

2014 Annual Report Netherlands Court of Audit

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Preface

Language Guide

The way in which you refer to ‘change’ partly determines the way in which you approach ‘change’ – either as a problem or as an opportunity.

For instance, these days a ‘chicken’ is a ‘free-range chicken’ or an ‘organic chicken’ since chickens somehow stopped being just regular chickens. And nowadays, the constantly changing economy is referred to as ‘disruptive’ – why not as ‘promising’ or even more neutrally as ‘next-generation’?

Because – whether we like it or not – the information revolution is steamrolling ahead with no regard for the repercussions it will have for the public sector and in turn for the way in which the Netherlands Court of Audit (NCA) operates.

We aim to keep abreast of these developments as closely as possible. After all, in our line of work information is our ‘raw material’. We collect, process and share information. In essence, we have these characteristics in common with newspaper and magazine publishers. In this era of Twitter and Facebook, being the first with breaking news is a privilege reserved for only a handful of people. The battle always seems to have been decided in favour of social media. This has prompted a revival of good, old-fashioned investigative journalism. If everyone already knows the ‘message’, then the challenge lies in uncovering and adding an ‘interpretation’ to the primary form in which information is being made available on social media.

These developments have prompted us to radically revamp the way we do our work. We have been sharing our ideas about this with colleagues around the world as a member of INTOSAI, the international organisation of audit offices. We also made the ‘need for innovation’ the central theme of the EUROSAI congress that we organised in The Hague for some 225 colleagues from 57 countries in June 2014.

As we did last year, we will be publishing our 2014 Annual Report at the same time as a trend report on open data. It is quite a paradigm shift for public authorities to operate on principles of open data. A testament to this is an alphabetically sorted list of arguments recently published against working with open data. However, the tide is turning and cannot be stopped. It has become apparent that it costs relatively little to make data open, yet provides huge benefits. Even we are preparing ourselves for this new reality. As soon as datasets become openly available, everyone will be able to access them – in contrast to the situation when only we could access this information from inside. This means that we also have to reinvent ourselves. The question arises as to how we can maintain our standing in dialogue with 16 million potential ‘armchair auditors’ – a new skill that audit offices are only just beginning to come to terms with. At the same time, our auditing monopoly will become increasingly important for those parts of government that cannot operate based on open data, e.g. where official secrets (Ministry of Defence), commercially sensitive company information or privacy issues are at stake. The skills and expertise required in these areas are very much our domain, but even here we will need to modernise and hone these skills still further.

In 2014 at the EUROSAI congress, we succeeded in establishing inspirational themes for the future that are catching on abroad. How should we relate to a society that is becoming increasingly open and in which information is available to everyone?

The Netherlands Court of Audit's third century in existence is already promising to be very exciting and it has only just started!

Saskia J. Stuiveling

President of the Netherlands Court of Audit

31 March 2015








Introduction

The Netherlands Court of Audit has been auditing national government's revenue and expenditure for two hundred years now. We also audit whether government policy is being implemented properly. It is our task to present parliament with usable and relevant information about policy implementation, so that members of parliament can determine whether ministerial policies are legitimate and how efficient and effective these policies are. This is how we contribute towards maintaining a vibrant democracy. We also attach great importance to accountability in our own work. After all, the NCA's budget is publicly funded. We strive for transparency regarding how we appropriate these funds and about the results that we achieve using them.

We have included an overview of our foremost 2014 results under *The Netherlands Court of Audit in 2014 – Facts & Figures*. In the rest of our 2014 *Annual Report*, you will find more detailed information about what we have been involved in, what we have been doing and what has been happening in terms of operational management. You will find information about our organisation's positioning, about trends and developments in our field, about our 2014 audits (including national and international partnerships), and about our operations in general.

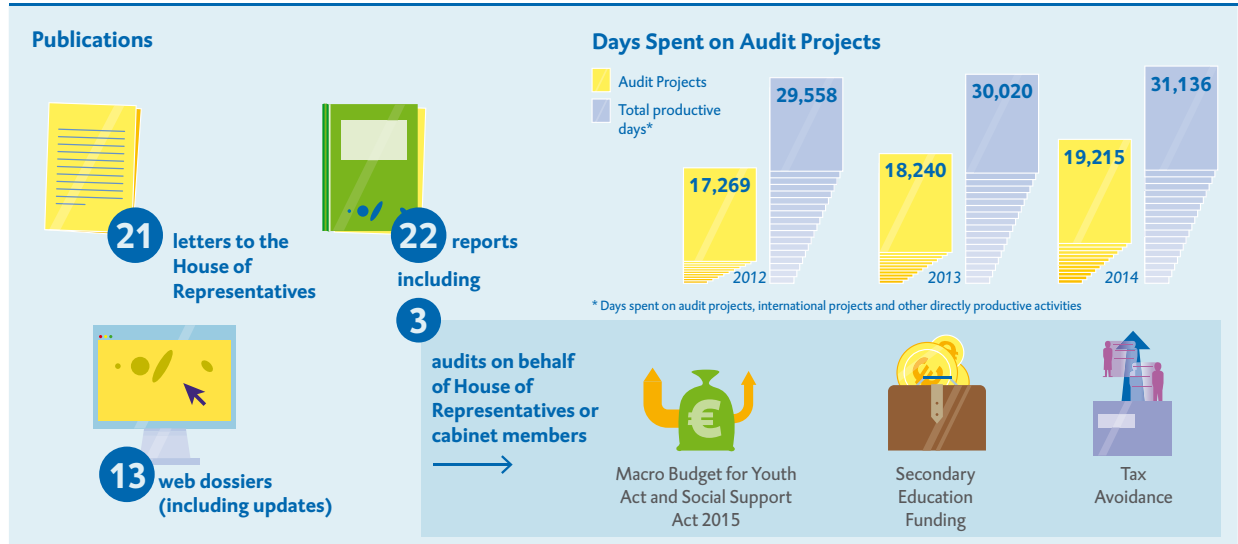
We will be publishing our expenditure (our 'general ledger') in this 2014 *Annual Report*, just as we did last year in our 2013 *Annual Report*. It is an open data file that is freely accessible and available for anyone to use. This form of 'open spending' is intended to contribute towards financial transparency in government affairs. We are pleased that the ministries intend to follow our example by publishing their administrative expenditure on *Accountability Day 2015*. We will be publishing our 2014 *Annual Report* in a digital format. If you would like to print specific pages from our *Annual Report*, then you can create your own overview using the 'Add to print overview' option.

Figure 1 200 Years – Netherlands Court of Audit and Government Finance

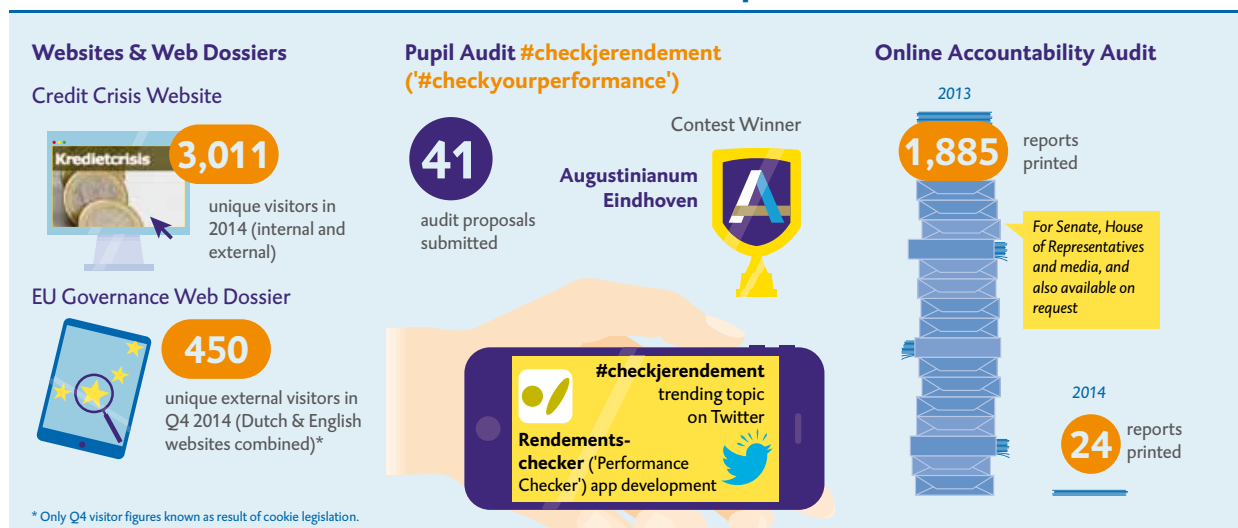
1814	Constitution of the Kingdom of the Netherlands Netherlands Court of Audit (NCA) established	Gross Domestic Product (GDP): f 471 million
1864	Advent of industrialisation in the Netherlands	f 872.7 million
1914	Start of World War I	f 2,4 billion
1964	Expansion of welfare state	f 60.7 billion
2014 January	NCA's 200 th anniversary 	€ 616 billion
February	Cuts to Healthcare Allowance	
March	Constitution Festival NCA opens its doors to the public	
April	Exceptional Medical Expenses Act (AWBZ) Reform – A Simulation of the Consequences 	
May	2014 Accountability Audit	
June	9 th EUROSAI congress in The Hague + #checkjerenement ('check your ROI') 	
July	High-Speed Line South – A Report in Images 	
August	Iraqi Court of Audit and NCA in Ankara	
September	Launch of www.checkjeschoolgebouw.nl website 	
October	NCA and public finances	
November	Public Authorities – Insight into the Protection of Citizens and Businesses 	
December	Accounting for Haiti Aid Funds 2013 	

The Netherlands Court of Audit in 2014 – Facts & Figures

We contribute towards learning and resolute government



We deliver useful, accessible, innovative audit products



We share knowledge worldwide

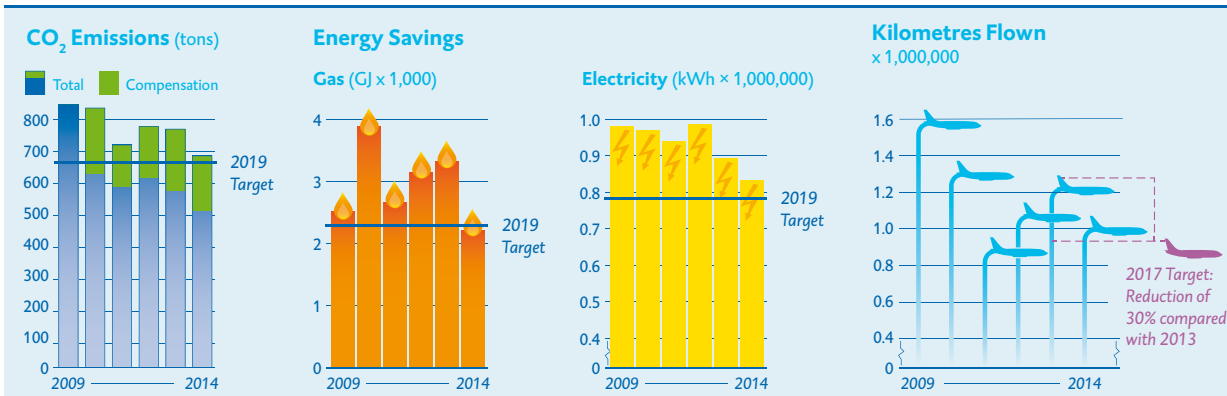




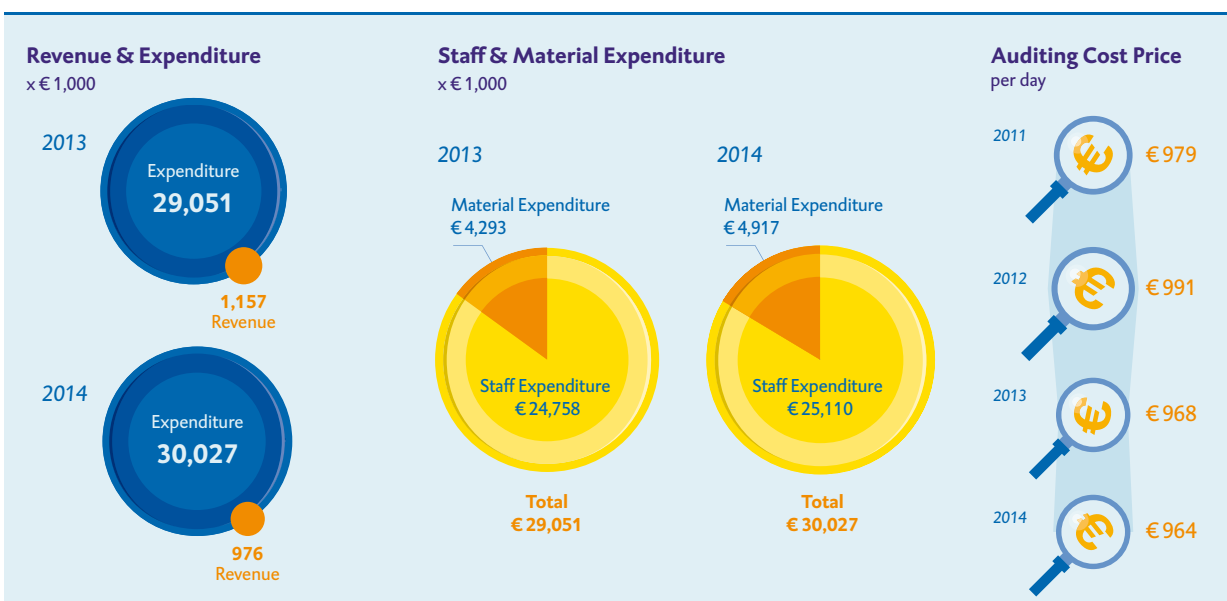
Our Staff are Our Capital



Our Environmental Operating Objectives



Our Finances at a Glance



I The Netherlands Court of Audit – An Independent Organisation

The Netherlands Court of Audit audits central government's revenue and expenditure, and checks whether policies are being implemented as intended. In this section, you can find out more about our organisation.

High Council of State

The Netherlands Court of Audit is a High Council of State, as are the Senate of the States General, the House of Representatives of the States General, the Council of State, the National Ombudsman and the Chancery of the Netherlands Orders of Knighthood. High Councils of State are appointed under the Constitution and occupy an independent position with respect to government. The Board, whose members are appointed for life, governs the NCA.

Our Mission

Our objective is to audit and improve the legitimacy, efficiency, effectiveness and integrity of the central government and its associated organisations. In doing so, we also examine whether the Netherlands is meeting its obligations under international agreements. It is also our duty to contribute towards sound public administration by means of knowledge exchange and national/international cooperation. We view reliability, accessibility, innovation and usability as the foremost characteristics of our products and services.

Our Stakeholders

Our principal stakeholders are parliament, government and society at large. Our audits and publications are primarily intended for members of the Senate and House of Representatives. We aim to align our audits with their needs and requirements, so that they can use our products and services as effectively as possible to carry out their legislative tasks and to monitor cabinet members' work. Our audits are also important to the government, as they form the basis by which it can make improvements in the way it formulates, implements and evaluates its policies. Ultimately, our stakeholders are those businesses, organisations and members of the public who pay taxes and who feel the real effects of the government policies being drafted and implemented with their money. This is why it is important for society as a whole that we keep a finger on the pulse of government spending.

Our Working Field

Our working field within the public sector covers the central government and its associated organisations. Hence, we not only monitor the ministries, but also autonomous administrative authorities operating at arm's length from the central government. These are autonomous organisations performing a public duty or public-private partnerships that do not form part of the central government, but are wholly or partially funded using public money. Examples include schools, benefit agencies, supervisory authorities and the national police force.

Local authority, provincial and water board revenue and expenditure fall outside our jurisdiction, even though they spend government money. We can, however, request that these government bodies cooperate with us as part of our audit activities.

Our Duties

The Government Accounts Act 2001 (CW 2001) [Dutch: *Comptabiliteitswet 2001*] stipulates that we perform both regularity and efficiency audits. Regularity audits address the question as to whether actual central government revenue and expenditure, and that of its associated bodies, correspond with the political decisions made in these areas. In this respect, we evaluate *budgets, accountability and monitoring*, and the way in which these correlate to one another and to pre-determined policies. We annually publish regularity audit findings on *Accountability Day* – the third Wednesday in May. Efficiency audits address the central government's *performance*, thereby evaluating its *policies, their implementation and their correlation to one another*. We audit *policy effectiveness*, i.e. 'Is the minister's policy achieving the envisaged results?', and *policy efficiency*, i.e. 'Is the central government allocating the right amount of money to achieve the envisaged results?'

The NCA determines independently which polices it will be auditing and how. Members of parliament and cabinet members may also submit requests for audit, for example if a requirement exists for an independent expert opinion about a certain subject. The NCA decides independently whether it will honour such requests. The law also stipulates that ministers hold consultations with the NCA if they intend preparing legislation that has consequences for the NCA's duties and powers, or if the State is involved in setting up new organisations.

Our Contribution to Sustainable Development & Prosperity

In light of its social responsibilities, and as an independent organisation, the NCA aims to make a positive contribution towards future sustainability – *people, planet and prosperity*. We believe that we can achieve this by carrying out our core tasks, by operating effectively and efficiently, and by entering into a dialogue with our stakeholders.

2010–2015 Strategy

Key aspects to our work include fostering and nurturing sound governance and public administration's learning ability. Sound, modern-day governance with proper in-built accountability processes is essential for a 'learning' government.

Figure 2 **Good governance**



When selecting focus areas for the period from 2010 to 2015, we purposely pinpointed targets and target groups that were to a significant extent dependent on a highly functional public sector. We categorised these *legislative, financial and/or executive* targets/target groups into one of the three following domains:

- *People*: healthcare, education, development cooperation
- *The Netherlands*: competitiveness, integration, infrastructure, safety
- *Planet*: climate, energy

In addition to these three domains, we also defined five themes that we believe constitute a challenge for effective, efficient, responsive, legitimate and transparent government:

- public finance sustainability
- House of Representatives' access to information
- Fragmentation of policy-making and policy implementation
- Europe
- integrity

We are aiming to discuss these themes in a systematic fashion, with or without separate studies.

2 The NCA's Working Environment in 2014

There are major changes taking place within Dutch government and the public/semi-public sectors. Decentralisation, budget cuts, restructuring and a greater EU role are just a few of the issues high on the administrative agenda. These developments are having a major effect on society at large, the public and even the NCA's work. To a significant extent, they therefore determine the actual themes that we investigate.

2.1 People – Decentralisation of Government Duties

In 2014, major political and administrative attention was paid to preparing for a major decentralisation of central and provincial governments' social funding and responsibilities to local authorities. The NCA monitored preparations for this decentralisation at parliament's request. This resulted in various publications including our 2013 *Accountability Audit*. We also sent a letter to the Minister of the Interior and Kingdom Relations and to the House of Representatives about the bill to establish a sub-fund for decentralised social services.

Since 1 January 2015, local authorities have been responsible for youth welfare, social support, labour participation, and healthcare for the chronically ill and handicapped. The transfer of central and provincial governments' social tasks, responsibilities, powers and budgets to local authorities is one of the largest-scale and most complex changes ever undertaken. The aim is for local authorities to carry out these tasks using fewer resources than previously used at a national government level. In our 2013 *Accountability Audit*, published in May 2014, we listed several criteria and recommendations that we subsequently used to assess and audit central government's preparations:

- Determine whether local authorities and other parties involved are ready for decentralisation. Is decentralisation feasible and realistic?
- Establish an independent temporary transitional authority for decentralisation.
- Make provision of information as lean as possible.
- Safeguard continuity of healthcare and assistance from local authorities and healthcare/support providers.
- Make sure that the legal and regulatory framework is ready in time.
- Clearly define tasks, responsibilities and powers.
- Make sure that local authorities have structured their internal organisation adequately.
- Make sure that local authorities have sufficient insight into the connection between target groups and resources.
- Make sure that democratic control and accountability have been adequately established.

In our letter dated June 2014, we commented on the legislative bill establishing a sub-fund for decentralised social services within the *Municipalities Fund* [Dutch: *Gemeentefonds*]. This bill imposed spending conditions on local authorities regarding funds for the social domain. The government withdrew its bill in response to our letter. In September 2014, the government also established a *Transitional Committee for Decentralised Social Services* [Dutch: *Transitiecommissie Sociaal Domein*] for a period of two years to monitor the progress of preparations and implementation of

the decentralisation process. This was partly in response to the recommendations that we made in our 2013 *Accountability Audit*.

Some of our 2013 *Accountability Audit* recommendations are still current, e.g. making the provision of information as lean as possible based on the use of uniform terms and definitions and the use of ‘open data’. We will be paying particular attention to these aspects in the 2014 *Accountability Audit* that we will be publishing on 20 May 2015. We will continue to monitor this process in the years ahead in partnership with local audit offices/committees.

2.2 The Netherlands – Safety & Security

Disaster response and crisis management are critical to society at large and to members of the public alike. Safety and security will always be important issues. In our report, *Public Authorities – Insight into the Protection of Citizens and Businesses* (November 2014), we stated that the Minister of Security and Justice had insufficient insight to determine whether and to what extent public authorities would actually be able to protect the public and businesses in the event of a disaster or crisis. Cohesion and cooperation between the organisations involved are particularly important to ensure that they spend public funds for disaster response and crisis management efficiently. The Minister of Security and Justice thus decided to evaluate the *National Safety & Security Strategy* (SNV) [Dutch: *Strategie Nationale Veiligheid*], partly in response to our audit. Together with the Netherlands Security Council, the minister also established the *Strategic Agenda for Improved Security Regions* [Dutch: *Strategische Agenda Versterking Veiligheidsregio's*] to address cohesion and prioritisation of the security regions’ joint activities.

In 2014, additional steps were taken to establish a national police force. Restructuring the police force had implications not only for its management and organisation, but also for police staff themselves, as we had pointed out in our letter with comments on the Ministry of Security and Justice’s 2015 *Budget*.

2.3 Public Finance Sustainability

2.3.1 Budget Cuts & Their Effects

One of the current and previous governments’ foremost objectives was putting public finances into order. From 2010 to 2014, substantial balance-improvement measures were implemented in the national budget that are expected to account for €51 billion in cost savings by 2017. These measures comprised a mix of reduced public spending, e.g. reduced healthcare and childcare allowance, and higher tax revenue, e.g. an increased insurance premium tax and reform of tax credits for green investments. Such measures naturally have major social implications.

In 2014, a total of €34 billion was cut in the current round of budget cuts. Proper accountability for their budgetary implementation and effects is essential. It may be expected that the government has and provides sufficient insight into the progress and results of such budget cuts as a whole, and in particular, into the budgetary and social effects of the foremost individual measures. Information about accountability is essential for allowing parliament to exercise its right to approve and amend budgetary policy. In response to our series of audits entitled *Insight into Budget Cuts* [Dutch: *Zicht op*

bezuinigingen], the Minister of Finance stated that departmental annual reports would clearly indicate the effects of these budget cuts.

2.3.2 Civil Service Reforms

Central government operations are undergoing major, protracted changes. The Civil Service Reform Agenda [Dutch: *Hervormingsagenda Rijksdienst*] included measures designed to transform the civil service into a more unified organisation, to improve services for business and the public alike, to increase responsiveness, to reduce bureaucracy, and to cut staffing and material costs (administrative costs) by €4.1 billion.

In 2014, we noted that administrative costs were beginning to increase again after an initial decrease from 2011 to 2013, and that implementing the reform agenda was proving to be quite challenging. We believed that the Minister for Housing and the Central Government Sector should also account more fully for central government's administrative costs. We also stated that cutbacks and reforms should be implemented in an accountable fashion. This means that it should be clear – even to the general public – what government is responsible for and what it is not, or no longer, responsible for. We noted that this was often not the case. In our 2013 *Accountability Audit* and in our letter with comments on the Housing and the Central Government Sector's 2015 *Budget*, we requested that attention be paid to the above-mentioned issues.

2.4 House of Representatives' Access to Information – Modern-Day Budgeting & Accountability

Budgets and accountability reports are currently presented in accordance with the principles of *Responsible Budgeting* [Dutch: *Verantwoord begroten*]. In contrast to the principle of *Policy Budget to Policy Accountability* [Dutch: *Van Beleidsbegroting Tot Beleidsverantwoording*], a minister has to state what has been carried out with budgetary funds spent as part of his/her immediate remit. A minister does not report on the policy effects if he/she bears no direct responsibility for this policy. For example, budgets and accountability reports consequently contain limited information about money spent by schools, local authorities or benefit agencies.

We believe that this causes friction in an era of reduced central government involvement and an explosion in the volume of data available. After all, many policies are being implemented by persons other than the minister in question. There also needs to be public accountability for how public money is being spent. Simultaneously, increasing volumes of data are becoming available, including data about the results of local authority and provincial policies. This data can help establish smarter, leaner, modern-day public accountability – certainly in the context of providing 'open data' access. Open data is extremely important therefore in terms of making budgets and accountability reports more transparent and providing a better insight into central government expenditure. The Minister of Finance endorsed this in his evaluation of *Responsible Budgeting* principles¹. The minister wants to take further steps in partnership with other departments and the NCA. When we publish this 2014 *Annual Report*, we will also be publishing the *Open Data Trend Report II*.

¹ Letter to parliament about *Responsible Budgeting* [Dutch: *Verantwoord Begroten*] (18 December 2014)

2.5 Institutions at arm's length from central government

Many public duties, e.g. issuing number plates, education, healthcare, affordable housing rental, etc., are provided by autonomous administrative authorities operating at arm's length from the central government. These organisations' boards have certain checks & balances in place, e.g. supervisory boards, client councils or stakeholder dialogues, to determine whether they are doing the right things and whether they are carrying out their duties properly. The central government also monitors many of these organisations to check that public duties are being carried out properly and to account for itself in the House of Representatives.

The government outlined numerous measures in 2014 designed to improve its governance over and the checks & balances in place at autonomous administrative authorities operating at arm's length from the central government. This was partially in response to incidents at several of these organisations, e.g. Amarantis, Rochdale and Vestia. For example, the Minister of Security and Justice presented a bill proposing improved internal governance and administrator/supervisory officer liability. Similarly, the Minister of Finance drafted a framework for improved financial management and external financial governance. Some organisations have also taken their own initiative. We endorse the attention being paid to such matters in the field and by the ministers responsible. On 20 March 2014, we actually sent a letter to the Senate in which we recommended that the government provide information about its various plans in a more coherent fashion. Government measures are currently being presented by various ministers at varying times. We also urge for a leaner, more transparent and watertight system of governance and accountability that is aligned with the governance and funding of these organisations, and that makes optimum use of other checks & balances (horizontal or otherwise). We elucidated this letter in both the Senate and the House of Representatives at their request.

2.6 Europe & The Financial Crisis

Since 2010, the EU – and individual member states – have been implementing policies in response to the financial and economic crisis aimed at:

- improving EU member states' budgetary discipline
- increasing levels of EU budgetary monitoring
- introducing monitoring of macro-economic situations
- providing member states with emergency financial assistance, if needed
- stronger monitoring of the banking sector

In 2014, rules for budgetary and macro-economic monitoring took effect and in late 2014, the European Central Bank (ECB) took over supervision of the larger banks from national supervisory authorities. Our investigations into the new EU budgetary and macro-economic rules revealed that several aspects of their implementation could be improved. For instance, rules for corrective budgetary supervision (*excessive deficit procedures*) are not being consistently adhered to or enforced by member states and the EU respectively. Moreover, the precise status of recommendations made by the Council to specific member states is often unclear. We sent a letter to the House of Representatives concerning EU bank supervision. We are concerned that there is currently insufficient independent external control over the supervisory authority (ECB).

3 2014 Audits & Activities

In this section, we provide an overview of the publications issued throughout the course of 2014 and the days spent on these audits. We also provide explanatory notes about last year's publications and activities aimed at improving public administration's learning ability.

3.1 Overview of 2014 Publications & Activities

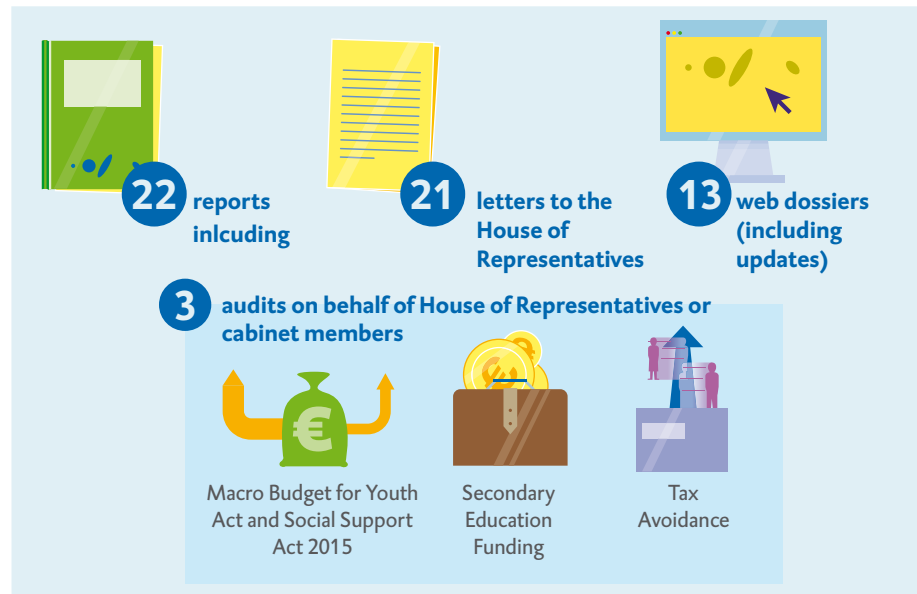
3.1.1. 2014 Activity Programme

In 2014, we updated our Activity Programme on three occasions, as we did in 2013. This has helped us respond to current developments and requests from the Senate and the House of Representatives and/or cabinet members.

In 2014, we issued 56 publications:

- 22 reports, including 3 audits at the request of the House of Representatives or cabinet members (*requested audits*)
- 13 web dossiers, including updates and the 2013 *Accountability Audit*
- 21 letters to the House of Representatives, including 13 letters with comments on the 2015 *Budget* (*budget letters*)

Figure 3 Overview of 2014 Publications



We had only planned 48 of these 56 publications at the start of the year. Throughout the year, we added several new audits, e.g. *Use of Natural Gas Revenue*, *European Economic Governance* and letters to the House of Representatives about bills for open government, a sub-fund for decentralised social services, and developments in the audit profession. We also published additional website updates.

Of the publications planned for 2014, nine² will be published in 2015. In 2015, we will also be publishing our audit of the effects of successive budget cut proposals on the General Intelligence and Security Service's (AIVD) organisation and operation. We started this audit in 2014 at the request of the Minister of the Interior and Kingdom Relations.

In 2014, we conducted the following requested audits:

- Macro Budgets for the Youth Act and Social Support Act 2015 [Dutch: *Macrobudgetten Jeugdwet en Wet Maatschappelijke ondersteuning 2015*] (13 May 2014) at the request of the State Secretary for Health, Welfare and Sport and the Netherlands Association of Local Authorities (VNG)
- Funding of Secondary Education [Dutch: *Bekostiging voortgezet onderwijs*] (30 June 2014) at the request of the State Secretary for Education, Culture and Science
- Tax Avoidance [Dutch: *Belastingontwijking*] (6 November 2014 & revised version 5 December 2014)

We also issued publications to assist parliamentary boards of inquiry including Supervision of Housing Associations [Dutch: *Toezicht op presteren van woningcorporaties*] (3 June 2014) for the Housing Association board of inquiry and High-Speed Line South: A Report in Images [Dutch: *Hogesnelheidslijn-Zuid: een rapportage in beeld*] (1 July 2014) for the Fyra board of inquiry.

We published our audit reports, letters to the House of Representatives and the 2013 Annual Report to our website, www.courtofaudit.nl/english/. Our web dossiers can also be found online.

3.1.2 Overview of Publications & Audit Days

In the overview below, we have listed all our 2014 publications, except for our 2013 Annual Report. In doing so, we have adhered to the sub-categories used in our strategy – audits conducted with a focus on government performance and audits with a focus on government efficiency and effectiveness.

Actual figures included in this list relate to the entire audit process, i.e. including days in previous years. The actual number of days taken also includes the days spent creating the publication, publishing it, presenting it to relevant stakeholders and target groups, and promoting its continued effect. Our audit projects are wide-ranging. We start with a project proposal phase in which we explore the subject area and determine audit questions. Based on these findings, we estimate the number of days required to carry out the project. For certain activities, we have a standard estimate for the number of days required. For example, for a study or a review, we schedule fifty days as standard. Not everything can be assessed in advance. Often, opportunities present themselves that we want to take advantage of, e.g. extra publication dates of additional presentations/meetings as a result of our audit. This means that in some cases, more or even fewer days may be required for an audit than initially envisaged.

2

Legal System Efficiency [Dutch: *Doelmatigheid Rechtspraak*], Cost Control in the Healthcare Sector: Part III – Package Management [Dutch: *Uitgavenbeheersing in de zorg deel III-pakketbeheer*], Management of the National Grid [Dutch: *Beheer landelijk elektriciteitsnet*], Costs & Benefits of Education at University College [Dutch: *Kosten en baten van onderwijs aan university college*], Insight into Participating Interests [Dutch: *Zicht op deelnemingen*], Quality of School Buildings [Dutch: *Kwaliteit onderwijshuisvesting*], Web Dossier: Tax Expenditure & Environmental Impact [Dutch: *Webdossier belastinguitgaven en milieueffecten*], Web Dossier: Emergency Funds [Dutch: *Webdossier noodfondsen*], Web Dossier: Regional Differences in Exceptional Medical Expenses Act (AWBZ) Healthcare Usage [Dutch: *Webdossier regionale verschillen in het zorggebruik AWBZ*]

Table 1 Projects focusing on government performance

Publication Date	Project	Initieel geplande onderzoeksdagen	Gerealiseerde onderzoeksdagen
16 January	Letter to the House of Representatives – Ministry of Defence's SPEER Programme (Strategic Process & Enabled Reengineering)	50	217*
23 January 5 June 19 September	Letters to the House of Representatives – Website on Credit Crisis Measures Updated [Dutch: Actualisering website kredietcrisis]	100	69
13 February	Cuts to Healthcare Allowance – Implementation & Effect [Dutch: Bezuiniging op de zorgtoeslag: Realisatie en effect]	200	235
6 March	Combating Money Laundering Practices – 2013 Status [Dutch: Bestrijden witwassen: stand van zaken 2013]	50	163*
16 April	Compensation for Damage to Nature Conservation Areas – Follow-Up Audit on Protection of Nature Conservation Areas [Dutch: Compensatie van schade aan natuurgebieden: Vervolgonderzoek naar de bescherming van natuurgebieden]	100	365*
22 April	Exceptional Medical Expenses Act (AWBZ) Reform – A Simulation of the Consequences [Dutch: Hervorming AWBZ: Een simulatie van de gevolgen]	400	380
13 May	Letter to the House of Representatives – Web Dossier on Managing Healthcare Expenditure** [Dutch: Webdossier Uitgavenbeheersingsprojecten in de Zorg]	-	-
13 May	Audit of Macro Budgets for the Youth Act and Social Support Act 2015 – Verification of Calculations [Dutch: Verzoekonderzoek Macrobudgetten Jeugdwet en Wet maatschappelijke ondersteuning 2015; Toets op de berekening]	400	252
21 May	Cuts to Childcare Allowance – Implementation & Effect [Dutch: Bezuiniging op de kinderopvangtoeslag: Realisatie en effect]	55	55
5 June	Letter to the House of Representatives – Schooling Audit Website [Dutch: Scholierenonderzoek]	250	439
30 June	Audit of Funding of Secondary Education [Dutch: Verzoekonderzoek Bekostiging voortgezet onderwijs]	150	274*
1 July	High-Speed Line South – A Report in Images [Dutch: Hogesnelheidslijn-Zuid: een rapportage in beeld]	350	360
2 September	Increased Insurance Premium Tax [Dutch: Verhoging assurantiebelastingtarief]	80	78
2 September	Reform of Tax Credits for Green Investments – Implementation & Effect [Dutch: Versobering heffingskorting groen beleggen: Realisatie en effect]	55	55
7 October	Use of Natural Gas Revenues – Facts, Figures & Scenarios [Dutch: Besteding van aardgasbaten: feiten, cijfers en scenario's]	100	189
15 October	Maintaining the Main Road Network [Dutch: Instandhouding hoofdwegenet]	400	806*

Publication Date	Project	Initieel geplande onderzoeksdagen	Gerealiseerde onderzoeksdagen
31 October	<i>Letter to the House of Representatives – Developments in the Audit Profession</i> [Dutch: <i>Ontwikkelingen in het accountantsberoep</i>]	50	8
6 November	<i>Audit of Tax Avoidance – An In-Depth Audit of Tax Avoidance in Relation to Tax Rules and Treaties</i> [Dutch: <i>Verzoekonderzoek Belastingontwijking: Een verdiepend onderzoek naar belastingontwijking in relatie tot de fiscale regels en het verdragennetwerk</i>]		
5 December	<i>Revised Tax Avoidance Report – An In-Depth Audit of Tax Avoidance in Relation to Tax Rules and Treaties</i> [Dutch: <i>Herziene versie rapport Belastingontwijking: Een verdiepend onderzoek naar belastingontwijking in relatie tot de fiscale regels en het verdragennetwerk</i>]	150	371*
10 November	<i>Letters to the House of Representative – Private Member's Bill on Open Government**</i> [Dutch: <i>Initiatiefwetsvoorstel open overheid</i>]	-	-
13 november	<i>Public Authorities – Insight into the Protection of Citizens and Businesses</i> [Dutch: <i>Zicht overheden op beschermen burgers en bedrijven</i>]	100	560*
13 november	<i>Letter to the House of Representatives – Interim Results from User Survey into Quality of School Buildings**</i>	-	-
9 december	<i>Monitoring Development Cooperation Policy: Multilateral Organisations and the EU – State of Affairs in 2013</i> [Dutch: <i>Monitoringbeleid voor ontwikkelingssamenwerking; de multilaterale organisaties en de EU: Stand van zaken 2013</i>]	300	277
Totaal		3-340	5-153

Table 2 **Projects focused on government efficiency and effectiveness**

Publication Date	Project	Estimated Audit Days	Actual Audit Days
11 February	2014 EU Trend Report [Dutch: EU-tendrapport 2014]	350	366
11 February 2 July 9 September	Letters to the House of Representatives – Update of Web Dossier on EU Governance [Dutch: Actualiseren webdossier EU-governance]	70	72
20 March	Letter to House of Representatives – Organisation of public services provided by non-departmental public bodies (NDPBs) and other autonomous administrative authorities operating at arm's length from central government	90	169*
27 March	Open Data Trend Report	150	175
21 May	2013 Accountability Audit	6870	7957*
21 May	Report on the 2014 National Declaration – Account for the EU Funds Spent by the Netherlands under Shared Management [Dutch: Rapport bij de Nationale verklaring 2014: Verantwoording van Nederland over de Europese fondsen in gedeeld beheer]	500	584
3 June 16 October	Supervision of Housing Association Performance [Dutch: Toezicht op presteren van woningcorporaties] Letter to the House of Representatives – Findings of supplementary audit	450	520
6 June 18 November	Letter to the House of Representatives – Transparency into NATO expenditure	30	24
17 June	We also sent a letter to the Minister of the Interior and Kingdom Relations and to the House of Representatives about the bill establishing a sub-fund for decentralised social services**	-	-
30 June 14 October	Letter to the House of Representatives – Update to Web Dossier on Replacement of F-16 Fighter Jets [Dutch: Update webdossier Vervanging F-16]	180	179
2 July	Letter to the House of Representatives – European Banking Union	60	68
9 September	European Economic Governance – European Coordination of Budgetary and Macro-Economic Policy and the Netherlands' Position [Dutch: Europees Economisch Bestuur: Europese coördinatie van begrotings- en macro-economisch beleid en de positie van Nederland]	135	80

Publication Date	Project	Estimated Audit Days	Actual Audit Days
Q3 & Q4	Letters to the House of Representative – Comments on the 2015 Budget The following projects were included: <ul style="list-style-type: none"> • <i>Insight into Budget Cuts – Common Threads</i> [Dutch: <i>Zicht op bezuinigingen: Rode draden</i>] • <i>National Police Force Governance</i> [Dutch: <i>Governance Nationale Politie</i>] • <i>Quality of Surface Water in Nature</i> [Dutch: <i>Kwaliteit oppervlaktewater in natura</i>] • <i>Web Dossier – 2014 Spatial Layout</i> [Dutch: <i>Webdossier Ruimtelijke Inrichting 2014</i>] 	705	661
29 October	<i>Basic Registers: From the Perspective of Citizens, Anti-Fraud Measures and Governance</i> [Dutch: <i>Basisregistraties: Vanuit het perspectief van de burger, fraudebestrijding en governance</i>]	350	344
9 December	<i>Accounting for Haiti Aid Funds 2013</i> [Dutch: <i>Verantwoording van de hulp gelden 2013 voor Haïti</i>]	130	100
Total		10,070	11,299

* These projects required significantly more effort. There were various reasons why this was the case. For instance, extra days were required to perform a risk analysis prior to the audit. The subject matter's complexity and external dossier developments meant that additional effort was required than originally envisaged. In some cases, additional investigation was required to handle the audit question adequately or because we broadened the audit's scope. For example, we extended audit reviews to fully-fledged audits wherever the situation had changed significantly since the publication of the initial audit. We also spent more time on interim updates and publications wherever projects took longer than anticipated due to policy changes. In some cases, we arranged for external expert meetings to validate findings.

** Separate days were not scheduled for these audits, e.g. because the audit activities in question formed part of a broader programme.

3.2 Audits in Detail

Below we will discuss several publications in more detail. These publications concern the past year's foremost developments including the decentralisation of government responsibilities and public finance sustainability. We also address our core task in more detail, namely the *accountability audit*. We also pay particular attention to our innovative products and activities relating to 'open data'.

3.2.1 Audits – Decentralised Social Services

Macro Budgets for the Youth Act and Social Support Act 2015

In 2015, significant portfolios and sizeable budgets (€3.5 billion and €3.9 billion) will be transferred from central government to local authorities as part of the decentralisation of youth care and social support. We investigated whether macro budget calculations matched earlier agreements at the request of the State Secretary for Health, Welfare and Sport, the State Secretary for Security and Justice, and the Netherlands Association of Local Authorities (VNG).

Our audit was published in May 2014 and revealed that the calculation was mostly correct. We were unable to determine what the consequences would be for the size of the macro budget for several calculation elements. For instance, no information was available at the time of our audit about the consequences of more people being offered care at home than in a healthcare institution (*extramuralisation*).

Our audit provided both cabinet members and the VNG with recommendations about how to eliminate several remaining uncertainties about the macro budgets.

Exceptional Medical Expenses Act (AWBZ) Reform – A Simulation of Consequences

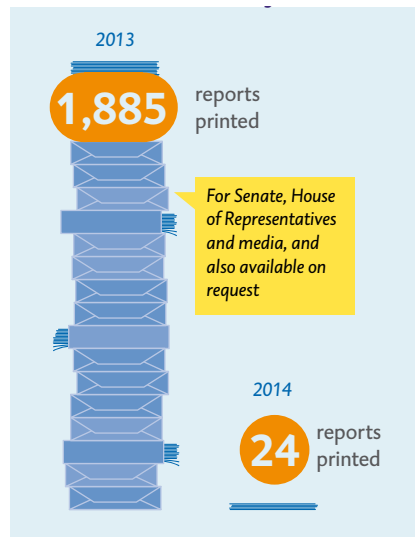
This audit is closely aligned with our mission of contributing towards proper preparation towards long-term healthcare reform. Reform involves large financial and social interests. In 2012, almost 800,000 people claimed entitlement to long-term care under the AWBZ totalling €27 billion. For such a far-reaching policy change, it is vital that the consequences are known in advance – who are the stakeholders involved and what does policy change mean for them? After the policy change, accurate information needs to be available about the results – what were the objectives and were they achieved? We performed a simulation to illustrate the potential consequences of this reform.

3.2.2 Audits – Budgeting & Accountability

2013 Accountability Audit

On 22 May (Accountability Day 2014), we published the results of our audit of central government accountability in 2013. This was the first year in which we published our audit findings in a fully digital format on our theme website at verantwoordingsonderzoek.rekenkamer.nl (Dutch only). We envisaged that doing so would deliver a product that provided our users with quick and easy online access to our reports. It is now possible to compare ministries by subject and by year.

Figure 4 No. of printed reports of our Accountability Audit



As in previous years, we examined whether the central government had collected all relevant taxes and premiums, whether ministries had their affairs in order and whether cabinet members had appropriated taxpayers' money as agreed, implemented their policies properly and accounted for their actions accordingly. More than ever before, we strove to uncover any inefficiencies in policy-making and operations by investigating performance and effects in relation to five themes – fuel-efficient cars, legal aid, innovation, childcare allowance, and traffic & transportation. We also described how financial resources

that flow directly from the national budget to other public authorities and executive agencies were being appropriated, accounted for and managed. Examples include the primary education weighting system, renewable energy sources and the transitional healthcare budget.

In the 2013 Accountability Audit, we also paid particular attention to the issues of fraud and decentralisation (decentralised social services audit), partly at the request of the House of Representatives. We noted that the scale of fraud had not been determined accurately by ministers and that this would be a particularly worthwhile exercise. We also recommended performing a tax gap analysis for all major national taxation revenue. The tax gap is the difference between the amount to which central government is entitled if everyone pays all their taxes in accordance with prevailing legislation and the actual amount paid. Analysis findings could be used in the debate about tax system reform.

Our key messages in the 2013 Accountability Audit were the unqualified regularity rating for the 2013 central government accounts of 99.7% (compared to 99.8% in 2012), the reduced number of shortcomings from 47 in 2012 to 40 in 2013, and the major effort still required in respect of procurement management and information security.

Budget Letters

In 2014, we published thirteen letters with comments on the 2015 departmental budgets. Improved accountability starts with improved budgeting. By presenting the House of Representatives with various budgetary comments based on previously published audits, we hoped to contribute towards improving this accountability. At several budget debates, this prompted the House of Representatives to pay particular attention to several issues, e.g. the Ministry of Defence's budget for the Joint Strike Fighter.

Plan for Improved Financial Accountability at NATO

Since 2006, the NCA has been informing the House of Representatives in writing about NATO's financial accountability. Since 10 June 2014, we have been publishing the results of our audit on NATO transparency on a separate website. Doing so allows us to show what has been in these letters for several years now, namely that NATO has

little or no transparency and hardly holds itself publicly accountable for its expenditure. We advocate greater openness about non-classified expenditure, or expenditure that we believe should be declassified, e.g. operational management costs, in order to help improve NATO efficiency. Our project gained a lot of attention in the media and from members of the NATO Parliamentary Assembly.

In November 2014, our president was invited to address the Assembly and present it with our conclusions, thus paving the way for a *Transparency Agenda*. NATO has itself now made the move to make more financial information publicly available. We shall continue to monitor these developments and where possible encourage them.

3.2.3 Audits – Open Data

Open Data Trend Report

We published the first *Open Data Trend Report* in March 2014. It described developments in the field of ‘open data’. Society is becoming increasingly digitalised with data playing a key role. The government has a wealth of data at its disposal, but most of it resides on closed systems that businesses and the public cannot access. Open data is information that is freely available and can be re-used without any restrictions. Making this data accessible to government, businesses and the general public provides major opportunities for all. The public can become more involved with what the government knows and monitor it more closely. We refer to these members of the public as ‘armchair auditors’. Using this data, businesses can develop innovative applications that in turn create jobs and generate economic growth. Even government – with its own data – can gain a better insight into whether it is on the right path, what it is doing and how efficiently it is fulfilling its tasks and responsibilities. The NCA strongly advocates open data. We view open data as a shared commodity, just as important as electricity, water and good roads. This is why last year we published our own expenditure on the www.courtofaudit.nl website itemised to a transactional level. This form of transparency (*open spending*) can help contribute towards sustainable and effective public finances. When we publish this 2014 Annual Report, we will also be publishing our second *Open Data Trend Report*.

Open Data & Development Cooperation

The web dossier *Open Data & Development Cooperation* describes how donor countries such as the Netherlands make information about development cooperation publicly accessible in the form of ‘open data’. The *International Aid Transparency Initiative* (IATI) started the *open data* revolution in the field of development cooperation several years ago. Since then, huge volumes of data about government budgets and development projects have been available. We advocate even broader open data usage, so that public accountability for expenditure and the results of development cooperation can be monitored more easily. This requires that international agreements be made about standards and guarantees for open data reliability.

3.2.4 Audit of institutions at arm’s length from central government

Funding of Secondary Education

Why do some schools manage on the money they are allocated and others do not? This was one of the key questions posed in this audit, conducted at the request of the State Secretary for Education, Culture and Science. We focused on educational institutions, not just on central government policy, i.e. a combination of an

organisational and a policy-level audit.

Conducting this audit involved working with other organisations including the Netherlands Institute for Social Research (SCP), which published its own report on this subject. The audit resulted in two publications – an interim letter and a final report.

We discovered major differences between schools and the extent to which they managed on their funding. An important, but not the only factor affecting whether schools managed on their funding is the quality of their operational management (internal control and management).

Our message to the minister and the House of Representatives called for simplified/break-even funding, increased budgetary certainty, less incidental funding, fewer perverse incentives, and greater flexibility within collective labour agreements (inc. task policy) and in the role mix³. The Secondary Education Council (an association of 334 school boards and 600 secondary schools) is applying our message to a professionalisation programme for its members.

Supervision of Housing Association Performance

We published our *Supervision of Housing Association Performance* audit on 3 June 2014.

We concluded that supervision of public housing associations, as exercised since 1996, has failed in several important respects.

Firstly, supervision of housing association operations was being frustrated by the fact that associations were not, or scarcely, adhering to mandatory requirements to report their side activities. The Ministry of the Interior and Kingdom Relations (as of October 2010 legal successor to the Ministry of Housing, Spatial Planning and the Environment previously responsible for this portfolio) was not aware of this or only became aware once it was too late. Secondly, supervision of governance and integrity relied too heavily on sector self-regulation. Thirdly, supervision of public housing performance was proving impracticable due to a lack of any clear-cut public housing objectives. Lastly, we discovered that available ministerial capacity levels for public housing supervision were relatively low and that this capacity was also subject to repeated administrative and organisational changes.

In our report, we pinpointed the foremost success factors that would help eliminate the above-mentioned shortcomings. Our report helped assist with the activities of the parliamentary board of inquiry into housing corporations (PEW). We therefore aligned our audit's structure and implementation with the board of inquiry's needs and requirements.

3.2.5 Audits – Public Finance Sustainability

Insight into Budget Cuts

With our series of audits entitled *Insight into Budget Cuts*, we aimed to contribute towards improving insight into the implementation and consequences of cutbacks. This helped achieve better control over central government revenue and expenditure. We published four reports in 2014 – *Cuts to Healthcare Allowance* (February 2014), *Cuts to Childcare Allowance* (May 2014), *Reform of Tax Credits for Green Investments* (September 2014) and *Increased Insurance Premium Tax* (September 2014). We also requested that attention be paid to improving accountability for the cutbacks in a letter with comments on the Ministry of Finance's 2015 *Budget* and the National Debt and the *Budget Memorandum 2015* (September 2015).

³ Agreements made between the Minister of Education, Culture and Science, and social partners about increased staffing levels at higher job scales to make the teaching profession a more attractive proposition.

Budgeting and accountability documents hardly include any information about the implementation and consequences of budget cuts despite these being the government's premise for budget cut accountability. We recommended that the Minister of Finance provide some insight into these issues, at least for the foremost budget cuts. In November 2014, in follow-up to our reports, a general consultation was held between the House of Representatives and the Minister of Finance. In this consultation, the minister undertook to clearly report the effects of budget cuts in departmental annual reports.

European Economic Governance

On 9 September 2014, we published our *European Economic Governance* report on whether the Netherlands was meeting its obligations under international agreements. On the same day, we organised a seminar for members of parliament together with the Netherlands Bureau for Economic Policy Analysis (CPB), De Nederlandsche Bank (DNB) the Council of State about Eurozone governance and the Netherlands' position on governance. European rules concerning budgetary and macro-economic policy have been tightened and extended as a result of the crisis. The result is a complex system of rules and procedures. The ensuing obligations for EU member states are not always clear and there is room for improvement in terms of how rules are being implemented. The report and seminar helped contribute towards providing parliament with an insight into Eurozone governance and the Netherlands' position therein.

3.2.6 Innovative Projects

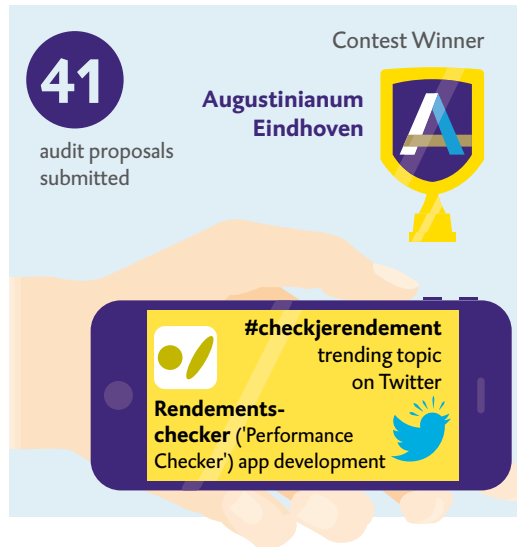
Society is changing radically and rapidly. Access to and use of the internet, social media and open data are changing the way in which information is being gathered, shared and processed. To remain effective, public authorities and thereby audit offices need to respond and take full advantage of these changes. At the NCA, we are always on the lookout for innovative, new ways to conduct audits and communicate. Once again in 2014, we undertook several innovation projects. Here are just three examples.

High-Speed Line South – A Report in Images

Since 2001, we have been investigating problems affecting the High-Speed Line South (HSL South) – the high-speed rail link between Amsterdam and Brussels. In our most recent report on this subject, published on 1 July 2014, we presented the HSL South project in images – *infographics*. We decided to use infographics to provide an overview of this complex and protracted project. At the same time as publishing these infographics, we also published a dossier to our website in which we consolidated all our publications about HSL South and other rail-related subjects. Our audit was partly intended to assist the parliamentary board of inquiry with its investigations into Fyra. These infographics were a first step for the NCA towards developing new report formats and the use of graphics.

Competition for Secondary School Pupils – #checkjerenement [‘Check Your ROI’]

Figure 5 #Checkjerenement

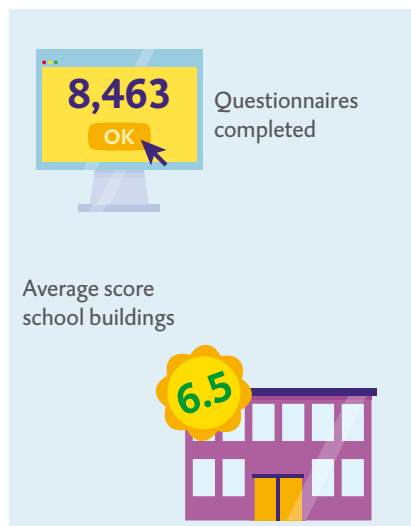


To celebrate the Netherlands Court of Audit's 200th anniversary, we held a competition for school-children. Fourth-year 'senior general secondary' (HAVO) and fifth year 'pre-university' (VWO) pupils could submit subjects that they thought the NCA should audit. Of the 41 submissions, the pupils from Augustinianum in Eindhoven submitted the winning suggestion. They proposed an audit of educational costs and subsequent earnings for pupils in preparatory vocational (VMBO) and pre-university (VWO) secondary schools.

We developed an ROI Checker for anyone to use to see what education costs and what graduates earn on average after graduation. The ROI Checker also calculated how long it would take on average for graduates to pay central government back for its investment in their education in the form of income tax. The public data that we used for this audit was published to our website (www.courtfaudit.nl) as 'open data'.

Quality of School Buildings – #checkjeschoolgebouw [‘check your school building’]

Figure 6 #Checkjeschoolgebouw



For this audit, we asked school building users to give their opinion about their school building. We built a special-purpose website for this purpose, where photos of school buildings could be uploaded. The questionnaire on www.checkjeschoolgebouw.nl was completed by 8,463 respondents. They gave school buildings in general an average score of 6.5. There was a lot of media attention, both at the launch of the website and on publication of the audit's results. We published the findings of this crowdsourcing audit as 'open data'. The audit's final report will appear in 2015.

3.2.7 Other Audits

Tax Avoidance

At the request of the House of Representatives, we carried out an in-depth audit of tax avoidance practices in relation to the tax treaty network. We investigated how international corporations shift profits, how the Tax & Customs Administration [Dutch: *Belastingdienst*] monitors intercompany transfer prices in the international business world, and how the *Belastingdienst* evaluates and processes advance tax rulings. We determined that this last point was being meticulously managed. We also noted that dividends, interest and royalties flowing through the Netherlands are substantial and have increased significantly over the past ten years. The House of Representatives does not yet have an overall picture of Dutch tax residency policies in relation to tax planning. We requested that attention be paid to this matter. Because Dutch measures alone cannot prevent companies using tax routes that result in the lowest possible tax burden, we recommend intensifying partnerships with treaty partners still further and actively combating initiatives devised by international organisations to pay zero or minimal tax contrary to the spirit of the law.

Use of Natural Gas Revenues – Facts, Figures & Scenarios

A subject of frequent debate in the Netherlands is how natural gas revenues should be used. We noted that this debate was not always fact-based. This is why we presented the facts & figures about natural gas extraction and revenues in our October 2014 report. The State's natural gas revenues totalled €265 billion from 1960 to 2013. We also illustrated what could have been generated (and still could) if gas revenues had been/were to be deposited in an investment fund as is the case in Norway. If the Netherlands were to deposit its natural gas revenues into a state capital fund effective 2015, then even with annual withdrawals of 4% it could still total almost €150 billion by 2023.

We outlined three scenarios for future usage of natural gas revenues.

The Ministry of Economic Affairs has undertaken to include our lessons for future provisions of funds in the recently established *Future Fund* in which windfalls from natural gas reserves will be deposited.

Monitoring F-16 Replacement

Since 2005, the NCA has been informing the House of Representatives about the status of the *F-16 Replacement* project. In 2014, we once again updated the *F-16 Replacement* web dossier and sent a letter to the House of Representatives in follow-up to the 2013 *Annual Report*. Our principal aim was to provide the House of Representatives with accurate information to assist it in its policy-making role.

Additionally, we wanted to contribute to improving the Ministry of Defence's policies and operational management. While monitoring *F-16* replacement, we focus on five aspects – *investments, exploitation costs, quantities, deployability* and *training* – with respect to time. Again and again, we have pointed out the imbalance that exists between these aspects. Repeatedly illustrating the strain that exists between goals and resources has already resulted in a re-evaluation of the goals for *F-16* replacement, but also in increasing attention being paid to efficiency within the armed forces as a whole.

Maintaining the Main Road Network

On 15 October 2014, we published our *Maintaining the Main Road Network* report. We noted that not enough money had been reserved for maintaining the main road network over the period up to and including 2020. As a result, we foresee risks concerning the quality of main roads and the efficiency of their maintenance. We believe that the House of Representatives should be better informed about these issues. Both budgeting and provision of information on this issue could be structurally improved if the Directorate-General for Public Works and Water Management (RWS) implemented its income/expenditure system in full. In response to our audit, the Minister of Infrastructure and the Environment has stated that he does not want to cover every risk right away. The House of Representatives submitted a motion during the 2015 *Budget* debate with a request to clarify the issue of road maintenance and its financial consequences.

3.2.8 Self-Reporting System for Audits

The NCA monitors the extent to which its audits' recommendations are taken up. This serves as a measure of our own effectiveness. We want ministries to take action in response to recommendations/undertakings. Since 2014, we have been asking departments to report this to us themselves. For each report, we publish a fact sheet on our website with the status of each of our recommendations. Every budget letter contains a summary of the results achieved for each ministry. Results reveal that most undertakings (95%) result in action and that ministries also take action in response to 67% of recommendations without an undertaking. We conduct follow-up audits in response to issues that in our opinion have not been taken up adequately.

3.3 The Auditing Arena

3.3.1 Quality Control

The NCA strives to achieve the highest quality levels in its audits and to satisfy International Organisation of Supreme Audit Institution (INTOSAI) standards. Within INTOSAI, we have committed to enhancing the quality of our work. We use an internal quality control system that consists of internal consultancy and quality assessments. We also safeguard the quality of our audits by ensuring Board/management involvement in our projects, providing continued professional education (CPE) for our staff members and using common auditing procedures including government/civil service feedback.

In 2014, we modified the internal organisation of our quality control procedures, creating a quality assurance position that was filled in mid-October 2014. This position is responsible for assessing and evaluating our internal quality control systems, identifying any lessons to be learned and ensuring that the organisation learns from these experiences. The priority and focus for our activities in 2015 will be determined in consultation with the Secretary-General.

In 2014, we issued 56 publications. We had to rectify errors and/or inaccuracies in three of these publications. For example, we issued a revised version of our *Tax Avoidance* report to rectify inaccuracies in the original publication. These had no effect on the audit's conclusions and/or recommendations. We also published errata to the 2013 *Accountability Audit* and the letter with comments on the Ministry of Economic Affairs' 2015 *Budget*.

3.3.2 Response from Society

The NCA also receives comments and criticism in response to its activities, which we examine carefully because we actively seek to learn from this feedback. In 2014, the following publications generated comments:

- The audit of educational costs and future income of pupils in preparatory vocational (VMBO) and pre-university (VWO) secondary schools created debate (www.checkjerendement.nl). We stated the decisions we made in respect of the ROI Checker in our audit accountability report. Some people responded enthusiastically to the ROI Checker on Twitter, but others viewed our ROI calculation as an attempt to reduce members of the public to mere taxpayers. We have reflected on the responses received on our theme website (www.passievoorpubliekeverantwoording.nl/content/check-je-hashtag).
- We received criticism from a school principal who objected to his school building being rated as ‘mediocre’ by its pupils, parents and teaching staff as part of our audit of school building quality. We published interim results from the crowdsourcing component of this audit on 13 November 2014 (www.checkjeschoolgebouw.nl). We sought to contact the school principal in question and amended the audit’s explanation on our website.
- We also received criticism about the timing of our *Monitoring Development Cooperation Policy and Accountability for Haiti Aid 2013* publications (both 9 December 2014). These appeared shortly after the House of Representatives had just concluded several important debates with the Minister for Development Cooperation.
- A letter to the House of Representatives about developments in the audit profession generated mixed reactions from within the profession itself. Particularly the suggestion to address the professional organisation’s governance resulted in numerous reactions.
- According to some, our audit of Tax Avoidance (5 December 2014) did not provide answers to all the questions that the House of Representatives asked.

On 17 July 2014, the *Financieel Dagblad* newspaper also wrote an article about the accusation that NCA President Saskia J. Stuiveling had lobbied on behalf of an old university friend, partly resulting in a criminal investigation being opened into a business owner. The Netherlands Court of Audit issued a statement in response to this article stating that the accusation was wholly unfounded.

3.3.3 Endowed Chair

We acquire knowledge as a result of our audits. We helped establish a chair at Tilburg University in order to share this knowledge more widely. This chair – *Sound Governance & Public-Private Arrangements* – is held by Professor Cor van Montfort. He is a project manager at the NCA and was affiliated to the Scientific Council for Government Policy as a ‘council guest’ from May 2012 to November 2014. The chair also published several articles in scientific journals and books in 2014, including a report on public-private partnerships in the water sector. Cor van Montfort and his colleagues also performed an analysis on behalf of the parliamentary board of inquiry into housing associations in which the housing association sector was compared to the healthcare and education sectors. He also gave several guest lectures, workshops and talks.

3.3.4 Amendment to Government Accounts Act 2001

In 2014, discussions with the Ministry of Finance about the amendment to the *Government Accounts Act 2001* [Dutch: *Comptabiliteitswet 2001*] were completed. In December, the NCA presented its formal recommendations to the Minister of Finance, as part of legislative procedures, for the draft bill of the revised *Government Accounts Act*. The *Government Accounts Act* regulates the criteria that central government must satisfy in its budgeting and accountability. It also contains provisions relating to the Netherlands Court of Audit, as a High Council of State, in which its auditing duties, powers and working methods are stipulated.

3.3.5 Private Member's Bill on Open Government

In 2014, the private member's bill on open government was submitted to the House of Representatives for debate. It is proposed that the NCA should fall wholly under the auspices of the *Open Government Act (WOO)* instead of current public access legislation laid down in the *Government Information (Public Access) Act (WOB)*. We stated in a letter to the bill's proposer and the House of Representatives that we did not agree with this proposal because of the risk of premature publication of unverified data. Moreover, and most importantly, the NCA is not the 'owner' of the information used for audit purposes. This could mean that organisations being audited and obliged to cooperate with our audits would be more reticent in providing us with the required information. This could hinder us in carrying out our duties. The private member's bill is still being debated.

3.3.6 Government & Auditor Confidence

In 2010 and 2011, the NCA uncovered serious deficiencies in the *single information – single audit (SISA)* system. This affected accountability for and control over specific benefits. The external auditors' findings did not constitute sufficient grounds for the assessment that there were no irregularities in benefit payments. Problems with governance and controls played a role at organisations such as Amarantis (education sector) and Vestia (housing association). Reports published by the Netherlands Authority for the Financial Markets (AFM) and the international supervisory authority also addressed the quality of work being provided by audit firms. There has also been an increase in the number of disciplinary hearings. These incidents add up, tarnishing the image of audit firms and thereby public confidence in the auditor.

In 2014, the NCA spoke with numerous stakeholders in the public and private sectors about developments in the auditing profession, the implications of such incidents within the public sector, and the way in which the profession can regain public confidence. In September 2014, three publications appeared on the quality of audit firms' work written by the AFM, the Netherlands Institute of Chartered Accountants (NBA) and the Erasmus University Rotterdam. In October 2014, the NCA sent a letter to the House of Representatives outlining its views on this issue ahead of a parliamentary debate held in November 2014.

3.3.7 Contributions to Sustainable Development & Prosperity

In 2014, the NCA decided to intensify its *triple bottom line (TBL)* policies. Dialogue and reflection are needed in order to embed our TBL goals still further. These goals include contributing towards sustainable development and prosperity, while taking account of the NCA's existing priorities and inherent social remit. Important themes identified during ongoing internal and external stakeholder dialogues include working on long-term public finance sustainability and promoting transparent, integrated public

accountability. In 2015, our dialogue with external stakeholders and TBL experts will be continued in order to seek input for new NCA strategies and ongoing development of its TBL policies. In doing so, we aim to conform to international audit office standard ISSAI 5130 (Sustainable Development – The Role of Supreme Audit Institutions) and to follow INTOSAI's lead and involvement in implementing the UN's Post-2015 Development Goals.

3.3.8 The Netherlands Court of Audit – 200 Years Old

The Netherlands Court of Audit celebrated its 200th anniversary in 2014, as did the Kingdom of the Netherlands. To mark this occasion, we introduced innovative products and organised various activities aimed at demonstrating what we stand for and how we carry out our duties. We focused many of these activities on the younger generation because we wanted to familiarise them with the issue of public accountability & control and its importance. Equally important is our aim to attract the younger generation's expertise.

For instance, we published the results of our special audit of educational costs and ROI under the hashtagged name of #checkjerenement ['Check Your ROI']. We made additional internships available to students. We plotted our interneers, their experiences and their assignments on a map.

We also asked students at the Royal Academy of Art in The Hague to create a historical perspective for us. The students with the winning design – [Paperworld](#) – used the NCA's reports as the basis for a three-dimensional game. Lastly, we produced posters and text portraying our history and that of public finance in general in the form of images and words. There are five posters for the years 1814, 1864, 1914, 1964 and 2014 that illustrate the major developments in the Dutch public system.

Public Accessibility



NCA opened its doors for general public

Not only students familiarised themselves with our work. The general public also came to take a look behind the scenes at the NCA. In the run up to our 200th anniversary, we opened our doors to the public as part of *Heritage Day 2013*. Following the success of this event, we opened our doors again on two further occasions in 2014 – during the *Constitution Festival* [Dutch: *GrondwetFestival*] (March 2014) and during the

celebrations for the 200th Prince's Day [Dutch: Prinsjesdag] (September 2014). Over 5,200 visitors came to our headquarters to learn about our work and the importance of public accountability and control.

3.4 The NCA's Working Environment

The NCA values dialogue with its stakeholders. The foremost stakeholders in our work include the Senate of the States General, the House of Representatives of the States General, other High Councils of State, central government, related organisations for which we have power of audit, the media, the public and our own staff members. Stakeholder dialogues generally relate to our audits and our core tasks. It is important to know what developments are at play among our stakeholders, what requirements, ideas and issues exist, and what they expect of the NCA. We also value partnerships very highly. This section addresses the arena in which the NCA operates and its partners.

3.4.1 Provincial & Local Audit Offices/Committees

The NCA conducts audits central government and issues it with recommendations. Provincial and local audit offices/committees monitor provincial and local authorities. An audit office or committee has been a mandatory requirement under law for a provincial or local authority since 1 January 2006 and 1 January 2005 respectively. There are now approximately 350 audit offices or committees in the Netherlands. These include five provincial audit offices that act on behalf of the twelve provinces and seven (non-mandatory) water board audit offices or committees.

Local authorities have cut back heavily on audit office/committee budgets – 10% in recent years. Unfortunately, this coincided with social service decentralisation that involves large budgets being transferred to local authorities. Local authorities generally carry out their social service-related duties in the form of partnerships or sub-contract them to third-party providers. The NCA and the Dutch Association of Audit Offices and Audit Office Committees (NVR) requested that attention be paid to audit offices and committees' powers of audit in the context of these partnerships and sub-contract agreements. Effective 1 January 2015, audit offices and committees' powers of audit were extended to cover private-law partnerships under an amendment to the Joint Regulations Act [Dutch: *Wet gemeenschappelijke regelingen*]. This allowed audit offices and committees to conduct audits at organisations tasked with carrying out these decentralised duties.

The need for cooperation between the NCA and provincial/local audit offices and committees is increasing now that implementation of central government policies is being decentralised on a more frequent basis. In 2014, the NCA and NVR cemented their partnership and knowledge exchange still further.

Knowledge Exchange – Paramount

In 2014, dozens of local and provincial audit offices and committees, as well as the NCA, participated in countless joint events, round-table meetings, speed dates, sounding board sessions, reviews, expert meetings and webinars to discuss and learn about public-private partnerships, subsidy evaluations and other topics. Several colleagues from the NVR and the European Organisation of Supreme Audit Institutions (EUROSAI) also attended our EUROSAI congress in The Hague that we organised in June 2014.

In 2014, the NCA and NVRP organised a working meeting – the sixth such annual meeting – for all local, provincial and water board audit offices/committees. The central theme was the role that audit offices/committees would play in the future.

Four Joint Projects in 2014

- Security Region Audit

We are very grateful to various audit offices and committees for the use of their reports, and to the NVRP for discussions with its staff, as part of our audit of the *National Safety & Security Strategy* (SNV) [Dutch: *Strategie Nationale Veiligheid*]. This helped us investigate, draw conclusions and provide recommendations about democratic control of the security regions.

- Social Service Decentralisation Audit

In 2014, the NCA audited the preparations for social service decentralisation. In doing so, we called on knowledge, expertise and publications from colleagues at various audit offices and committees. In the years ahead, the NCA will continue to work with audit offices and committees as part of studies into the actual effects of decentralisation.

- Participation Act Audit

The NCA and the Hoorn audit committee worked together on a pilot project concerning *Participation Act* [Dutch: *Participatiewet*] policy decentralisation in Hoorn. Findings formed the basis for the *Participation Act & Accountability* report published by the Hoorn audit committee on November 2014. The report addressed the need for information with which the municipal council could fulfil its governance and control roles, as well as the importance of key performance indicators (KPIs), etc. The audit's findings were also used to learn about the approach to be used when auditing the *Participation Act* and decentralised social service policies. We produced a brochure containing these 'practical lessons'. This data and experience were used further when working with other local audit offices/committees as part of the NCA's decentralisation programme.

- Improved Utilisation Programme

Central government and twelve regions are working together on their *Improved Utilisation* [Dutch: *Beter Benutten*] programme aimed at reducing traffic congestions at certain bottlenecks by 20%. The costs incurred for this programme total over €1.1 billion. The Minister of Infrastructure and the Environment wants to deploy existing networks more efficiently as part of the *Improved Utilisation* programme. In 2014, the NCA and a provincial audit office conducted a joint audit of this programme. In 2015, we will be publishing the audit's findings.

3.4.2 Within the Kingdom of the Netherlands

The NCA regularly works with Courts of Audits in other countries within the Kingdom of the Netherlands, i.e. Aruba, Curaçao and Sint Maarten. In June 2014, we welcomed delegations from the Courts of Audit in Curaçao and Sint Maarten. They were attending the EUROSAI congress in The Hague and we took this opportunity to exchange experiences and explore possibilities for future partnerships. Throughout the year, we had regular contact with these Courts of Audits – exchanging news and knowledge, asking and answering questions, and making suggestions about our

organisations, our approach and our reports. One of our staff members assisted the Sint Maarten Court of Audit. In January and August 2014, he supported the teams auditing Sint Maarten's 2012 and 2013 annual accounts. This presented an opportunity to exchange knowledge about efficiency audits.

3-4-3 International Relations & Cooperation

The NCA is unique within the Netherlands, which is why, by definition, we have to turn to other countries for peer review, best practices, and professional and auditing community norms and standards. Activities in the context of exchanging knowledge and experience form an important part of our international work. Even more so, now that the international community is beginning to acknowledge the role that audit offices play in promoting themes such as sound administration, transparent public accountability and proper management of scarce public resources. We are contributing towards this as part of our institutional capacity-building projects in partner countries and through external auditing roles within international organisations. This is a second important element of our international work.

International Cooperation Project Results

From an international perspective, 2014 was a busy and successful year, primarily thanks to the three-yearly EUROSAI congress that we organised in The Hague in June. In 2014, we also achieved good results with our institutional cooperation projects. Below we have included several examples:

- In June 2014, the Serbian Court of Audit – with the NCA's assistance – published its first efficiency audit of service car management and administration
- Despite the fragile political situation, we also worked very closely with the Tunisian Court of Audit throughout 2014. For instance, we supplied an *IT Audit Manual* that could be used immediately as part of an audit. External evaluations of the joint project's approach, results and cost-effectiveness were all positive. We entered into our partnership with the Tunisian Court of Audit in 2006.
- In 2014, we reaped the fruits of our two-year partnership with the Greek Court of Audit. Until recently, the Greek Court of Audit had only ever conducted *ex ante* audits (based on forecasts). Six new audits confirmed the benefits to be gained by conducting *ex post* audits (based on actual results). Based on these insights, the Greek Court of Audit presented its recommendations to the organisations being audited and the Greek parliament about improving public accounts.
- In 2014, we conducted *quality reviews* in Tanzania, Zambia and Zimbabwe as part of our partnership with 24 English-speaking African courts of audit (AFROSAI-E).

Contact Committee

The NCA works together with other sister organisations on the Contact Committee. This is a permanent consultative platform for the presidents of supreme audit institutions (SAIs) within the EU and that of the European Court of Auditors. The Contact Committee's aim is to strengthen cooperation between its members in order to improve external audits and EU-level accountability. It promotes the exchange of professional experiences and knowledge, and coordinates joint EU-related activities. In 2014, the Contact Committee addressed new options in response to a European Parliament resolution that called for greater mutual cooperation. It was decided to address EU 2020 goals and the new banking union as part of new joint audit activities in the near future.

International Development Initiative

The NCA is an International Development Initiative (IDI) board member. This aim of this international auditing community is to help establish audit offices in developing countries. In 2014, IDI detailed a strategy for the period from 2014 to 2018 in its operational plan, as well as carry out its regular activities in the field of capacity building. In response to an external assessment, it also developed proposals to improve how it implements its programmes. For more information, please visit the IDI website.

Figure 7 Countries where the Netherlands Court of Audit was active in 2014



Albania	Jordan	Romania	Uganda
Armenia	Kuwait	Russia	United States of America
Belgium	Kosovo	Serbia	Vietnam
Germany	Latvia	Spain	Zambia
Ethiopia	Luxembourg	Slovakia	Zimbabwe
Estonia	Mexico	Sint Maarten	South Africa
Philippines	Montenegro	Tanzania	
Greece	Norway	Czech Republic	
United Kingdom	Austria	Tunisia	
Hungary	Peru	Turkey	
Iraq	Poland		
Italy	Portugal		

We were active in forty countries in 2014 in the context of knowledge exchange, institutional capacity-building projects and external auditing roles. The fact that we presided over EUROSAI in 2014 meant that we were active in more countries than in 2013. Please visit our website for more information about our international projects.

Capacity for International Projects

Every year, the NCA allocates 14 FTEs to international activities, of which 8 FTEs are externally funded. This equates to approximately 5% of our total capacity. For institutional capacity-building projects and external auditing roles, we require that activities be externally funded to ensure that they break even. The 'Operational Management' section of this report includes a list of the projects completed in 2014, as well as an indication of the degree to which they broke even. This funding requirement makes it difficult for us to recruit for the position of external auditor when one becomes vacant at international organisations. This is a consequence of the

rates that we have to adopt in line with the *Government Rate Manual* [Dutch: *Handleiding Overheidstarieven*] published and updated annually by the Ministry of Finance. These rates affect our competitiveness with respect to sister organisations abroad that are also competing for these positions.

3-4-4 Integrity IntoSAINT

Since 2010, the NCA has been taking a lead in terms of supporting and placing audit office integrity on the agenda within the International Organisation of Supreme Audit Institutions (INTOSAI). We have been doing so by disseminating and supporting *IntoSAINT*, a self-assessment tool in the form of a two-day workshop that analyses the integrity levels within an organisation and creates an agenda for improvement. The tool is designed for practical use and can be applied immediately within audit offices and other organisations.

In 2014, we focused on handing over responsibility for *IntoSAINT* to INTOSAI and the regions. We also made good progress in terms of integrating and embedding *IntoSAINT* into INTOSAI's toolbox.

Within our network, there appears to be great interest in applying *IntoSAINT* within the public sector as a whole. Countries that have already followed a workshop regularly state that they have been looking for good examples for a follow-up session.

We are often asked to contribute to seminars, e.g. the *Seminar on the Fight Against Corruption* organised by the Hungarian Court of Audit, and to draft guidelines, e.g. *AFROSAI-E's Guideline on the Prevention and Detection of Fraud and Corruption*. Every year, we hold a training workshop at the Netherlands Association of Local Authorities' (VNG) international education institution as part of its *MATRA Patrol* programme. We also participate in evaluations of INTOSAI's *Code of Ethics* and EUROSAI's *Task Force on Ethics and Integrity*.

3-4-5 EUROSAI Presidency

From 16 to 19 June 2014, we hosted the 9th EUROSAI congress in our capacity as President of the European Organisation of Supreme Audit Institutions (EUROSAI). At this congress, working group reports on activities over the past three years were presented, formal decisions were made, two EUROSAI governing board meetings were held, and time and space was scheduled to network with colleagues and discuss the 'profession' in general. Under the slogan 'Doing Things Differently', we aimed to host a congress with a new look & feel in terms of both content and organisation.

Innovative Congress

Our first innovation was actually unveiled in 2013. In November 2013, we held a *Young EUROSAI meeting (YES)* for audit office staff aged 35 or younger. YES served as a springboard to the EUROSAI congress in June 2014. Colleagues from Israel have since embraced the YES concept wholeheartedly. They are organising the next YES congress at the end of 2015 as a separate entity from the 10th EUROSAI congress that will be held in Turkey in 2017. At this event, we will be handing over the EUROSAI presidency to Turkey.

Our second innovation was structuring the EUROSAI congress as a 'sandwich', i.e. plenary sessions interspersed with workshops at various locations in and around our head offices on the Lange Voorhout in The Hague. This refreshing new approach to workshops, aimed at making the congress more interactive, was warmly welcomed.



The plenary congress hall design, developed by the students of the Royal Academy of Art, The Hague

The congress included several other innovative elements:

- It included a *social programme* at the beginning of the congress week that incorporated a visit to innovative companies in Westland.
- It was a *paperless congress*. All delegations brought their own laptop or tablet.
- The congress report was compiled over the four days by the delegation members themselves by means of *mind mapping*.
- Within our own organisation, we asked colleagues to make themselves available as *ambassadors* to each of the congress' delegations. The audit office ambassador model worked very well – each delegation –had its own set liaison within our organisation before and during the congress.



Students of the Codarts University of the Arts, Rotterdam add shine to the beginning of the EUROSAI congress with several performances

We put our www.eurosaia2014.nl website to full effect as a means of communication before, during and after the congress. The congress report was also included in the last edition of the EUROSAI magazine (www.eurosaia.org). This report includes the congress' conclusions and recommendations. A video clip of the congress can also be found on www.eurosaia2014.nl.

Congress attendees gave the congress an overall score of 8.5 on a scale of 1 to 10.

Presidency Programme

Our programme for the EUROSAI presidency continues to take shape.

Items on the programme include:

- professionalising EUROSAI still further as a knowledge and networking organisation
- promoting joint EUROSAI audits, e.g. in the fields of open data, extractive industries, healthcare and integrity
- maintaining and expanding the Young EUROSAI network
- reducing EUROSAI formality and bureaucracy
- organising self-evaluations
- building on the 9th congress' theme – innovation

4 Operational Management

4.1 Introduction

In this section, we account for our operational management. At the NCA, operating based on triple bottom line (TBL) principles plays a central role. This involves paying particular attention to social, ecological and economic sustainability. We strive to work in a sustainable fashion, taking into account not only the ‘here and now’, but also the consequences for ‘elsewhere and later’. We also work tirelessly on improving our efficiency and effectiveness. This section examines our revenue and expenditure, as well as the results of our staffing policies. It also includes our administrative costs. We will start with an introduction to NCA governance in 2014. This section also includes an Audit Committee report drafted as part of its tasks and responsibilities. This is followed with explanatory notes about our staff, our environmental efforts and lastly our finances.

4.2 Governance/Sound Administration

4.2.1 Operational Management

The NCA systematically reviews its primary processes, secondary processes and related management responsibilities. Based on management information issued monthly, we assess whether we are performing our duties in an efficient and legitimate fashion. We track progress made on implementing our Activity Programme and achieving our goals in four-monthly reports. Below are some of the foremost issues concerning operational management.

Accounting Regularity

Irregularity tolerance thresholds were not exceeded in 2014. A faithful account has therefore been provided⁴.

Policy Information Preparation

Management information systems complied with quality requirements. There were no disruptions in 2014 that jeopardised accuracy, completeness, timeliness, continuity or confidentiality in any way. Management information is reproducible.

Four-monthly reports were also generated in addition to monthly management information. These reports are designed to provide an insight into the impact of our activities and any lessons to be learned for the future. They also help us analyse our progress in terms of Activity Programme implementation and whether we need to make any adjustments. Using this information, we can implement our Activity Programme more effectively and improve the way work in general.

Financial & Material Management

In 2014, the use of management tools helped us implement well-managed operational processes. Nevertheless, there are still a number of areas in which improvements can be made. The most important of these are:

⁴ Tolerance thresholds, as adopted throughout central government, were applied to regularity issues, e.g. as laid down in Central Government Budget Regulations [Dutch: Rijksbegrotings-voorschriften] by the Minister of Finance. Tolerance thresholds for central government accounts are 1%.

- Additional Internal Controls

In 2014, we established a *central control team*. In 2015, we will address the control team's staffing levels still further. Internal controls over staff processes will be assigned to P-Direkt that will report to the NCA. Centralising this task, i.e. removing it as a line management responsibility, means that its implementation and the impartiality with which controls are performed will be improved as of 2015.

- Fraud Risk

The NCA's operational management is not particularly susceptible to fraud. The usual risks that could arise as part of procurement and payment processes are mitigated by means of task segregation, user rights assignments, dual payment approvals, internal controls, budgeting, etc.

- Budgetary Control

In 2014, the second round of spending cuts under the Rutte I cabinet's *best-efforts obligation* was completed, amounting to a sum of €300,000. In 2015, a relatively large round of cuts will follow totalling €500,000. Given the NCA's cost structure, a large portion of this *best-efforts obligation* needs to be achieved by means of lower staffing levels. The uncertainty regarding the outflow of reintegration candidates under the *From-Work-to-Work* policy constitutes a risk in the coming years in terms of controlled budget expenditure. We were able to manage the budget as effectively as possible by introducing greater flexibility.

- Open Standards

The NCA complies in full with Article 3, Paragraph 1 of the *Civil Service Guidelines* [Dutch: *Instructie rijksdienst*] for the purchase of ICT products and services. We did not deviate from any open standards.

- Prompt Creditor Payment

Of the total invoices received, 85% were paid within thirty days of the invoice date. This implies that we failed to achieve our goal of paying at least 90% of invoices within thirty days. Sometimes, the reason for late payment is a dispute with the supplier or an invoice that does not conform to our contractual agreements. Sometimes, invoices were not received until long after the invoice date. Our purchase invoice system was digitalised in 2014. Most invoices are now received electronically and authorised by means of a digital workflow. We assume that this will contribute towards prompter invoice payments. Nonetheless, the average payment term in 2014 was 22 days.

- Organisational Development

In 2013, the NCA initiated an organisational development project. This project's aim was to make the NCA more future-proof and efficient, thereby also helping it achieve its *best-efforts obligation*. The first stage of this project was completed in late 2014. The size of management and its support functions is now smaller.

4.2.2 Control & Management

Our policy is to switch auditing firm every three years with an option to extend this twice by one year. In 2014, a new internal auditor was appointed following a European tender. The internal auditor drafts audit plans, audits our annual accounts and our financial and material management, and reports his/her findings to the Board and the Secretary-General. The plan and report are also discussed by the external

Audit Committee.

The National Audit Service (ADR) uses our internal auditor's findings for its own purposes and for potential further audits. The ADR then reports to the Minister of the Interior and Kingdom Relations for the purpose of preparing the *Annual Report* and the *Final Act* amending the Budget, Section IIB, 'Other High Councils of State and Offices' [Dutch: *Overige Hoge Colleges van Staat en Kabinetten*]. The NCA, in turn, includes this annual report in its annual audit of the central government accounts.

4.2.3 Control Model

The NCA's Board comprises three members who are appointed for life. The Board operates on a principle of joint responsibility. In theory, this means that all decisions are taken by the entire Board, i.e. not by any one member alone. Each Board member acts as *rapporteur* for a portion of the NCA's audits.

The Board's members are:



Saskia J. Stuiveling
(President)



Kees Vendrik



Arno Visser

There are also two Extraordinary Board members in addition to these three Board members. They provide guidance during audits or act as a replacement for a Board member. They have the same powers as the permanent Board members.

The Extraordinary Board members are:



Paul Doop



Prof. Mark van Twist



The NCA's Secretary-General, Ellen van Schoten RA, manages the NCA's staff totalling almost 300 employees. The Secretary-General chairs the management team. This team is responsible for the quality of audits and the administrative organisation.

Internally, the organisation is managed with a focus on impact and results. The Board and management team provide direction in terms of what we aim to achieve and in which areas. Staff members have freedom to manoeuvre – within certain limits and in line with the directions mentioned above. We also expect our staff members to account for their work and ensuing results.

4.2.4 Audit Committee

The NCA has had its own external Audit Committee since January 2006. This committee has two tasks:

- It advises the President with respect to monitoring of the NCA's activities.
- It also advises the Secretary-General with respect to day-to-day management of the administrative organisation.

Audit Committee Members

- Jan (J.G.P.M.) Helderma RA (chairperson since 1 January 2012) – member of various executive and supervisory boards
- Benita (B.E.C.) Plesch (Member since 1 January 2010) – coach & consultant at Plesch BV and chairperson/member of various boards and advisory committees
- Boudewijn (B.F.) Dessing (member since 1 January 2011) – member of various supervisory and advisory boards

Meetings

The Audit Committee met five times in 2014:

- once in the presence of the President
- once with the entire board present
- three times with the internal auditor present
- once with the external auditor present
- twice with the Works Council
- five times with the management team

As part of the NCA's 200th anniversary celebrations, the Audit Committee organised a meeting for the Board and management team based on the theme of *governance developments in the private sector*. Two members of the Audit Committee also attended a symposium evaluating a scheme for ministerial audit committees.

All members of the Audit Committee were present at all meetings. Audit Committee members receive an attendance allowance. The Audit Committee conducted a self-evaluation and consulted the Secretary-General separately at each meeting. One Audit Committee member was involved in the selection of a new internal auditor.

Member Appointment

Members are appointed for a duration of three years. A member may be reappointed once for a maximum period of three years. Benita Plesch, Boudewijn Dessing and Jan Helderma were reappointed to the Audit Committee on 1 January 2013, 2014 and 2015 respectively.

2014 Audit Committee Recommendations, Advice & Discussion Topics

2013 Accountability

The Audit Committee discussed the NCA's 2013 Annual Report and the internal and external auditors' 2013 reports. It endorsed the conclusions in both auditors' reports. The Audit Committee noted that remaining comments were still being addressed by the NCA.

2014 Audit Plan

The Audit Committee approved the internal auditor's audit plan and noted the 2014 interim audit's findings. A new internal auditor was selected in 2014. The Audit Committee was involved with selecting the new internal auditor that subsequently started work at the end of 2014. For this reason, the audit plan could only be discussed by the Audit Committee at the end of December.

Discussion Topics

The following topics were discussed in addition to the 2013 Annual Report and the 2014 audit plan:

- In 2014, 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 NCA's results, impact and operational management. The Audit Committee recommended that the reports pay more attention to internal quality control. Progress on the implementation of ISSAI standards was also discussed for the financial audit, as was the evaluation of the scheme for ministerial audit committees.
- Issues relating to operational management, explicitly discussed at Audit Committee meetings, included the methodology/follow-up for an employee satisfaction survey, the TBL plan, timekeeping, publication of the general ledger as open data, and the CIO's role within the NCA.
- In the context of organisational development and the best-efforts obligation, the Audit Committee provided recommendations about content, approach and implementation for a staff department reorganisation and about the Board's strategic studies in the run-up to a new strategic period. In this respect, the Audit Committee requested that attention be paid to proper understanding of various roles within the organisation.
- In response to the Audit Committee's own self-evaluation, the NCA's Board and Secretary-General requested that the Audit Committee reflect on the issue of external governance developments. The Audit Committee organised a meeting at which the Audit Committee, the Board, the Secretary-General and the management team discussed this theme with an external speaker.
- Celebrations marking the NCA's 200th anniversary and the start of its EUROSAI presidency were also topics of discussion.

4.2.5 Business Ethics

The NCA's integrity has to be beyond any shadow of doubt. The Board and the administrative organisation apply the 2012–2015 Integrity Policy and the Code of Conduct in their daily operations. In 2009, we drafted a Code of Conduct in which eight core values were identified – reliability, respect, objectivity, professionalism, impartiality, collegiality, sobriety and sustainability. We will be updating the Code of Conduct in 2015. Current integrity policy focuses on ethics with a key objective to establish a safe, secure working environment. We strive to create an organisational culture in which ethical dilemmas can be discussed at an early stage.

In 2014, no complaints about inappropriate behaviour or integrity issues were submitted to internal confidential advisers. They did however receive four notifications and nine requests for advice. This is an increase in terms of the number of requests for advice with respect to the previous year. This points to the fact that our staff are becoming more aware of the issue of ethical dilemmas.

Since October 2014, the NCA has provided its staff with the option to report issues of integrity or inappropriate behaviour externally, in addition to its two internal confidential advisers. No complaints were filed in 2014 or 2013.

4.2.6 Triple Bottom Line (TBL), Governance & Policy

In 2014, the TBL steering committee was established with the Secretary-General as its chairperson. The steering committee meets twice a year to discuss, evaluate and if need be adjust TBL policy implementation. It also evaluates policy proposals submitted by the TBL working groups and ensures that TBL policies are aligned with the NCA's strategy and Activity Programme. The steering committee reports to the Board and the organisation as a whole.

We reappraised our operational TBL goals in 2014 as part of a self-evaluation performed in accordance with ISO 26000 standards (*Guidance on Social Responsibility*) that included associated indicators and a baseline measurement for better management and accountability. By integrating TBL into our planning & control cycle and interim management reports, we have been able to provide insights into our results in a timely fashion and to adjust course, wherever necessary.

4.2.7 Internal Communications, Provision of Information & ICT

Internal Communications

We communicate with one another frequently within the NCA –sharing knowledge and information, exchanging management information, and keeping each other informed about relevant activities and developments. We have a package of communication tools and activities for this purpose. In addition to meetings and feedback sessions, we also use various regular media and social media, e.g. our staff magazine (*Reken maar*) available in electronic format since 1 January 2015, our intranet system (*Kenniskamer*) and *Yammer*. We even made corporate films for several of our events, e.g. a 2014 annual review for our New Year's reception. Restructuring our staff department also resulted in a peak in internal communications. Discussions were held with stakeholders, staff meetings were organised and other media channels were used to explain organisational developments and their consequences.

The CIO Role

The NCA established a position of *chief information officer* (CIO) in 2014 in response

to the growing number of ICT-related issues within the NCA and a shift towards information systems being used to support our primary processes. The CIO operates at a management team level and is assisted by a CIO working group. Within the working group, four sub-groups were established to address the following themes:

- external developments
- ICT knowledge and skills
- audit process digitalisation
- continued development of online products

The 'External Developments' sub-group focused primarily on the analysis of relevant external ICT developments and how these could potentially help with challenges within our own organisation. The 'ICT Knowledge & Skills' sub-group focuses primarily on improving organisation-wide awareness and ICT knowledge levels. The 'Audit Process digitalisation' sub-group initiated a pilot project to digitalise our audit and portfolio processes still further.

The NCA is using more and more electronic products, such as websites and theme-specific micro-sites. They not only supplement existing products, but they also replace hard copy versions in many instances. In 2014, we reviewed how we could deploy our electronic products more efficiently and effectively. For instance, we compiled a useful schematic (*Digiwijzer*) that helps auditors determine what format is most suitable for publishing audits and their results.

Other ICT Activities

The NCA has also simplified its planning and timekeeping processes in recent years. We introduced a new project planning and timekeeping system and last year, its rollout proceeded extremely smoothly.

Handling information carefully is an important prerequisite in our line of work. This is why we regularly examine our information security systems. In 2014, we started aligning our information security policies and their underlying schemes with the *Central Government Information Security Baseline* [Dutch: *Baseline Informatiebeveiliging Rijksdienst*].

At the end of 2014, we started updating the new *Provision of Information Framework* [Dutch: *Kader informatievoorziening*] that details our annual portfolio of ICT projects. We will be finalising this document in early 2015. We decided to abandon our three-year update cycle in favour of an annual update cycle because developments in the field of ICT and information systems were advancing so rapidly.

NCA Websites

All statistics for our www.courtsofaudit.nl website are available online for Q4 2014 and later. We do not have any data for the first three quarters because of legislation concerning the use of cookies. In Q4 2014, our website had 49,767 visitors. The most frequently consulted audits in Q4 were *Basic Registers*, *Tax Avoidance* and *Public Authorities – Insight into the Protection of Citizens and Businesses*.

No. of visitors (internal and external) to our other websites in 2014:

- *Accountability Audit* website: 13,993 unique visitors
- *Credit Crisis* website: 3,011 unique visitors

- F-16 Replacement website: 18,462 unique visitors
- Passion for Public Accountability website: 2,979 unique visitors

User Survey

We regularly conduct surveys among our websites' users to help make our websites and digital publications as accessible and user-friendly as possible. For instance, we conducted a user survey in 2014 for our *Accountability Audit* website (www.courtofaudit.nl/verantwoordingsonderzoek). In 2015, we will be making several minor changes

to reflect users' needs and requirements. In January 2014, we had the independent Accessibility Foundation test our website (www.courtofaudit.nl) for *accessibility* and *compliance* with web guidelines. Our website satisfied the highest criteria for accessibility in 2014.

Social Media

In 2014, we made extensive and increased use of social media. We use social media to keep in touch with interested organisations and members of the public, e.g. for our audit for and by schoolchildren, and the audit of school building quality. The NCA has its own Facebook page and Twitter account. We use these to share our latest news, e.g. the publication of a new report. We experimented with discussions on subjects with which the NCA is involved, primarily in closed groups on Facebook and LinkedIn. The number of our followers on social media has increased in 2014, to 2,040 on Twitter and 397 on Facebook.

4.3 Our Staff

The NCA is a knowledge organisation. Knowledge transfer, and the influx and retention of younger staff and new expertise are important to the NCA. We have adopted the following principles for our organisational development:

- more common sense – less management and fewer procedures
- closer connection, partnership and trust – less control
- more dialogue and agreements with one another – fewer systems
- greater emphasis on primary processes – fewer staff and less assistance

To implement these principles, we need to restructure our organisation, our operating procedures and our behaviour. We are making these changes in a variety of ways, e.g. staffing levels, staff development, staff department restructuring and central office premises with flex spaces.

4.3.1 Staff TBL Goals

The NCA set the following TBL goals for its staff in 2014:

1. 30% and 50% women at senior and middle management levels respectively – commitment to the *Talent to the Top* charter
2. Contributing towards central government goals for employing people with challenges finding work – min. 3 FTEs per year on WWB (Work and Social Assistance Act), WSW (Sheltered Employment Act) or Wajong (Work and Employment Support (Young Disabled Persons) Act) benefits
3. Contributing to central government goals for more younger people in employment
4. Ensuring that every staff member spends at least five days on study and/or personal professional development

1. Women in Senior Management

The NCA strives for diversity among its staff – a diversity that reflects society at large. One aspect of this diversity is a balance of men and women in employment at the NCA. The NCA aims to give both men and women the opportunity to make the most of their talents. We have also committed ourselves to the *Talent to the Top* charter. It was our goal in 2014 to have 30% and 50% women working at senior and middle management levels respectively. In 2014, we achieved the first of these goals. Women now hold three of the five senior management positions. This puts us at 60% women at a senior management level (including the interim Staff Department director). This does not include our Board with a woman as President. We failed to achieve our goal of 50% women at a middle management level. The percentage of women at this level did however increase from 33% to 36%.

Figure 8 Numbers of men and women in employment at the NCA (excluding Board members)



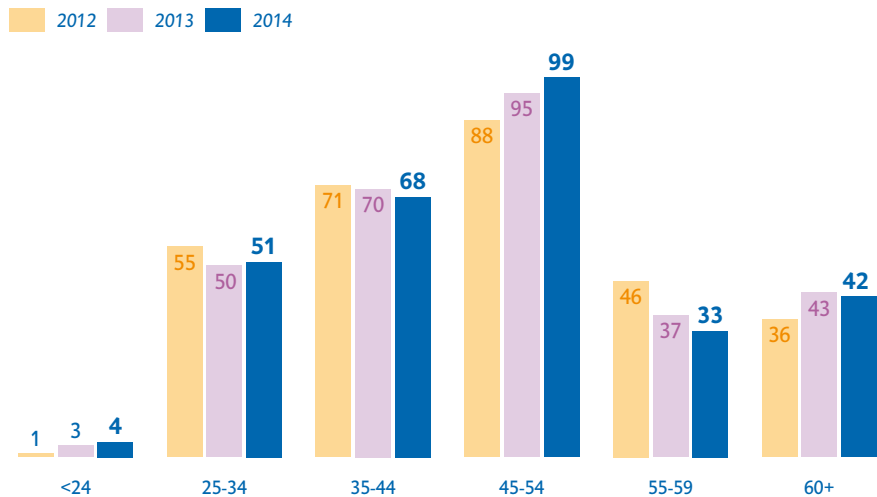
2 Central Government Goals for Employing People with Challenges Finding Work

The NCA set its own goals for employing people with challenges finding work, pre-empting the implementation of the *Participation Act* [Dutch: *Participatiewet*]. We have employed one new staff member that fell into this category. In the years ahead, we aim to comply with legal requirements arising out of the *Participation Act* effective 1 January 2015. In 2023, at least 3% of all FTEs should be people with challenges finding work (expressed as jobs with 25-hour work weeks).

3 Younger Staff Members

In 2014, thirteen staff members left and twelve joined the NCA. Of these twelve new staff members, ten are 30 years old or younger. We also took on 35 internees at the NCA in 2014. The annual goal is fifteen internees.

Figure 9 Staff age structure



4 Staff Development & Dedication

Our staff's knowledge and dedication is crucial to the quality of the NCA's work. This is why we adopt the norm that every staff member spend at least five days per year on study and/or personal professional development. We readily achieved this goal in 2014.

Figure 10 Training: days and costs



In addition to on-the-job learning, our staff spent more than six days (an average of 6.7 days per staff member) on personal professional development or knowledge/skill transfer. We have implemented an active continuing professional education (CPE) policy that focuses on knowledge development and sharing, e.g. giving and taking workshops, holding

academic teaching positions and chairs, and contributing to articles and books or other audit-related developments. We spent a total of €655,000 on external education, supporting policy (*From Work To Work*) and organisational development. This equates to an average of €2,380 per FTE, an increase with respect to 2014 (in part due to expenditure on supporting policy and organisational development). This is above average with respect to central government as a whole. We are convinced that this is in line with our role as a knowledge-intensive organisation. Ongoing attention to learning and development are high on our agenda for the coming years.

· Digitalisation & Professionalism

In 2014, we invested heavily in learning activities focusing on digitalisation and innovation of our operating procedures and products. To improve ICT knowledge and skills, we organised various in-company workshops. To raise ICT awareness, the NCA-wide *Update Day* (dedicated to teaching others and learning from others) focused in

2014 on developments in digitalisation inside and outside the NCA. Why is this important to our organisation? What are the implications for our work? Will our stakeholders notice any difference? Digitalisation affects the content of our audits, the audit process itself and in turn our supporting activities. Digital learning received a boost in 2014 with the introduction of the NCA's online learning environment in which its staff members can take online courses.

· Organisational Development – A Focus on Output

In 2014, the NCA started using 'output control' within the organisation. Output-oriented working centres on the objectives and impact that you want to achieve – why, what and purpose. At the end of 2014, we decided to assign an output coach during audit set-up to assist with the continued implementation of output control within audit teams' daily practices. Two teams were selected to test out this approach.

4.3.2 Secondments

Secondments are designed to provide an impetus for internal and external exchange of knowledge and expertise. For instance, at the NCA, we are working towards improving personal and professional development opportunities for our staff, and taking on new staff with specific knowledge and expertise. In 2014, 22 NCA staff members were on secondment and nine colleagues from external organisations were on secondment at the NCA.

4.3.3 Reorganisation

In 2014, we continued the reorganisation of staff and support departments that we started in 2013. The Operations Management and Policy & Communications departments have been merged to become a single staff department. This had an impact on slightly over 13% of our staff members. Several staff members were or are still being assisted with finding other work as part of our *From Work To Work* programme. The organisation appointed a mobility manager on a temporary basis to assist these people. Most people in the group affected (60%) have been reassigned to other duties within our organisation. Most staff members who have not found alternative work yet have been seconded to other organisations. These changes have helped achieve our goal of reducing the size of management. The number of managers within the staff department has been reduced from nine to five. The department is being run by an interim director.

4.3.4 Works Council

In 2014, the new Works Council was appointed for a period of three years. It consisted for the most part of new members. The council meets monthly with the Secretary-General. At this meeting, issues are discussed that affect the organisation or need the work council's formal opinion or consent. Over the past year, the Works Council has primarily been focusing on the reorganisation of the staff department. This involved providing recommendations about specific positions, as well as overall structure.

In 2014, the Works Council consented to the introduction of the *mobility pass* under certain conditions. This card replaced the existing public transport passes as part of the nationwide introduction of the *OV public transport pass*. The conditions imposed by the Works Council related to several privacy-related issues that still need to be handled. This issue also plays a role throughout the whole of central government. Each central government department is responsible for its introduction and

implementation. Other issues that the Works Council dealt with included:

- output control – how should we make proper agreements about deliverables and how should we address one another about this issue?
- employee satisfaction survey – the follow-up to this survey is being addressed by the Board and the Secretary-General
- external confidential adviser – selection

4.3.5 Central Office Premises

In 2014, shortly before the summer, we relocated all but one of our last *knowledge circles* to our central office premises in The Hague that previously had been housed in various ministries. For the time being, we will only be keeping an external location at the Ministry of Finance. We relinquished a large number of workspaces that we had previously been using at various ministries as part of this centralisation process. This has cut costs considerably. In total, we cut back on 164 workspaces/PCs with respect to 2011 levels. This saves an average of €10,000 per workspace per year. In 2014, cost savings totalled €1,640,000. These savings also benefit central government. Besides our goal to deploy workspaces more efficiently within in our own central office premises, we have also succeeded in bringing our professionals closer to one another, meaning that they can now share knowledge more effectively and efficiently.

4.3.6 Health

The NCA strives for minimal absenteeism levels. Sick leave dropped from 2.6% to 2.1% in 2014 with respect to 2013. Absenteeism levels are therefore far below the Verbaan norm⁵ of 3.6%. In 2014, the number of sick reports per staff member per year was 1.3.

Table 3 Absenteeism levels (2014)

	2012	2013	2014
Excluding maternity leave	3.5	2.6	2.1
Sick Report Frequency	1.4	1.2	1.3
No. of Employees with Zero Absenteeism	96	107	113

The NCA wants its staff to be as healthy and fit as possible. This is why we continued our BRAVO⁶ health policy in 2014.

- Physical Activity: Sports Day and a contribution towards sports costs via staff association Sonar. Sufficient levels of physical activity form part of the Preventive Medical Examination (PME).
- Smoking: No specific initiatives for stopping smoking were organised in 2014.
- Alcohol: This is addressed at the voluntary PME that every staff member can have once every three years.
- Nutrition: Our caterer provides healthy balanced meals, often using organic produce.

4.3.7 Staff Activities & Social Engagement

We consider social and sustainability-related criteria when organising meetings and staff excursions. We believe it is important to invest in our immediate social surroundings as part of our commitment to social engagement. For instance, we give staff members the opportunity to perform voluntary work – partially in working hours (during the day) and partially in their own time, e.g. helping at primary schools with reading practice.

5

A model that assumes absenteeism is primarily a function of a position's required educational level and the employee in question's age.

6

Dutch: Beweging, Roken, Alcohol, Voeding [Physical Activity, Smoking, Alcohol, Nutrition]

In October, we held our first ‘Sustainability Week’ with campaigns based on the NCA’s broad definition of sustainable development – social, ecological and economic. Campaigns helped raise greater awareness and understanding of triple bottom line (TBL) principles within our organisation and create real support for social entrepreneurs and foundations in the region.

Sonar (our staff association) organised several activities throughout 2014. As of 1 January 2015, Sonar had 264 members (five more than on 1 January 2014), 54 senior members and 4 donors. 88% of our staff are members of Sonar.

YoHoCo is an association for younger staff members (36 years old or younger) working at any of the High Councils of State. In 2014, YoHoCo celebrated its 15th anniversary. In 2014, fourteen NCA staff members were a member of YoHoCo.

The NCA has a social fund to help colleagues who get into financial problems. The social fund provides assistance in the form of interest-free loans to help resolve short-term financial problems. The fund receives contributions from NCA staff members. As was the case in 2013, no members of NCA staff asked for assistance from the social fund in 2014. By the end of 2014, two loans were still outstanding from previous years.

4.3.8 Environment

In 2009, the NCA formulated its environmental objectives for its operational management. The same environmental objectives are still effective in 2014:

1. reducing CO₂ emission levels by 8% by 2019 (with respect to 2017)
2. reducing energy costs at the Lange Voorhout offices by 20% by 2019 (with respect to 2009)
3. reducing paper consumption in 2014 by 20% (with respect to 2012)

1 Reduced CO₂ Emission Levels

Our CO₂ and energy objectives are in line with European climate objectives. We use Stimular’s *Environmental Barometer* to record our environmental data. In early 2015, Stimular updated the CO₂ emission parameters in its barometer to conform to agreements made with other Green Deal organisations. As a result, we had to recalculate our CO₂ emission levels for past years to comply with these new national agreements. This resulted in a significant increase in our CO₂ emission levels with respect to what we had reported in previous years. This is due to the new definition of green energy under the Green Deal that arose in response to the social debate about green electricity.

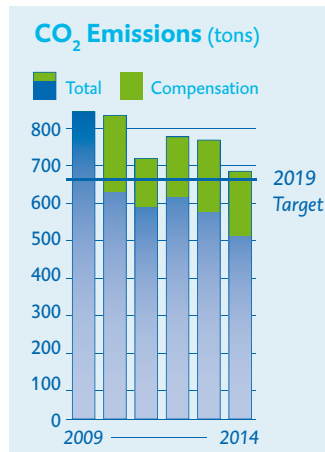
In 2010, the NCA made the conscious decision to step over to green electricity, which significantly cut its CO₂ emission levels. This was part of a collective central government tender, whereby greening of electricity supplies was implemented by means of a separate tender and the purchase of compensation certificates. According to new definitions under the Green Deal, this is no longer categorised as ‘green electricity’, but ‘grey electricity’. This has been retroactively applied to the *Environmental Barometer* and other Green Deal calculation models.

The NCA aims to contribute towards the growth of a sustainable energy sector. We therefore endorse the new definition of ‘green electricity’ made under the *Green Deal* and will continue to report emission levels using the *Environmental Barometer*.

7
The 2009 objective of achieving a 20% reduction in CO₂ emissions by 2019 had already been achieved in 2010 by switching over to green electricity. This is why the goal was reset in 2011 to achieve an 8% reduction by 2019 with respect to 2011.

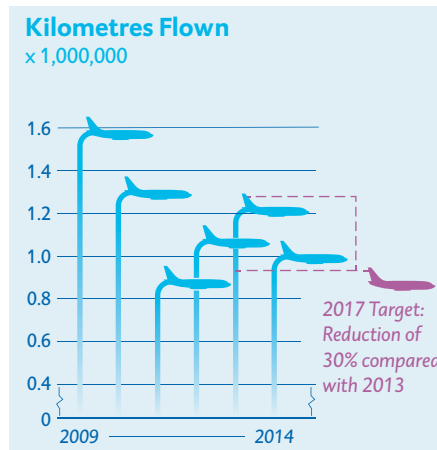
This means that our energy consumption has been recalculated and relabelled as ‘grey’, hence the increase in our reported CO₂ emission levels. In 2015, we will be drafting an action plan for switching to ‘green electricity’ with an eco-label (Milieukeur of EKOEnergy logos) as quickly as possible and subject to existing contractual obligations.

Figure 11 **Summary of CO₂ emission levels (2009–2014) including compensation for air miles**



In 2014, we reduced the number of kilometres flown with respect to 2013 by 218,136 km. This is a reduction of 17%. We aim to reduce this figure by a further 30% with respect to 2013 by 2017, bringing the total kilometres flown to 901,237.

Figure 12 **No. of kilometres flown (2009–2014)**

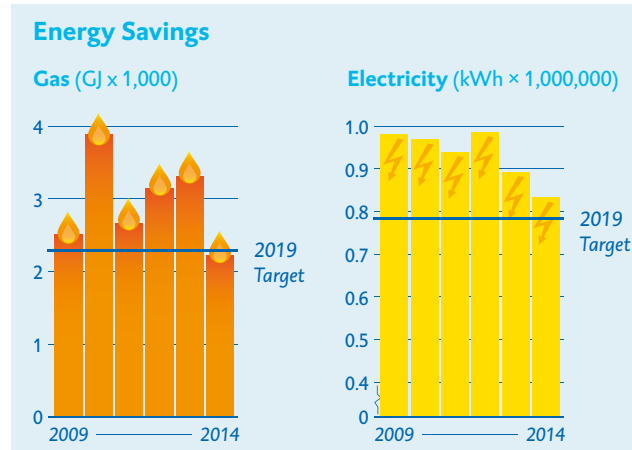


The NCA faces one TBL dilemma in particular, namely the fact that it operates internationally – learning from others and helping at audit offices in partner countries. This results in increased air mileage and consequently higher CO₂ emission levels. This is why we are examining the need to travel very closely, the size of delegations travelling and alternatives to travel, such as live video links. We compensate for our flight-related CO₂ emissions via a Climate Neutral Group contract for the whole of central government.

2 Energy Savings

We continued the trend of reduced energy consumption with respect to previous years. In 2014, we reduced our heat (gas) consumption by 1,097 GJ. The goal for 2019 is a further reduction of 276 GJ to a level of 2,271 GJ. In 2014, we reduced our electricity use by 60,546 kWh with respect to 2013. We aim to reduce this figure by 48,156 kWh to a level of 785,360 kWh by 2019.

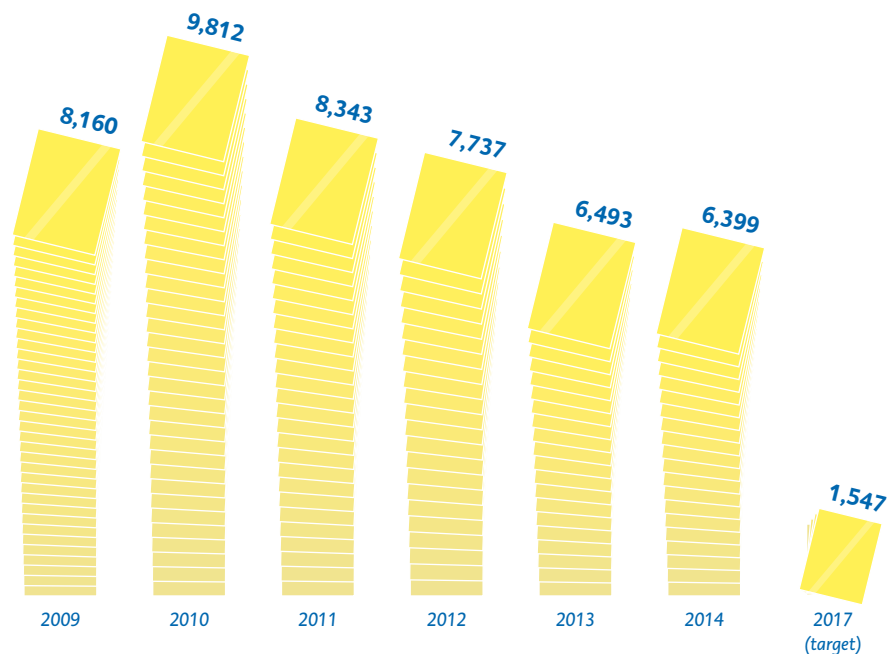
Figure 13 Energy consumption summary (2009–2014)



3 Reduced Paper Usage

In 2014, we reduced our paper usage by 92 kg with respect to 2013. Unfortunately, we failed to achieve our goal for 2014 of 20% less paper with respect to 2012. We hope to achieve a reduction of 80% by 2017 with respect to 2012 by raising awareness still further and continued digitalisation.

Figure 14 Paper usage in kilogrammes (2009–2014)



We made progress in terms of environmental issues in 2014 by cutting down on our air mileage, reducing our energy consumption and insulating our Lange Voorhout office premises in The Hague. Reduced energy consumption and air mileage helped reverse the negative trend that we were seeing in 2012 and 2013.

In 2015, we will be prioritising lower CO₂ emission levels, reduced energy consumption, sustainable mobility and lower paper usage. The NCA is making every effort possible to reduce its CO₂ emission levels and energy consumption, e.g. by promoting sustainable mobility. Energy consumption and air mileage currently constitute the two foremost elements of the NCA's carbon footprint. By reducing paper usage as much as possible, the NCA aims to contribute towards more responsible and economical usage of raw materials.

Sustainable Procurement

The NCA endorses and complies with central government policies for sustainable operations, e.g. by taking environmental and social criteria from the current guidelines into consideration in its procurement procedures (working conditions, child labour, human rights, etc.). In 2014, the NCA regularly discussed these issues with its suppliers, e.g. its catering and cleaning contractors, but also the EUROSAI congress' events agency, in order to emphasise the importance of sustainability criteria in current contracts and to make concrete agreements in this respect. Examples include serving tap water instead of bottled water, a wider selection of organic and Fair Trade products in the canteen at external meetings, and paperless meetings during the EUROSAI congress.

4.4 Finances

The NCA's budget forms part of the national budget itemised in Section IIB, 'Other High Councils of State and Offices', and is one of the Minister of the Interior and Kingdom Relations' responsibilities. For more information about the national budget please visit the central government website.

4.4.1 Best-Efforts Obligation 2013–2018

In 2012, the NCA decided to help get public finances in order by imposing a best-efforts obligation on itself. This complied with a request from the Rutte I cabinet. This best-efforts obligation corresponds to a sum of €1.9 million in 2018. In order to fulfil this obligation, we initiated an organisational development project. As part of this project, we examine how support and management can be organised in a more efficient manner. In 2014, the second round of spending cuts under this best-efforts obligation was made, amounting to a sum of €300,000. In 2013, we had already made cuts totalling €800,000. We also expect to fulfil the rest of our obligation in a timely fashion.

In the draft 2014 budget, the Rutte II cabinet incorporated a new savings target into its long-term figures. This new obligation totals €1.2 million by 2018. As a High Council of State, the NCA carries out its duties independently of government. Accordingly, the NCA has announced that it does not consent to this second best-efforts obligation. We are still discussing this issue with the Minister of the Interior and Kingdom Relations

4.4.2 Central Government & NCA Expenditure

The table below lists the NCA's expenditure as a percentage of total central government expenditure.

Table 4 **Expenditure (2009–2013) [€ × million]**

	2009	2010	2011	2012	2013
Central Government Expenditure	246,697	237,569	236,693	236,390	225,422
NCA Expenditure	30.1	30.0	28.8	29.3	29.0
%	0.012	0.013	0.012	0.012	0.013

Over the past few years, NCA expenditure has remained relatively stable – constant or decreasing slightly with respect to total central government expenditure⁸.

Actual 2014 Figures

In 2014, NCA expenditure was €99,000 less than budgeted. NCA revenue was €241,000 less than budgeted. The table below lists actual v. budgeted revenue and expenditure.

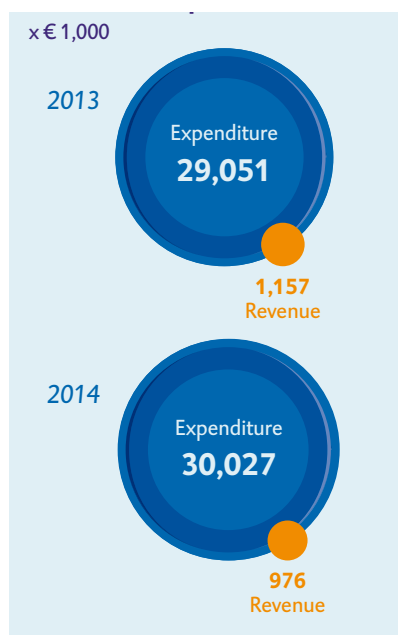
Table 5 **Actual figures (2013–2014) [€ × 1,000]**

	2013 Expenditure	2013 Revenue	2014 Expenditure	2014 Revenue
Budgeted*	29,799	1,217	30,126	1,217
Actual	29,051	1,157	30,027	976
Variance	748	-60	99	-241

* As defined in the second *Supplementary Budget Act*.

The second *Supplementary Budget Act* requires a relatively low end-of-year margin⁹ of only 0.5%. We requested that the Minister of the Interior and Kingdom Relations add our €99,000 underexpenditure to the end-of-year margin under the final budget act.

Figure 15 **Oversight of revenue & expenditure**



⁸ Figures for central government's 2014 expenditure will only be available after publication of our 2014 Annual Report.

⁹ The end-of-year margin includes resources deferred from one budget year to the next.

Revenue & Expenditure Breakdown

The following table provides a breakdown of our revenue and expenditure. Since 2013, this breakdown is based on the cost classification table used throughout the whole of government. Using this table allows costs incurred within the civil service to be compared with one another more easily.

Table 6 Expenditure breakdown [€ × 1,000]

	2013 Expenditure	% Total	2014 Expenditure	% Total
Own Staff	24,231	83.4%	24,320	81.0%
External Staff	437	1.5%	710	2.4%
Retirees	90	0.3%	80	0.3%
Support Staff Expenditure	24,758	85.2%	25,110	83.7%
Outsourcing	152	0.5%	211	0.7%
Shared Service Organisation Contributions	409	1.4%	303	1.0%
Services & Resources	1,230	4.2%	849	2.8%
Travel & Accommodation Costs	45	0.2%	37	0.1%
ICT	1,303	4.5%	1,583	5.3%
Office Premises	350	1.2%	215	0.7%
Communications	784	2.7%	1,499	5.0%
Internal Procurement for Assignments	20	0.1%	220	0.7%
Equipment Expenditure	4,293	14.8%	4,917	16.3%
Total	29,051	100%	30,027	100%

Figure 16 Overview of Staff & Material Expenditure

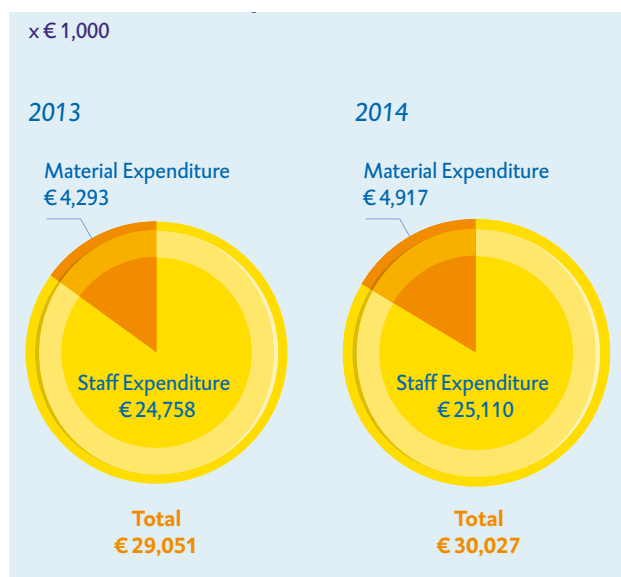


Table 7 Revenue breakdown [€ × 1,000]

	2013 Revenue	2014 Revenue
International Projects	973	478
Secondments	139	399
Sundry Receipts	45	99
Total	1,157	976

4.4.3 Explanatory Notes

Please refer to our ‘Open Spending’ file for a complete picture of our expenditure. Below, we explain a few of our cost categories.

Staff costs account for 81% of our expenditure. Besides salaries, these include general staff expenses, e.g. commuting expenses, national/international business trips and study/educational costs. Only 2.4% was spent on hiring in external staff. Hence, we remain well below the 10% norm in this respect.

These staff expenses also include bonuses and representation allowances. The NCA adopts a conservative policy with respect to bonuses for exceptional performance. These are paid as part of the salary. In 2014, bonuses only constituted 0.4% of our salary costs. Our policies for rewards and tokens of appreciation are more generous, e.g. gift vouchers for exceptional performance or effort, Christmas presents for staff and retirees, and reimbursements for team lunches and drinks. We do this to help foster team spirit within organisational units and within audit teams that have a constantly changing make-up. In 2014, the NCA remained well within the discretionary margins set by the work-related expenses scheme for staff allowances and benefits [Dutch: *Werkkostenregeling voor vergoedingen en verstrekkingen aan personeel*]. We only used 62.6% of this discretionary margin in 2014.

Staff travel and accommodation costs were mainly incurred as part of our international activities. We partially recovered these costs from the third parties involved.

2014 was a special year because of its 200th anniversary and its EUROSAI presidency. In the summer of 2014, we organised the EUROSAI congress in our role as President of the EUROSAI. The congress’ organisation more than doubled our communications expenditure. The table below lists the costs that we incurred celebrating our 200th anniversary and organising the EUROSAI congress.

Table 8 Itemised EUROSAI congress and NCA anniversary expenditure (2014) [€ × 1,000]

	EUROSAI Congress	The Netherlands Court of Audit – 200 Years Old
Equipment Expenditure	789.5	54.3
Staff Expenditure	1.6	1.9
Total*	791.1	56.2

* Both projects remained within the total available budget. These budgets had been set at € 1 million (EUROSAI congress) and €100,000 (NCA anniversary) for the entire duration of the projects.

Insourcing and internal procurement costs in 2014 increased significantly with respect to 2013. In 2014, we made greater use of flexible labour and external staff for specific specialisms and periods of peak workload while conducting the accountability and the *Funding of Secondary Education* audits. External insourcing for this requested audit was funded by the Ministry of Education, Culture and Science by means of a budget transfer. In 2014, various part audits were also procured. For instance, Statistics Netherlands (CBS) contributed to the *Regional Differences in Exceptional Medical Expenses Act (AWBZ) Healthcare Usage* audit that we will be publishing in 2015 [Dutch: *Regionale verschillen in het zorggebruik AWBZ*]. The Netherlands Institute for Social Research (SCP) contributed to the *Funding of Secondary Education* audit [Dutch: *Bekostiging voortgezet onderwijs*].

In 2013, our 'Services & Resources' category expenditure was significantly higher than in previous years. This was attributable to our investment in furniture and lockers made in 2013 as part of the introduction of flexible working and a reduced number of workspaces. In 2014, this category of expenditure was back to 2012 levels.

The increase in ICT expenditure in 2014 relates to the start of audit process digitalisation and investments in replacement ICT infrastructure.

Cost Price per Category

The table below lists 'productive days' divided into three categories:

- Audit Projects: These are days spent on audits. These audits have resulted or will result in external publication.
- International Projects
- Other Directly Productive Activities: This category consists of audit days spend gathering information and carrying out risk analyses to determine the Activity Programme. They also include days spent working on professional skills, internal developing projects and relationship management.

Table 9 Production figures, days and costs [€ × 1,000]*

	Days 2012	Costs 2012	Days 2013	Costs 2013	Days 2014	2014 Costs
Audit Projects	17,269	17,106	18,240	17,651	19,215	18,531
International Projects	2,709	2,683	3,277	3,171	3,165	3,052
Other Directly Productive Activities	9,580	9,490	8,503	8,229	8,756	8,444
Total	29,558	29,279	30,020	29,051	31,136	30,027

* The cost price per category is calculated by multiplying the cost price per day by the number of days spent. In 2014, the average cost price per day was € 964.39.

Cost Price per Day

The audit cost price per day is calculated by comparing the total organisational expenditure with the number of productive days.

Table 10 Cost price

	2011	2012	2013	2014
Expenditure [€ × 1,000]	28,800	29,279	29,051	30,027
Productive Days	29,428	29,558	30,020	31,136
Cost Price (per day) [€]	979	991	968	964

Figure 17 Auditing Cost Price



The calculated cost price per day decreased by 0.3% with respect to 2013. This was mainly due to a higher average productivity and the measures taken to fulfil our best-efforts obligation. These measures focused mainly on management and support, sparing primary processes and our production to the greatest extent possible.

Externally Funded International Projects

We support sister organisations if this can be done on a break-even basis.

We adopt the following guidelines in this respect:

- When issuing quotations, we use the Minister of Finance's DAR rates to cover out staff costs. These apply to services provided to organisations outside central government.
- When issuing quotations, we follow the Minister of the Interior and Kingdom Relations' guidelines on travel and accommodation costs.

The table below shows the extent to which externally funded, international projects were actually break-even. These only include projects that were completed in 2014.

Table 11 International projects completed in 2014 – break-even analysis

Project	Costs over Total Project		Receipts	Break-Even
	Actual Days	Euros*	Euros	%
Aruba Court of Audit (2008–2013)	373	454,524	417,143	91.8
Sint Maarten 2013 Accountability Audit + Integrity Audit	27	27,450	26,964	98.2
Tunisia II + Communications Specialist Training	417	373,619	368,647	98.7
Total	817	855,593	812,754	96.3

* Staff, travel and accommodation costs in 2014 and previous years.

We are satisfied with the extent to which international projects completed in 2014 broke even.

External Staff

The NCA hires experts, whenever necessary, e.g. if we have insufficient in-house expertise or capacity to perform audit projects or overseas projects. We also hire external capacity and expertise to assist with internal projects and we occasionally use temporary staff during the holiday season, etc.

Table 12 External hiring expenditure

	2013	2014
Interim Management	0	0
Organisational & Staffing Advice	8,712	0
Policy Advice & Audit Assignments	308	8,542
Communications Advice	157,303	208,447
Legal Advice	8,473	0
Advice for Client Automation Projects	35,074	0
Accountancy, Financial & Administrative Organisation*	69,172	364,298
Temporary Staff (staffing + peak)	158,324	128,520
Total	437,366	709,807

* Section 4.4.3 explains the reason for this increased expenditure.

4.4.4 Senior Civil Servant & Management Costs

The table below lists Board member remuneration in 2013 and 2014. Board member remuneration is determined in accordance with the Council of State, Netherlands Court of Audit and National Ombudsman (Legal Status) Act (6 November 2008) [Dutch: Wet rechtspositie Raad van State, Algemene Rekenkamer en Nationale ombudsman].

Table 13 Board member remuneration

	Position	In Office Since	2013 Remuneration	2013 Pension	2013 Total	2014 Remuneration	2014 Taxed Expense Allowance	2014 Pension	2014 Total
Ms. S.J. Stuiveling	President	29/10/1984	144,108	23,914	168,022	144,108		19,159	163,267
Mr. C.C.M. Vendrik	Member	15/4/2011	126,975	22,835	149,810	126,975		21,720	148,695
Mr. A.P. Visser	Member	15/1/2013	116,347	21,976	138,323	126,975	4,041*	21,720	152,736
Total			387,430	68,725	456,155	398,058	4,041	62,599	464,698

* Concerns one-off taxed relocation allowance

Information about Board members' other activities can be found on our website.

Extraordinary Board Member & Chairperson & Audit Committee Member Attendance Allowances

The NCA has two Extraordinary Board members. The Audit Committee has three independent members, including its chairperson.

Table 14 Attendance allowances (2013 & 2014)

	Position	In Office Since	Attendance Allowance	Paid in 2013*	Paid in 2014*
Mr. P.W. Doop	Extraordinary Board member	17/8/2004	2012	5,718	-
			2013**	-	-
Prof. M.J.W. van Twist	Extraordinary Board member	17/8/2004	2013	-	6,000
J.G.P.M. Helderman RA	Audit Committee chairperson	1/1/2012	2013	3,006	-
			2014	-	3,507
Ms. B.E.C. Plesch	Audit Committee member	1/1/2010	2013	2,254	-
			2014	-	3,006
Mr. B.F. Dessing	Audit Committee member	1/1/2011	2013	2,505	-
			2014	-	3,757
Total				13,483	16,270

* The year in which attendance allowances are paid out is dependent on the moment at which Extraordinary Board and/or Audit Committee members submit their expense claim.

** No expense claims were submitted for attendance allowances in 2013.

Senior Civil Servant Remuneration

The NCA's management team is made up of the Secretary-General and five directors.

Table 15 Senior civil servant remuneration

	Position	FTE	In Office Since	2013 Remuneration	2013 Expense Allowance	Employer's Contribution to Provisions for Remuneration Payable over 2013	2013 Total	2014 Remuneration	2014 Expense Allowance	Employer's Contribution to Provisions for Remuneration Payable over 2014	2014 Total
Dr E. van Schoten	Secretary-General	1.00	1/10/2006	120,788	6,995	21,305	149,088	120,788	6,400	20,281	147,469
Mr. P.J. Rozendal	Interim Director	1.06	1/6/2013	67,523	1,869	11,039	80,431	115,754	3,200	19,332	138,286
Mr. C. van der Werf	Director	1.00	1/10/2013	24,390	801	4,751	29,942	105,669	3,200	17,921	126,790
Ms. B. Goezinne	Director	1.00	1/1/2012	98,140	3,205	16,320	117,665	103,837	3,200	16,419	123,456
Mr. R. Praat	Director	1.00	20/5/2002	100,315	3,205	18,026	121,546	99,169	3,200	16,233	118,602
Mr. M.J.C. Houtkamp	Director*	1.00	1/1/2009	95,650	3,205	16,320	115,175	45,663	1,333	8,857	55,853
Total				506,806	19,280	87,761	613,847	590,880	20,533	99,043	710,456

* Director until 1 June 2014

Information about our management team members' other activities can be found on our website.

Administrative Costs

The NCA strives for maximum transparency regarding all its Board's costs. The table below lists administrative costs for official transport and trips abroad. Costs listed under 'Sundry' consist mainly of business lunches and dinners, as well as paid-out relocation allowance. Accommodation costs incurred during business trips abroad are listed under 'International Travel'. Costs incurred for the Board's entertainment activities are listed under 'Board – General'.

Table 16 Board administrative costs

	Position	2012 Total	Total 2013	2014 Commuting & Official Transport	2014 International Travel	2014 Sundry	Total 2014
Board – General		16,900	14,356	-	891	1,257	2,148
Ms. S.J. Stuiveling	President	29,854*	53,892	37,621	11,392	3,174	52,187
Mr. G. de Jong**	Member	21,270	-	-	-	-	-
Mr. C.C.M. Vendrik	Member	8,028	13,514	4,880	5,395	1,560	11,835
Mr. A.P. Visser	Member	-	15,091	9,510	8,912	5,186	23,608
Total		76,052	96,853	52,011	26,590	11,177	89,778

* This sum is lower in 2012 than in other years due to illness and a recovery period lasting approximately three months.

** G. de Jong was a Board member until 1 December 2012.

5 2015 Outlook

In 2015, we will be focusing on developing new strategies for the Netherlands Court of Audit. Below, we list some of the themes that we will be focussing on in our audits over the longer term – themes that will help us contribute towards learning government. In 2014, we explored the first of these themes. These should be implemented by the second half of 2015 in the form of a new organisational strategy.

To contribute towards learning government, we have to remain a learning organisation ourselves. We will achieve this by looking outside our own organisation and seeking contact with others in our surroundings, including the House of Representatives, the ministries, knowledge institutes, fellow audit offices, universities, etc. By doing so, we will be able to monitor trends and developments in the outside world more closely and extrapolate these to our own products and operating procedures. Digital developments are playing an increasingly important role in conducting audits and reporting their findings. In 2015, we will be applying these to our work and professionalising our online communications still further. This requires that we have staff with the right qualifications in the right job positions. We will continue to encourage staff to hone and develop their knowledge and skills still further.

As part of our social responsibilities, we aim to make a positive contribution towards future sustainability – *people, planet and prosperity*. We aim to achieve this by performing our core tasks and operating to the best of our abilities. In 2014, we decided to intensify our TBL policies. In 2015, we will be continuing our dialogue with external stakeholders as input for continued development of these TBL policies.

2015 will also be a special year for the NCA, but for different reasons. As of 1 June 2015, Saskia J. Stuiveling will be leaving the Netherlands Court of Audit, after sixteen years as its President. This means that we will be looking to recruit and select a new Board member, to join the Board's two remaining members. The government will then appoint a new President from among the Board's three members. This appointment will be sealed by Royal Decree.