

Fact sheet: The Netherlands Court of Audit

General

The Netherlands Court of Audit is an independent High Council of State. We audit the regularity, efficiency and effectiveness of the revenue and expenditure of the Dutch central government. Our traditional statutory task is to carry out an annual audit of the regularity of the government's financial management and to issue a statement of approval on the central government accounts. This accountability audit also covers operational management, non-financial information and policy. We report on our work once a year to parliament on Accountability Day (the third Wednesday in May). Parliament can use our opinion to grant the government discharge, thus releasing it from responsibility for its implementation of policy. We also report to parliament on individual audits so that its members can decide whether a minister's policies are economical, efficient and effective.

Mission and strategy

Our mission is to improve the performance and functioning of the Dutch central government and the institutions associated with it. This is expressed further in the goal we have set ourselves: to check and improve the regularity, efficiency, effectiveness and integrity of central government and the institutions associated with it. The Court also audits compliance with the Netherlands' international obligations. We pass on our audit findings, as well as our accumulated experience, to the government, parliament and those responsible for managing the entities we audit.

The Court of Audit's strategy for 2016-2020 confirms that we aim to contribute to the public's trust in the government: "the presence of an effectively operating government that exercises due care in its use of public money and deals efficiently and effectively with social issues is a prerequisite for public confidence in the operation of democracy".

Position

Our position as a High Council of State is embedded in the Constitution. We are an independent institution, separate from the government and parliament. We ourselves decide, in accordance with our statutory duties, what we audit, how we perform our audits and how and when we publish our findings. Members of parliament, ministers and state secretaries can ask us to audit a particular subject but they cannot order us to. In practice, we usually honour their requests if we can add value. We respond carefully to suggestions and signs from society, the public, enterprises and organisations and may decide to involve them in our audits.

Organisation

The Court of Audit consists of the Board and its staff. Its Secretary-General is responsible for the staff and the support they provide to the Board. The Court of Audit has an annual budget of approximately €30 million, which is applied chiefly to cover staff costs. We account for our activities every year in a report published before 1 April. Our position as a High Council of State ensures that we are not reliant on other parties or their opinions. We use a selection of tools to take a critical look at our work. They include the engagement of an external auditor for internal control, the appointment of an Audit Advisory Committee and the organisation of external expert reviews and peer reviews by foreign supreme audit institutions.

Tasks

Article 76 of the Dutch Constitution states that the Court of Audit is responsible for auditing government revenue and expenditure. The public euro, which is depicted in our logo, is at the heart of our work.

The Court of Audit is not an academic research institution or a supervisor. We carry out investigations or, more generally, audits in order to express well-founded opinions and provide deeper understanding of the matter in question. Chapter 7 of the Government Accounts Act 2016 lays down that the Court of Audit must audit each year:

- the financial reporting information in the annual reports, the preparation of the non-financial reporting information in the annual reports and the financial reporting information in the central government annual financial report;
- budget management, financial management, material operational management and the central government accounting records kept for that purpose and the central accounting records of the National Treasury of the Ministry of Finance;
- the efficiency and effectiveness of the policy pursued by central government;
- statements on EU expenditure;
- public funds outside central government;
- contributions from the EU budget.

The Court of Audit performs the last two tasks at its own discretion.

Powers

To carry out our audit tasks effectively and independently we can exercise unique powers granted under the Government Accounts Act. We carry out not only audits of the ministries and other central government bodies, such as the judiciary and the High Councils of State, but also:

- institutions that perform statutory tasks that are funded from the public purse (known as legal persons with a statutory task);
- organisations that have financial ties with central government (e.g. organisations that receive grants, loans or guarantees);
- enterprises in which the state has a shareholding (state-owned enterprises), and
- contributions from the EU budget (Government Accounts Act 2016, artt. 7.24 to 7.29).

We have the right to inspect all the relevant information we need to fulfil these tasks – including confidential information. We also have the right to inspect emails and computer systems (Government Accounts Act, artt. 7.18 to 7.20 and artt. 7.34 to 7.36). We do not have any powers to audit municipal or provincial authorities, not even if they spend central government funds. However, we can ask them to cooperate in our audits. The Court of Audit does have the power to audit contributions from the EU budget received by municipal and provincial authorities.

The Court of Audit can express an opinion on government policy, but it does not express political opinions, such as whether a policy is good or wrong. Political decision-making is a matter for parliament; we can say, for example, that a policy is not working as intended and make recommendations for improvement.

International cooperation

The Court of Audit is the independent external auditor of the Dutch central government (the government's internal auditor is the Central Government Audit Service (ADR)). Internationally, we are a supreme audit institution (SAI). The SAIs of 193 countries work together in the International Organization of SAI's (INTOSAI). There are also seven regional organisations of SAIs, one being EUROSAI. The Court of Audit is a member of both INTOSAI and EUROSAI and is also a member of the Contact Committee of supreme audit institutions of the European Union. We are a member of several working groups established by these organisations. The two key aims of our international activities are to promote knowledge-sharing and cooperation and to facilitate institutional development. An extensive framework of professional pronouncements has been developed under the INTOSAI umbrella on both the position and working methods of SAIs. They are divided into principles, standards and guidance. The Court of Audit works wherever possible in accordance with these pronouncements. Principle 1 (the Lima Declaration) lays down the basic principles on the performance of supreme audit institutions. Our independence is a precondition for the effectiveness of our work. The main principle on independence is Principle 10 (the Mexico Declaration). Principle 12 (The Value and Benefits of SAIs) states that SAIs should fulfil their duties in the interests of citizens ("making a difference to the lives of citizens"). It names the key objectives of this ambition as:

- strengthening the accountability, transparency and integrity of government and public sector entities;
- demonstrating ongoing relevance to citizens, parliament and other stakeholders, and being a model organisation through leading by example.

ISSAI 100 (Fundamental Principles of Public Sector Auditing) provides the fundamental principles that apply to public sector audit engagements.