



Annual Report

2019



Inhoud

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Preface

A new story

Fake news, alternative facts and fact-free politics: expressions that were unknown not so long ago but quickly became symptomatic of 2016. It is the Netherlands Court of Audit's task to clarify and make sense of the mass of information that is threatening to overwhelm us in the digital age. What is fact and what is fiction? What is relevant and what is safe to ignore?

Walter Benjamin, a cultural philosopher in the 1930s, sought answers to such questions. He is known for his studies of the story and the teller. Storytelling, he said, was the ability to communicate an experience to a listener or reader. In doing so, the true storyteller imparts wisdom, openly or more cryptically, by 'giving counsel' to his public.

Benjamin was aware that giving counsel was beginning to sound old fashioned even in his day. To our 21st century ears, the word 'counsel' itself sounds very dated. But the pursuit of clarification and meaning is just as relevant in 2017 as it was in the 1930s, if only because of the sheer volume of information coming at us from all sides. Giving counsel, Benjamin reasoned, is more than just answering a question. The storyteller's counsel is a proposal to continue a story that is unfolding before us. The story is like a lesson, advice that can be learnt, a moral for life.

This annual report can also be compared to a story that is beginning to unfold. On the one hand, it is a chapter in a long history of annual reports that stretch back to the 19th century. Yet it is also the first in a new series that takes us into the 21st century. Last year, I used the annual report to introduce our new strategy, 'Trust Based on Understanding'. To achieve this strategy, the Netherlands Court of Audit has decided to tell the story behind the figures. The consequences of this decision are beginning to emerge more clearly, both in the accountability audits of central government we traditionally publish in May and in the many audits we carry out throughout the year.

In this annual report, we take it upon ourselves to put the concept of ‘integrated reporting’ into practice. A good annual report is more than just a summation of the numbers that determine whether the organisation ended the year in the red or in the black. An integrated annual report relates every aspect of an organisation’s story. What did the organisation do during the year? What added value does it generate for society? And what are the consequences for the future?

The spending cuts introduced by the Rutte/Verhagen and Rutte/Asscher governments feature large in this annual report. They have been imposed not only on implementing bodies but also on High Councils of State. Weakening the restraints on government – essential elements in any system of checks and balances – puts the vitality of democratic criticism at threat. Investing in new methods, knowledge and personal development, moreover, are put at risk. This is at odds with the increasing complexity of public finances and public services.

The Netherlands Court of Audit is not the only public body having to provide effective public services with less money. Our story is typical of the entire public sector. A decision seems to have been taken to reduce the financial function within central government, to carry out fewer audits and to have fewer controls. How can we explain this? Does the decision mean reliable information is no longer appreciated? Yet without such information, we cannot give assurances on the effectiveness of 300 million euros of public money. Is reliable information becoming a scarce good?

A new story is unfolding before our eyes. The Dutch economy is expanding again. The EMU balance is developing favourably and there is the prospect of a budget surplus. A new House of Representatives, with an ambitious government, may soon have more money to spend than the previous one. Anyone who wants to relate what has been achieved with that extra money in four years’ time would be well advised to lay the foundations for reliable information now. Because trust is based on understanding.

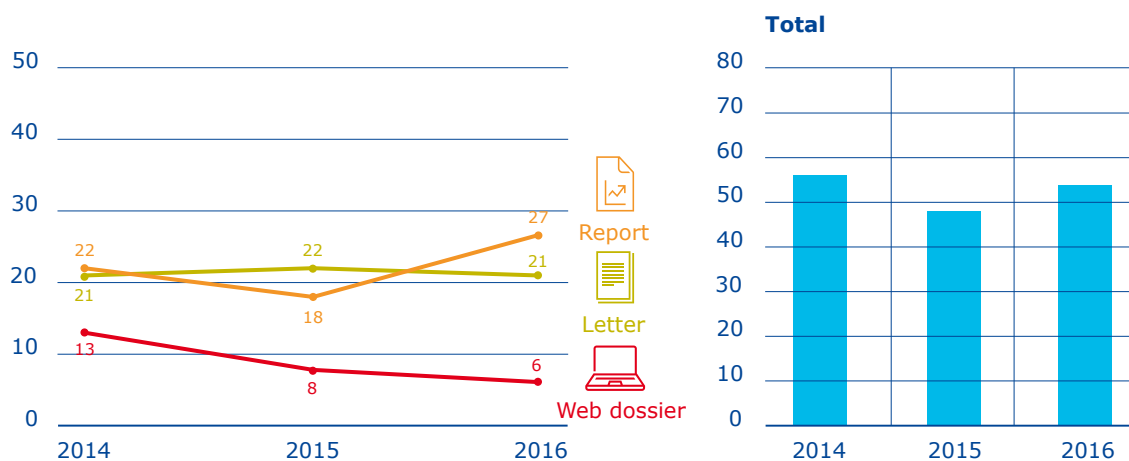
Arno Visser

President of the Netherlands Court of Audit

1 Key figures



Number of publications slightly higher in 2016



Long-term institutional cooperation:

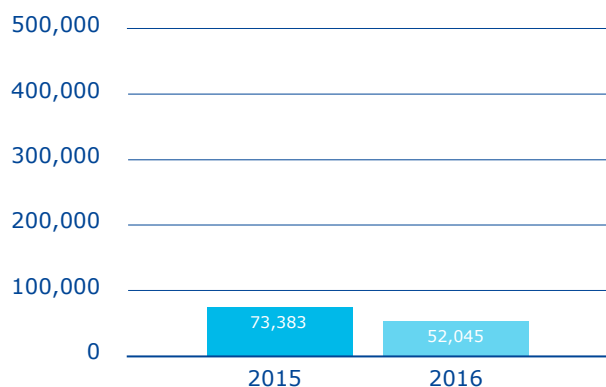
- Anglophone Africa (AFROSAI-E)
- Iraq
- Kuwait
- Kingdom of the Netherlands
- Kosovo
- Tanzania
- Tunisia



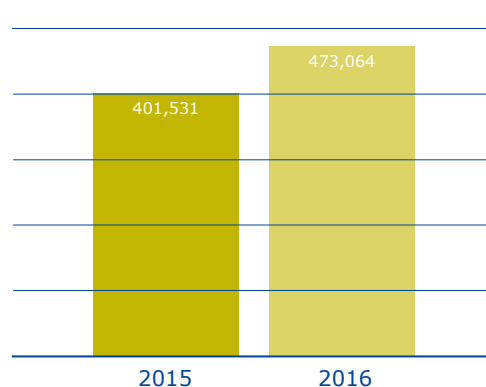
Other cooperation projects:

- Bosnia and Herzegovina, Moldova and Bulgaria (strengthening integrity at audit institutions in supported countries)
- Germany (peer review)
- Philippines (GIS and audit exploration)

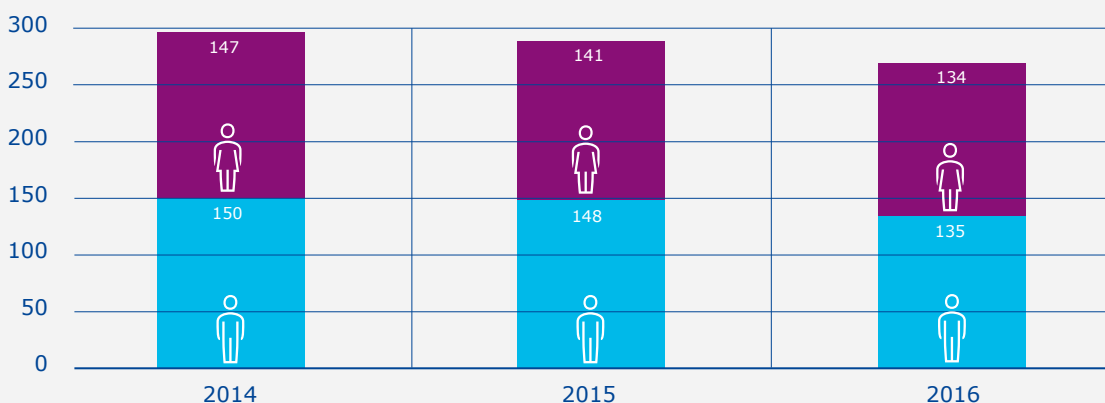
Administrative costs in euros



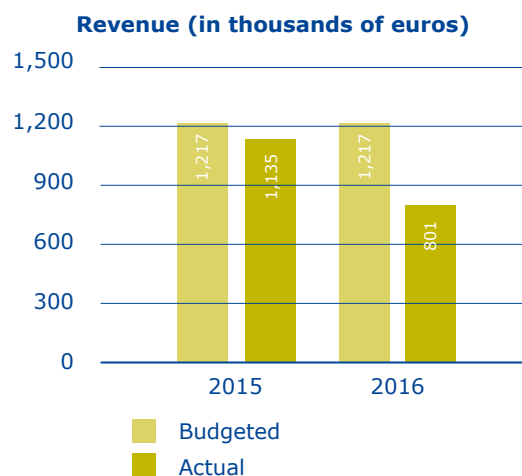
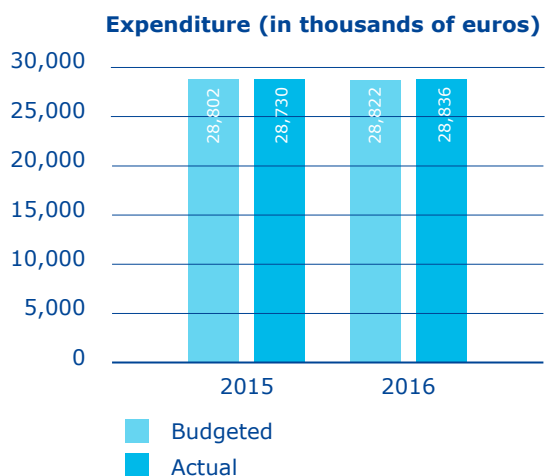
Board remuneration in euros



Decline in staff numbers in 2016 Male/female balance unchanged



Gerealiseerde uitgaven en ontvangsten in 2016



2 2016 in brief

2016 was a challenging year for the Netherlands Court of Audit. We presented our strategy for 2016-2020, *Trust Based on Understanding*, and carried out an ambitious activity programme. Our audits and cooperation projects helped improve the government's provision of information to the House of Representatives in many areas in the past year.

Our audit of the government's annual accounts for 2015 referred to the serious shortcomings in operational management at the Ministry of Defence, the Ministry of Security and Justice and the Ministry of Finance. Our audit findings prompted the ministers concerned to draft improvement plans. Our *Budget Reserves* report was also followed up with remedial measures. The Minister of Finance and the Netherlands Court of Audit's President together set up the Advisory Committee regarding the Government Accounting System to investigate the advantages and disadvantages of including accrual accounting information in the current obligation-cash accounting system. We also recognised that some publications were less influential than we had hoped. One of these was the 14th edition of the *EU Trend Report*, which we published at the end of January. Parliament and the media showed such little interest in it that we decided not to continue the series.

In 2016 we laid the foundations to implement our strategy of *Trust Based on Understanding*. We worked out multiyear audit programmes and commenced audits that will let us realise our strategic priorities. We strengthened and extended our cooperation with other parties – inside and outside the Netherlands – in 2016. The cooperation entailed not only knowledge sharing but also increased awareness of our own work. The Court of Audit, the National Ombudsman and the Netherlands Scientific Council for Government Policy, for example, successfully drew attention to the problem of debt. Through our international contacts and cooperation projects with other audit institutions, we helped strengthen public sector financial management in our partner countries such as the Maghreb states.

The quality of our work must be beyond question. We therefore invested in quality in 2016 by having external experts reflect on our work. The external reviews revealed, for example, that our publications were relevant and beneficial to the policy fields they covered.

The reviewers also noted that the audit approach and the decisions taken in some audits could have been explained at greater length. This point was also raised in our stakeholder dialogue. According to the reviewers we could also formulate and substantiate some of our recommendations in more precise and concrete terms.

In addition to carrying out its core tasks, the Netherlands Court of Audit also faced a financial challenge in 2016 in the form of an additional budget cut rising to 1.2 million euros by 2018. We drew attention to the Court of Audit's budgetary situation in a letter to parliament.¹ We wrote, '[the budget cut] is contrary to the increased and increasing complexity of financing and implementing public services. Moreover, the legislature expects us to step up our efforts to supervise the financial sector'. The letter also stressed the importance of budget stability 'for the appropriate and guaranteed quality of our constitutional and statutory tasks for a healthy system of checks and balances in the functioning of central government'.

Parliament approved the budget cut, however, and we are having to make sweeping changes in our organisation. Against this background we announced a reorganisation in October 2016. In anticipation, we introduced a recruitment freeze in the second half of the year. Staff numbers declined accordingly, some of our publications were issued later than planned and some were postponed.

On the whole, 2016 was a year with two faces for the Netherlands Court of Audit: we issued more than 50 publications to increase trust in democracy in the Netherlands, but there is no denying that the budget cut has had an impact on our work. You can read more about the highs and lows in this report.

3 About the Netherlands Court of Audit

In its capacity as a High Council of State, the Netherlands Court of Audit is part of central government. High Councils of State are responsible for the proper functioning of the democratic rule of law. Under article 76 of the Constitution, we are ‘responsible for examining the State’s revenues and expenditures’. The Constitution guarantees our independence from government and parliament.

3.1 Our mission: public audit of public funds

Public funds need to be subject to public scrutiny – this is the guiding principle of the Court of Audit’s work. Our work strengthens democratic accountability for the collection and use of taxes and other central government revenues.

The Netherlands Court of Audit’s objective is to audit and improve the regularity, efficiency, effectiveness and integrity of central government and the institutions associated with it. We also determine whether the Netherlands complies with its international obligations. We inform the government, the States General and those responsible for the organisations we audit of our findings, opinions and recommendations. As a rule, this information is available to the public.

3.2 Our audit field

Our audit activities cover central government and the institutions associated with it. Hence, we audit not only ministries but also autonomous administrative authorities working at arm’s length from central government. These autonomous organisations perform a public duty or are public-private partnerships that do not form part of central government but are wholly or partially funded from the public purse. They include schools, benefit agencies and the national police force. We also audit the funds the Netherlands receives from the European Union.

3.3 Our duties and mandate

We carry out both regularity audits and efficiency audits. This is laid down in the Government Accounts Act 2001. The Act contains provisions on the Netherlands Court of Audit’s organisation, composition and powers as a High Council of State. It also outlines the conditions that central government and the institutions associated with it must fulfil with regard to the management and audit of public finances and accountability for them. To fulfil its statutory duties, the legislator has conferred special powers on the Court of

Audit. One is the mandate to audit all goods, accounting records, documents and other information carriers at all central government bodies. Subject to certain conditions we have the same mandate to audit arm's length institutions.

New Government Accounts Act

On 11 October 2016, the House of Representatives unanimously passed a Bill to introduce the Government Accounts Act 2016. The Senate passed the Bill on 21 March 2017. The Government Accounts Act 2016 is expected to come into force and replace the current 2001 Act on 1 January 2018. The Bill will improve the Netherlands Court of Audit's work. It explains more clearly what information we can access at ministries and other government organisations. The new Act will also widen our powers to audit State owned enterprises and organisations that carry out public tasks on behalf of the government, such as managing grants or constructing infrastructure.

Regularity audits

Our regularity audits determine whether the revenues and expenditures of central government and the institutions associated with it are consistent with the democratically agreed regulations. We determine whether central government received and spent public money – 260 billion euros every year – in accordance with the rules. We examine the budget and accounts, and their supervision and consistency with each other and with government policy. We express an audit opinion on the central government accounts and publish the findings of our regularity audits on Accountability Day, the third Wednesday on May.

Efficiency audits

Our efficiency audits determine whether central government and the institutions associated with it achieve the desired policy goals as efficiently as possible. We examine whether the government spends its money effectively and economically and whether the public get value for money. We check the policy, its implementation and the consistency between policy and implementation. We examine whether the right instruments are used and assess their effectiveness. We ask whether the policy produces the required results.

On our own initiative or on request

The Netherlands Court of Audit decides what it audits and how. Parliament and the government can also ask us to carry out an audit, for example if they need an independent, expert opinion on a particular subject. We alone decide, however, whether we honour such requests.

3.4 Our criteria

The quality of the Court of Audit's audit findings must be beyond doubt and they must be presented at the right place, at the right time and in the right way. Otherwise, our contribution to the functioning and performance of central government will be sub-optimal.

We have adopted three criteria to measure our work: quality, technology and cooperation.

- *Quality*: proven quality standards and thorough working methods are the basis of all our products.
- *Technology*: we welcome the opportunities offered by advances in ICT and scientific innovations.
- *Cooperation*: to be effective, we work in the Netherlands and abroad with other audit institutions, other High Councils of State and public knowledge institutions.

3.5 Our stakeholders

We seek an active dialogue with our stakeholders. We recognise the importance of understanding their needs, ideas and questions and appreciating what they expect of us. It is one of the ways our work adds value. In the remainder of this section we look at a number of our stakeholders and the active dialogue we hold with them.

Parliament and government

The main users of the Netherlands Court of Audit's work are parliament and the government. It is our task to provide parliament with useful and relevant information from our audits. Members of parliament can then form an opinion on the regularity and effectiveness of a minister's policies and whether or not the Court of Audit's recommendations have been acted upon. We therefore first submit our audit findings to parliament and the minister concerned. On request, we organise separate briefings to explain our audit findings to ministers, state secretaries and parliamentary committees.

High Councils of State and knowledge institutions

We hold regular talks with other High Councils of State, knowledge institutions, independent advisory bodies, government planning agencies and universities and seek opportunities to work with them. Where relevant we take part in third-party conferences and host debate dinners to share knowledge informally with experts in many fields.

Audit institutions in the Netherlands and abroad

Cooperation with audit institutions at home and abroad is an important means to ensure the Court's effectiveness. By sharing knowledge and working with others, we can strengthen the quality of our work. We consider this in greater detail in chapter 8.

Media and the public

It is important that members of the public know what the Netherlands Court of Audit stands for and what they can expect from us. We work for the benefit of society. That is why we make our audit findings available to the public on our website. Through active and passive contact with the media, we can pass on our audit findings and explain our role and position to a wider public. We use a variety of communication channels to present our message and we experiment with other products alongside our customary audit reports and web dossiers.

Stakeholder dialogue in 2016

In 2016 we discussed a redesign of our website with several external parties, including civil servants from the House of Representatives, auditees and the press. The talks produced valuable knowledge on their information needs and we used the results to prepare a content strategy. The strategy provides a framework to assess all the Netherlands Court of Audit's external communication, including the design of the website. As a matter of principle, our products must be readable, user friendly and accessible to our stakeholders.

The talks also provided an insight into the impact of our work. It became clear, for instance, that we are looked upon as experts in public finances, for example because we can explain long-term trends, keep sensitive dossiers over many years (e.g. the dossiers on the high speed rail link and the replacement of the F-16) and we look beyond the confines of individual ministries to find solutions that benefit all (e.g. concerning procurement, personnel and ICT). The talks also revealed areas where we can make improvements. Our stakeholders told the Netherlands Court of Audit that it could be more open and transparent about its own processes, approach and methods. The timing of our audits was also open to improvement.

4 Our strategy

‘Trust Based on Understanding’ is the central theme of our strategy for 2016-2020. We want to provide more insight into public funds flows than in the past. The flows are becoming harder to track in today’s rapidly changing world. It is often difficult to follow a euro from the taxpayer to the public service and then express an opinion on what it has achieved. We want our audits to shed more light on the social impact of policy decisions and to make expenditure more transparent. By doing so, we will increase democratic accountability for the collection and use of taxpayers’ money and other central government revenues. This will create understanding, which is the basis of public trust.

4.1 A changing society

The preparations for our new strategy concentrated on a number of developments that will have a direct impact on our work.

Government is changing

The domestic administration and organisation of public tasks are subject to constant change. In the resultant, complex system of organisations and financing structures, it can be difficult to say who is responsible for what, and the dividing line between public and private money is often vague. Experience shows that this can put the effectiveness and efficiency of public services, the regularity of public expenditure and accountability for public funds at risk.

Borders are blurring

Countries are making more and deeper agreements among themselves. They are concluding international treaties that commit them to harmonising their laws and regulations, for example to tackle tax avoidance and climate change. The border between what a government and its citizens can do and what others can decide is constantly changing.

Finances under pressure

The recent financial, economic and euro crises have had drastic consequences for the management of public finances. They have culminated in severe spending cuts, higher taxes and organisational reforms.

The conflict between short-term quick financial fixes on the one hand and policy decisions to address long-term financial and social consequences is growing. There is often no understanding of the knock-on effects a decision in one policy field will have on another or on issues that cannot be expressed directly in monetary terms. The structural balance between revenue and expenditure is at constant threat.

New technological opportunities and risks

Technological advances, often in the field of information and communication technology, are rapidly succeeding each other. They offer new opportunities to the public, businesses and the government. They make it easier to measure the impact of government measures and can cast public accountability in a new, modern form.

New technologies, however, also raise other questions and cause new problems. The government must have an answer, for instance, to the emerging security and privacy risks, and automation and robotisation are disrupting the labour market.

4.2 Clarity and insight

These developments are muddying parliament's and the public's insight into the organisation of government and public funds flows. In the years ahead we want our work to increase the insight into how the government spends taxpayers' money and shed light on the practical impact of policy measures, in the workplace or on the street. In other words, our mission is to highlight the social impact of policy.

Reliable auditing is and will remain at the heart of our work. Where possible and necessary, we will prioritise social issues that inform the public debate. We audit certain themes and policy fields over many years in order to build up our knowledge on them.

Greater clarity

We have set ourselves the ambition of increasing the scope of our accountability audit of central government so that our regularity opinions provide even greater clarity. Over many years, our accountability audits of central government have found that more than 99 per cent of expenditure is regular. Such a high percentage is self-evidently important but reliable modern auditing not only provides assurance on the accounts (financial information) but also provides clarity and insight regarding policy results. We have to take advantage of such developments. That is why our audit of central government accounts consider more than just the figures and the regularity of expenditure. We also consider

operational management, and whether the ministry has got its house in order? And we audit efficiency: has the policy had the desired effects?

Greater insight

The Netherlands Court of Audit has decided to make a distinction in its audit agenda for the period to 2020: we will target our audits at policy fields and themes in which we foresee problems with potentially relevant financial or social consequences.

We will deepen our insight principally into the long-term sustainability of public finances, government revenues and the care and social security sectors. To understand these themes properly, we will need specific knowledge of the fields, which we will gain through long-term audit programmes. By having fixed teams follow and audit these themes over several years, we will deepen our knowledge and be better positioned to respond flexibly to current developments.

Although we have made a clear thematic choice in our new strategy, we will also continue to carry out the ongoing government-wide audits of personnel, ICT and real estate management that were programmed for our previous strategic period. In due course we want these audits to become part of our customary accountability audit of central government. We will also look at uncertainties and long-term security and sustainability issues in the years ahead.

New methods and techniques

We will adopt new audit methods that reveal the social impact of public funds flows more clearly. We will also seek synergy with a range of 'new' disciplines, such as data analysis and psychology. We will use big data and geodata, and gain new information from practical observations. Using information from a variety of sources will give our audits more depth. We have also set ourselves the challenge of using the True Price, True Value method to calculate the actual cost of public services.

4.3 Value creation model

The Netherlands Court of Audit is funded from the public purse. We therefore have a duty to be open about our own performance and the added value we generate for society.

The value creation model below shows the relationship between:

- our mission and strategy;
- the financial and non-financial resources (our inputs in the form of money and people) we apply to carry out our core activities (knowledge gaining and sharing, audits and cooperation projects);
- the financial and non-financial performance that we deliver through our core activities (our outputs);
- the impact we wish to have for the benefit of our stakeholders;
- the added value we seek from our work by strengthening trust in democracy.

We will elaborate upon this value creation model in the years ahead and apply it in our organisation so that we can account even more transparently for the impact and added value that our work has for society and the resources we use to achieve them.

Mission & strategy

WHAT Trust Based on Understanding

WHY Help improve the performance and functioning of central government

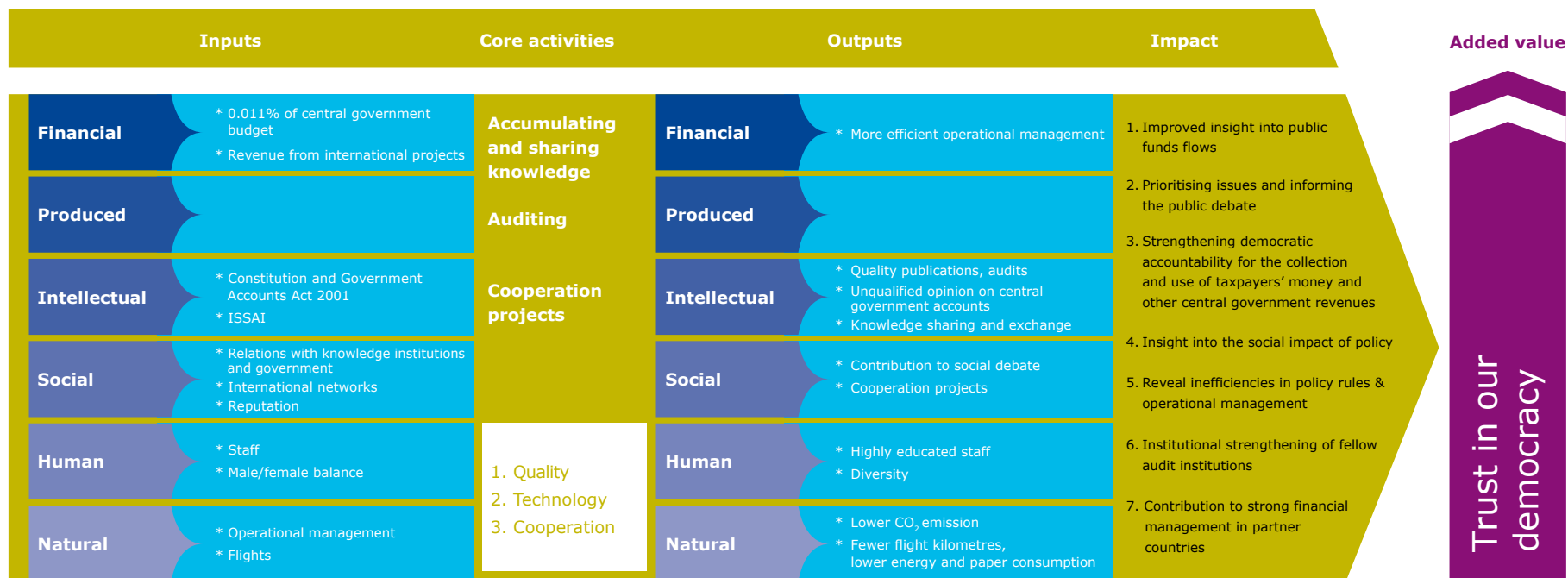


Figure 1 The Netherlands Court of Audit's value creation model

Chapter 5 of this report looks at a number of audits we published in 2016. We describe each audit in terms of the value creation model and explain where we had an impact in each of the seven elements listed in the model.

Our audit work can have an impact at different moments:

- When we adopt our audit agenda and thus draw attention to those policy fields and themes where we foresee problems with potentially significant financial or social consequences.
- When parliament or the minister concerned agrees to improve a law or regulation in response to our audit.
- When our publications and activities inform and influence the public debate of how to improve public accountability and thus trust in government. Our publications can be used by, for instance, policy makers, supervisors, lobbyists and interest groups.

Added value audits

We focus on areas where the Netherlands Court of Audit can generate the most added value because we are the only organisation that has the statutory power, knowledge and expertise necessary to audit a specific issue or because no other institution is doing it, or because an independent and impartial examination generates more added value. We decide which issues we audit on the basis of their expected added value, the best way to audit them and how we will report on them and communicate our findings to the outside world.

In the past decade, we prioritised the quality and balanced nature of the information we provide to members of parliament, ministers, state secretaries and civil servants. We developed products that were accessible to the public, ranging from thematic websites to infographics, videos, press releases, presentations, speeches, readings and brochures. We have always sought the right mix of text and image (data visualisations, infographics and animations). Last year, our Visual Language project increased our use of images. We developed a style for common images and a set of icons that can be used both online and in print. The first results can be seen in the publications we issued in the second half of 2016. Since then, we have used more images and icons in our reports and all illustrations have been presented in our new style.

To strengthen our international contacts and to answer requests from abroad, some of our publications are also translated into English.

Response monitor

We introduced a response monitor in 2012 to keep track of the ministers and state secretaries' follow-up to our recommendations. We can learn a lot from this information because it is indicative of how useful our recommendations are.

We ask the ministries to tell us how they follow up our recommendations. We prepare a fact sheet for each report to keep track of the status of each recommendation. In 2014 and 2015, we published the fact sheets to accompany our letters on the ministries' budgets. We will again report on the response to our recommendations in the budget letters in 2017. The budget debate is the House of Representatives' opportunity to approve and amend the budgets and submit motions.

In addition to the response monitor, the debates in the Senate and the House of Representatives also provide an insight into the added value of our audits. Audits we carry out for members of the House can lead to ministers and state secretaries being questioned in parliament.

5 Our audit results in 2016

2016 was a transitional year for the Netherlands Court of Audit. We closed our 2010-2015 strategic period and embarked upon a new strategy for 2016-2020, Trust Based on Understanding.

5.1 The audit agenda

Activity Programme

The Court of Audit carries out audits on its own initiative. We select audits by closely following trends and funds flows in central government and the institutions associated with it. We identify the greatest risks to the regularity, efficiency and/or effectiveness of central government's policies. To do so, we have to be flexible and agile. We therefore work with a rolling Activity Programme that we update three times a year. Our Activity Programme names the audits we will carry out and/or publish.

We added several audits to the Activity Programme in 2016. The new audits complement our new strategy. One of them is our letter commenting on the EU aspects of the draft budget for 2017.

Audits on request

Parliament and the government can ask us to carry out specific audits. The House of Representatives made two such requests in 2016 (it had also submitted two requests in 2015). We honoured its requests and audited the Tax and Customs Administration's enforcement policy, which led to a publication on 30 November 2016 (see also section 5.3), and operational management at the Employee Benefits Agency (UWV). We presented the findings of the latter audit on 31 January 2017.

The State Secretary for Finance asked us in mid-October to audit the regularity and efficiency of expenditure on the Tax and Customs Administration's investment agenda to the end of September 2016. We informed the state secretary that our accountability audit for 2016 would consider the regularity of obligations and expenditures on the investment agenda. We were also considering a separate audit of the investment agenda that we would publish in the second half of 2017.

Publications in 2016

In total, we issued 54 publications in 2016:

- 27 audit reports (including one audit on request and the report on the audit of central government accounts for 2015);
- 6 web dossiers and updates;
- 21 letters to parliament, 13 with comments on the draft budgets for 2017.

Following a dip in 2015 (48), the number of publications in 2016 was again close to the 2014 level (56).

Slightly more publications in 2016

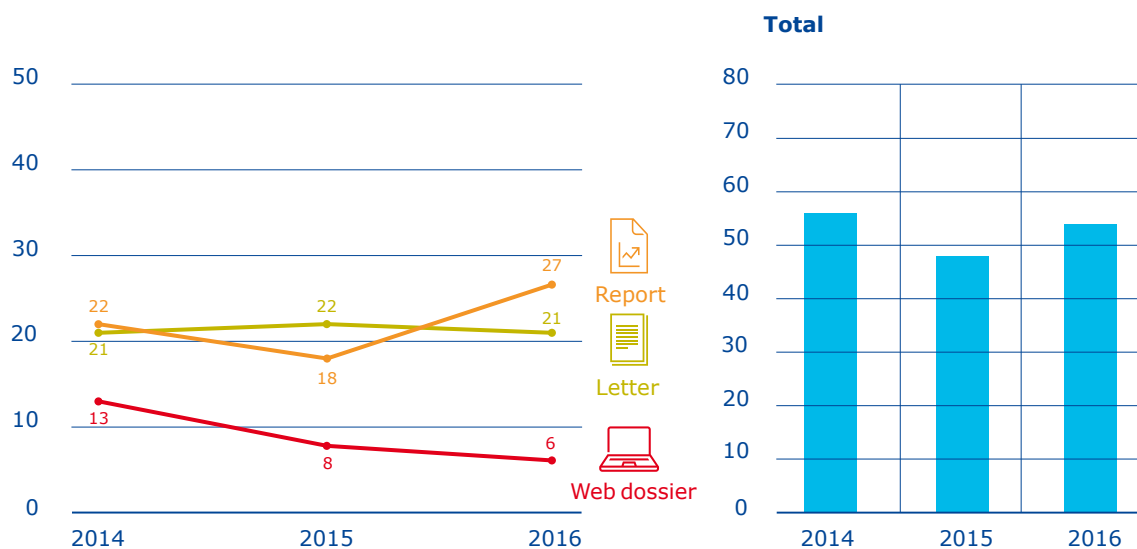


Figure 2 Types and number of publications in 2014-2016

A summary of all our publications in 2016 is provided in appendix I. We have posted our audit reports, letters to parliament, strategy for 2016-2020 and the Annual Report 2015 on www.rekenkamer.nl. The web dossiers can be read on the same site.

Audit planning

Before we plan our audits we prepare a strategic notification of intent. In it, we describe the strategic reasons for selecting the issues we will audit and provide an indication of the expected cost in days, and the lead time. If the Board gives the audit the green light, we calculate the number of days and the lead time more precisely in a project proposal. About half the audits are completed within a hundred days. Some audits are so complex, though, that they can take more than a year.

If necessary, we revise the plans when the audits are already being carried out. We revised the plans for several audits during the year. Some had proven to be more complex than initially thought. One of these was *Care Agreements, Expenditure management in the health care sector, part 4*, where the audit of the impact of financial agreements (concerning the care insurers' procurement of care from care providers) took more time than expected. In other cases, we revised the scope of the audit. Our audit of the *Maintenance of the Main Water System*, for example, was commenced as a preliminary investigation so that we could include the findings in one of our letters on the budget. The findings were so unexpected, however, that we decided to issue a separate audit report. We also had to carry out additional work for some audits. For our *ICT in the Police Service 2016* audit, for example, we had to collect additional operational information. In a limited number of cases we revised the timing of publication if we thought a different date would generate more publicity for our message. As well as these more substantive reasons, some projects were rescheduled in order to avoid organisational bottlenecks. The staff turnover caused by the government's budget cut, for example, made it harder to select audit teams in 2016. Experiments with new methods and techniques also lengthened the lead time of some projects.

5.2 Long-term audit programmes in a new strategy

Our strategy names a number of themes and fields that we will cover with multiyear audit programmes in the years ahead. We carried out several audits within these programmes in 2016 in order to provide an insight into public funds flows, inform the public debate, strengthen democratic accountability for the collection and use of taxpayers' money and other government revenues, explain the social impact of policy and/or highlight inefficiencies in policy rules or operational management.

Accountability Audit Programme

The Accountability Audit Programme covers both the annual audit of central government's accounts and the design of modern and appropriate public accountability.

We presented the results of our audit of central government's accounts on the third Wednesday in May (18 May 2016). The audit of the 2015 accounts again found a high degree of regularity in expenditure and we expressed an unqualified opinion on them. The House of Representatives and the Senate can thus grant discharge to the ministers.

An opinion that central government spends public money regularly does not tell the entire story. The regularity of expenditure does not mean government policies are having the intended impact. Large parts of the government budget have been transferred to other tiers of administration and other institutions. That is where the money is actually spent. We therefore cannot say that government money is spent regularly and efficiently unless we look further than the central government accounts. Our report, *State of Central Government Accounts 2015*, explains in words and images the relationship between the central government accounts and total collective EMU-relevant expenditure as a whole, broken down in to the central government, social security and care, and local authorities and education sectors. We made it clear that our opinion on the regularity of the expenditure disclosed in the central government accounts related to only a particular proportion of total collective expenditure (EMU definition).

Our audit of the central government accounts for 2015 found a mixed picture at the ministries. Many problems were resolved quickly but there were serious structural problems at organisations with traditional government tasks: the Tax and Customs Administration, the Ministry of Security and Justice and the Ministry of Defence. We paid extra attention to policy implementation, including the right to personal budgets, the Tax and Customs Administration and the operational deployability of the Defence organisation.

Taken as a whole, about a third of the problems in central government related to procurement management. Central government's compliance with EU and national public contracting rules seeks a balance between regularity, integrity and efficiency on the one hand and accessibility to market parties on the other.

Central government's ICT policy attempts to strike a balance between upgrading and managing and maintaining the existing ICT landscape. Too much focus on what goes wrong can stymie innovation.

Further to our audit of the central government accounts for 2015, we organised a congress in collaboration with the National Academy for Finance and Economics on 20 May 2016 to discuss the importance of modern public accountability and the future of auditors.

Letters commenting on the 2017 budgets

A good budget lays the foundations for good accounts. Every year we write letters with comments on the draft budgets that the government presents to the House of Representatives on Budget Day. The 2017 budgets were the final budgets to be prepared by the Rutte/Asscher government.

Some of our letters, including those commenting on the budgets of the Ministry of Defence and the Ministry for Housing and the Central Government Sector, prompted the House of Representatives to question the ministers.

We published a budget letter on EU-related issues for the first time in 2016. The letter informed parliament about the external audit of the European Central Bank's supervision of major banks. On the day of publication, we held a briefing in the House of Representatives for the Standing Committees for Finance and European Affairs. The subsequent discussion with members of parliament was concerned chiefly with the development of the European banking union. This was the first step towards a fruitful discussion of the matter which we will hold with the House of Representatives when we publish our report on the supervision of banks in the Netherlands in 2017.

Programme on the sustainability of public finances in a European context

Public finances have been under extreme pressure in recent years. Measures have been taken in the Netherlands – often in the context of EU policies and regulations – to restore them to health and improve risk management. The programme on the sustainability of public finances focuses on what the measures have achieved. It concentrates on Dutch budget policy, supervision of the financial sector and the use of EU funds in the Netherlands.

Our audit activities clarify how the financial systems in the Netherlands and the EU are organised and how they complement each other in practice. We assess how government and non-government bodies manage the risks to healthy public finances.

In 2016, the Court of Audit concluded in two reports (*Insight into Public Finances and Costs and Benefits of Budgetary Measures*) that considerable improvements could still be made regarding the transparency of public finances in the Netherlands. We consider these audits further in section 5.3.

During the Netherlands' presidency of the EU during the first six months of 2016, we recommended in the *EU Trend Report 2016* and the *Report on the National Declaration 2016* that the budget and accounts for EU funds should provide more information on what EU funds actually achieve. They should be spent in order to address the most significant problems. Parliament paid little attention to the *EU Trend Report 2016* but in response to the *Report on the National Declaration 2016* the House of Representatives questioned the effectiveness of migration funds and agricultural funds.

Care and Social Security Programme

The care and social security sectors together account for a growing proportion of collective expenditure. The sustainability and effectiveness of this expenditure, which is largely funded from contributions, are key considerations in our Care and Social Security Programme. This programme is designed to enhance the quality of public accountability for expenditure in the care and social security sectors and its transparency.

The programme has two aims. The first is to provide an insight into the size and regularity of expenditure on care and social security. The second is to provide an insight into the impact of care and social security policies on certain target groups.

The Minister of Health, Welfare and Sport is responsible for managing care expenditure. In December 2016 we published the fourth part of our audit series on expenditure management in the care sector: *Care Agreements: Expenditure management in the care sector, part 4*. The care agreements include both financial and substantive agreements. We concluded from our audit that the financial agreements had very probably contributed to the lower growth of expenditure on curative care between 2012 and 2015. We thought it unlikely that the substantive agreements had made any contribution to the lower growth. Our audit contributed to the minister's decision to renew the agreements until 2018.

We will continue to follow the development and management of care expenditure in the coming period. We will also audit expenditure in the social security sector and on labour market policy, for which the Minister of Social Affairs and Employment is responsible.

DOEN Programme

We launched the DOEN Programme (Develop, Decipher, Experiment and Network) in 2016 to improve the insight our performance audits provide into the social impact of policy in relation to the public euros spent. We will carry out this programme over the next three to five years by trialling new audit methods and seeking synergy with new disciplines, from data analysis to psychology. The programme will widen and deepen our cooperation and knowledge sharing with strategic external partners inside and outside the public sector.

At the DO academy ('DO' stands for efficiency audit in Dutch) we established as part of the programme in 2016, a large number of staff are taught data skills and new methods and techniques at various levels (basic, advanced, excellent). We earmark time for them to experiment with new technologies. They are allowed to make mistakes as long as we learn from them as an organisation.

We published six audits as part of the DOEN Programme in 2016 that provide an insight into the social impact of policy:

- The 30% Scheme: Tax allowance for foreign experts
- Tackling Functional Illiteracy
- National Priorities for the Police Force
- Operation of the Betuwe Line
- Energy Label for Houses
- Reintegration of Older Unemployed People.

Revenues Programme

Our multiyear Revenues Programme takes a close look at the revenue side of central government's financial management in order to strengthen public finances. We will analyse the government's revenues, determine what proportion comes from taxes and what proportion from other sources and establish what parliament is and is not informed about. We also want the programme to help improve public administration. We will ultimately embed the lessons learnt in our regular work.

As part of this programme we carried out an audit entitled *Tax and Customs Administration's Enforcement Policy* at the request of the House of Representatives. This important activity is considered further in section 5.3. We also audited the costs and impact of tax allowances, exemptions and credits as the government is considering a revision of the Dutch tax system. We published our report, *Insight into Schemes that Reduce the Liability to Tax*, in early 2017.

5.3 Audit results, a selection

We published a large number of audits in 2016; some were part of our multiyear audit programmes, some were not. Below, we consider the impact of seven of these audits in the light of our value creation model (see section 4.3).

Impact: Improved insight into public funds flows

Maintenance of the Main Water System

The main water system consists of the dunes, dams, dykes, storm surge barriers and locks that protect the Netherlands from flooding, regulate the volume of water in the system and improve its quality. The Minister of Infrastructure and the Environment announced in 2011 that an additional 4.8 billion euros would be necessary between 2012 and 2020 to maintain (manage, repair and replace) the main road network, the main waterway network and the main water system. Rijkswaterstaat, one of the ministry's agencies, is responsible for maintaining this infrastructure.

Since 2014, we have been auditing the adequacy of the 4.8 billion euros. We published our first findings in October 2014 (*Maintenance of the Main Road Network*) and in October 2015 (*The Cost of Maintaining the Dutch Waterway Network*). We published the third report, *Maintenance of the Main Water System*, in December 2016. In each report we concluded that the 4.8 billion euros originally announced would not be enough, that no provisions had been made to release the additional funding that would be necessary and that the provision of information – both internally and externally – was open to improvement.



Senior auditor Luc Terra: 'Improvements in Rijkswaterstaat's information management'

Although *Maintenance of the Main Water System* was not published until December 2016, our previous audits in this field have already led to improvements in Rijkswaterstaat's information management and in the information provided to the House of Representatives. The minister and Rijkswaterstaat's definition of 'postponed and deferred maintenance' is now also more precise. This makes it easier to classify the maintenance status and decide when maintenance or replacement is necessary.

Impact: Prioritising issues and informing the public debate

Insight into Public Finances

Insight into Public Finances is not an audit report, even though it is the product of our audit work. It is an invitation to a variety of institutions, groups and

individuals to think about what is necessary to provide future parliaments with an insight into the government's economical, efficient and effective use of public money.



Project leader Coos Overbeeke: 'Underlines the importance of reflection'

We will have achieved our goal when the need for reflection is widely accepted and people – including those who do not feel directly involved in public funds flows and their democratic control – actually start to reflect. That's why we published our appeal in the run-up to the general election, so that the political parties could refer to it during their campaigning and during the formation of a new government. We also want to keep abreast

of the latest developments and use the available opportunities to underline the importance of reflection.

We held a workshop on Accountants Day 2016, organised by the Royal Netherlands Institute of Chartered Accountants (NBA), and our President wrote an article for Elsevier magazine about the problems underlying the lack of insight.

Impact: Strengthening democratic accountability for the collection and use of taxpayers' money and other central government revenues

Costs and Benefits of Budgetary Measures, 2011-2016

For some time now, we have been highlighting the importance of reliable accounts of the budgetary measures that have been taken to restore public finances. Our audit found that the spending cuts

had probably helped improve public finances. The extent to which they had, though, is uncertain. The government has little or no insight into whether the package of measures achieved the intended cuts of 47.4 billion euros or how much the measures have cost (in economic and social terms). We were also unable to calculate the costs and benefits of the measures.



Project leader Peter Kempkes: 'Learning which approach will work best in the next crisis'

We need to understand how effective the measures have been in order to know which ones will work in the next crisis and to say once and for all whether the policy has been successful or not. After we made our recommendations, the Minister of Finance initially refused to give any undertakings. He agreed that it was important to know how effective the measures had been, but he thought the existing instruments were

adequate. Shortly after we published our report, during the debate of the budget on 4 and 5 October 2016, the minister nonetheless conceded that it might be advisable to study the effectiveness of some of the measures. In a letter to the House of Representatives in December 2016 the minister repeated that the measures' effectiveness would be measured using one of the customary evaluation tools. He would raise the issue with his fellow ministers but he will not have a separate audit carried out of the measures' effectiveness.

Impact: Strengthening democratic accountability for the collection and use of taxpayers' money and other government revenues

Budget Reserves

Budget reserves are a means to transfer money from one financial year to another. We audited them on account of their growing number and size. The audit considered, amongst other things, how budget reserves have developed in recent

years and their practical advantages and disadvantages. We concluded that the transparency of budget reserves was open to improvement and that parliament did not receive the information it should.



Project leader Noëlle Ruckert: 'Central government budget regulations amended'

The Minister of Finance accepted our recommendations to provide more information on budget reserves and the central government budget regulations were subsequently amended. The minister and the Netherlands Court of Audit's President also set up an advisory committee for the government accounting system. That was in response to our recommendation to study the possibility of adding accrual accounting information to the current obligations-cash accounting system. The committee will consider the advantages and disadvantages so that the next government will be able to take a decision about doing so.

Impact: Strengthening democratic accountability for the collection and use of taxpayers' money and other government revenues

Audit on request: The Tax and Customs Administration's Enforcement Policy

The House of Representatives asked us in early 2016 to audit the Tax and Customs Administration's enforcement policy. As this matched our strategy to strengthen accountability

for the collection of taxpayers' money, we honoured the request. We audited, amongst other things, the results of risk-based checks. We also looked at the tax gap (the difference between the taxes payable by law and the amount actually received) as an indicator of the effectiveness of the enforcement policy.

We were positive about the preventive nature of the enforcement policy. However, the available information was not complete, especially regarding the costs and benefits of the enforcement instruments. Risk-based checks are more effective and more efficient than random checks. We recommended that the state secretary determine what capacity the Tax and Customs Administration should have if its enforcement policy is to be effective and efficient.

We found that, with the exception of VAT, the Administration did not have an overall view of the total size of the tax gap, partly because no estimates had been made of the compliance deficit of large companies. We therefore concluded that there was no point in calculating the total tax gap.

Project leader Hans Benner: 'Most of our recommendations were accepted'

The State Secretary for Finance accepted our recommendations with only a few reservations. The House of Representatives welcomed our audit findings. During a general debate on 22 February 2017, the state secretary said he would discuss the enforcement policy with the House every year. He would present proposals to improve the information provided to the House when the Administration published its next interim report.

Impact: Insight into the social impact of policy

Tackling Problem Debt

Problem debts are a formidable obstacle to full participation in society. The government therefore invests public money in tackling them. Our audit was designed to find out what exactly the investments delivered.

The State Secretary for Social Affairs and Employment and the Minister of Security and Justice, who are together responsible for this policy area, do not have enough national data to know what the measures taken to tackle problem debt actually achieve. The data that are known indicate that a small proportion of people with problem debt are helped. The lack of data makes it difficult to learn and accumulate knowledge. We therefore recommended that the state secretary and minister make agreements with relevant parties to collect data. Our audit was summarised in an animation entitled *Tackling Problem Debt*, which can be seen at www.rekenkamer.nl.



Project leader Egbert Jongsma: 'House of Representatives is broadly informed'

Together with the National Ombudsman and the Scientific Council for Government Policy, we presented our audit findings to the House of Representatives. The House was broadly informed about how problem debt is being tackled. The House then asked the State Secretary for Social Affairs and Employment to collect the necessary data and she promised to do so.

Impact: Insight into the social impact of policy

Tackling Functional Illiteracy

People with literacy and numeracy difficulties are at risk of social exclusion. There are still many people in the Netherlands in this group. Various studies (PwC, SEO and Stichting Lezen & Schrijven²) have found that improving literacy and numeracy skills has many financial and non-financial benefits for both the people concerned and society as a whole.

The government's strategy to tackle adult illiteracy is inadequate given the size of the problem. According to the Minister of Education, Culture and Science, 1.3 million people in the Netherlands have literacy and numeracy difficulties, but the Netherlands Court of Audit believes the figure is closer to 2.5 million. The targets set by the government are

modest and consider only language skills; they do not consider ‘becoming literate’. It is uncertain what contribution the policy is making to reduce the number of functionally illiterate.



Project leader Erik Israël: ‘Measuring policy effectiveness’

The audit has had only a limited impact so far despite the enormous interest from the press and the House of Representatives. The Minister of Education recognised our figures but is not yet willing to release significantly more money on a structural basis or to set other targets and/or take other measures. But she has promised to measure the policy’s effectiveness. The results should be available in summer 2017 at the latest. During the parliamentary debate of our report on the policy to tackle functional illiteracy, the House submitted five motions, two were passed and three were deferred.

5.4 Knowledge sharing

It is important that we actively share the lessons we learn from our audits. We publicise our audit findings in many ways; we write articles for professional journals, organise expert meetings and host presentations and workshops. The activities we organised for our audits in 2016 are summarised in appendix II.

6 Quality of our work

Thorough and reliable auditing is at the heart of our work. Its quality lies in large measure in the added value it generates. The quality of our work is of fundamental importance to our reputation as an independent, impartial and expert institution. That is why we give quality such prominence and have named it as one of the criteria in our strategy for 2016-2020. We use a variety of instruments to embed and, where possible, strengthen the quality of our personnel, processes and products.

Quality control system

Our quality control system is based on the guidelines and requirements of the International Standards for Supreme Audit Institutions (ISSAI) issued by the International Organisation of Supreme Audit Institutions (INTOSAI). We go to every length to comply with the ISSAI.

The quality of our products and processes is assured principally by the professionalism and expertise of our staff. That is why we invest in recruiting qualified personnel and in their continuing education. The audit project leader and the audit team are together responsible for the quality of the audit process and product. The audit director has final administrative responsibility and the Board has final executive responsibility. The secretary is responsible for ensuring that our quality assurance system is fit for purpose and functions correctly.

We guarantee the quality of our work by means of compulsory steps in our audit process, including administrative and executive clearance and project evaluations. The steps are laid down in our 'audit circle'. This circle encompasses the various phases in the audit process. Internal working instructions, manuals and checklists have been prepared for each phase. Internal quality checks throughout the audit process determine whether the draft audit products (or our activities in the case of a regularity audit) meet our quality criteria. The checks are intended as a form of support for the audit teams and directors to work to the required quality standards. They are performed by colleagues who are not involved in the project. Every year we analyse the results of all quality checks in order to learn from them.

The quality assurance function within the organization, finally, periodically evaluates the design and operation of our quality system and arranges external assessments of the quality of our work.

Operation of the quality systems

The evaluations carried out in 2016 revealed that our quality system is in general well designed and functions appropriately. There have been some recurrent issues in recent years, however. The very limited time available for many products in the final phase before publication, for example, have meant certain steps, such as the final editorial check of the texts, have had to be taken very quickly. Furthermore, we were not always assured of sufficient capacity to perform internal quality checks. We will continue to pay attention to these matters in 2017. We published one erratum in 2016. It related to a correction in a report issued in 2015 (*Energy Policy: need for coherence*, published on 10 December 2015).

Learning from external assessments of our work

As a High Council of State we are responsible for organising our own critical mass and continuously learning. At the end of 2016 we invited 13 external specialists from academia (professors, lecturers and researchers from several Dutch universities and other research centres) to review the technical and strategic quality of some of the publications we had issued in 2015 and 2016. Fifteen publications were reviewed in total, with each one being assessed by an expert in the policy field covered by the audit.

The assessments produced many positive points, particularly regarding our analyses and the structure and accessibility of the texts and the use of images and infographics. Our publications were said to be relevant and useful in the policy fields. The assessors appreciated the way we approached certain themes and the insight and overview that many of our publications provided. The assessments also revealed areas for improvement, however, that we will take to heart. In hindsight, several of our publications could have explained our audit approach and choices (e.g. what we included in the audit and what we left out) in more detail and some recommendations could have been formulated and substantiated in stronger and more concrete terms. The assessment results were discussed with the audit teams, the management team, the Board and the Audit Committee at the beginning of 2017 in order to learn lessons that we can apply in our future publications. The external assessments are a permanent feature; we will also have a number of our publications assessed in the current year.

Peer review preparations

We value fellow audit institutions' opinions on our work so highly that we are making preparations for a peer review. The most important step will be to carry out a self-evaluation with the aid of the Supreme Audit Institution Performance Measurement

Framework (SAI PMF) in the first half of 2017. SAI PMF is a new instrument developed by INTOSAI that enables audit institutions to measure and monitor their own performance against international standards. The self-assessment will give us a good understanding of our strengths and weaknesses and define the scope of the peer review. With a view to the reorganisation and the demands the peer review will make on our financial position, the start of the peer review has been put back and most of the work will now be carried out in 2018.

7 Technology: our investments in methods and techniques

To ensure that the Netherlands Court of Audit remains fit for purpose in the future, we invest in new audit methods and analytical techniques. We actively explore the opportunities afforded by new technologies. We consider two examples below.

7.1 Hackathon

The Netherlands Court of Audit, the Open State Foundation, Statistics Netherlands (CBS) and the Ministries of the Interior and Kingdom Relations, Finance, and Infrastructure and the Environment organised the first Dutch Accountability Hack on the eve of Budget Day (see www.accountabilityhack.nl). It mirrored our ambition of modernising public accountability so that it explains both in detail and at aggregate level how public money is spent, making full use of all the available data (both open and closed) and digital resources.



Winners of the Accountability Hack

From 9 in the morning until 9 in the evening of Friday 9 September, 60 programmers in 20 teams did battle in the hackathon. Using open government data they developed new apps or websites to explain how the billions of taxpayers' euros were being spent. They created innovative, sophisticated products that made expenditure data transparent or visualised the budget in a completely new way. The winners, Argu+1, developed *The Smartest Citizen* app. It invites the public to test their own knowledge about the government and how their taxes are spent.

At least as important as the development of apps was the fact that so many different parties came together, from data owners and policy makers to programmers and members of parliament. By talking to each other and working together they can unleash the full power of open data and use it to improve the performance and transparency of the government.

7.2 Blockchain pilot project

Blockchain is the technology behind the crypto currency Bitcoin and is of growing interest to the financial sector. Blockchain can execute financial transactions without the intervention of a third party, at present usually a bank. This new technology claims to be transparent, fraud-proof, secure and robust and will prevent double spending. In the light of these claims, it has to be asked whether the audit function has a future in the financial system.

The Court of Audit wants to learn more about the effect this technology will have on audit institutions, auditors and other audit functions. Against this background, we carried out a pilot project to answer the following questions:

- How will blockchain technology affect the role of audit institutions?
- How can audit institutions prepare for the changes?
- What competences do audit staff need to work with blockchain?

To carry out this pilot project, in collaboration with the supplier of the salary accounting system for civil servants, P-Direkt, and the Central Audit Service, we created a new, efficient version of the current process: the IKAP scheme (Individual Choices in Employment Conditions Package). Under this scheme, civil servants can select some of their own employment conditions. The results of this pilot and the pilots of the other participants were presented to the National Commissioner for Digital Government, Bas Eenhoorn. They can be accessed on the website at www.blockchainpilots.nl. In 2017, we will decide how the Netherlands Court of Audit should follow up the pilot project.

8 Our cooperation projects in 2016

Cooperation projects at home and abroad are also core activities. By working with other audit institutions and knowledge centres, we accumulate knowledge and lay the foundations for high quality audits. Furthermore, we help strengthen other audit institutions and improve the quality of financial management in partner countries.

8.1 International cooperation

We have recalibrated our ‘foreign policy’ to bring it into line with our new strategy. We have identified four pillars that underpin our ultimate goal of strengthening trust and the operation and performance of the government. More information is available in our *International Perspective Strategy* at www.rekenkamer.nl.



Figure 3 The Netherlands Court of Audit’s foreign policy 2016-2020

Many transnational developments, such as terrorism, climate change and the refugee crisis, call for an international response. International cooperation can increase our effectiveness. Foreign supreme audit institutions inspire us and improve the quality of our own activities. We in turn contribute to the development of supreme audit institutions elsewhere in the world. Promoting good public administration is at the heart of our foreign policy; it is a means to achieve our strategy and develop our organisation.

8.1.1 Partners

We have enjoyed long-term institutional cooperation with supreme audit institutions in several countries and regions. We also take part in ad hoc cooperation projects and are active in international forums for supreme audit institutions.



Figure 4 *International cooperation partners in 2016*

Capacity use

We devote about 14 FTEs a year to our international activities. This capacity is divided over a large number of staff: about 100 of our 269 staff are involved in international activities. We encourage our staff to work on international projects because it is a means for them to learn and develop.

Eight of the 14 FTEs are paid for by external parties. As a matter of policy, institutional strengthening and external audit projects must cover their own costs.

8.1.2 International projects, a selection

We continued to work on several institutional strengthening projects with fellow audit institutions and successfully completed several of them in 2016. Two are considered below.

Impact: Strengthening financial management in partner counties

Assistance provided to the National Audit Office of Tanzania to audit oil and gas production

The National Audit Office of Tanzania issued four reports in March 2016 on oil and gas production in the country. The reports were prepared with the assistance of auditors from the Netherlands Court of Audit.

Large gas fields have been discovered in Tanzania in recent years. The revenues from this national resource should benefit the people. The National Audit Office wants to play a major role in the accountability for oil and gas revenues and their transparency. The reports it issued contained some very critical findings regarding the environmental impact, knowledge management, the management of geological material and the process of awarding licences and permits. The results received a lot of media attention and have also led to measures, including a staff reorganisation at the supervisor.

The National Audit Office of Tanzania started two new audits in 2016, one regarding the collection of revenues and the other regarding the relationship between education and the labour market. Our team is also providing assistance for these audits.

Impact: Peer-to-peer institutional strengthening of audit institutions

The Federal Board of Supreme Audit of Iraq – external audit of government funds despite serious risks

At its request, we have been working with the Federal Board of Supreme Audit (FBSA) of Iraq since 2011. The FBSA works in a fragile state and at great personal and institutional risk to strengthen transparency and protect public funds. Its objective is to serve the public.

On this project we helped develop institutional methods and techniques to enhance the FBSA's audits, strategy and communication with parliament and other stakeholders. Audit themes we worked on in 2016 included the refugee crisis, education and the quality of oil production and power supplies. Our cooperation was based on the International Standards for Supreme Audit Institutions (ISSAI). The project was financed partly by the FBSA itself and partly by the Dutch Ministry of Foreign Affairs.

8.1.3 New cooperation in the Arab region

To coincide with the start of a five-year cooperation project with supreme audit institutions in the Arab region, we organised missions to Morocco and Algeria. We also explored the opportunities for cooperation in the Palestinian Territories. A small delegation from the Netherlands Court of Audit attended the triennial International Congress of Supreme Audit Institutions (INCOSAI) in Abu Dhabi (United Arab Emirates).

8.1.4 EUROSAI

As President of the European Organisation of Supreme Audit Institutions (EUROSAI) for the period 2014-2017, we worked on the relevance and effectiveness of this network organisation of 50 European audit institutions in 2016.

EUROSAI has decided to prepare a new strategic plan for the period 2017-2023 that will give a joint answer to several crucial questions. For example, how can we share the wealth of knowledge and experience of individual members better and how can we better support audit institutions that are not as highly developed or are vulnerable? The new strategy was inspired by audits of comparable international organisations, self-evaluations by the EUROSAI members and talks with stakeholders and directors. The new plan will be presented to the members at the triennial EUROSAI congress to be held in Turkey in May 2017.

The Presidency of EUROSAI makes intensive demands on the Court of Audit's capacity but it also provides opportunities to contribute to the performance, transparency and reliability of public administration in the European region and to raise issues that the Netherlands finds important, such as open data. It also opens the door to a valuable network that we can use to increase the impact of our national activities. When necessary, we consult other audit institutions on a variety of audit fields.

8.1.5 Contact Committee

Within the EU, we work with other supreme audit institutions in the Contact Committee of the Supreme Audit Institutions of the European Union and the European Court of Auditors. The Contact Committee's mission is to enhance cooperation among its members and so contribute to effective external audit and accountability in the EU. The committee encourages the sharing of professional knowledge and experience and coordinates joint activities.

In 2016 the Contact Committee concentrated on energy and climate-related activities. The supreme audit institutions will follow up the Contact Committee's initiatives in the first half of 2017 by discussing the risks and audit gaps in these fields. We presented our audit of CE marking and invited the other institutions to take part in a workshop entitled Cooperative Data Analysis and Exchange to be held in The Hague in spring 2017. We will use the workshop to identify suitable themes for data exchange among supreme audit institutions. We will also be hosting an innovation workshop to work with data in the context of CE markings. Ten supreme audit institutions have already registered.

8.2 National Cooperation

The Netherlands Court of Audit also values its cooperation with other audit institutions in the Kingdom of the Netherlands. We work with local audit offices and audit office committees and with the audit institutions in the Caribbean part of the Netherlands.

8.2.1 Cooperation with local audit offices and audit office committees growing in importance

The Netherlands Court of Audit carried out many activities with local audit offices in 2016. With the duties and powers of central government increasingly overlapping with those of local authorities, cooperation is growing in importance. If we are to perform our audit tasks correctly, hybrid systems must also have the checks and balances necessary to account for the use of public funds.

Together with local audit offices and audit office committees, we continued our audit of the consequences of the government's decentralisation of certain tasks in 2016. The audit has improved our insight into the policy and its implementation at municipal level, the problems the municipalities and their partners face and into public audit and accountability. The results of this audit were presented in *Insight into Public Finances and Tackling Problem Debt* and in our letters commenting on the budgets for 2017. We also considered the results in our accountability audit of central government, which we will publish on the third Wednesday of May 2017, and in *Lessons Learnt from 25 Years of Decentralisation*.

Exchanging knowledge

We also exchange knowledge throughout the year with the audit offices and audit office committees of municipalities, provinces and water authorities. We do so in response to a specific audit or in connection with a particular theme, such as quality improvement. We

also maintain contacts between our national network and the networks of the local auditors so that both sides can gain a fuller understanding of the practical consequences of policy measures such as decentralisation. The well-attended conference organised by the Netherlands Court of Audit and the Dutch Association of Audit Offices and Audit Office Committees (NVRR) has become a fixed event in the audit year.

Impact: Peer-to-peer strengthening of audit institutions

Spotters' Day

The first Spotters' Day was held on Monday 10 October 2016. Several local audit offices, a provincial audit office and the Court of Audit

took part in this event organised jointly by the Board of the NVRR and the Netherlands Court of Audit. The aim was to learn how to carry out joint audits of publicly relevant themes. The audit theme last year was 'the digital government'. We interviewed people on the street at several places in the Netherlands and asked them about the user friendliness and accessibility of digital public services.



The results were presented on a fact sheet. Several local audit offices (including those of Alphen aan den Rijn, Enschede, Utrecht, Doetinchem and Lelystad) also presented the findings to their municipal executives.

'Spotting' in Veenendaal

We evaluated Spotters' Day and the many useful lessons we learnt from it were discussed during the annual cooperation day. The lessons have been categorised as preparation, execution or reporting and have been set out in a Spotters' Day Manual, which will be presented to the NVRR's Board in 2017.

8.2.2 Cooperation within the Kingdom

Impact: Peer-to-peer strengthening of audit institutions

We are in regular contact with the audit institutions of the other parts of the Kingdom of the Netherlands: Aruba, Curaçao and St Maarten. In 2016, we again exchanged news and knowledge with each other, answered questions, suggested working methods and reports, and made organisational, legal and constitutional proposals.

There was no exchange of personnel in 2016, partly on account of the budget cuts at all four audit institutions, but there was a great deal of consultation at Board level with various committees and bodies engaged in the islands' financial functions and the consequences of the constitutional changes after 10 October 2016.

9 Our organisation

To achieve the goals of our new strategy, we are developing our organisation along three pillars:

- *Agility*: we respond promptly to current events and deploy the right substantive expertise where necessary;
- *Professionalism*: we make maximum use of our scarce resources, reflect critically on our projects and learn from them;
- *Quality*: the products we deliver meet the highest quality standards.

The development of our organisation in 2016 can be divided into two periods. In the first half of the year we continued with the experiment launched in 2015 of working in programmes and clusters. The second half of the year was dominated by the reorganisation. In anticipation of the budget cut and partly on the recommendation of the Audit Committee, we started the formal reorganisation earlier than initially planned.

9.1 Programmes and clusters

After gauging staff interest, in January we established teams for the DOEN, Sustainable Public Finances and Accountability Audit programmes. The Revenues and Care and Social Security programmes were added in July. The staff in the project teams will now work on specific themes in our strategy in the years ahead.

In addition to the programmes, we formed clusters organised chiefly around the ministries. The staff in the clusters will work more flexibly on projects that are not covered by a programme (such as audits in our flexible Activity Programme, accountability audits at the ministries and audits requested by parliament). The staff can also strengthen the programme teams temporarily.

9.2 Reorganisation

As an organisation, we strike a balance between traditional quality and modern effectiveness. We want to be both a strategic knowledge partner that delivers reliable, fully-substantiated audit material and an organisation that answers the outside world's questions promptly and with the most recent figures. Changes in the staff establishment are necessary to safeguard the flexibility and agility of our organisation and we will need

to hire more external temporary knowledge for specific projects and programmes. A budget is necessary for both the staff reorganisation and the hiring of temporary knowledge. The Rutte/Asscher government's budget cut of 1.2 million euros, however, has presented the Netherlands Court of Audit with a financial challenge that will lead to a structural reduction in staff numbers of 40 FTEs.

The period between September and the end of December was dedicated to the preparations for the reorganisation. The outline plan prepared in September presented the contours of the new organisation and the forthcoming changes.

The management structure will be adapted: the organisation will be flatter, less hierarchical and will have shorter lines of communication. Time will be released to increase the substantive depth of the audits, the dialogue with the outside world and the personal development of the staff. Deploying staff more flexibly from the centre will enable us to put the right people in the right place at the right time.

The course we have taken for the development of our organisation must be maintained in the new situation when we work with programmes. Our watchwords will remain quality, agility and professionalism.

Every member of the management team held informal monthly talks with about 15 members of staff to discuss the future of the organisation. Both the management team members and the staff thought the talks were beneficial. They produced creative ideas, suggestions and improved communication within the organisation.

Although the organisational changes demanded a great deal of effort, we never lost sight of the fact that people are at the heart of our organisation. In the year ahead, we will be investing in an attitude and conduct that are consistent with our strategic pillars and in modernising our HR instruments.

9.3 Our staff

Personnel in figures

Male/female balance

At 31 December 2016, the Netherlands Court of Audit had a staff of 269 (excluding the Board), with an equal balance between men and women. As in previous years, our goal was to have women hold 30% of senior positions and 50% of middle management

positions. We reached the first goal in 2014, when three of the five senior management positions were held by women (60%). These figures do not include the Board, which had one female member. We have not reached the target for middle management, where the female/male ratio was slightly lower in 2016, down from 33% in 2015 to 31% in 2016.

Decline in number of staff in 2016 Male/female balance unchanged

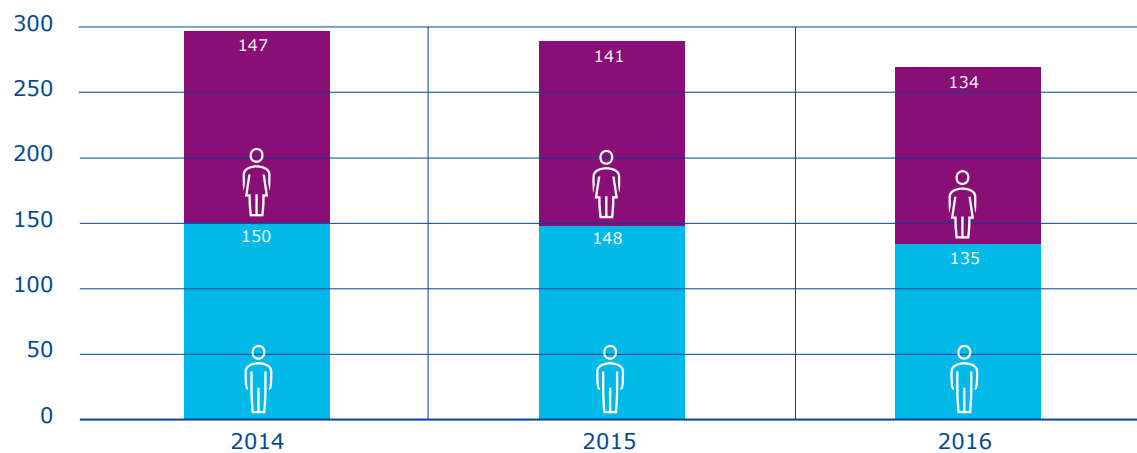


Figure 5 Staff numbers, 2014-2016 (excluding the Board)

Mobility

We recruited 17 new members of staff in 2016. Four were below the age of 30. Thirty-seven members of staff left the Netherlands Court of Audit. On balance, more people left our organisation to work outside the Court in 2016 than in 2015 (11 versus 8). This was due to our caution filling positions that became vacant in the first half of the year and the recruitment freeze we introduced for audits in the second half of the year. These measures were taken in anticipation of the reduction in staff numbers necessitated by the reorganisation.

Little change in staff by age group

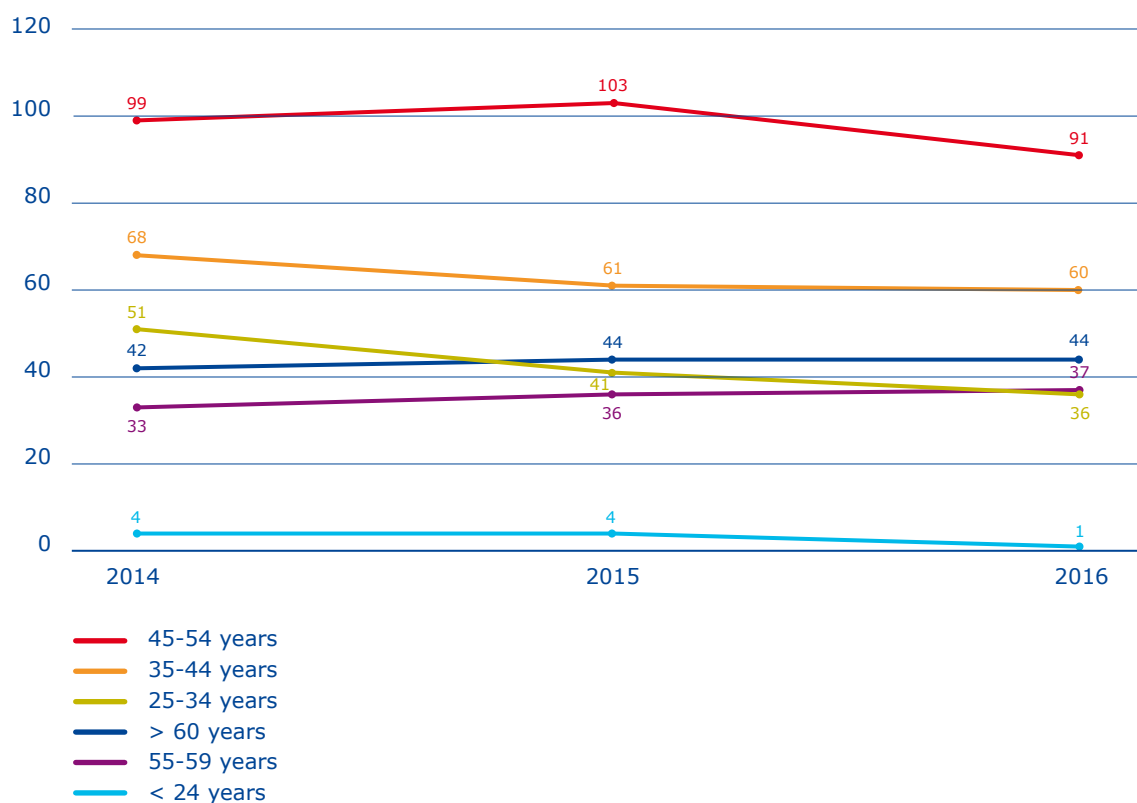


Figure 6 Number of staff by age group, 2014-2016

Secondments

Secondments provide us with specific knowledge and expertise and accelerate the staff's personal development and career opportunities. In 2016, 16 of our staff were seconded and 13 employees of external organisations were seconded to the Netherlands Court of Audit. This created more balance in the number of internal and external secondments.

Greater balance in the number of secondments to and from the Netherlands Court of Audit in 2016

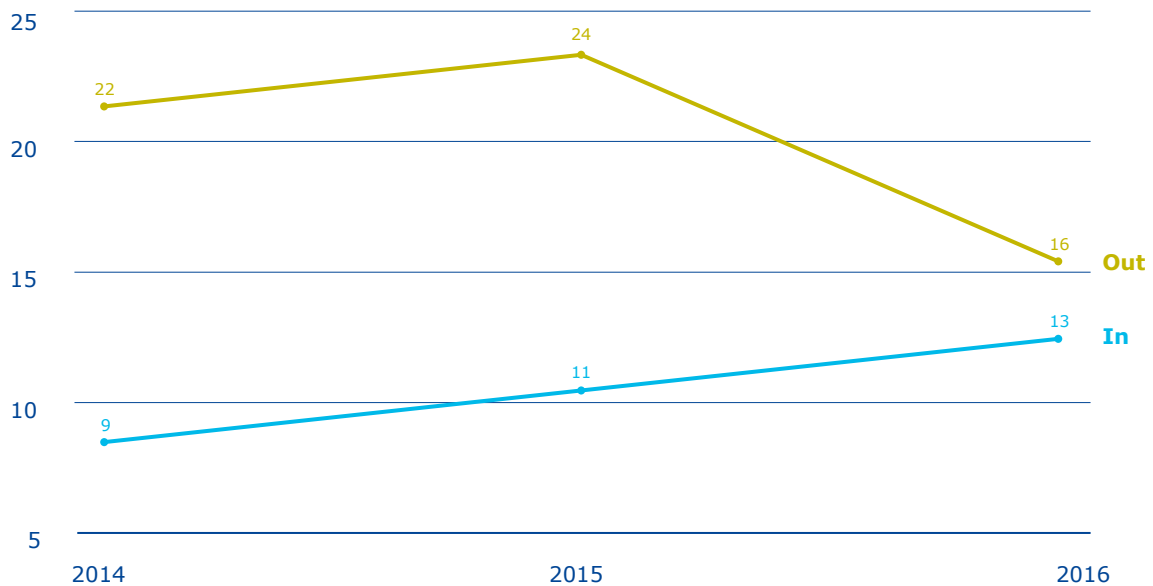


Figure 7 Number of secondments, 2014-2016

Sickness absenteeism

The rate of sickness absenteeism in 2016 was 3.4%, the same as in 2015 and less than the Verbaan standard of 3.7% (2015: 3.6%).³

Sickness absenteeism again within standard in 2016

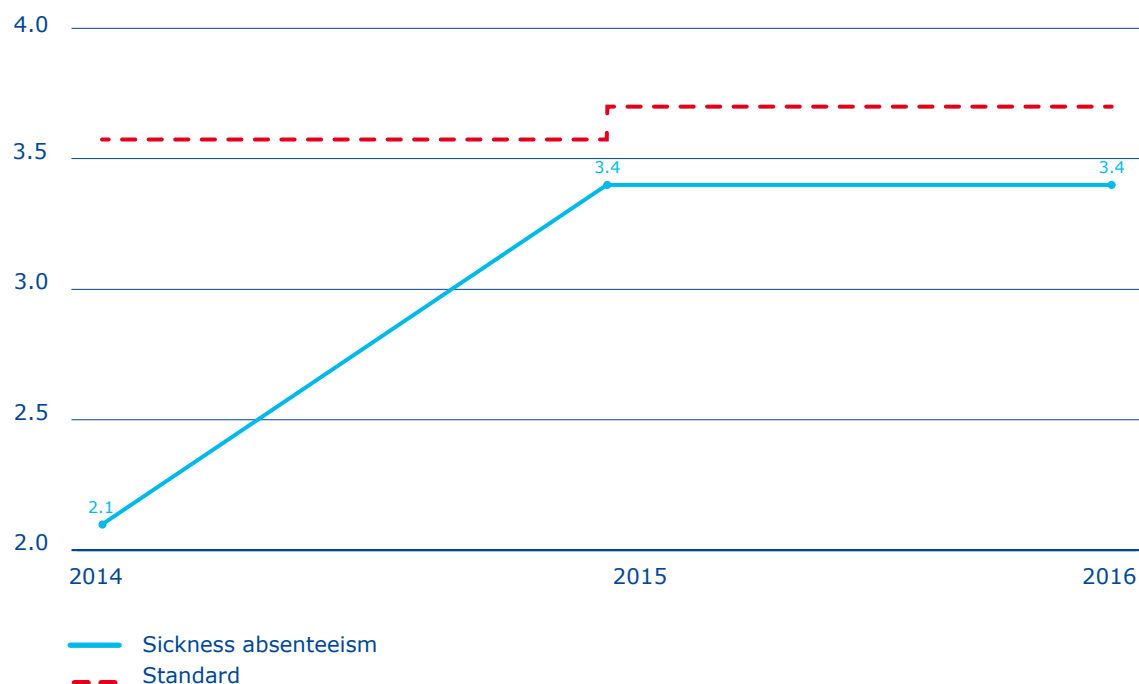


Figure 8 Sickness absenteeism, 2014-2016

Participation Act

We will comply with the statutory obligations arising from the Participation Act in the years ahead. The Act came into force on 1 January 2015. By 2023 at least 3% of the FTEs at the Netherlands Court of Audit must be people with a disadvantage on the labour market (measured in 25-hour equivalent positions). In 2015 we sought places in the organisation that were suitable for people with an occupational disadvantage. Two members of staff joined our organisation in 2016; one of them was still working for us at the end of the year. In 2017, we will take part in the government-wide initiative to set up a participation organisation.

Reorganisation of central staff and support departments completed

We reorganised the central staff and support departments in 2014 in order to comply with the obligation of best efforts required by the Rutte/Asscher government. We accordingly had to review the support tasks in the past few years and terminate some of them. This had direct consequences for 27 members of staff. Nine of them were found new positions inside our organisation or left the Court voluntarily. An outplacement scheme was introduced to find alternative employment for the remaining 18 people. By the end of the year they had all been found new positions outside the organisation and the scheme was brought to a successful close.

Training and development policy

The Netherlands Court of Audit is a learning organisation. We continuously invest in the development of our people. As a matter of policy, every member of staff must spend at least five days a year on training and professional development. We met this target in 2016. Our staff spent 5.2 days per person on personal development and knowledge and skill transfer in 2016.

We spent 490,000 euros on external training, external coaching and attendant policy (outplacements) and on organisational development in 2016. On average, this investment was equal to 1,885 euros per FTE. This was less than we invested in 2015 (2,135 euros) and in 2014 (2,380 euros), partly because of the reduction in our external training budget in order to satisfy the obligation of best efforts required by the Rutte/Verhagen and Rutte/Asscher governments. By way of compensation, we made a great deal of use of internal trainers in combination with external co-creation expertise. We could accordingly hold the number of training days at our target of five days per employee. This was also roughly the average for the whole of central government.

Average training days per employee again above target in 2016

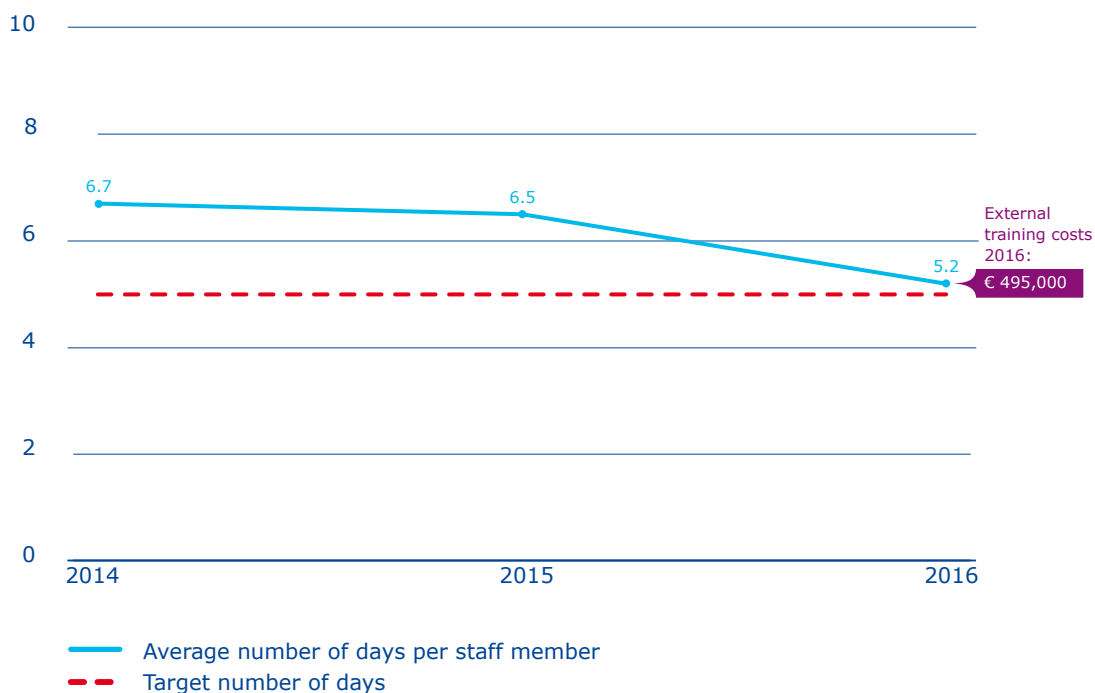


Figure 9 Training days, 2014-2016

New strategy, new courses

The introduction of the new strategy and the new programmes and clusters persuaded us to update our training programme. New courses have been developed by and for the DOEN Programme, the Accountability Audit Programme and the Sustainable Public Finances Programme and the other disciplines.

Our training plan had the following five priorities in 2016:

1. *Organisational development*: developing and learning to work in programmes and clusters;
2. *Court Academy*: new in-company training courses on efficiency audits, including data analysis and productivity measurement in the public sector;
3. *Strengthening IT knowledge and skills*: by means of CIO cafes (themed meetings relating to digitisation), interactive meetings and network meetings of IT auditors;

4. *Strengthening communication skills*: communication in word and image, writing for the web, and dedicated writing for experienced auditors;
5. *Continuing education*: for management, central staff and support departments, for the ongoing development of the organisation. All managers also took an HR essentials course to prepare for the introduction of result and development interviews and a course was developed for teams to cope better with the pressures of work.

9.4 Employee participation

The Court of Audit's employee participation structure has an important role to play as a proactive adviser, advocate and, when necessary, adversary. Employee participation is a function of:

- the Works Council, staff representatives promoting the interests of the personnel and the organisation. A new Works Council was elected on 13 December 2016 for a period of three years. The turnout for the election was 80%;
- the Consultation Committee, promoting the legal position of the staff, culminating in the personnel policy. A new executive committee took office in 2016.

New organisation

The Board outlined the organisation's new structure in mid-2016 (see section 9.2, Reorganisation). The reorganisation will be complex and far-reaching, entailing a reduction in the permanent establishment and a new functional hierarchy. The Works Council and the Consultation Committee together played an important role in:

- staff meetings and brainstorming sessions;
- newsletters;
- informal meetings with various internal bodies;
- formal meetings with the Secretary-General.

In mid-December, the Works Council gave its opinion on the outline plan and thus on the main points of the reorganisation.

Result

The Works Council has a right to advise on the reorganisation. It expressed its opinion on three occasions in 2016:

- unrequested advice on the general recruitment freeze. The Secretary-General accepted its advice;
- response to the problem analysis; the response was incorporated into the outline plan and will be considered in the proposed organisational decision;

- opinion on the outline plan; the Secretary-General accepted the opinion in broad lines. Structural and cultural changes will now be more consistent with each other. The Works Council thought staff mobility would be better protected by the current mobility instruments in the human resources policy but the Secretary-General instead preferred the voluntary aspect of the outplacement policy.

9.5 Business ethics

The Court of Audit's Code of Conduct (see box) identifies eight core values that everyone in the organisation – including temporary staff and trainees – must observe. Staff must comply with the Code in order to contribute to the Court's mission.

Netherlands Court of Audit's Code of Conduct

- I am professional; I am answerable for the quality of my work.
- I am independent; I report conflicts of interest.
- I am objective; I work without prejudice.
- I am reliable; I work transparently and keep my agreements.
- I am respectful; I accept differences of opinions, actions and omissions.
- I am a good colleague; I contribute to a pleasant working climate.
- I work frugally; I use public money carefully.
- I work sustainably; I care about people, planet and profit.

The coordinator of our integrity policy checked that the Netherlands Court of Audit implemented the guidelines for Dutch public sector organisations in 2016 and found that it had done so. Some aspects of the integrity policy will be updated in 2017. The new integrity policy will be formalised in 2017.

The Netherlands Court of Audit helped draw up the new international code of conduct for audit institutions in 2016. It will apply in full to the Court.

The annual meeting of the care circle was held in November 2016. The coordinator, medical officer, confidential advisers and social worker discussed integrity incidents and considered whether they warranted a policy-based response. They concluded that they did not.

Three swearing in ceremonies were held in 2016, with new members of staff taking the oath or pledge. Each of the ceremonies commenced with a lengthy introduction on business integrity and professional ethics.

9.6 Confidential counsellors

The Court of Audit encourages its staff to report integrity incidents and inappropriate conduct both internally and externally; it has one external and two internal confidential counsellors.

The internal confidential counsellors became members of the Central Government Confidential Counsellors Network in 2016 in order to learn from the experiences of their counterparts elsewhere in the public sector. To this end they took part in a peer review session organised by the network.

The confidential counsellors received six requests for interviews in 2016. One of the requests asked for advice on integrity, one for advice on other issues and the remaining four related to inappropriate conduct. As in 2015, no formal complaints or notifications were made in 2016.

10 Our governance

10.1 Our Board

The Netherlands Court of Audit's Board comprises three members, who are appointed for life. Under the Government Accounts Act 2001, the Board's decisions are taken by majority vote on the principle of joint responsibility. Decisions therefore cannot be taken by the President or an individual Board member acting alone. Each Board member acts as a *rapporteur* for a selection of the Court's audits.

In addition to the three Board members, there are two Extraordinary Board members. They provide advice during audits or deputise for the Board members during their absence. They have the same powers as the permanent members of the Board.



Drs. A.P. (Arno) Visser
President



Drs. C.C.M. (Kees)
Vendrik
Board member



Drs. F.C. (Francine)
Giskes
Board member



Drs. P.W. (Paul) Doop
Extraordinary Board
member



Prof.dr. M.J.W. (Mark) van Twist
Extraordinary
Board member

The Netherlands Court of Audit's Secretary-General manages the Court's staff of 269. She chairs the management team, which further consists of three audit directors and one staff director. The management team has final responsibility for the audits and projects carried out by their departments.



Dr. E.M.A. (Ellen)
van Schoten RA
Secretary-General



Drs. B. (Barbara)
Goezinne
Audit director



Drs. C. (Cornelis)
van der Werf
Audit director



Drs. K.Y. (Katinka)
Knoop
Staff director



Drs. S.A.L. (Bas)
Wakkerman RA MGA
Audit director

10.2 Board and senior management remuneration

We seek to be as transparent as possible about the cost of our Board and senior management.

Board remuneration

Table 1 shows the remuneration of the Board members in 2015 and 2016. The Board's remuneration is set in accordance with the Council of State, Netherlands Court of Audit and National Ombudsman (Legal Status) Act.

Table 1 Board remuneration, 2015-2016 (in euros)

	2015			2016		
	Remuneration	Pension contribution	Total	Remuneration	Pension contribution	Total
S.J. (Saskia) Stuiveling Member from 29-10-1984 to 30-4-1999 President from 1-5-1999 to 31-5-2015	69,481	3,997	73,478			
A.P. (Arno) Visser Member from 15-1-2013 to 14-10-2015 President since 15-10-2015	136,011	15,506	151,517	156,546	15,811	172,357
C.C.M. (Kees) Vendrik Member since 15-4-2011	132,238	15,506	147,744	136,813	15,288	152,101
F.C. (Francine) Giskes Member since 15-10-2015	25,517	3,275	28,792	133,446	15,160	148,606
Total	363,247	38,284	401,531	426,805	46,259	473,064

Information about the external activities of the Board members, Extraordinary Board members and the Secretary-General can be found in appendix III.

Expense allowances

Table 2 shows the expense allowances incurred in respect of official transport and foreign trips. The 'Sundry' costs consist mainly of business lunches and dinners and training costs. Accommodation costs incurred during foreign trips are included under 'International Travel'. Official entertainment costs incurred by the Board as a whole are shown under 'Board – General'.

Table 2 Administrative costs, 2015-2016 (in euros)

	2015				2016
	Total	Commuting	International travel	Sundry	Total
Board - General	1,092	272		4,874	5,146
S.J. (Saskia) Stuiveling Member from 29-10-1984 to 30-4-1999 President from 1-5-1999 to 31-5-2015	29,842				
A.P. (Arno) Visser Member from 15-1-2013 to 14-10-2015 President since 15-10-2015	36,136	26,344	7,133	3,340	36,817
C.C.M. (Kees) Vendrik Member since 15-4-2011	5,535	1,542	1,741	278	3,561
F.C. (Francine) Giskes Member since 15-10-2015	778	3,138	3,262	121	6,521
Total	73,383	31,296	12,136	8,613	52,045

Attendance allowance of Extraordinary Board members

The Extraordinary Board members receive an attendance allowance in accordance with article 8 of the Council of State, Netherlands Court of Audit and National Ombudsman (Legal Status) Order.

Sharp fall in attendance allowance paid to Extraordinary Board members in 2016

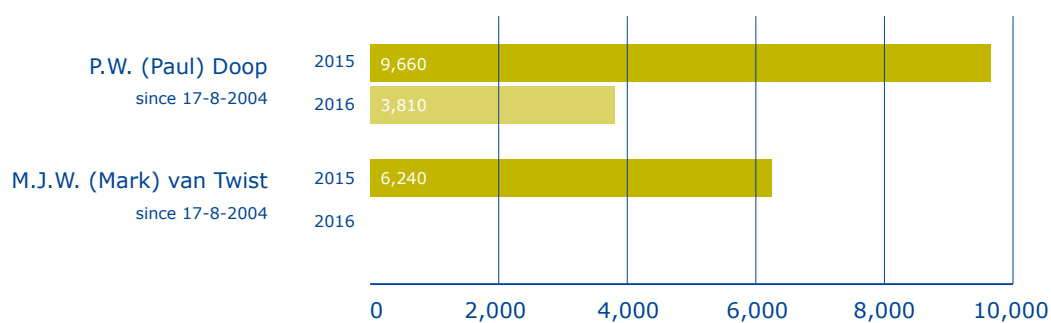


Figure 10 Attendance allowance of Extraordinary Board members, 2015-2016 (in euros)

Senior management remuneration

Table 3 presents the remuneration of the Court's senior management in 2015 and 2016. Under the Standard Remuneration Act, the salaries and redundancy payments received by current and former senior officials in the public and semi-public sectors must be disclosed by name in the annual financial report. This obligation also applies to other officials who are or have been employed in the public and semi-public sectors. The salaries and redundancy payments of other senior officers must also be disclosed (although not by name) if they receive more than the statutory maximum salary. The Act does not apply to non-senior officials who are not employed in the public or semi-public sectors.

The Netherlands Court of Audit is obliged to disclose the remuneration of the Secretary-General. The statutory maximum remuneration in 2016 was 179,000 euros. This maximum was not exceeded.

Table 3 Remuneration of senior management, 2016-2016 (in euros)

	2015				2016			
	Salary	Expense allowance	Pension contribution	Total	Salary	Expense allowance	Pension contribution	Total
E.M.A. (Ellen) van Schoten Secretary-General since 1-3-2009	125,023	6,458	15,367	146,848	131,037	6,496	15,065	152,598
R. (Roel) Praat Director from 20-5-2002 to 31-12-2015	81,455	2,422	11,116	94,993				
B. (Barbara) Goezinne Director since 1-1-2012	112,675	3,229	14,835	130,739	116,647	3,248	14,691	134,586
P.J. (Piet) Rozendaal Acting director from 1-6-2013 to 31-12-2015	122,680	3,229	15,165	141,074	105,597	0	13,457	119,054
C. (Cornelis) van der Werf Director since 1-10-2013	113,237	3,229	15,000	131,466	117,060	3,248	14,720	135,028
K.Y. (Katinka) Knoop Director since 21-9-2015	26,358	1,076	4,050	31,511	107,369	3,248	14,399	125,016
S.A.L. (Bas) Wakkerman Director since 1-3-2016					92,300	2,707	12,285	107,292
Total	581,455	19,643	75,533	676,631	670,010	18,947	84,617	773,574

10.3 Audit Committee

External advice

The Netherlands Court of Audit has had an external Audit Committee since 2006 that advises it about five times a year with respect to its organisation and operational management. The Audit Committee provides a fresh look at the Court's performance and gives the organisation the required external focus.

To mark its tenth anniversary and to coincide with the appointment of the Court's new Board, the Audit Committee considered its own role and position in 2016. The focus of its advice has shifted in recent years. Initially it had been concerned principally with 'minor operational management' relating to management and control but the scope has steadily widened to cover how the Netherlands Court of Audit and its organisation and operational management are tailored to the Court's mandate and the resultant mission and strategy. This change was acknowledged in the Audit Committee's regulations in 2016. It was decided at the same time to change the Audit Committee's name so that it better expressed the committee's advisory function. As from January 2017, it has been known as the Audit Advisory Committee.

Specific consideration was also given to whether the Audit Committee should advise on strategic issues. It was decided to retain the committee's focus on operational management and that it should ask whether the Court of Audit was 'doing things right'. To complement the Audit Committee's reflections and advice, an Advisory Council has been established. It asks whether the Court of Audit is 'doing the right things' and provides inspiration and insight into relevant trends and developments.

Audit Committee

The Audit Committee advises:

- the President with respect to monitoring the Netherlands Court of Audit's activities;
- the Secretary-General with respect to the day-to-day management of the organisation.

The Audit Committee provided advice on the following issues in 2016:

New strategy

The Netherlands Court of Audit adopted its new strategy, *Trust Based on Understanding*, in March 2016. The Audit Committee studied it and the forthcoming challenges at length in the past year. From a strategic angle, it looked at the substantive opportunities for risk

management and related issues. A further review of risk management at the Netherlands Court of Audit is scheduled for 2017.

Reorganisation

Having taken note of the Audit Committee's advice, the Netherlands Court of Audit's Board brought forward the organisational experiment of working in clusters and programmes as part of a formal reorganisation in 2016. The Audit Committee thought this necessary in order to overcome the challenges facing the Court and the sweeping cuts introduced by the Rutte/Asscher government. The Audit Committee observed that the successive spending cuts were putting the Court's operations at risk.

The organisational changes and reorganisation were high on the Audit Committee's agenda last year. The Audit Committee advised the various bodies within the Court about the approach to and implementation of the reorganisation plan. It also consulted the Works Council and the consultation committee with respect to the reorganisation. Its advice covered many areas, from communication, culture and conduct to strategic human resources policy and the outline plan. The Audit Committee underlined the importance of having an appropriate and clear reorganisation plan with definite procedural steps. It also recommended that the management remain in close contact with each other and the staff. The process could be facilitated by change ambassadors and periodic informal lunches between the directors and staff. The Audit Committee also recommended that the organisation should develop a common understanding of how the strategic human resources plan should be implemented. This would be important for the further implementation of the reorganisation.

The reorganisation will remain a key issue for the Audit Committee in 2017.

Quality control

The Audit Committee recognises the importance of quality to the Netherlands Court of Audit's authority. It therefore periodically discusses quality improvement and quality control. In 2016, the Audit Committee discussed the 2015 annual report and the 2016 Activity Plan with the quality control officer. It concluded that quality control was showing signs of progress.

Auditor

The Audit Committee has an advisory role in the appointment of the internal auditor and the audit engagement and audit plan, and monitors the follow-up to the recommendations made by both the internal and the external auditor. The performance of the annual internal audit was evaluated in 2016 and firm agreements were made regarding the 2016 audit.

Audit function

A quick scan of the Netherlands Court of Audit's audit function was carried out in 2016. The Audit Committee provided input for the scan. The findings prompted an update of the management information and the audit function within the Netherlands Court of Audit.

Internal reports

As in previous years, the Audit Committee discussed the internal management reports on the execution of the Activity Programme. The Audit Committee appreciated the reports' information value and the attention they paid to quality management within the organisation.

Chief Information Officer

The Netherlands Court of Audit established the position of Chief Information Officer two years ago. The Audit Committee appreciates the results achieved so far. It believes the greatest challenge in the coming period will be to strengthen and retain ICT expertise for the audits.

Meetings

The Audit Committee met with the Netherlands Court of Audit's Secretary-General on five occasions in 2016. Other parties attending the meetings depending on the subject under discussion included

- the Board;
- the internal auditor;
- the external auditor;
- the controller;
- the CIO;
- the Personnel and Organisation/Facility Affairs sector manager;
- the quality management officer;
- the Works Council;
- the management team.

Since 2016 the Audit Committee has held a separate meeting with the President of the Netherlands Court of Audit subsequent to each of these meetings.

Self-evaluation

The Audit Committee evaluates its own performance every year, with the Board and the management team providing input. The self-evaluation considered three aspects: institutional, procedural and relational. It emerged from the self-evaluation that the Audit Committee's role has evolved in recent years and the Audit Committee, Board and management team have grown closer to each other. All three parties believe a special joint meeting should be convened in 2017 in order to discuss the progress of the reorganisation.

The chair of the Audit Committee and the President of the Netherlands Court of Audit attended the triennial symposium for central government audit committees in 2016. The symposium's theme was the sustainability of operational management.

Members of the Audit Committee

The members of the Audit Committee are:

- J.G.P.M. (Jan) Helderma, chair of the Audit Committee since 1 January 2012, reappointed in 2015, a *registeraccountant* and member of various executive and supervisory boards;
- B.F. (Boudewijn) Dessing, member of the Audit Committee since 1 January 2011, member of various supervisory and advisory boards;
- F.J. (Frederieke) Leeftang, member of the Audit Committee since 1 February 2016, partner in Boekel law firm and holder of various supervisory and executive positions.



J.G.P.M. (Jan)
Helderma RA
chair of the Audit
Committee



Ir. B.F. (Boudewijn)
Dessing
member of the Audit
Committee



Mr. F.J. (Frederieke)
Leeftang
member of the Audit
Committee

The members of the Audit Committee are appointed for a term of three years. A member can be reappointed once for a further period of up to three years. At the end of 2016, Boudewijn Dessing reached the maximum term as a member of the Audit Committee. For six years, he was a valued member until he stood down on 31 December 2016. On 1 January 2017 P.F.M. (Philippe) Raets was appointed member of the Netherlands Court of Audit's Audit Committee. The committee's name was changed to Audit Advisory Committee as of the same date.

Audit Committee attendance allowance

The members of the Audit Committee receive an attendance allowance. The allowance is the same as that paid to the Extraordinary Board members. In 2016 it amounted to 240 euros excluding VAT per part of the day.

Increase in attendance allowance paid to Audit Committee members in 2016

J.G.P.M. (Jan) Helderman, chair of the Audit Committee since 1 January 2012

B.E.C. (Benita) Plesch, member from 1-1-2010 to 31-12-2015

B.F. (Boudewijn) Dessing, member of the Audit Committee since 1-1-2011

F.J. (Frederieke) Leeftang, member of the Audit Committee since 1-2-2016

Increase in attendance allowance paid to Audit Committee members in 2016

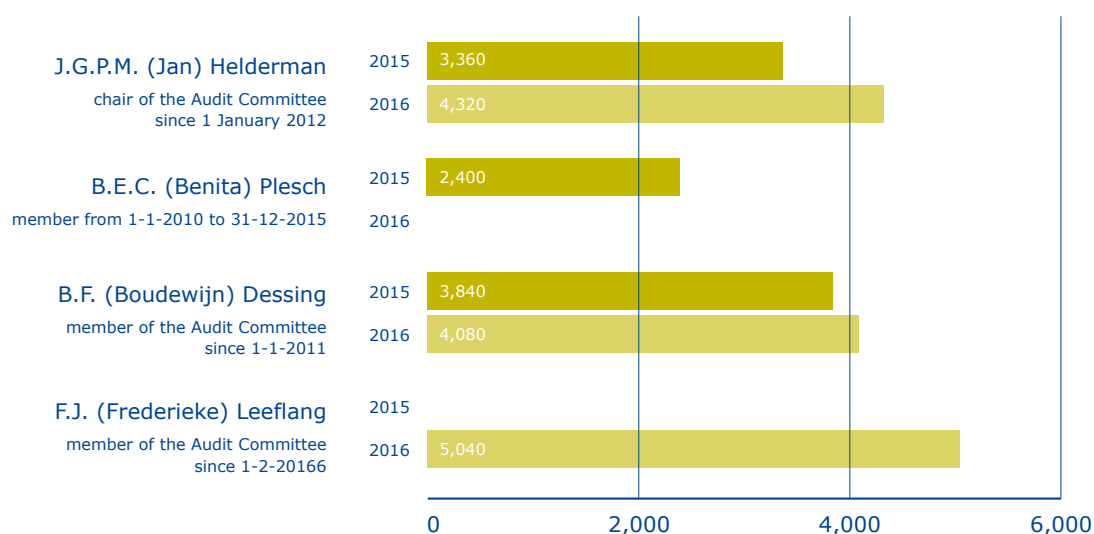


Figure 11 Audit Committee attendance allowance, 2015-2016 (in euros, excluding VAT)

The attendance allowances paid to the members of the Audit Committee were higher in 2016 than in the previous year. This is attributable in part to the additional advisory meetings held in respect of the reorganisation of the Netherlands Court of Audit, the induction of a new Audit Committee member and the recruitment of a new member.

11 Our operational management

11.1 Control and management

The Minister of the Interior and Kingdom Relations is responsible for managing the budgets of the States General and of the Other High Councils of State and Offices of the Governors. Although the minister is therefore responsible for the Netherlands Court of Audit's budget, we manage it ourselves. The High Councils of State have made management agreements with the minister on how they actually manage their budgets. The agreements take due account of the constitutional position of the High Councils of State.⁴

The Court of Audit's internal auditor, who is from an external audit firm, prepares an audit plan, audits the annual accounts and the financial and material management conducted and reports to the Board and the Secretary-General. The audit plan and report are also discussed by the Audit Committee. The Central Audit Service (ADR) relies on the internal auditor's findings to carry out further audit activities if necessary. The ADR then reports to the Minister of the Interior and Kingdom Relations so that the minister can prepare the annual report and the Final Budget Bill in respect of budget chapter IIB (Other High Councils of State).

In control statement

We pay systematic attention to our primary process, the support processes and related operational duties. We assess monthly management information to determine the efficiency and regularity of the processes. We monitor the substantive progress of our Activity Programme and the achievement of our goals by means of four-monthly reports. These reports address two questions: are we doing the right things and are we doing things right? The reports are designed to provide an insight into the impact of our activities and the lessons we can learn for the future. We use this information to improve the management of our Activity Programme and activities.

Regularity

The Netherlands Court of Audit's revenues and expenditures meet applicable regularity standards and its accounts give a true and fair view of their regularity.

Preparation of policy information

Our management information system complies with applicable quality standards. There were no disruptions in 2016 that compromised the accuracy, completeness, timeliness, continuity or reliability of the information.

Financial and material management

The operational processes were well-managed. We took measures in respect of the following potential risks:

Personnel checks

Personnel costs account for the lion's share of our budget. We have outsourced the implementation of our personnel administration to P-Direkt. To gain sufficient insight into the regularity of personnel expenditure, we must be able to rely on an unqualified opinion and report from P-Direkt. Agreements had been made with P-Direkt in the past in respect of responsibility for the internal audit of HR(+) tasks. P-Direkt issued management reports on its findings regarding the reliability and auditability of the primary service it provided to the Netherlands Court of Audit. The ADR issued an ISAE 3402 assurance report on these management reports. For efficiency reasons, P-Direkt decided to end this procedure in 2015 and as a rule no longer prepares management reports.

We consider the management report and the related ISAE 3402 report to be an important and effective tool for the managers and auditors of P-Direkt's clients, not only for our own organisation but also for the ministries and Shared Service Organisations. The management report and the assurance report provide information on whether or not P-Direkt is 'in control' and whether it is complying with the agreements. The management report and the ISAE 3402 report enable P-Direkt's clients to account for personnel expenditure. The management report and the ADR's review of it are valuable steps for the Netherlands Court of Audit to obtain reasonable assurance on the regularity of personnel expenditure. This is the case in respect of both our own and the ministries' financial accounts.

In a letter to the Minister for Housing and the Central Government Sector in July 2016, we stated our case that P-Direkt's report and the ISAE 3402 report, in so far as it related to personnel expenditure, were essential elements in the audit system. The system's lines of defence should be demonstrably fit for purpose and perfectly attuned to each other.

We asked the minister to make firm agreements with P-Direkt and the ADR as soon as possible with regard to the timely and appropriate provision to all P-Direkt's clients of information on P-Direkt's internal management and the auditor's opinion on it. The minister informed the Netherlands Court of Audit in October 2016 that a management report with an ISAE report issued by the ADR would be prepared for the Netherlands Court of Audit. The ADR will start a demand-driven process to identify the minimum information that Shared Service Organisations should receive in order to manage their suppliers and establish whether they are acting in compliance with applicable laws and regulations.

Budget control

Successive budget cuts harbour risks to the Netherlands Court of Audit's performance. In 2016, the Court complied with the obligation of best efforts implemented by the Rutte/Verhagen and Rutte/Asscher governments (see section 11.2).

The Netherlands Court of Audit's cost structure meant most of the obligation had to be achieved by means of staff cuts.

Timeliness of payments to creditors

In 2016 we paid 85% of all invoices within 30 days of the invoice date. This may be an improvement of 6% on 2015 but we did not meet our target of settling at least 90% of all invoices within 30 days. There are several causes of this. In some cases the supplier does not raise the invoice in the contractually agreed form. Some invoices are not received until well after the invoice date or scans are not entered in the digital workflow correctly.

Cooperation with the House of Representatives

We have been using the House of Representatives' financial information system and technical and financial infrastructure since 2011. We initially used a number of basic services but the cooperation has grown over the years to include ordering and procurement, the scanning and authorisation of digital invoices and the production of management reports. This growth has made it necessary to formalise the cooperation in an agreement naming the products, services and responsibilities concerned. Together, we are carrying out a pilot project to determine whether outsourcing administrative tasks to the House is a suitable, workable solution that can better guarantee the continuity of the Court's data processing. Two finance officers from the Netherlands Court of Audit have temporarily been posted to the House for this pilot. The Court and the House will together evaluate the project in mid-2017 before taking a final decision on outsourcing part of the Court's financial function.

Information security

The Netherlands Court of Audit updated its security policy in 2015 to meet the requirements of the Central Government Information Security Baseline (BIR).

The next step is to position information security in the process so that it strengthens the management control cycle and to regulate compliance with policy more formally.

There were several security incidents in 2016 but the security policy worked: the incidents were detected and reported promptly and the measures taken pre-empted any adverse consequences.

The obligation to report data leaks came into force on 1 January 2016. Organisations (in both the public and the private sectors) must report serious data leaks immediately to the Data Protection Authority. In certain circumstances they must also notify the persons whose data are leaked. The Netherlands Court of Audit has introduced a procedure to report data leaks within the organisation.

11.2 Finances

Rutte/Asscher government's obligation of best efforts

As a High Council of State, we perform our duties independently of government. In consultation with us, the government sets our draft budget, which is then approved by parliament.

By letter of 21 September 2016, we drew parliament's attention to the Court's budgetary situation. As part of the coalition agreement the Rutte/Verhagen and the Rutte/Asscher governments asked the Netherlands Court of Audit to assume the following best effort obligations:

Obligation of best efforts, 2013-2018

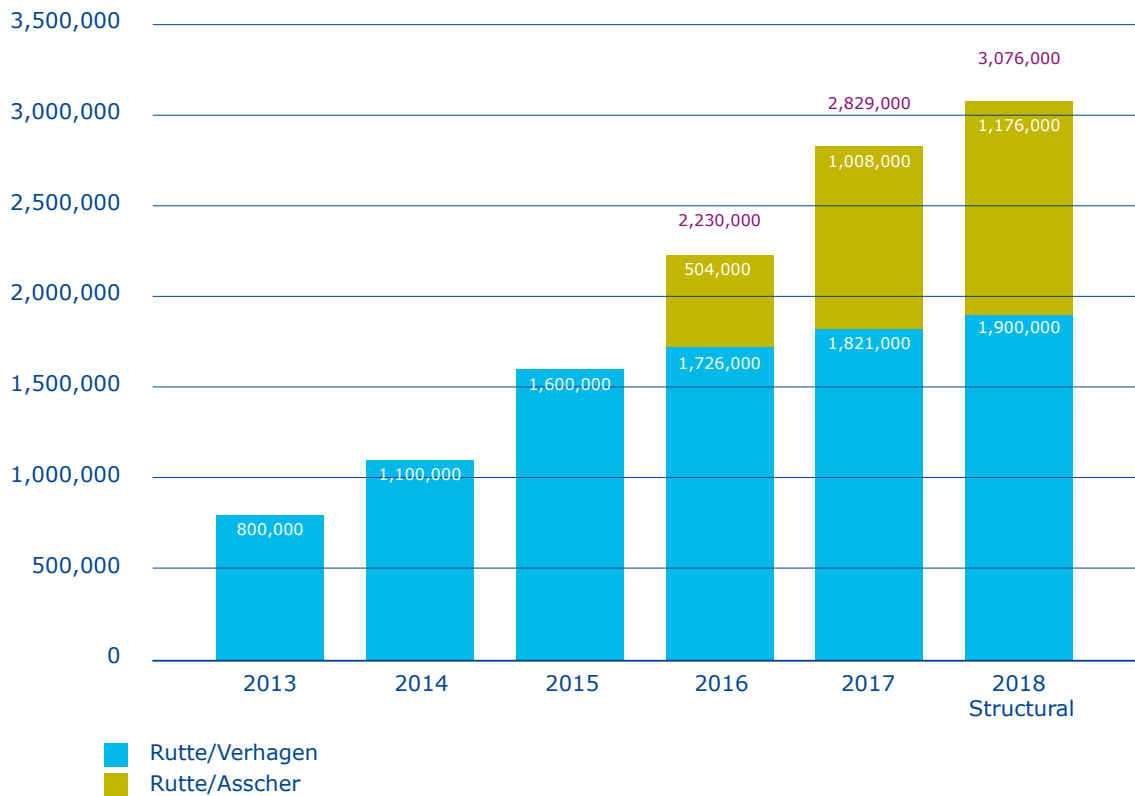


Figure 12 Best effort obligations under the Rutte/Verhagen and Rutte/Asscher governments (in euros)

Together, the two structural budget cuts add up to nearly 11% of the original 28.2 million euro budget for 2016. With all public sector organisations being asked to play their part in these financially difficult times, we decided of our own volition in 2012 to assume a best effort obligation of 1.9 million euros in accordance with the management agreements made with the Minister of the Interior and Kingdom Relations referred to above. We had to take sweeping measures. In addition to a reduction in the staff budget, we also retrenched the material budget and gave up the office space available to us at the ministries. This produced a considerable saving for central government but was not recognised in our budget.

The Rutte/Asscher government's best effort obligation – which was contested by the Netherlands Court of Audit but approved by parliament – has further reduced our ability

to invest in operational management. It has also forced to make further cuts in our staff establishment. In 2016, we made preparations for a far-reaching reorganisation that will be implemented in 2017 and 2018 (see section 9.2). Staff numbers are expected to fall from 325 FTEs in 2002 to 274 in 2016 and to 234 in 2018.

Our expenditures and revenues

Actual figures in 2016

In 2016, we spent 14,000 euros more than we had budgeted. We overran the 2016 budget by 0.05%. Revenues were 416,000 euros lower than budgeted. The various causes of this overrun included the postponement of a cooperation programme with audit institutions in the Arab region, the limited increase in new international projects and a new financing method for secondments.

Actual expenditures and revenues in 2016

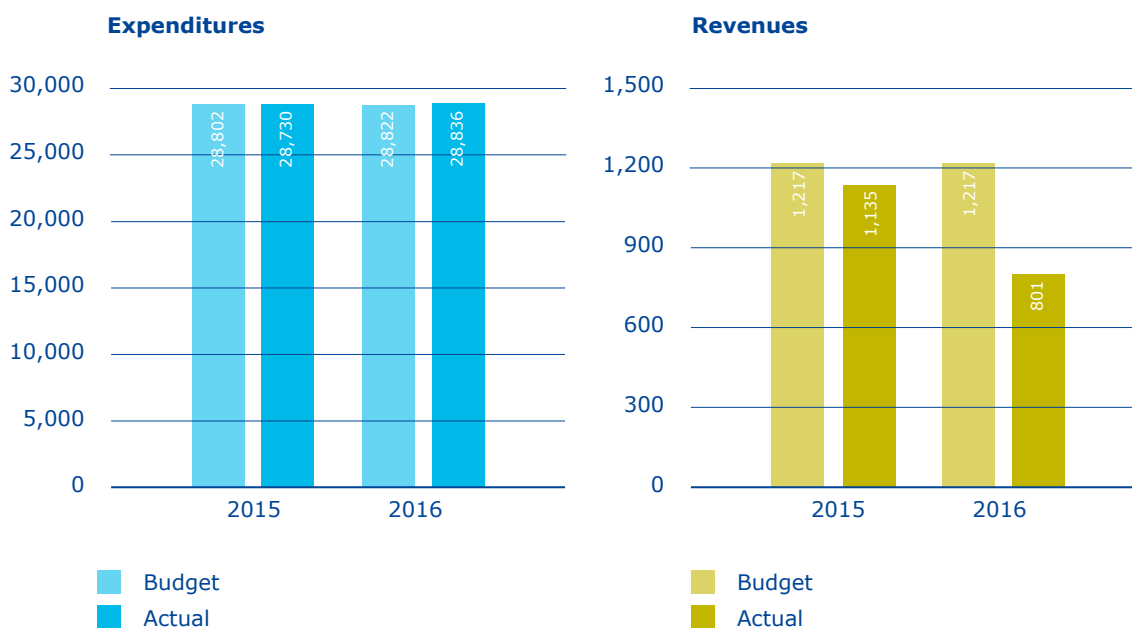


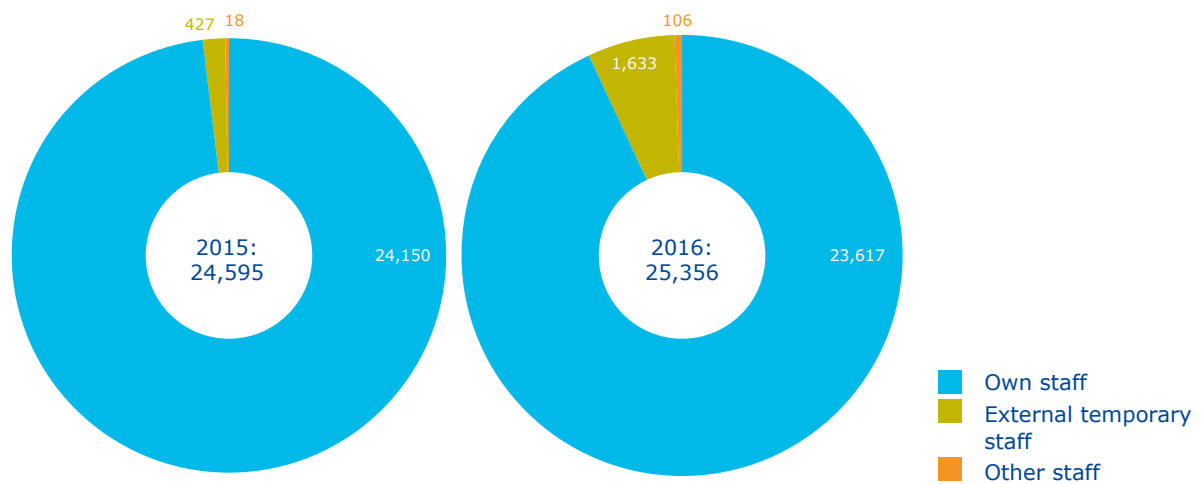
Figure 13 Budgeted and actual figures, 2015-2016 (in thousands of euros)

By way of preparation for the reorganisation, the Spring Memorandum included a cash transfer of 550,000 euros to 2017 and an end of year margin of 282,000 euros.

Our expenditures and revenues in detail

Our expenditures and revenues are shown in figures 14 and 15. Since 2013, the breakdown has been based on the cost categories table applicable to central government. Using this table increases comparability within central government.

Modest increase in staff expenditure in 2016



Modest decline in material expenditure in 2016

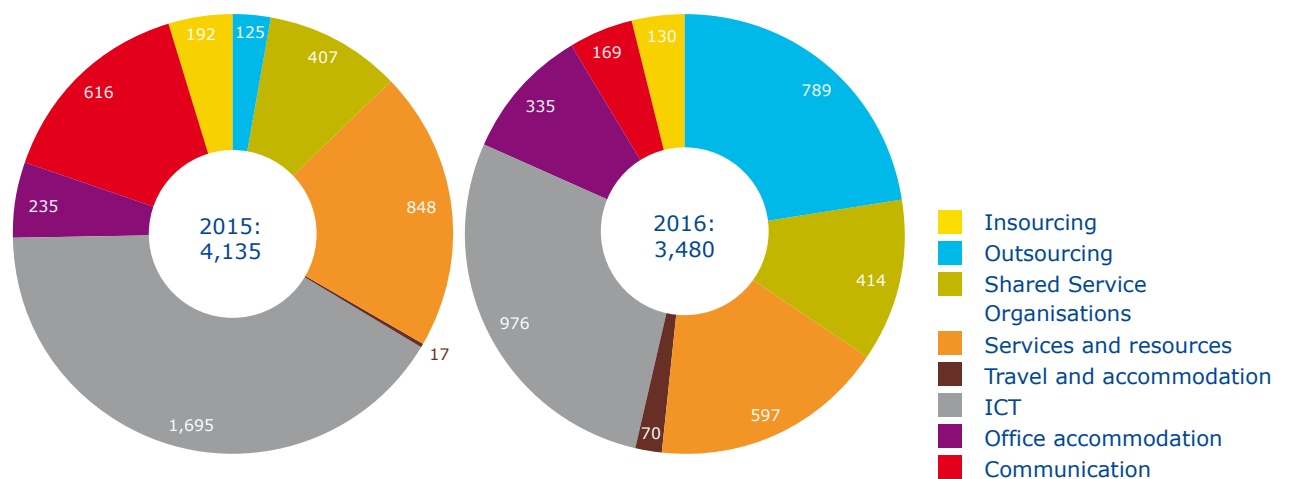


Figure 14 Operating expenses, 2015-2016 (in thousands of euros)

Revenues lower in 2016 than in 2015

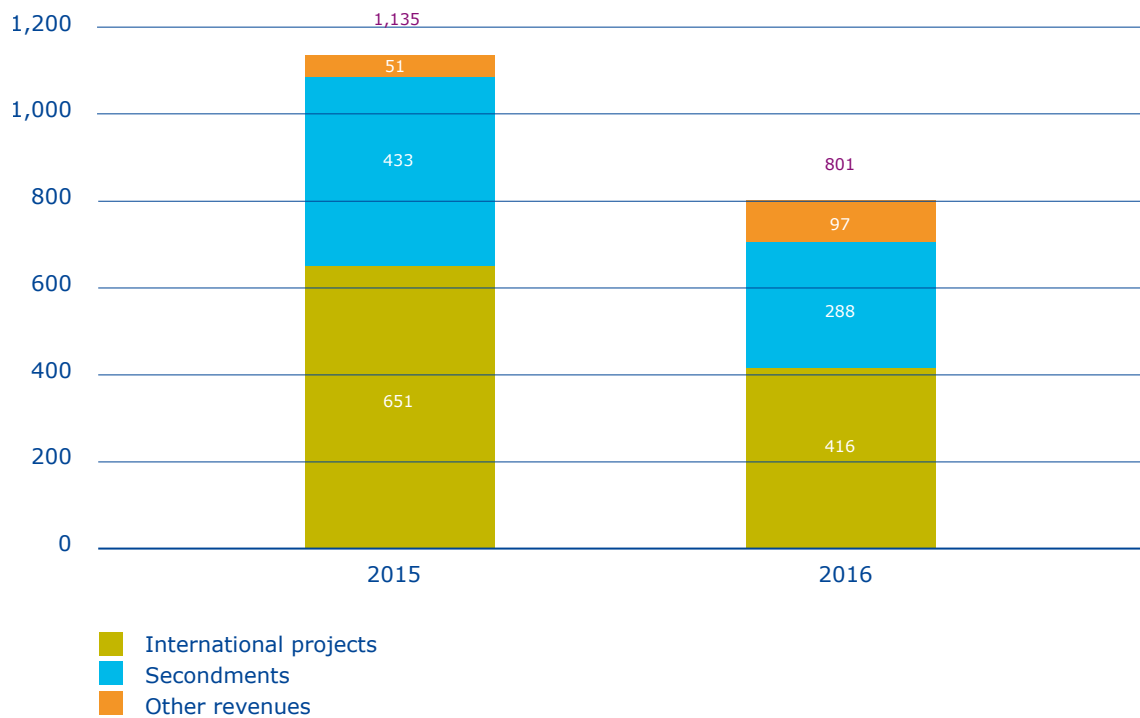


Figure 15 Revenues, 2015-2016 (in thousands of euros)

Notes on our expenditure

The Netherlands Court of Audit provides full details on its expenditure in the open spending file on its website. We look at a number of cost categories in more detail below.

Staff costs

Staff costs account for 88% of our total expenditure. Besides salaries, they include general staff expenses such as commuting expenses, national and international business trips and study and training costs. External staff we hired accounted for 6.4% of staff costs.

Additional staff payments

Staff costs also include one-off payments and entertainment allowances. As a matter of policy, such payments must be consistent and transparent. We also adopt a conservative approach to bonuses for exceptional effort and performance. Since 2015, these payments have been made in accordance with the Central Government Policy Framework for Additional Payments (BEB).

The BEB criteria are:

- a one-off payment is paid to no more than 25% of the members in each staff scale per annum;
- the percentage per scale may depart by no more than 5% from the total average;
- as a rule, one-off payments must be equal to at least 250 euros and at most a month's salary, in steps of 25% (with 750 euros as the lower limit), 50% and 75% of a month's salary;
- the bonus round is held twice a year.

Bonuses were awarded to 39 members of staff (14%) in 2016. The total amount of the bonuses was 50,294 euros. The average bonus award was 1,290 euros.

Staff can also be rewarded with, for example, book tokens for exceptional effort or performance. In total, book tokens worth 3,750 euros were given to staff in 2016.

Budget transfer

At the request of the House of Representatives, we audited the operational management of the Employee Benefits Agency (UWV). We asked the Ministry of Social Affairs and Employment to contribute 300,000 euros to cover the cost of the audit. The ministry transferred half the amount requested, 150,000 euros, to our budget.

Travel and accommodation expenses

Our staff incur travel and accommodation expenses chiefly in order to carry out our international activities. We recharge these costs to third parties. More information on our international activities is provided in chapter 8.

External staff

Where necessary, we hire external experts if we have insufficient in-house expertise or capacity to perform audit projects or international projects. In 2016, we hired external expertise principally for our accountability audit of central government (expertise in the fields of accountancy, finances and internal control systems) and for the reorganisation (organisational and human resources advice). Occasionally we also hired temporary workers, for example during holiday periods.

Increase in expenditure on external staff in 2016

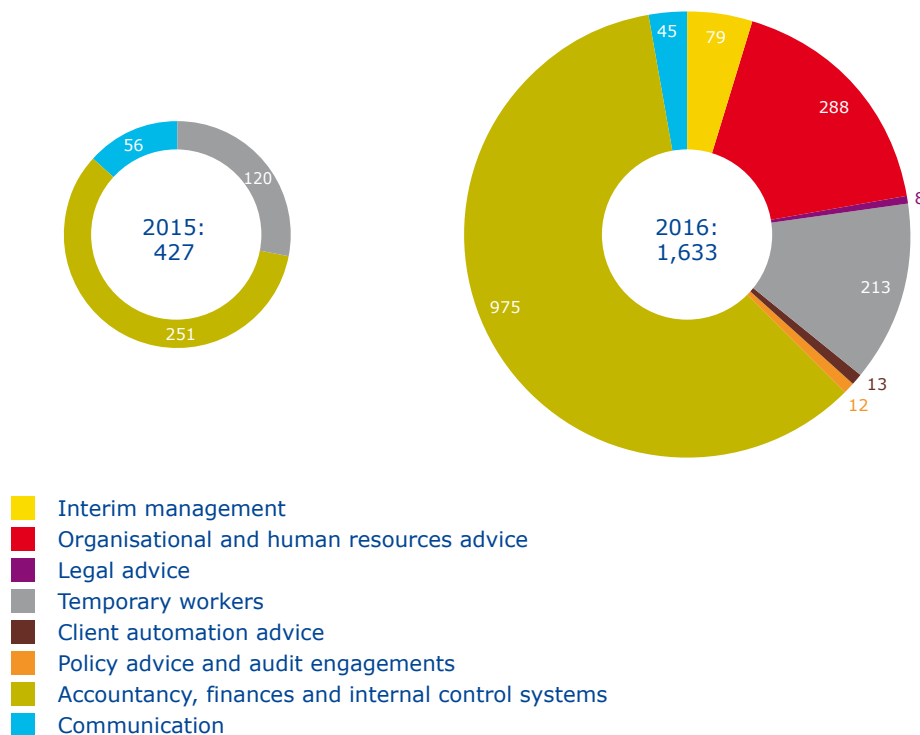


Figure 16 Expenditure on external staff, 2015-2016 (in thousands of euros)

Expenditure on external staff was higher in 2016 than in 2015. In anticipation of the reorganisation, we worked below our staff establishment. The budget this released was used to hire temporary capacity, mainly to carry out our audits (recognised under Accountancy, finances and internal control systems). In particular we hired capacity to audit the central government accounts. We also hired capacity to assist in the reorganisation (recognised under Organisational and human resources advice), including a reorganisation programme manager and advice on the outplacement scheme.

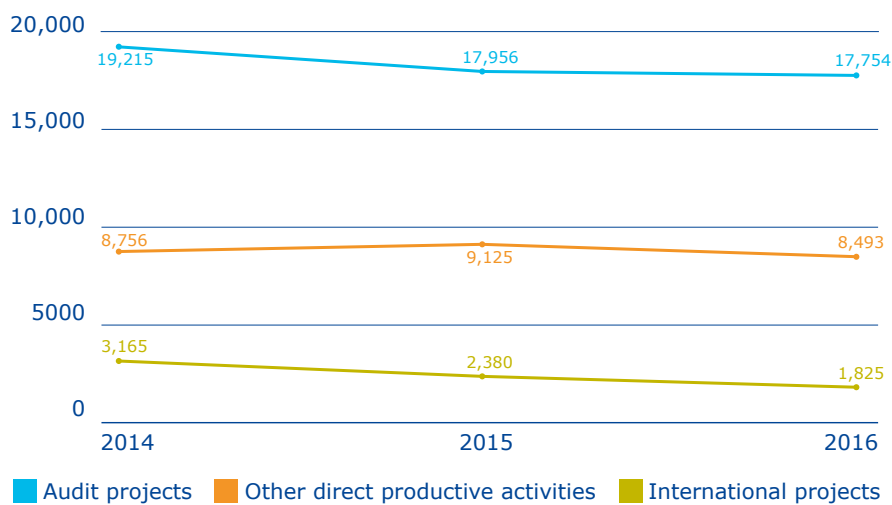
Cost per category

Figure 17 shows the productive days, divided into three categories:

- Audit projects. These are days spent on audits that have resulted in external publications or will do so.
- International projects.

- **Other direct productive activities.** This category consists of audit days spent gathering information and carrying out risk analyses to determine which themes are urgent enough to be included in our Activity Programme. This category also includes days spent working on professional skills, internal development projects and relationship management.

Decline in number of productive days in 2016



Costs remain stable in 2016 in comparison with 2015

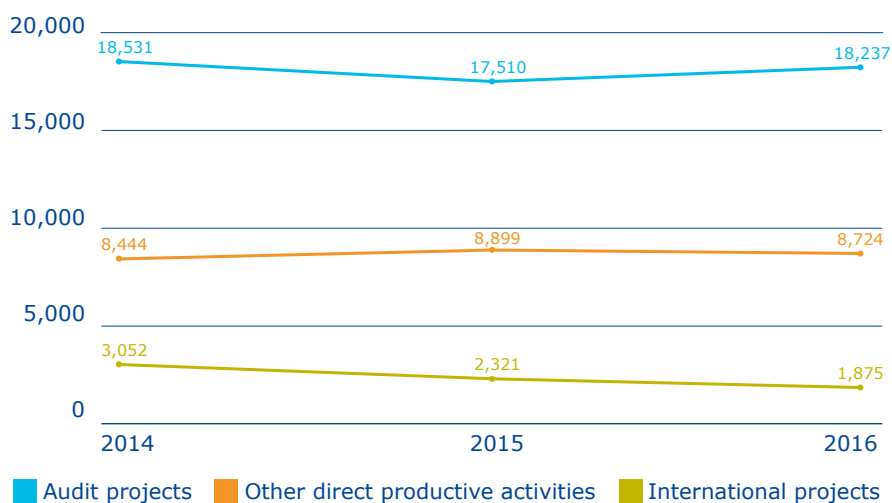


Figure 17 Production figures, 2014-2016 (in days and thousands of euros)

The decline in the number of productive days revealed by the production figures was due to the understaffing in anticipation of the reorganisation.

Cost per day

The audit cost per day is calculated as the organisation's total expenditure relative to the number of productive days.

Modest increase in cost per day in 2016

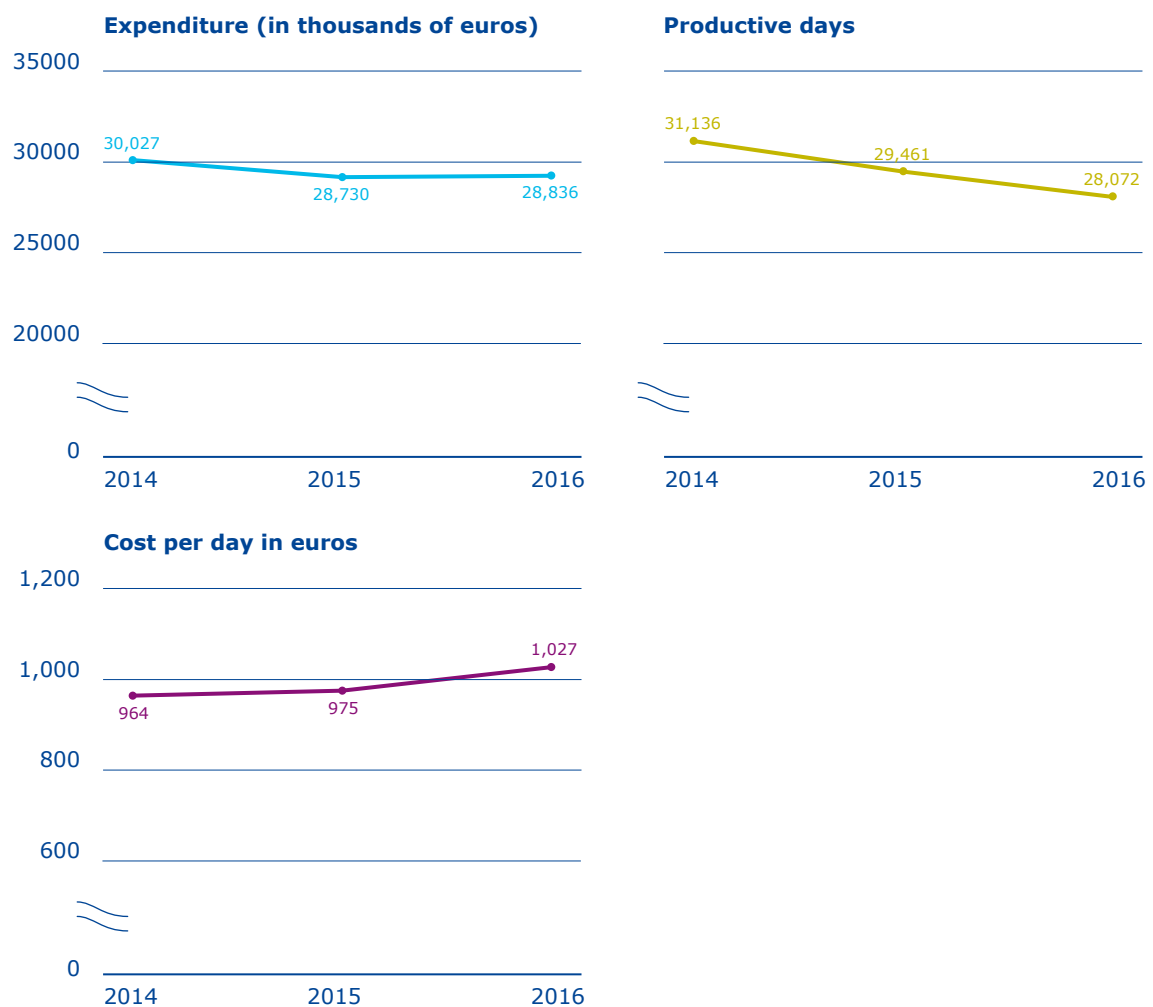


Figure 18 Cost per day, 2014-2016

The cost per day was slightly higher in 2016 than in 2015 owing to the increased use of temporary staff for our audits and other activities.

Externally financed international projects

We carry out our international activities on a break-even basis based on the following guidelines:

- Staff costs are quoted at the rates set out in the Minister of Finance's manual on government fees.
- Travel and accommodation costs are quoted in accordance with the guidelines issued by the Ministry of the Interior and Kingdom Relations.

We completed several cooperation projects in 2016, including projects with the audit institutions of Greece, Iraq, Kosovo and Tunisia.

11.3 Sustainability goals

As a socially engaged organisation, we take account of the impact our work has on the environment. We have set a series of operational management goals in order to:

- reduce the number of kilometres flown;
- reduce energy consumption;
- reduce the use of paper;
- lower our carbon emissions.

Kilometres flown

Goal: A 30% reduction in the number of kilometres flown in 2017 relative to 2013.

Goal of reducing the number of kilometres flown reached in 2016

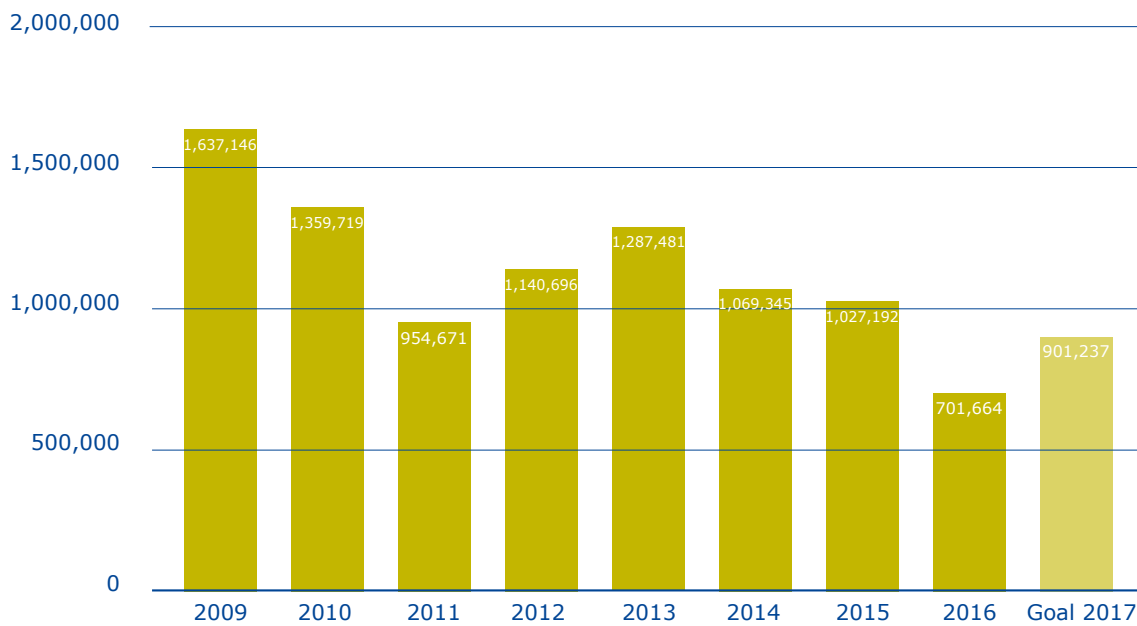


Figure 19 Business flights (in kilometres)

We again substantially reduced the number of kilometres we flew in 2016. We are now comfortably below our target for 2019. Our policy of making greater use of video conferencing instead of flying to cities within 700 kilometres has clearly borne fruit.

Energy savings

Goal: A 20% reduction in energy consumption in 2019 relative to 2009.

Electricity consumption slightly lower in 2016

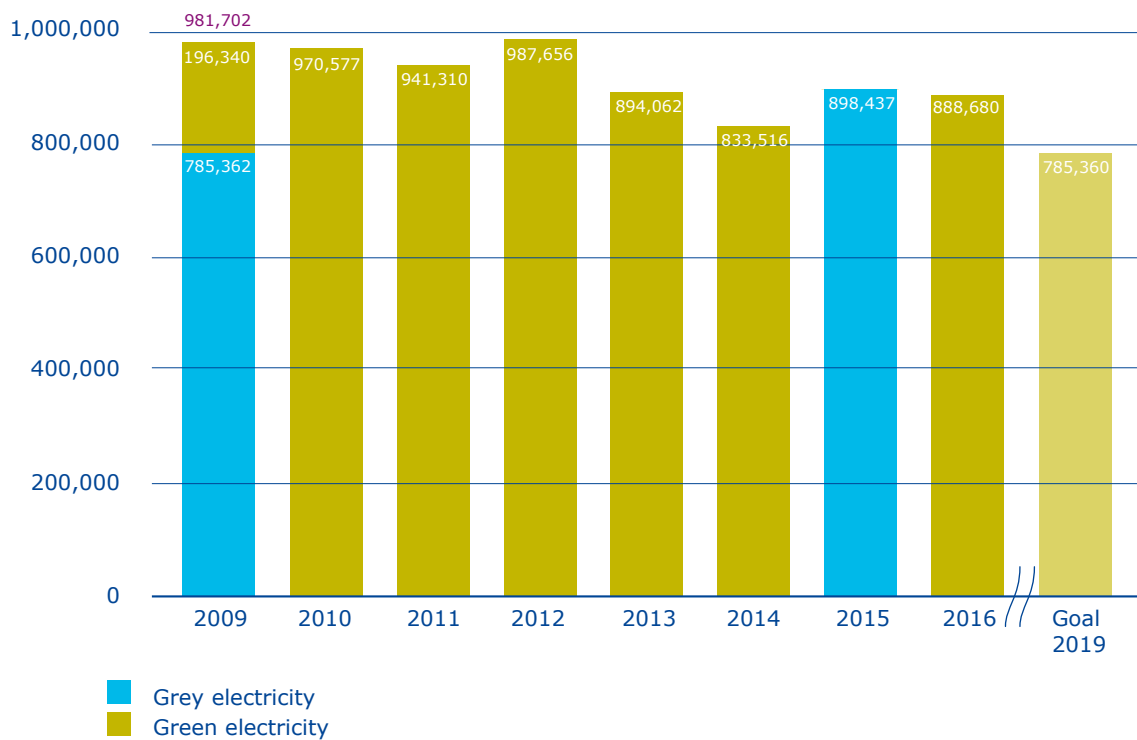


Figure 20 Electricity consumption (in KWh)

Gas consumption sharply higher in 2016

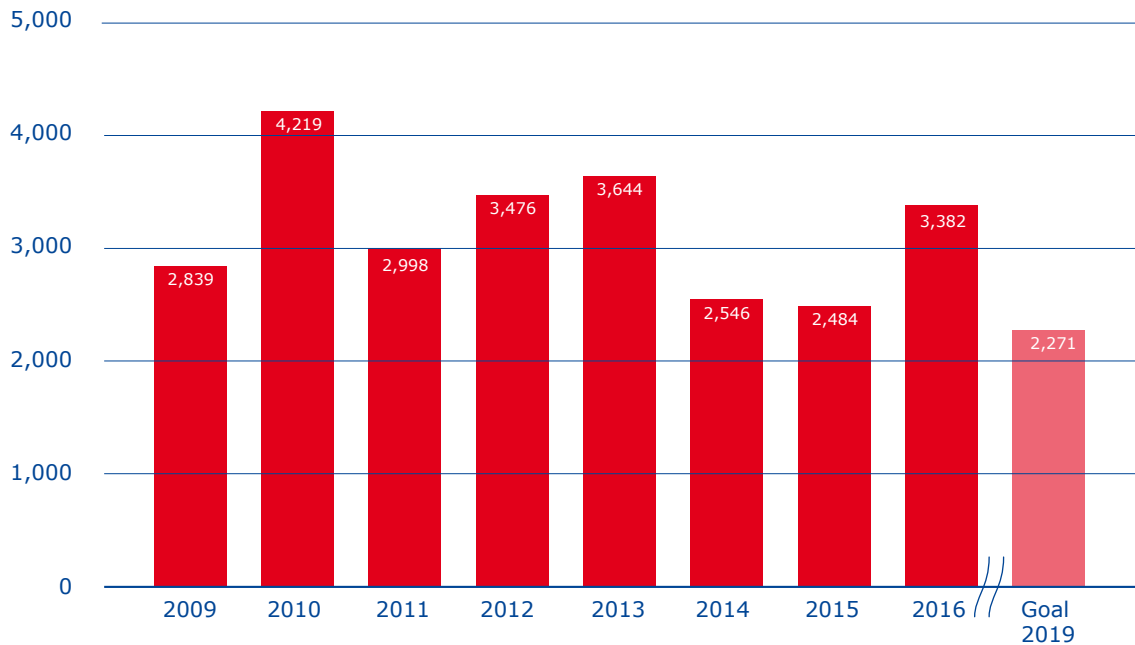


Figure 21 Gas consumption (in GJ)

Electricity consumption has fluctuated between 800 and 900 MWh in recent years. There was a slight decline in 2016 in comparison with 2015. Heat consumption, however, was considerably higher in 2016 than in 2014 and 2015. This cannot be explained by winter weather conditions. The winters of 2013-2014, 2014-2015 and 2015-2016 were all classified as 'exceptionally mild'. The goal of a 20% reduction in energy consumption relative to 2009 therefore seems very ambitious.

We consulted the Central Government Real Estate Agency in 2016 to discuss how we could substantially reduce our energy consumption, but without success. Nevertheless, we will study the potential benefits of switching to LED lighting and the outplacement of servers in 2017.

Paper consumption

Original goal: An 80% reduction in paper consumption in 2017 relative to 2012

New goal: A 60% reduction in paper consumption in 2018 relative to 2012.

Goal of reducing paper consumption not met

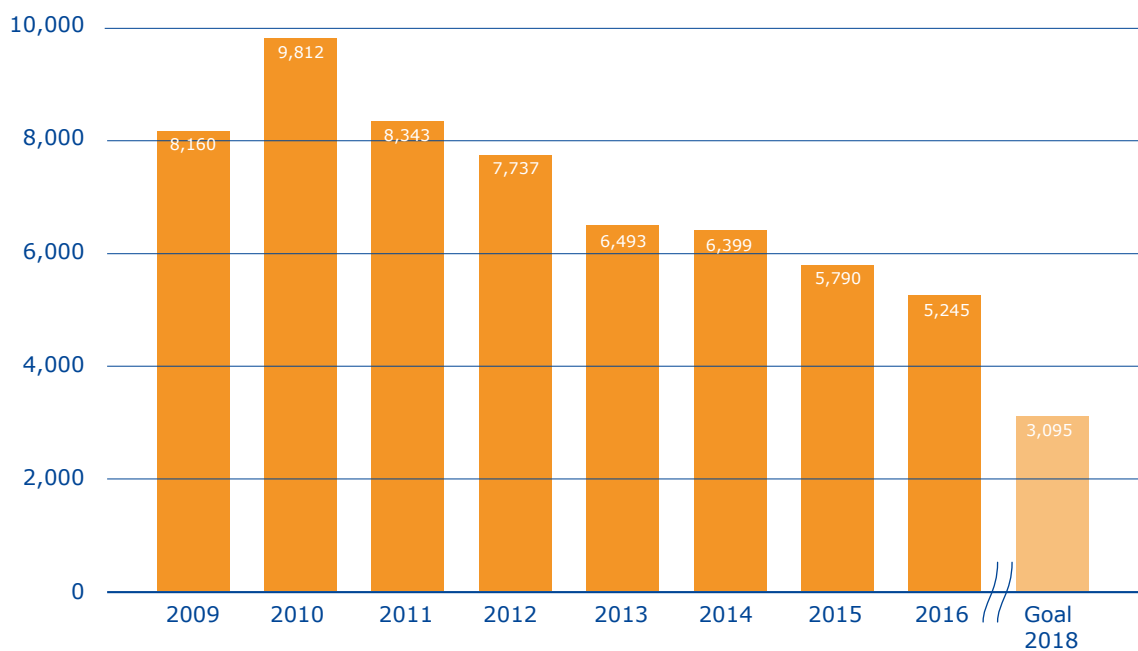


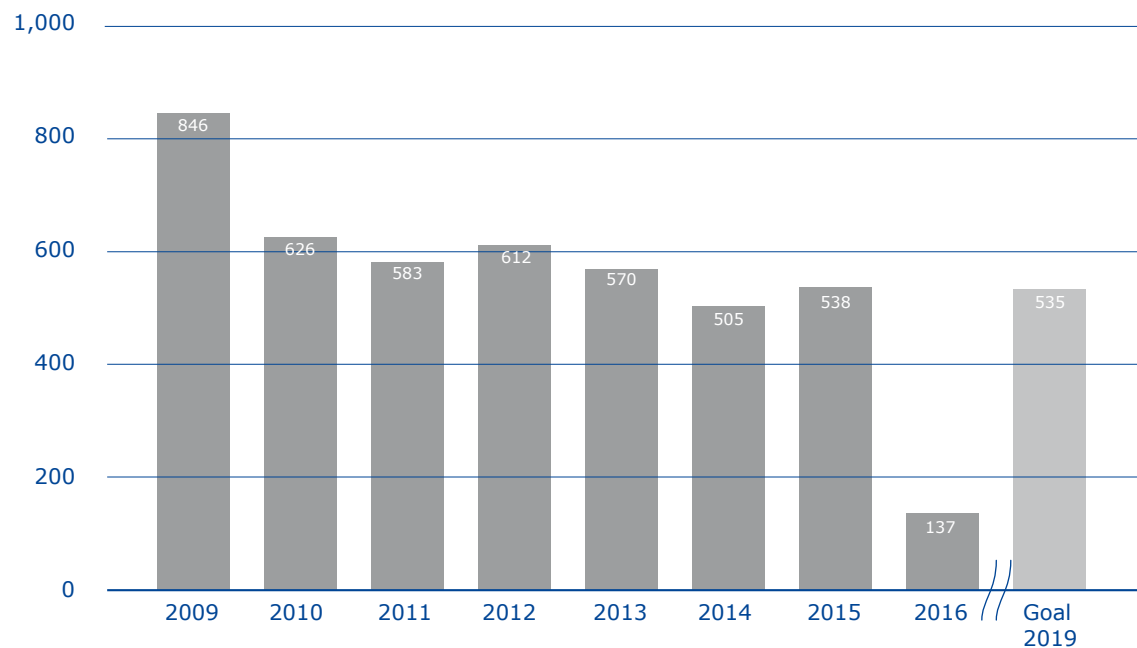
Figure 22 Woodfree paper consumption (in kilograms)

We reduced our paper consumption further in 2016 but it still came to 67% of the amount consumed in 2012. Several initiatives have been taken to increase digitisation but the 80% reduction goal has proven overly ambitious. We have therefore set a more realistic target. One of the measures we have taken to reduce paper consumption is to publish only digital reports as from 2017.

Lower carbon emissions

Goal: An 8% reduction in CO₂ emissions by 2019 relative to 2011.

Goal of reducing carbon emission comfortably met in 2016



Figuur 23 CO₂ emission after compensation (in tonnes)

Our CO₂ emission is caused mainly by the energy consumption of our buildings (electricity and heat) and flights. The electricity we purchased before 2016 was 'green' but it was generated outside the Netherlands. A change in the definition in 2016 means only green electricity generated in the Netherlands now qualifies as 'real' green electricity. This 'real' green electricity is not a source of carbon emissions. This change caused a significant fall in our CO₂ emission. The emission was further reduced by the decline in kilometres flown.

12 Outlook

2017 will be an exceptional year in many respects. First of all, it will see the election of a new House of Representatives and the formation of a new government. Although the financial and economic prospects are encouraging and unemployment will fall again for the first time in many years, the new government will face daunting challenges in the fields of, for example, care, migration, the labour market and security.

We will continue to draw the government's and the House's attention to the importance of sound public accountability and audit in 2016. They are essential for a proper understanding of public funds flows and the transparency of the social impact of government policy. Our audit agenda for 2017 will put our multiyear audit programmes into practice. We will issue publications on, for example, the supervision of banks in the Netherlands and the increase in the gift tax allowance to buy a home.

We set great store in reporting transparently on our performance, both social and financial. We will continue to develop our integrated report as a means to explain the impact of our activities. In 2017 we will organise a broad-based stakeholder dialogue to discuss our role and the impact of our work. We hope it will reveal the opportunities and threats facing the Netherlands Court of Audit and relevant developments in the medium term. We will ask our stakeholders where they think we can generate the most added value. We will use the outcomes to decide whether we should revise our strategy and reports.

We will continue to future-proof our organisation in 2017. On the one hand we will implement the substantive themes of our strategy and use new methods and techniques in our audits and on the other we will strengthen our resilience by carrying out the reorganisation we announced in 2016. This calls for a flexible and critical attitude from our staff and continuous attention to the high quality of our work. We have every confidence in our success.

To complement our Audit Advisory Committee, which advises on operational management in general, we will establish an Advisory Council in 2017 to strengthen our external focus and our learning ability. The Advisory Council will advise the Board on the strategic relevance of the Court of Audit's work and the organisation's position in the public sector.

We will also bid farewell to our highly respected Board member Kees Vendrik in 2017. Over the past six years he has played an important role in the modernisation of the Netherlands Court of Audit. His enthusiasm and hard work have helped improve parliament's understanding of public expenditure, especially in the care sector.

About the Annual Report 2016

In the Annual Report 2016, we account for our activities in the past year. We present the broad lines of our policy and audits and provide an insight into the resources we use. By doing so, we fulfil the provisions of section 95, subsection 2 of the Government Accounts Act 2001.

To modernise the way we account for our activities, we have taken steps in this Annual Report towards an integrated form of reporting that provides a coherent view of how we deliver value for our organisation's stakeholders.

In addition to our Annual Report 2016, we will issue our financial report in May 2017.

Credits

Infographics: Corps, in cooperation with Janneke ten Kate and Linda Meijer-Wassenaar

Photography: René Verleg, Willy Nihot-Olivier and own material

The text of the Netherlands Court of Audit's Annual Report 2016 was adopted on 16 March 2017. The report was submitted to the President of the House of Representatives on 23 March 2017.

Contact

We have taken every care to prepare this Annual Report 2016. We welcome any suggestions or comments you may have about this report. You can contact us at voorlichting@rekenkamer.nl

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2500 EA The Hague
The Netherlands

I Publications in 2016

January	
19 January	Letter to the House of Representatives, Monitoring the replacement of the F-16/ Procurement of the F-35
27 January	EU Trend Report 2016. Developments in the financial management of the European Union
27 January	Letter to the House of Representatives, Update of the EU governance web dossier
February	
4 February	Primary and Senior School Buildings, a practical audit
11 February	Increase in Inspection and Collection Activities by the Tax and Customs Administration. Example of a business case in central government
March	
3 March	Letter to the House of Representatives, Request for advice on the preliminary draft of a Climate Act
24 march	Annual Report 2015
24 March	Strategy 2016-2020. <i>Trust Based on Understanding</i>
24 March	Open Data Trend Repot 2016
24 March	Budget Reserves. Putting money to one side as a budgeting instrument
31 March	Monitoring development cooperation policy: the private financing channel
31 March	Final accounts for Haiti Aid Donations 2010-2014
April	
20 April	Tackling Functional Illiteracy
20 April	Funding the Judiciary System: consequences for efficiency
May	
18 May	Accounting for Central Government 2015
18 May	State of Central Government Accounts 2015
18 May	Accounting for Central Government 2015, Education, Culture and Science
18 May	Accounting for Central Government 2015, Interior and Kingdom Relations
18 May	Accounting for Central Government 2015, Security and Justice
18 May	Accounting for Central Government 2015, Foreign Affairs
18 May	Accounting for Central Government 2015, Kingdom Relations
18 May	Accounting for Central Government 2015, General Affairs
18 May	Accounting for Central Government 2015, High Councils of State and Offices of the Governors
18 May	Accounting for Central Government 2015, States General
18 May	Accounting for Central Government 2015, the King
18 May	Accounting for Central Government 2015, Delta Fund

18 May	Accounting for Central Government 2015, BES Fund
18 May	Accounting for Central Government 2015, Provinces Fund
18 May	Accounting for Central Government 2015, Municipalities Fund
18 May	Accounting for Central Government 2015, Infrastructure Fund
18 May	Accounting for Central Government 2015, Housing and the Central Government Sector
18 May	Accounting for Central Government 2015, Foreign Trade and Development Cooperation
18 May	Accounting for Central Government 2015, Health, Welfare and Sport
18 May	Accounting for Central Government 2015, Social Affairs and Employment
18 May	Accounting for Central Government 2015, Economic Affairs and animal health fund
18 May	Accounting for Central Government 2015, Infrastructure and the Environment
18 May	Accounting for Central Government 2015, Defence
18 May	Accounting for Central Government 2015, Finances and national debt
18 May	Report on the National Declaration 2016
18 May	Reintegration of older unemployed people. Report on the audit of budget chapter XV
18 May	The 30% Scheme: Tax allowance for Foreign Experts. Report on the audit of budget chapter IX
18 May	Energy Label for Houses. Report on the audit of budget chapter XVIII
18 May	National Priorities for the Police Force. Report on the audit of budget chapter VI
18 May	Operation of the Betuwe Line. Report on The audit of budget chapter XII
18 May	Letter to the House of Representatives, Developments in the credit crisis interventions
June	
16 June	Letter to the House of Representatives, Update of the F-16 replacement/F-35 procurement web dossier
30 June	Tackling Problem Debt
July	
13 July	Insight into Public Finances. Invitation to debate the issue of public accountability
September	
8 September	Renewal of the Electronic Identification and Authentication System (eID system)
21 September	Letter to the House of Representatives, Explanatory notes to budget chapter IIB, article 2, Netherlands Court of Audit
29 September	Comments on the 2017 budget of the Ministry of Finance, the National Debt and the 2017 Budget Memorandum
29 September	Letter to the House of Representatives, Update of the credit crisis web dossier
29 September	Comments on the 2017 draft budget (chapter XVIII) of the Minister for Housing and the Central Government Sector

October	
3 October	Costs and Benefits of Budgetary Measures 2011-2016. Audit of six years' spending cuts and tax increases
5 October	Letter to the House of Representatives, Replacement of submarine capacity
6 October	University Real Estate. Part 1: Financial supervision of the sector
6 October	Comments on the 2017 draft budget of the Ministry of Security and Justice
6 October	Comments on the 2017-2021 draft budget and the 2017 draft management plan of the national police force
6 October	Comments on the 2017 draft budget of the Ministry of Education, Culture and Science
6 October	Comments on the 2017 draft budget of the Ministry of Infrastructure and the Environment
6 October	Comments on the 2017 draft budget of the Ministry of Social Affairs and Employment
6 October	Comments on the 2017 draft budget of the Ministry of Health, Welfare and Sport
6 October	Comments on the 2017 draft budget of the Ministry of Economic Affairs
6 October	Letter to the House of Representatives, Amendments to the draft Bill for the Government Accounts Act 2016
7 October	Comments on the 2017 draft budget of the Ministry of Foreign Trade and Development Cooperation
7 October	Comments on the 2017 draft budget of the Ministry of the Interior and Kingdom Relations
10 October	Letter to the House of Representatives, Memorandum amending the Government Accounts Act 2016
November	
3 November	Letter to the House of Representatives, Transparency and accountability for NATO expenditure. <i>Two publications: letter to parliament and web dossier</i>
3 November	Comments on the 2017 draft budget (chapter X) of the Ministry of Defence
22 November	Letter to the House of Representatives, EU governance web dossier update
22 November	Letter to the House of Representatives, EU-related comments on the 2017 draft budget
30 November	The Tax and Customs Administration's Enforcement Policy
December	
6 December	Care Agreements. Expenditure management in the health care sector, part 4
13 December	ICT in the Police Service 2016. Follow-up audit of ICT governance and basic law enforcement and detection systems in the national police service
15 December	Maintenance of the Main Water System
20 December	Letter to the House of Representatives, Parliamentary inquiry into broad welfare concept

II Other activities

January
Presentation by Board member Kees Vendrik, <i>The Netherlands Court of Audit promoting and supporting accounting reform – three examples</i> , at the Better Accounts, Better Budgets workshop of the European Court of Auditors.
February
Guest column <i>Strange eyes</i> by Kees Vendrik, in NVB Magazine Bank en Wereld.
Interview with Board member Francine Giskes, <i>Something's up at the Tax and Customs Administration</i> , in Financieele Dagblad.
Roundtable meetings (2) on the themes of trust in public sector audits and trust in public sector audits at municipalities. The meetings were a follow-up to the roundtable meetings we organised in 2014 to coincide with the plans for the Royal Netherlands Institute of Chartered Accountants.
Presentation by Board member Kees Vendrik, <i>The economic governance of the European Union</i> , during the Inter-parliamentary Conference on Stability, Economic Coordination and Governance in the EU.
March
Guest lessons at primary schools during Money Week. The aim was to increase financial responsibility in the Netherlands.
Meeting for authorities and beneficiaries of the EU ERDF and ESF structural funds. The meeting was held on the publication of our Report on the National Declaration 2016.
April
Article in Trouw with a piece by Board member Francine Giskes, 'Aid impact is vague'.
May
Conference on Accountability Day 2016 in collaboration with the Ministry of Finance and the National Academy for Finance and Economics. With contributions from President Arno Visser (speaker) and Secretary-General Ellen van Schoten (panel).
Contribution Governance and evidence-based policy by Board member Francine Giskes at a seminar on the future of the regulatory burden organised by Actal, the Dutch Advisory Board on the Regulatory Burden.
June
Dinner debate on transparency and accountability for development cooperation. The dinner was organised to mark the end of the Netherlands Court of Audit's five-year audit series, <i>Monitoring Policy for Development Cooperation and Accounting for Haiti aid donations</i> .
Interview with the President of the Netherlands Court of Audit, <i>Trust Based on Understanding</i> , in Gov (magazine on the digital government).
Roundtable meeting to coincide with the publication of <i>Care Agreements. Expenditure management in the health care sector, part 4</i> .
Editorial <i>We the People!</i> by Arno Visser in International Journal of Government Auditing.

Meeting on Air Quality Audit, to arrive at an audit of air quality policy in cooperation with other European audit institutions.

July

Interview with the President of the Netherlands Court of Audit, *The Government has been Reorganising for 30 Years*, in Elsevier magazine

August

Interview with the President of the Netherlands Court of Audit, *Accountability is Storytelling*, in TPC (magazine for public governance audit and control).

Article *Is the Energy Label for Houses Reliable?* in Tijdschrift voor Volkshuisvesting. The article appeared further to our report on energy labels, published on 18 May as part of the Accountability Audit 2015.

Expert meeting on the subject of *Care for Product Safety. The system of CE Marking*.

September

Accountability Hack. Hackathon organised on the Netherlands Court of Audit's initiative in cooperation with the Ministries of the Interior and Kingdom Relations, Finance, Infrastructure and the Environment, Statistics Netherlands and the Open State Foundation.

Heritage Day. The Netherlands Court of Audit opened its offices to the public for the fifth time. President Arno Visser gave two short readings on the Court's history in the context of the history of the State of the Netherlands.

Meeting for journalists following the government's publication of the Budget Memorandum and related budget documents on Budget Day. Organised in cooperation with the Financial Journalism Masterclass and the Netherlands Bureau for Economic Policy Analysis.

Roundtable meeting for the audit requested by the House of Representatives, *Employee Insurance Agency, balancing between ambitions and resources*.

Presentation by Board member Kees Vendrik on the first day for central government trainees at the National Academy for Finance and Economics.

Presentation by Board member Kees Vendrik on the development of care costs at the Andersson Elffers Felix (AEF Live) Congress.

October

Presentation on developments in health care real estate and the Court's audit during the real estate conference on social real estate at Nyenrode Business University.

Presentation by Board member Kees Vendrik at the congress, *Ten Years of the Care System: ready for the future?* organised by the Council for Health and Society.

Presentation by Board member Kees Vendrik at Divosa, the association of managers in the social domain, on the publication of *Insight into Public Finances*.

Spotters' Day. Joint audit with local and provincial audit offices and audit office committees of the public's experience with digital services.

Day of reflection with the Belgian audit institution on the theme of 'impact'. The Dutch and Belgian audit institutions shared thoughts in a series of workshops on how they could increase their impact: how do you measure impact, what role does communication (in general) play and how do you involve stakeholders to increase impact?

Interview with the President of the Netherlands Court of Audit in the staff magazine Green of the National Audit Office.

November

Course Public sector auditing for staff with a financial function in central government and at the Central Audit Service, National Academy for Finance and Economics.

Presentation Performance auditing for staff with a financial function in central government and at the Central Audit Service, National Academy for Finance and Economics.

Presentation of the Sustainable Public Finances Programme for the Public Finances Expert Group. The expert group, chaired by the CBS, is made up of specialists in public finances from the ministries, planning agencies, the Association of Provincial Authorities and the Association of Netherlands Municipalities.

Presentation by Board member Kees Vendrik at the autumn meeting of the Public Accountability Charter Group on the theme of integrated reporting.

Workshop at the NBA Accountants Day 2016 by Board member Kees Vendrik on the publication of *Insight into Public Finances*.

December

Presentation by Board member Kees Vendrik, *Costs and Benefits of Social Real Estate*, during the autumn meeting for Social Building Blocks (network of real estate professionals at municipalities, care and educational institutions and housing associations).

First Stuiveling Open Data Award, awarded to Bleeve for the House Scan. The House Scan explains how occupants can save energy. The award is named after the Netherlands Court of Audit's former President, Saskia Stuiveling, to promote and reward the use of open data. The Court's current President, Arno Visser, sat on the jury.

Expert meeting on the *Meta-evaluation of Decentralisation* (forthcoming in March 2017).

Article, *Learning from what the Government has Stopped Doing*, in ESB, professional journal for economists, on the importance of insight into the impact of spending cuts.

III External positions

External position	Time required	Remuneration
President A.P. (Arno) Visser		
Steering group member, NWO audit improvement programme	1 meeting a year	None
Member of the Citizen Policy Initiative Board of the Social Insurance Bank	Several meetings a year	None
Supervisory Board chair of the Almere Family Festival	Several meetings a year	None
EUROSAI Governing Board chair	Several meetings a year	None
Stuivering Open Data Award jury member	Several meetings a year	None
Board member C.C.M. (Kees) Vendrik		
Advisory Committee member, Netherlands Environmental Assessment Agency	Several meetings a year	None
Supervisory Board member, Muziekpaleis/Tivoli Vredenburg, Utrecht	At least four meetings a year	None
Board member F.C. (Francine) Giskes		
Recommendations Committee member, Modern Art Register Notary Stichting (Marns)	None	None
Board member, Netherlands Association of Audit Offices and Audit Office Committees (NVR)	Several meetings a year	None
Quality Committee chair, Wadden Fund	Several meetings a year	None
Board member, INTOSAI Development Initiative (IDI)	Several meetings a year	None
Secretary-General E.M.A. (Ellen) van Schoten		
Accountancy faculty Governing Board member, Free University of Amsterdam (VU)	Several meetings a year	Attendance allowance and travel allowance
Zijlstra Center Governing Board member, VU Amsterdam	Several meetings a year	None
Extraordinary Board member P.W. (Paul) Doop		
Principal position Executive Board chair, Haaglanden Medial Centre (MCH) and Bronovo		
Supervisory Board chair, Dutch National Touring Opera	About 10 meetings a year	None

External position	Time required	Remuneration
Objections Advisory Committee member, Accreditation Organisation of the Netherlands and Flanders	About 8 meetings a year	Fixed fee per meeting
Supervisory Council member, AMC Medical Research	Several meetings a year	None
Supervisory Board member, Anne Frank Foundation (as from 1 January 2017)	Several meetings a year	None
Extraordinary Board member Professor M.J.W. (Mark) van Twist Principal position Professor of public administration, Erasmus University Rotterdam (EUR)		
Dean and governor of the Dutch School for Public Administration (NSOB), The Hague	2-3 days a week	Expense allowance
Academic director, Erasmus School of Accounting and Assurance (ESAA)	About 10 days a year	Fixed fee
Supervisory Board chair, Drechsteden Regional Development Company	About 10 days a year	Fixed fee
Supervisory Board chair, Rijnstate hospital	About 15 meetings a year	Fixed fee
Advisory Board chair, Health Care Inspectorate	At least 3 meetings a year	Fixed fee
Accreditation Committee member, Supervisory Boards of the Netherlands Association of Care and Welfare Supervisors	Several days	Fixed fee
Advisory Committee member, the Netherlands Environmental Assessment Agency	Several meetings a year	None

IV Abbreviations

ADR	Central Audit Service
BEB	Central Government Policy Framework for Additional Payments
BIR	Central Government Information Security Baseline
CBS	Statistics Netherlands
CIO	Chief Information Officer
DOEN	Develop, Decipher, Experiment and Network
EMU	Economic and Monetary Union
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
EUROSAI	European Organisation of Supreme Audit Institutions
INCOSAI	International Congress of Supreme Audit Institutions
INTOSAI	International Organisation of Supreme Audit Institutions
ISAE	International Standard for Assurance Engagements
ISSAI	International Standards for Supreme Audit Institutions
NBA	Royal Netherlands Institute of Chartered Accountants
NVVR	Netherlands Association of Audit Offices and Audit Office Committees
SAI PMF	Supreme Audit Institution Performance Measurement Framework

V Notes

1. Netherlands Court of Audit (2016), *Letter from the Netherlands Court of Audit of 21 September 2016 with explanatory notes on budget chapter IIB article 2 Netherlands Court of Audit*, House of Representatives, 2016-2017, 34 550 IIB, no. 4 The Hague, Sdu.
2. Groot W.N.J. & H. Maassen van den Brink (2006), *Stil vermogen. Onderzoek naar de maatschappelijke kosten van laaggeletterdheid* (Silent Power. A study of the social cost of functional illiteracy), The Hague, Stichting Lezen & Schrijven.
PwC (2013), *Laaggeletterdheid in Nederland kent aanzienlijke maatschappelijke kosten* (Functional Illiteracy in the Netherlands has a considerable social cost), internal report.
Kok, L. & R. Scholte (2013) *Rendement van cursussen voor laaggeletterdheid* (The return on functional illiteracy courses), Amsterdam, SEO.
3. A conceptual model that assumes that sickness absenteeism is related chiefly to education in combination with age. The standard for the Court of Audit was adjusted slightly in 2016.
4. Government Accounts Act 2001, section 19.



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