, the quantitative CSR objectives were focused on the operational management of our institution.

The management team and the Board of the Court of Audit have approved the CSR Report and the external auditor of the Court of Audit has made a number of recommendations for sustainability reporting in his management letters in 2012 and 2013. This was discussed in the Court of Audit's Audit Committee. In response, proposals were made to further improve the annual sustainability report. In order to achieve this, the Court of Audit will strive to take the following steps in 2014:

1. Strengthening governance and embedding CSR within the organisation by integrating it within the Planning and Control cycle;
2. Extending the scope of the CSR policy to cover not only operational management but also the core tasks;
3. Implementing a new baseline measurement in line with ISO 26000 (the international guideline for implementing CSR in an organisation);
4. Setting up a stakeholder dialogue on the CSR policy of the Court of Audit, whereby concrete themes can be defined for further developing the CSR policy and actions arising from this;
5. Based on the baseline measurement and stakeholder dialogue, we will adjust the current CSR policy and objectives for the period until 2015.

We will make use of the 'Envirometer' of the Stimular Foundation. This is a digital questionnaire in which we can enter all our environmental data annually. For the Court of Audit, this includes data related to business travel, energy, water, paper and waste. The programme converts the entered data into CO<sub>2</sub> emissions and environmental impact and also generates a cost chart and efficiency indicators. With the Envirometer, it is easy to see what contributes most to the overall environmental score and environmental costs. Hence, we can assess the areas in which we can still improve.

### 5.5.2 Reduction in CO<sub>2</sub> emissions, environmental protection and energy consumption: Objectives

The Court of Audit applies the following CSR objectives for operational management in its action plan for a Sustainable Court of Audit (2013-2015):

- By 2019, a total energy saving of 20%, as compared to 2009 (for the central premises located at Lange Voorhout 8);
- By 2019, an 8% reduction in CO<sub>2</sub> emissions, as compared to 2011<sup>5</sup>;
- In 2014, a paper reduction of 20%, as compared to 2012;
- 100% sustainable procurement of products and services, in accordance with criteria defined by the Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland), formerly the NL Agency (Agentschap nl);
- 0.9 workstations per FTE in 2014, as compared to more than 1.5 in 2011.

Contracts and offers will include the sustainability criteria by default, as set out under the guidelines of the Netherlands Enterprise Agency. The sustainability criteria include not only environmental criteria (planet), but also social criteria, related to working conditions, child labour and human rights (people).

The Court of Audit has developed a 'Sustainability Checklist' for events, which is partly based on the Green Meeting Guide and the Sustainable Events Guide of the United Nations Environmental Programme, which are also used by EUROSAT, the European network of SAIs.

5

The 2009 objective of achieving a 20% reduction in CO<sub>2</sub> emissions by 2019 was already achieved in 2010 by switching over to 100% green electricity. Hence, this objective has been modified to achieving an 8% reduction by 2019, as compared to 2011.

### 5.5.3 Key figures

Absolute results 2010-2013

Aspect	2010	2011	2012	2013	Targets 2019
Grey electricity of which green (Kwh)	0 970,577	0 941,310	0 987,656	0 894,062	0 785,360
Heat (gas) (GJ)	4,219	2,998	3,476	3,644	2,271
Water (m <sup>3</sup> )	1,388	822	1,241	1,323	N/A
Business travel (Km)					N/A
By train	34,016	32,599	29,022	33,853	
By car	21,379	22,303	21,439	22,867	
By air (Europe)	420,138	82,674	80,579	385,102	
By air (rest of the world)	939,581	871,997	1,060,117	902,379	
Total	1,415,114	1,009,573	1,191,157	1,344,201	
Paper (Kg) Wood-free	9,812	8,343	7,737	6,493	6,190 (Target 2014)
Total CO <sub>2</sub> emissions (excluding compensation)	328	225	282	300	
CO <sub>2</sub> compensation	210	134	165	198	
CO <sub>2</sub> (after compensation)	118	91	117	102	84 (8% less than 2011)

## 5.6 Results for central office premises per FTE

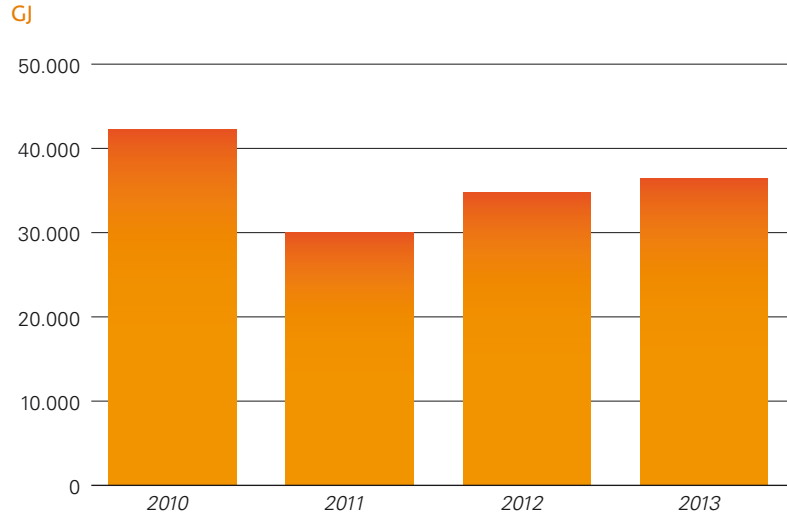
	2010	2011	2012	2013
Number of employees in central office premises	159	170	203	204
Total number of FTEs	277	276	272	275
Energy consumption: Heat (gas) (GJ) per FTE in central office premises	27	18	17	18
Energy consumption: Electricity per FTE	6,104	5,537	4,865	4,383
Water consumption (m <sup>3</sup> ) per FTE in central office premises	8.73	4.84	6.11	6.49
Business travel per FTE (Km)*	2,109	3,658	4,379	4,888
Paper consumption (Kg) per FTE in central office premises	61.7	49.1	38.1	31.8
CO <sub>2</sub> emissions per FTE (total FTE)	0.43	0.32	0.43	0.37

\* Business travel also applies to employees located outside the central office premises. This is why the business travel mileage per FTE is calculated based on the total number of FTEs of the Court of Audit.

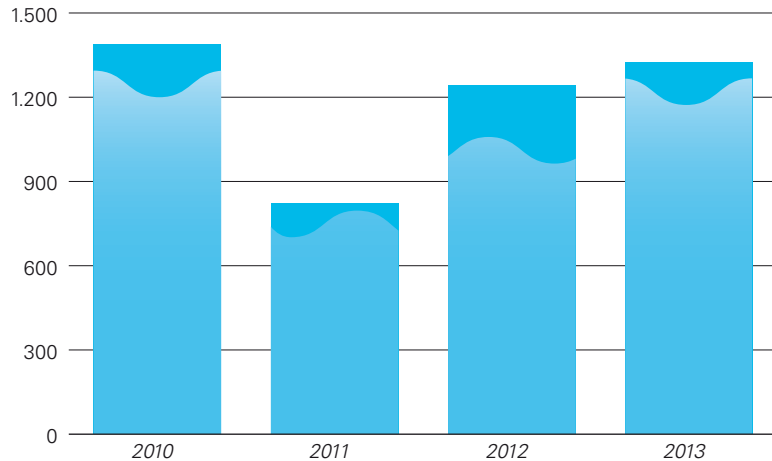
### Energy consumption

We use environmentally friendly district heating and have been using green electricity since 2010. We have already achieved our objective of reducing energy consumption by 2% annually. Compared to 2009, we have reduced energy consumption by 9%.

## Heat consumption in GJ

Reduction in CO<sub>2</sub> emissions

The CO<sub>2</sub> emissions of the Court of Audit are limited because we use green energy. Furthermore, all CO<sub>2</sub> emissions caused by the number of kilometres flown are compensated for via the Climate Neutral Group. During 2013, 198 tonnes of CO<sub>2</sub> were compensated for. This is taken into account for calculating the reduction target. Compared to 2009, we achieved a reduction of 28% in 2013. Overall, our objective of reducing CO<sub>2</sub> emissions by 2% annually has been achieved, but compared to 2012, we have emitted 6% more CO<sub>2</sub>.

Reduction in CO<sub>2</sub> emissions

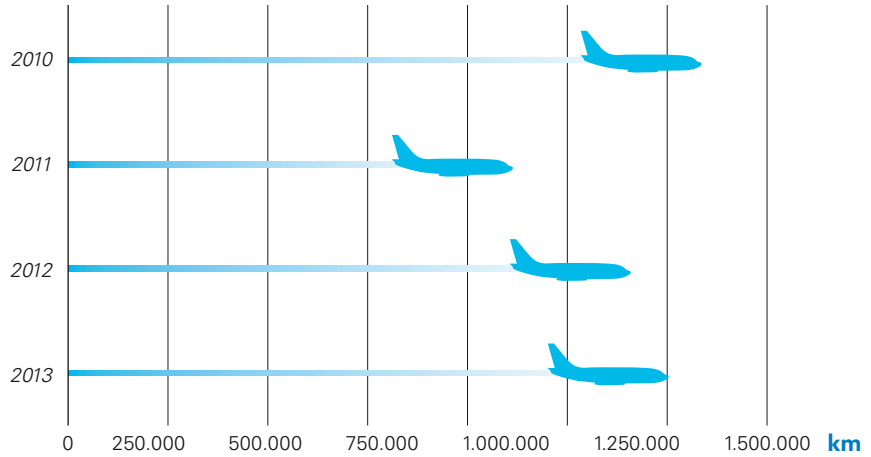
## Water consumption

Water consumption has increased by 6% in 2013. This is because we have more people working in our building today than in 2012. The renovation has also contributed to the higher consumption.

## Air travel

For business trips abroad, distances of less than 700 kilometres are, in principle, travelled by train or by another form of public transport. For air travel, use of the economy class is encouraged, since the CO<sub>2</sub> emissions per passenger are lower in economy class than in business class.

The number of kilometres flown in 2013, as compared to 2012, increased by 146,785 kilometres (12.86%). CO<sub>2</sub> emissions from air travel in 2013 amounted to 198 tonnes (165 tonnes in 2012).



An active international policy is strongly linked to our CSR ambitions and this will not be effective without direct contact with foreign colleagues, in the form of trainings and meetings. Also, some of the audits in the Activity Programme require site visits abroad. At the same time, for every trip, we critically examine whether or not there is an actual need to travel and the size of the delegation in relation to the purpose of the trip. To reduce the number of travel movements, video-conferencing and teleconferencing services have been made available.

#### Green ICT

ICT resources for the Court of Audit are purchased from market parties selected via a government-wide procurement process. During the procurement process, sufficient attention is given to environmental and sustainability aspects.

In 2012 and 2013, monitors and PCs were replaced by new devices that are much more energy-efficient than the older ones. Since we have chosen to work in a secure environment, the load placed on the PCs at the workstations is lower than normal. As a result, our PCs can be used for about five years, as opposed to the usual three-year replacement time.

#### Paper

The Court of Audit uses paper with the FSC quality mark.

In 2012, the objective was to achieve a 20% reduction in paper consumption by 2014, as compared to 2012. In 2013, a reduction of 16%, as compared to 2012, was achieved, thanks to the introduction of 'FollowMe' printers, where the actual printing only takes place when the print job is released to the specific printer.

## 5.7 Reorganisation and office premises

### 5.7.1 Reorganisation

In 2013, we focused our efforts on reorganising our support staff and support processes. We will continue this effort in 2014. We want to properly coordinate the primary and support processes to one another. It appears that we have a development

task ahead of us in the area of computerisation and automation. In order to bring about these two changes in coherently, we have assigned the role of Central Information Officer (CIO) to an Audit Director.

We have made preparations to remove a supporting department, because we want to assign full responsibility for project planning to the project managers. The motive behind this is to have fewer discussions over numbers and more discussions about progress and content. Another change in the administrative area is the paring down and improvement of the secretarial position. In 2013, preparations were also initiated for merging the current Policy and Communications Department with the Operational Management Department, the basic principle being to reduce the number of managers. Besides content-related objectives, these changes are also aimed at contributing to the financial commitment we have taken on for 2018. In this context, we have conducted several discussions this year with our Works Council and with organised consultative bodies regarding the new government-wide policy for staff redeployment entitled 'From Work to Work' (*Van Werk naar Werk*). In 2013, we once again invited tenders for our occupational health and safety support. The tender went to the government-wide Organisation & Personnel Expertise Centre (*Expertisecentrum Organisatie & Personeel*), which counts as internal procurement.

### 5.7.2 Office premises

In 2013, a great deal of work was put into developing the premises located at Lange Voorhout 8. From summer onwards, the premises have been under construction. The entire façade was restored to its original state under the orders of the Government Buildings Agency (*Rijksgebouwendienst*). All the tiles have been renewed. The doors and frames have been painted. All these works caused a lot of noise nuisance at times, as did the renovation of the fire safety system of the building, for which all the ceilings had to be opened up. Two meeting rooms have been added: Room 1814 on the ground floor of the old building and the Innovation Lab on the second floor of the new building. In Room 1814, all the Kings and Queens since the origin of the Kingdom have been given a place on the wall. The Innovation Lab has been designed in a new and different style. This room invites one to develop new forms of working, implement projects and it also makes it easier to organise workshops. All necessary resources, such as video and audio, are available. This new facility fits in well with the concept of flexible working which has been introduced in the organisation. The Innovation Lab provides space for experimentation within our organisation. Here, we can try out the new approaches of the future. In 2013, the emphasis lay on experiments for connecting open (geo)data, social media and visualisation.

We see many opportunities for improving the performance and operation of the government based on the developments concerning open data. This is why the Innovation Lab mainly focused its efforts on the development and implementation of an open data strategy. The crux of this strategy is that not only will we use open data, wherever possible, in our audits and study the availability and quality of open data in public organisations, but that we also want to be the first public organisation in the Netherlands to publish our financial data in the form of open data, as part of our Annual Report. We have gathered the necessary knowledge and facilities for the implementation of our open data strategy in a DataLab.

Various departments have been moved to the building located at Lange Voorhout 8. The objective is to manage the organisation in a different way and further promote cohesion, connection and knowledge-sharing. In addition, with this we want to



achieve the central government standard of 0.9 workstations per FTE. In 2012, we still had over 1.5 workstations available per FTE.

The savings we will achieve with the central office premises will benefit the budgets of the departments. With the shedding of workstations, we have already achieved a saving of more than € 1 million per year so far at the central government level. In addition, we also save on workstation costs, because we need to invest less in hardware and software for workstations. In contrast to these long-term savings, some occasional investments were made, primarily to make our building suitable for flexible working. In total, approximately € 250,000 was spent on this.

## 5.8 Internal communications, provision of information and automation

### 5.8.1 Internal communications

Sharing knowledge and information, exchanging management information and keeping each other informed about relevant activities and developments: at the Court of Audit, internal communications take place at various levels. A range of communication channels and resources is available for this. In addition to consultation and feedback sessions, we make use of (social) media, such as 'Reken Maar' (personnel magazine), 'Kenniskamer' (intranet), the Yammer microblog, and we also regularly organise internal meetings. The reorganisation has led to a lot of internal communications. Discussions were held with stakeholders, personnel meetings were organised and other media channels were used to explain the organisational development and its consequences.

In preparation for our bicentennial, we have planned various activities, such as a newsletter to keep the organisation informed of the anniversary activities.

The proposed reorganisation decision includes three changes in the area of internal communications:

- Digitisation of the personnel magazine 'Reken Maar' for increased efficiency;
- Coordinating personnel meetings better with one another so that there are fewer different types of meetings;
- Improving our intranet.

### 5.8.2 Provision of information and automation

In 2013, a new 'Information Provision Framework' (*Kader informatievoorziening*) was developed and implemented. Due to the rapid developments in the field of ICT and the provision of information, we have decided to move away from a three-year cycle. From 2013 onwards, we will update the Information Provision Framework annually.

The Court of Audit is increasingly using digital products, such as websites, in addition to or instead of paper reports. In 2013, we carried out an extensive evaluation of our experiences with the new digital products until now. The lessons that emerged will be used to deploy future products more efficiently and effectively.

The Court of Audit has simplified its process of planning and time reporting, and clearly divided its responsibilities. Based on this development, a new system for project planning and time reporting has been introduced.

In 2013, a business case on the ‘Digitisation of the Audit Process’ (*Digitalisering onderzoeksproces*) was launched, which examines the sub-processes, such as digital workflow management, based on the overall process. In addition to workflow management, the business case also covers the use of the document management system across the Court of Audit. The business case is planned to be completed by March 2014.

### 5.8.3 Information security

Handling information carefully is essential to our work, which is why we closely examine our information security policy at regular intervals. We have updated our information security policy and the underlying regulations in early 2013. The policy has been completely adapted in accordance with new technical provisions and changes in the organisation. Furthermore, we have developed the security organisation in greater detail through tasks, responsibilities and powers, and explicitly outlined how we will monitor the implementation of the policy. The dependence and vulnerability analysis has also been adjusted, where necessary.

## 5.9 Control and management

We have a policy of changing our auditors’ organisation every four years. The internal auditor draws up an audit plan, audits our annual accounts and our financial and materials management, and reports his findings to the Board and the Secretary-General. The report is also discussed by the (external) Audit Committee. The Central Government Audit Service (*Auditdienst Rijk*, ADR) uses our internal auditor’s findings and performs any further audits it considers necessary. Subsequently, the Central Government Audit Service reports to the Minister of the Interior and Kingdom Relations for the purpose of preparing the Annual Report and the Final Act amending the Central Government Budget, Chapter IIB ‘Other High Councils of State and Offices’ (*Overige Hoge Colleges van Staat en Kabinetten*). The Court of Audit, in turn, includes this above-mentioned Annual Report in its annual audit of the central government accounts.

### 5.9.1 Statement on operational management

The Court of Audit systematically reviews its primary process, supporting processes and related control tasks. Based on monthly management information, we assess whether we are discharging our duties in an efficient and legitimate manner. We track the progress of the implementation of the contents of our Activity Programme and achievement of our defined targets through quarterly reports. The following section discusses noteworthy issues in relation to our operational management.

### 5.9.2 Financial regularity

The margins of tolerance in terms of regularity were not exceeded in 2013. A true and fair view of the state of affairs was provided.

### 5.9.3 Provision of (non-financial) information

The management information systems are in compliance with quality requirements. There were no disruptions in 2012 that jeopardised the accuracy, completeness, timeliness, continuity and confidentiality of non-financial information. The management information is reproducible.

In addition to the monthly management information, four-monthly reports were also compiled. These reports are designed to provide an insight into the impact of our activities and derive lessons for the future from this. Additionally, they help us analyse the progress we are making in terms of implementing our Activity Programme and making adjustments, if necessary. Using this information, we can better manage the implementation of our Activity Programme and improvement of our activities.

#### 5.9.4 Financial and materials management

The use of management tools has resulted in well-managed operational processes in 2013. Nevertheless, there are still a number of areas in which improvements can be made. The most important of these are:

- Additional internal controls

In 2013, additional internal controls were carried out in a timelier manner than before. The implementation of the P-Direkt control sheets was again delayed in 2013. Since then, the control sheets have been fully developed and tailored to the needs of the Court of Audit. Internal control activities will be carried out from the beginning of 2014, based on the information provided by the control sheets.

- Risks of fraud

The operational management of the Court of Audit is not subject to any particular risks of fraud. The usual risks that could arise in the procurement and the payment process are controlled through a separation of positions, conferral of authority, including a double authorisation of payments, internal controls and budgeting.

- Budget control

In 2013, the first round of the spending cuts, to which we have committed ourselves, was completed. This involved a total saving of € 800,000. In 2014 and 2015, there will be two relatively large rounds of the spending cuts amounting to € 300,000 and € 500,000 respectively. Given the cost structure of the Court of Audit, a major part of this commitment will be fulfilled through a lower staffing level. Partly because a number of measures for fulfilling this commitment have enabled us to achieve the targeted savings earlier than planned, a relatively large degree of under-spending was possible in 2013. The uncertainty regarding the outflow of candidates for redeployment under the 'From Work to Work' policy constitutes a risk during the coming years in terms of controlled budget expenditures.

- Open standards

The Court of Audit complies in full with Article 3, first paragraph of the Civil Service Guidelines (*Instructie rijksdienst*) for the purchase of ICT products and services. We have not deviated from any open standards.

#### 5.9.5 Other aspects

##### *Timeliness of payments to creditors*

Of the total invoices received, 88.5% are paid within thirty days after the invoice date. This implies that we were unable to meet our objective of paying at least 90% of invoices within 30 days. Sometimes the cause of late payment is a dispute with the supplier or an invoice which is not in accordance with contractual agreements. Sometimes invoices are not received until well after the invoice date. In early 2014, the Court of Audit plans to start working with a digital processing system for creditors' invoices. We assume that this will contribute to a faster payment of invoices. In 2013, the average payment term was 15 days.

### Organisational development

In 2013, the Court of Audit initiated an organisational development process. This process aims to fulfil our commitment to achieving the targeted savings and also to making the organisation of the Netherlands Court of Audit more future-proof and more efficient. In the first step of this process, which is expected to be completed by mid-2014, the focus is on reducing the number of management staff and support positions.

## 5.10 Audit Committee

Since January 2006, the Court of Audit has an (external) Audit Committee. This Audit Committee performs two tasks:

- It advises the President with respect to her monitoring of the activities of the Court of Audit.
- The Committee advises the Secretary-General with respect to the daily supervision of administrative tasks.

### 5.10.1 Members of the Audit Committee

The members of the Audit Committee are:

- Jan Helderma RA (chairman, since 1 January 2012), registered accountant, member of various executive and supervisory boards and member of the Insurer Governance Principles Monitoring Commission (*Monitoring- commissie Governance Principes Verzekeraars*);
- Ms Benita Plesch (member since 1 January 2010), coach and consultant at Plesch BV and chair and member of various boards and advisory committees;
- Mr Boudewijn Dessing (member since 1 January 2011), member of various supervisory councils, advisory boards and supervisory boards.

### 5.10.2 Meetings

The Audit Committee met five times in 2013. These meetings took place:

- once with the President;
- once with the entire Board;
- three times with the internal auditor;
- once with the external auditor;
- twice with the Works Council;
- five times with the management team.

All members of the Audit Committee were present at all meetings, except one. The members of the Audit Committee received an attendance allowance. The Audit Committee conducted a self-evaluation and consulted the Secretary-General separately at each meeting.

### 5.10.3 Appointment of members

Mr Jan Helderma was appointed on 1 January 2012 by the Board of the Court of Audit as Chairman of the Audit Committee. Ms Benita Plesch has been a member of the Audit Committee since 1 January 2010 and Mr Dessing has been a member since 1 January 2011. The term of appointment for members is three years. A member may be reappointed once for a maximum period of three years. Ms Benita Plesch was reappointed to the Audit Committee on 1 January 2013 and Mr Boudewijn Dessing on 1 January 2014.

#### 5.10.4 **Accountability 2012**

The Audit Committee discussed the 2012 Annual Report of the Court of Audit and the reports of the internal and external auditors for budget year 2012. It endorsed the conclusions and the most important recommendations in the auditor's reports. The Audit Committee noted that the specific points of attention are being addressed by the Court of Audit.

#### 5.10.5 **Audit Plan for 2013**

The Audit Committee approved the Audit Plan of the internal auditor and took note of the findings of the interim audit of 2013.

#### 5.10.6 **Other topics discussed**

The Audit Committee also discussed the organisation of the regularity audit, the implementation of the Activity Programme, the organisational development process, the employee satisfaction survey, the Integrity Report and open data/open spending.

In the context of the annual regularity audit, the Audit Committee monitored the progress of the plan for implementing the International Standards of Supreme Audit Institutions (ISSAIs) for the financial audit. Moreover, it also discussed the regularity audit website and the importance of cooperation with the Central Government Audit Service. It gave its advice regarding the role of external members and the members of the Court of Audit, in the context of the regulations for audit committees issued by the ministries. The Audit Committee also attended a conference for audit committees at the ministries.

In 2013, the Audit Committee received and discussed the four-monthly reports on the implementation of the Activity Programme. According to the Audit Committee, the four-monthly reports provide a proper and informative view of the results, impact and operational management of the Court of Audit.

Operational management topics explicitly discussed in the meetings of the Audit Committee included information security, requests for information under the Government Information (Public Access) Act, results of the employee satisfaction survey, integrity assurance and the Sustainability Report for 2012. The draft plan for the efficiency and effectiveness audit, the plan of approach for celebrating 200 years of the Court of Audit in 2014, as well as the upcoming EUROSAI Congress and the Presidency of the EUROSAI were also discussed.

In the context of the organisational development process and spending cuts, the Audit Committee gave its advice on the content and approach of the reorganisation, implementation and communication of this within the organisation and the proposed method of monitoring changes within the management team. The Audit Committee further discussed the impact of agreements on spending cuts with the Minister of the Interior and Kingdom Relations and the changes to be made in the quality assurance process.

In addition, the Audit Committee was requested to give its advice on open data and open spending by the Court of Audit. In response, the Audit Committee issued opinions on the opportunities and risks and especially regarding what this signifies in terms of communications.

Finally, the Audit Committee attended the extraordinary Board meeting held on 5 February, on the occasion of the joining of Board member Arno Visser.

## 5.II Finances

The budget of the Court of Audit is part of Chapter IIB of the Central Government Budget, 'Other High Councils of State and Offices'. It falls under the responsibility of the Minister of the Interior and Kingdom Relations. The administration is conducted and the Annual Report of the Court of Audit is prepared in accordance with the integrated cash accounting system. This means that expenditures and revenues are accounted for in the year in which they are actually paid out and received. Hence, payments and receipts in 2013 may also be related to products or services delivered in 2012 or 2014.

### 5.II.1 Savings commitment for 2013-2018

In 2012, the Court of Audit decided to contribute to bringing public finances in order by undertaking a specific savings commitment. This commitment targets a saving of € 1.9 million by 2018. To achieve this, an organisational development process has been launched.

During this process, we will examine how the support services and management can be organised in a more efficient manner. We will take strong measures internally to ensure this.

In 2013, the first round of spending cuts under this savings commitment, amounting to € 800,000, was completed. We also expect to fulfil the rest of this commitment on time (in 2014 and 2015). But while trying to fulfil the savings commitment, we continue to keep a close eye on the performance of our statutory duties, since this must be guaranteed at all times. This also applies to the international standards to which we must comply for our work.

In the draft budget for 2014, the Rutte/Asscher Government has included a new savings target in its long-term figures. This aims to bring about a saving of € 1.2 million by 2018.

As a High Council of State, the Court of Audit performs its duties independently of the government. Hence, the Court of Audit has indicated that it is not in agreement with a second savings commitment. This is now under discussion with the Minister of the Interior and Kingdom Relations.

### 5.II.2 Expenditures of the central government and the Court of Audit

The table below displays the expenditures of the Court of Audit as compared to the total expenditures of the central government.

Expenditures 2008-2012 (x €1,000,000)

	2008	2009	2010	2011	2012
Expenditures of the central government	209,380	246,697	237,569	236,693	236,390
Expenditures of the Court of Audit	28.0	30.1	30.0	28.8	29.3
%	0.013	0.012	0.013	0.012	0.012

The expenditures of the Court of Audit, as compared to the total expenditures of the central government, show a decreasing but relatively stable trend in recent years.

The expenditures of the central government for 2013 will only be available after the publication of our 2013 Annual Report.

### 5.11.3 Actual figures for 2013

In 2012, the expenditures of the Court of Audit were € 748,000 less than budgeted. Its revenues were € 60,000 lower than budgeted.

Actual figures for 2012-2013 (x €1,000)

	<b>Expenditures in 2012</b>	<b>Revenues in 2012</b>	<b>Expenditures in 2013</b>	<b>Revenues in 2013</b>
Budget*	30,014	1,717	29,799	1,217
Actual figures	29,279	1,711	29,051	1,157
Difference	735	-6	748	-60

\* As defined in the second Supplementary Budget Act (*Suppletoire Begrotingswet*).

The reasons for the lower expenditures can be divided overall into three categories. Firstly, measures taken to achieve the savings commitment undertaken by us resulted in savings earlier than planned, due to e.g. employees leaving the organisation. Furthermore, in 2013, there were some major windfalls in terms of expenditures, such as sickness absence and related expenditures. Finally, a number of activities were postponed, including some international cooperation projects.

### 5.11.4 Breakdown of expenditures and revenues

Along with this Annual Report, the Court of Audit also publishes its general ledger for 2013 in the form of a file. Interested parties can consult this file to find out in detail the Court of Audit's expenditures and revenues in 2013. The following table provides a breakdown of the expenditures and revenues. With this, we offer an insight into the way in which we use the resources available to us and the nature of our revenues. Since 2013, this breakdown is based on the government-wide cost types table used. Using this table offers more opportunities for comparing expenditures within the Civil Service. As a result of the introduction of this table, it is no longer meaningful to compare the figures with those of 2012. Hence, we have not included the 2012 figures in this Annual Report.



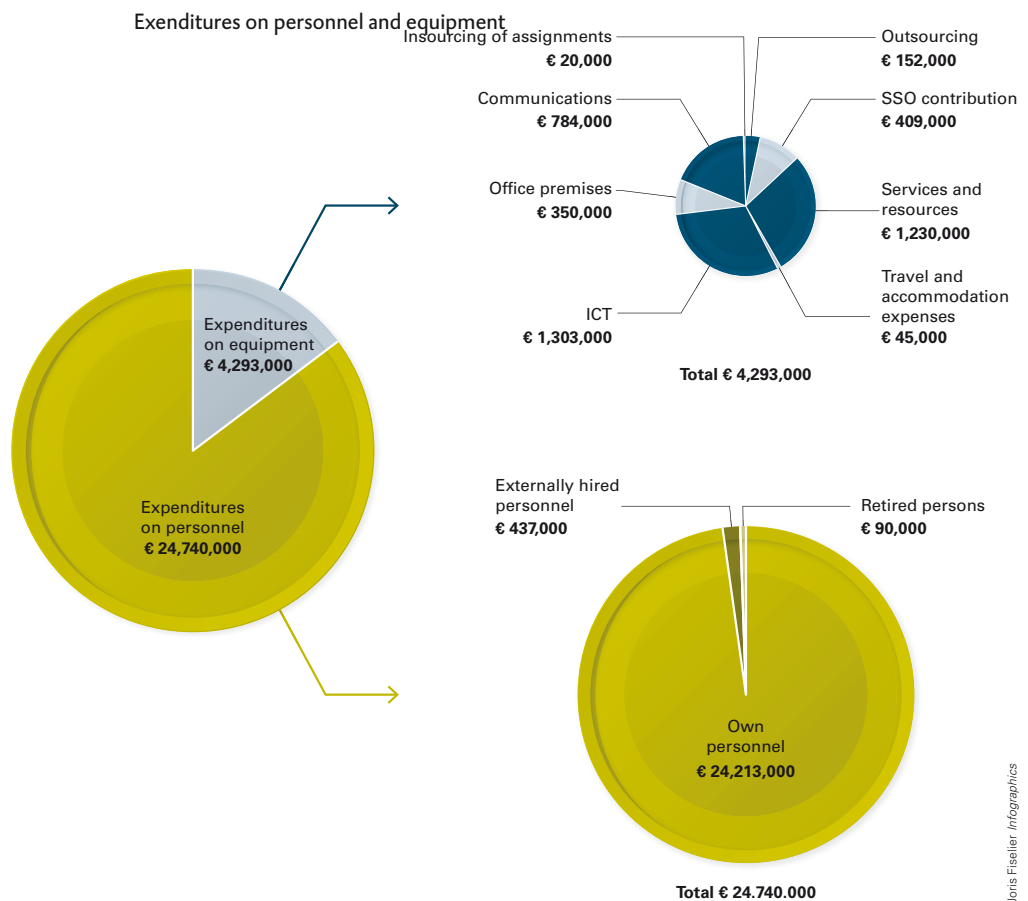
## Breakdown of expenditures (x €1,000)

	Expenditures in 2013	% of total
Own personnel	24,231	83.4%
Externally hired personnel	437	1.5%
Retired persons	90	0.3%
Support staff expenditures	24,758	85.2%
Outsourcing	152	0.5%
SSO contribution	409	1.4%
Services and resources	1,230	4.2%
Travel and accommodation expenditures	45	0.2%
ICT	1,303	4.5%
Office premises	350	1.2%
Communications	784	2.7%
Insourcing of assignments	20	0.1%
Expenditures on equipment	4,293	14.8%
<b>Total</b>	<b>29051</b>	<b>100.0%</b>

## Breakdown of revenues (x €1,000)

	Revenues in 2013
International projects	973
Secondments	139
Other revenues	45
<b>Total</b>	<b>1157</b>

## Expenditures on personnel and equipment



### 5.11.5 Notes to the expenditures

A complete insight into our expenditures and a more detailed breakdown of the different categories can be viewed in the 'Open Spending' file made available by us. Below we explain a few of the cost categories.

Over 85% of our expenditures are for personnel expenses. In addition to salary costs, these expenditures include operating expenses related to personnel, such as allowances for the home-work commute, expenses incurred for domestic and international business trips and costs of courses and trainings. Only 1.5% of the expenditures are related to externally hired personnel. Hence, in this respect we are well below the fixed standard of 10%.

Expenses related to own personnel also include bonuses and entertainment costs. The Court of Audit follows a conservative policy by granting bonuses only for exceptional performance, which are paid out via the salary; in 2013, this amounted to only 0.5% of the salary costs. Our policy for smaller rewards is more generous, e.g. gift vouchers for exceptional performance or efforts delivered, Christmas gifts and allowances for team lunches and drinks. We do this to strengthen ties within audit teams, since their composition is always changing, as well as within the organisational units. Moreover, in 2013, the Court of Audit remained well within the leeway allowed under the work-related expenses scheme for allowances and personnel benefits. Only 71.4% of this leeway was utilised in 2013.

The travel and accommodation expenses of own personnel are largely related to our international activities. These expenses are partly passed on to third parties. The Court of Audit follows a policy of encouraging personnel to fly in economy class, based on CSR considerations. This also offers the added advantage of saving money. More information about our international activities can be found in Chapter 2 of this 2013 Annual Report.

The costs of services and resources include investments made for purchasing furniture and installing lockers in 2013. Thanks to these investments, all our employees can start working flexibly from 2014 at our premises at Lange Voorhout 8, and we can accommodate more employees in order to achieve the target standard of 0.9 workstations per FTE.

### 5.11.6 Cost price by Category

The table below displays the productive days divided into three categories:

- Audit projects: days spent on performing audits, which have led or will lead to an external publication;
- International projects;
- Other directly productive activities: this category consists of audit days aimed at obtaining information and carrying out risk analyses to determine the Activity Programme. They also include days allocated to the development of professional skills, implementation of internally-focused development projects and relationship management.

Production figures, costs (x €1,000)\* and days

	<b>Days</b> <b>2012</b>	<b>Costs</b> <b>2012</b>	<b>Days</b> <b>2013</b>	<b>Costs</b> <b>2013</b>
Audit projects	17,269	17,106	18,240	17,651
International projects	2,709	2,683	3,277	3,171
Other directly productive activities	9,580	9,490	8,503	8,229
<b>Total</b>	<b>29,558</b>	<b>29,279</b>	<b>30,020</b>	<b>29,051</b>

\* The cost price per category is calculated by multiplying the cost price per day with the number of days spent. For 2013, the average cost price per day was € 967.72.

The increased time spent on international projects is due to the preparations for assuming the Presidency of EUROSAI. This Presidency will be inaugurated at the 9th EUROSAI Congress to be held from 15-19 June 2014 at The Hague.

#### 5.II.7 Cost price per day

The cost price per day for audits is calculated by comparing the total expenditures of the organisation with the number of productive days.

Cost price

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Expenditures (x €1,000)	29,971	28,800	29,279	29,051
Productive days	27,825	29,428	29,558	30,020
Cost price per day in €	1,077	979	991	968

The calculated cost price per day decreased by 2.3%, as compared to 2012. This is mainly due to a higher average productivity and measures taken to fulfil our savings commitment. These measures focus mainly on management and support staff and as far as possible, spares the primary process and our 'production'.

#### 5.II.8 Externally funded international projects

Any assistance provided to sister institutions must at least cover the costs of providing such assistance.

To cover personnel expenses, when making our offer we apply the rates specified by the Minister of Finance. These rates are applicable to services provided to organisations outside of the central government.

For travel and accommodation expenses, when making our offer we apply the guidelines specified by the Minister of the Interior and Kingdom Relations.

The table below shows the extent to which the externally funded international projects have actually been cost-effective. This includes projects that were completed in 2013.

## Cost-effectiveness of international projects completed in 2013

project	Costs over total project duration		Revenues	Cost-effectiveness
	Actual number of days	euros*	euros	%
Assistance for Curaçao - efficiency audit	88.77	91,763	84,110	91.7
Assistance for Curaçao - regularity audit	34.01	37,295	37,697	101.1
Sint Maarten - regularity audit for 2012	13.00	12,730	15,579	122.4
Aruba Tax and Customs Administration - regularity audit	40.00	44,957	44,972	100.0
Armenia	201.61	398,601	420,270	105.4
AFROSAI E-5	56.26	78,731	73,319	93.1
	433.65	664,077	675,947	101.8

\* Personnel expenses and travel and accommodation expenses in 2013 and previous years.

The cost-effectiveness of international projects completed in 2013 is generally satisfactory.

### 5.11.9 Externally hired personnel

Where necessary, the Court of Audit hires expertise from external sources. This is done if we do not have sufficient in-house expertise or capacity for performing audit projects or projects abroad. Moreover, we also hire external capacity and expertise for assisting in internal projects and we make occasional use of temporary employees during e.g. the holiday season. From 2013 onwards, we apply the government-wide definition for externally hired personnel and issue specifications in accordance with the model defined in central government budget regulations.

#### Externally hired personnel (in euros)

	2013
Employment agency management	0
Organisational and staffing advice	8,712
Policy advice	308
Communications advice	157,303
Legal advice	8,473
Advice for clients' automation projects	35,074
Accountancy, financial and administrative organisation	69,172
Temporary employees (normal staffing & peak)	158,324
<b>Total</b>	<b>437,366</b>

### 5.12 Remuneration of Board members and administrative expenses

The following table shows the remuneration of Board members in 2012 and 2013. The remuneration of the Board is determined in accordance with the Council of State, Netherlands Court of Audit and National Ombudsman (Legal Status) Act (*Wet rechtspositie Raad van State, Algemene Rekenkamer en Nationale ombudsman*) of 6 November 2008.

## Board remuneration

	Position	Holding position since:	Remuneration 2012	Expense allowance 2012	Employer's contribution to provisions for remuneration payable for 2012	Total 2012	Remuneration 2013	Expense allowance for 2013**	Employer's contribution to provisions for remuneration payable for 2013	Total 2013
Ms S.J. Stuiveling	President	29/10/1984	144,108	8,342	22,217	174,667	144,108	-	23,914	168,022
Mr G. de Jong*	member	01/05/2002	122,244	6,372	17,692	146,308	-	-	-	-
Mr C.C.M. Vendrik	member	15/04/2011	126,975	6,912	21,297	155,184	126,975	-	22,835	149,810
Mr A.P. Visser	member	15/01/2013	-	-	-	-	116,347	-	21,976	138,323
<b>Total</b>			<b>393,327</b>	<b>21,626</b>	<b>61,206</b>	<b>476,159</b>	<b>387,430</b>	<b>-</b>	<b>68,725</b>	<b>456,155</b>

\* Board member until 1 December 2012.

\*\* This column is no longer applicable because the gross allowance for the expenses related to the official position has been replaced by a (lower) tax-free allowance.

Information on ancillary positions held by Board members can be found on our website.

### 5.13 Attendance allowances of adjunct Board members, the Chairman and members of the Audit Committee

The Court of Audit has two adjunct Board members. They provide guidance during audits or act as a replacement for a Board member. As a replacement for a Board member, they have the same powers as the permanent Board members. The Audit Committee consists of three external members, one of whom holds the position of chairman.

#### Attendance allowances of extraordinary Board members and Audit Committee members

	Position	Holding position since:	Attendance allowance for year	Paid in 2012	Paid in 2013
Mr P.W. Doop	Extraordinary Board member	17/08/2004	2011	7,038	
			2012		5,718
Prof. M.J.W. van Twist	Extraordinary Board member	17/08/2004		-	-
J.G.P.M. Helderman RA	Audit Committee chairman	01/01/2012	2012	3,712	
			2013		3,006
Ms B.E.C. Plesch	Audit Committee member	01/01/2010	2012	2,472	
			2013	-	2,254
Mr B. F. Dessing	Audit Committee member	01/01/2011	2012	3,465	
			2013		2,505
<b>Total</b>				<b>16,687</b>	<b>13,483</b>

#### 5.13.1 Remuneration of senior managers

The management team of the Court of Audit consists of the Secretary-General and five Directors.

## Remuneration of senior managers in 2012 and 2013

	Position	FTE	Holding position since:	Remuneration 2012	Expense allowance 2012	Employer's contribution to provisions for remuneration payable for 2012	Total 2012	Remuneration 2013	Expense allowance 2013	Employer's contribution to provisions for remuneration payable for 2013	Total 2013
Mr E. van Schoten	Secretary-General	1.00	01/10/2006	120,788	6,942	19,871	147,601	120,788	6,995	21,305	149,088
Mr E.C.T.M. Meijer	Director*	1.00	01/09/2009	116,426	3,205	19,158	138,789	70,129	1,602	10,270	82,001
Mr P. van der Knaap	Director**	0.94	01/04/2004	104,123	3,205	17,217	124,545	43,743	1,189	6,847	51,779
Mr P.J. Rozendal	Acting Director	1.06	01/06/2013					67,523	1,869	11,039	80,431
Mr C. van der Werf	Director	1.00	01/10/2013					24,390	801	4,751	29,942
Ms B. Goezinne	Director	1.00	01/01/2012	93,262	3,205	14,724	111,191	98,140	3,205	16,320	117,665
Mr R. Praat	Director	1.00	20/05/2002	102,539	3,205	16,026	121,770	100,315	3,205	18,026	121,546
Mr M.J.C. Houtkamp	Director	1.00	01/01/2009	91,281	3,205	15,227	109,713	95,650	3,205	16,320	115,175
<b>Total</b>				<b>628,419</b>	<b>22,967</b>	<b>102,223</b>	<b>753,609</b>	<b>620,678</b>	<b>22,071</b>	<b>104,878</b>	<b>747,627</b>

\* Director until 1 July 2013.

\*\* Director until 15 May 2013.

Information on ancillary positions held by the management team can be found on our website.

### 5.13.2 Administrative expenses

The Court of Audit strives for maximum transparency regarding the costs for administration, including declarations and other administrative expenses. The table below displays the administrative expenses for company transport and official trips abroad. Expenses under 'Miscellaneous' consist mainly of business lunches and dinners. Accommodation expenses during business trips abroad are listed under 'International travel'. Expenses incurred for entertainment activities performed by the Board as a whole are listed under 'Board - General'. Also, the expenses incurred due to the departure of Board member Gerrit de Jong in 2012 are included under this heading. Compared to 2012, the administrative costs are higher because of an increase in the number of international business trips undertaken by Board members. A breakdown of the costs incurred can be found in the 'Open Spending' file provided by us.

#### Administrative costs in euros

	Position	Total 2011	Total 2012	Commuting 2013	International travel 2013	Miscellaneous 2013	Total 2013
Board - General		5,557	16,900	-	475	13,881	14,356
Ms Saskia J. Stuiveling	President	50,134	29,954	35,285	17,651	956	53,892
Mr Gerrit de Jong*	member	7,386	21,270	-	-	-	-
Mr Kees Vendrik	member	8,352	8,028	7,072	4,822	1,620	13,514
Mr A.P. Visser	member	-	-	6,679	7,378	1,034	15,091
<b>Total</b>		<b>71,429</b>	<b>76,152</b>	<b>49,036</b>	<b>30,326</b>	<b>17,491</b>	<b>96,853</b>

\* Mr Gerrit de Jong was Board member until 1 December 2012.