



Understanding public money flows

An invitation to debate the issue of public accountability

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This paper is an invitation to political parties, the government, members of parliament, academics, journalists and other interested parties and experts to engage in a debate on the following question: what do we need to do today to ensure that tomorrow's members of parliament know whether future governments are spending public money sensibly, economically and prudently?

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Why publish this paper?

A tremendous amount of work has been done in recent years to restore government finances and accounting procedures to a healthy footing. The regularity rating of government financial transactions has been high, at over 99%, for many years now. Nonetheless, the way in which public services are structured and funded is diffuse and complex, which means it is often difficult to track each euro from the taxpayer to the point of public service delivery. In some cases, it is not even clear ‘who’ is responsible for providing the service in question, let alone what its social effects are. Taxpayers deserve greater clarity.

Ministers are not solely responsible for executing government policy and spending public money. This is often done by networks in which the government is just one of many actors. At the same time, both society and technology are changing at rapid speed. For this reason, we feel that the time has come to stop and think about the question of public accountability.

This paper seeks to bring together a number of issues, based on the audit reports and letters we have published in recent years. In other words, it is not a typical audit report. Rather, it is an appeal to political parties, the government, members of parliament, academics, journalists and other interested parties and experts. We are inviting them to engage in a debate on the following question: what do we need to do today to ensure that tomorrow’s members of parliament know whether future governments are spending public money sensibly, economically and prudently?

This is by no means a simple matter. There is no quick fix and any solution is likely to throw up fresh challenges. At the end of the day, the process of weighing up the pros and cons culminates in a political decision. And that takes time. This is why we are publishing this paper now – in the run-up to the general elections and the formation of a new Dutch government.

The reason why we wish to highlight this problem is related to the basic principle underlying all our work, i.e. that the spending of public funds should always be subject to public, democratic scrutiny, however much the world around us is changing.

As the first step towards a debate on a form of public accountability that shows whether the government is spending public money sensibly, economically and prudently, we would like to table the following three points:





Clarity about who reports on what to whom

Effective democratic control and accountability cannot be exercised without a clear picture of the degree of influence the central government wishes to exert. The duties, powers, responsibilities and roles allocated to ministers, local and regional authorities, and executive agencies need to reflect the degree of central government control. These aspects should be arranged in the form of agreements on control, funding, accountability and supervision, so that members of parliament know who is responsible for what.



Adapting information systems and adopting new technologies

The changing role and position of central government in all sorts of policy fields require appropriate methods of reporting and accounting. The way in which financial flows are recorded and reported could be brought more closely into line with the accounting and reporting procedures used by local and regional authorities, non-profit organisations and private-sector companies. Arm's-length organisations could be encouraged to include in their reports information on aspects such as customer satisfaction. The enormous increase in the volume of data available on service delivery could help organisations to adopt smarter, leaner and quicker forms of reporting. New information systems could assist in this respect.



Understanding the results of policy

More information is needed on the results achieved with public funds and those areas in which improvements are needed. One of the reasons why this information is needed is the ever greater distance between central government and the point of service delivery, as well as the ever increasing speed of public communication. The lack of sufficient, timely and clear policy information is proving to be a persistent problem in public reporting to parliament. The intractability of the problem seems to be a question of culture. This suggests that a culture change is needed to ensure that the government and parliament take, and retain, an interest in the results of government policy.

1 The challenge: reflect on public accountability

One of the principles underlying parliament’s right to amend and adopt the central government budget and exercise democratic control is that, given that citizens pay taxes, their elected representatives are entitled to decide in advance how the money is to be spent and subsequently to ascertain whether the money has indeed been spent as agreed. In other words, parliament needs to know whether public money has been spent sensibly, economically and prudently. In order to satisfy this need, the government needs to report to parliament at regular intervals. Reporting means both giving account and providing the information that is needed in order to make any necessary adjustments. This is something that cannot be done without reliable, relevant information. The fact that information of this nature is not always available undermines both parliament’s right to amend and adopt the budget and its powers of democratic control – and hence erodes public confidence and citizens’ willingness to pay tax in the long term.

1.1 How much public money is actually involved?

Public funds consist of money that the central government, provincial councils, local authorities and the social security and healthcare funds raise and spend. Together, they accounted for a figure of over € 306 billion in 2014 (see Figure 1).



Figure 1 Public-sector revenue, distribution and expenditure in 2014, EMU basis (in € bn)

Source: Statistics Netherlands data processed by Netherlands Court of Audit. The final figures for 2015 will be available in around September 2016.

Aggregate revenue in 2014 was € 290 bn, i.e. total revenue of € 306 bn less € 16 bn in loans. Households and firms paid a total of approximately € 147 bn in taxes in that year, i.e.



central government tax revenue of € 138 bn plus € 9 bn in taxes raised by provincial and local authorities. The same taxpayers also paid € 98 bn in national insurance contributions. Expenditure totalled € 306 bn. The Minister of Finance needed to raise € 16 bn in loans in 2014 in order to balance the budget. The expenditure figure includes € 9 bn worth of transfer payments to the European Union (EU). The figure for receipts from the EU is not included, as these funds are paid directly to grant recipients and do not pass through the government budget.

The figure quoted in the figure for national insurance contributions also includes health insurance premiums collected by the Tax and Customs Administration. It does not include the statutory levies (public funds) charged by arm's-length organisations, e.g. the charges made by the Land Registry for maps and excerpts from the register, the fees charged by the National Vehicle and Driving Licence Registration Authority for recording vehicle registration numbers, or the fees charged by the Central Office for Motor Vehicle Driver Testing for driving tests.

Statistics Netherlands, the Dutch national statistical office, uses the EU-designated revenue and expenditure classification, which is not the same as the system of budget articles used for the national budget. In other words, the figures quoted in Figure 1 are not consistent with those in the annual accounts published by central government. Although statutory levies are regarded as a form of public funds, they are not included in the EMU (European Monetary Union) definition of the government financial balance.

1.2 What's the problem?

For many years now, our auditors have awarded the government's expenditure a regularity rating of over 99%. This means that the money is collected, distributed and spent in accordance with the relevant statutory rules and regulations. However, in the case of over half of government expenditure, assessing the regularity of spending involves nothing more than simply checking whether the right amount has been transferred to the right account held by the right organisation. It is not always clear what results have been achieved with the aid of the funds in question. It is difficult to track public money flows from the taxpayer to the point of service delivery. This also makes it harder to know exactly who is accountable for what, let alone to measure the results achieved with the aid of public money. One of the reasons for this is the changing nature of government, which has to adapt constantly in response to the changes in the society around it.



A changing society

The changes we are witnessing in society at large are those triggered, for example, by the financial crisis, international security issues, the ageing population, the problems of climate change and technological advances as in information and communication technology.

Dramatic enough as these changes are in themselves, the gathering pace of change is only serving to make the situation even more complex.

These are not simply Dutch problems. The world has become smaller. The same applies to the current shift towards a society based more and more on networks and in which people's views are more diverse and more liable to change: these changes, too, are not restricted to the Netherlands.

A changing government sector

We are also witnessing a trend towards closer international cooperation, for example in the EU. Thus, the EU has acted to tackle the financial crisis and is seeking to harmonise financial reporting in its member states. There are very few areas of Dutch policy that are not touched by the long arm of the EU.

Moreover, the way in which public administration in the Netherlands itself is organised is also subject to constant change. While the government has in recent years delegated responsibility for the implementation of certain policies to local authorities and arm's-length organisations, there are other policy fields over which it has also re-established central control. The reorganisation of social security services in the early 1990s is a good example of the latter trend. Ministers are also experimenting with widely differing forms of cooperation with arm's-length organisations.

1.3 What does this mean for our understanding of public money flows?

In short, recent decades have seen a rich and constantly shifting variation in the way in which government policy is planned and executed. This has been illustrated by the transfer of more and more responsibility for social services to the local authorities and by the reorganisation of the police force, to quote just two examples. There is a recurring element common to all these situations, which is that responsibility for policy implementation – and sometimes also for planning or funding – has been taken away from central government, which is just one of many players. Not only is central government changing roles, it is sometimes acquiring new roles. It is not always clear what exactly these roles imply and this affects our understanding of public money flows.



Not always clear who is accountable for what

This type of variation leads to complex and frequently diffuse relationships. The different layers of public administration are closely interlinked, some of the boundaries between government and society are blurred and there are occasional overlaps.

This makes it difficult to know in advance who is accountable for what, thus making it equally hard to say who is expected to report on what. For example, our 2015 regularity audit uncovered certain problems concerning the division of roles at the Housing Associations Authority. The Housing Associations Authority is part of the Human Environment and Transport Inspectorate at the Ministry of Infrastructure and the Environment. The Minister for Housing and the Central Government Sector acts as the commissioning authority and bears political responsibility for the way in which the Housing Associations Authority supervises the Dutch housing associations. The Inspector-General at the Human Environment and Transport Inspectorate has delegated his duties as the authority's contractor to the authority's director. Like the Inspector-General, the latter is in direct contact with the Minister for Housing and the Central Government Sector. This situation has complicated the situation in terms of the roles played by the contracting authority, contractor and owner.

Information systems have not been properly adapted to suit the changing roles of central government

As policy planning and implementation move further away from the centre of government, so information follows a longer and longer journey on its way to parliament. Apart from being in contact with ministers and local authorities, arm's-length organisations also need to deal with clients and other stakeholders, some of whom pay them directly for services provided. These parties all have differing information requirements. Moreover, different parties collect information in different ways. For the time being, the figures quoted in the central government budget are not readily compatible with those published by other government bodies and executive agencies. New information technologies can help to improve transparency and hence advance understanding.

Not enough attention given to results

The government wishes to achieve certain aims with the money it spends. If more and more government policies are planned, implemented and funded beyond the control of central government, it is even more important to be able to demonstrate what results have been achieved and whether the money in question has been spent economically. It is also important to know how much added value new arrangements and partnerships generate.



Despite this, we found that both government and parliament take only a moderate degree of interest in the delivery of public services and that, in many cases, either no information is made available about results or the information that is available is inadequate.

1.4 Who is involved?

The revenue and expenditure of central government, local and regional authorities, and the social security funds affect all Dutch citizens and businesses. They are the ones who pay tax and national insurance contributions, and they are also the ones on whom the money is spent, whether in the form of public services such as education, healthcare, infrastructure, police and investment and innovation grants, or in the form of other grants and tax relief (see Figure 2).

How public-sector revenue and expenditure affects citizens and businesses

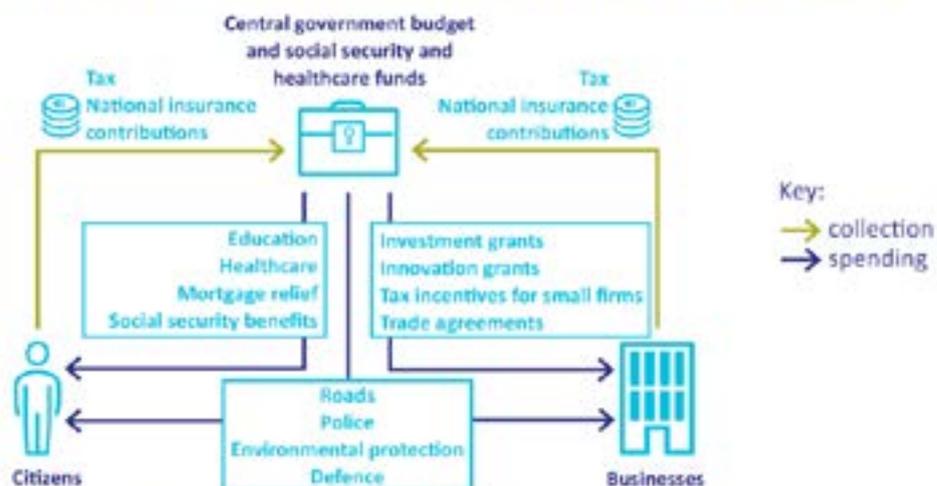


Figure 2 Examples of revenue sources and public services provided by central government and the social security and healthcare funds

1.5 What issues do we need to debate?

The situation described above is a fact. However, where public money is involved, and where the context is one in which speed is of the essence, a changing government sector requires an appropriate system of budgeting, policy implementation, reporting and policy adjustment (see Figure 3).



The budget cycle is made up of the following stages: budgeting, implementation, reporting and adjustment



Figure 3 Cycle of budgeting, implementation, reporting and adjustment

There is a need to reflect on all the stages of the budget cycle, and not just on the reporting stage. For example, we need to think about the budget as a tool for ironing out the peaks and troughs of the economic cycle, in which the case the budget has a beneficial effect on prosperity. However, various social trends, such as an ageing population and the financial crisis, have prompted successive governments also to use the budget for other purposes. As a result, budgetary policy has been more procyclical than anticyclical in nature. The Netherlands Bureau for Economic Policy Analysis has proposed four ‘potential options’ to ensure that the budget can nevertheless help counter the ups and downs of the business cycle. These are: achieving consistency with EU budgetary rules; forming a budget reserve; continuing with the current trend-based policy centred on sustainability; and pursuing an expansionary budgetary policy. Each of these options has its own pros and cons (Netherlands Bureau for Economic Policy Analysis 2016).

The focus in this paper is on reporting, i.e. public accountability (in other words, the process of reporting to a democratically elected body). From the perspective of our role as a national audit office, that body is the Dutch parliament.

Wherever possible, and in addition to producing this paper, we will seek to use our audit work to foster this debate. During the coming years, apart from conducting our annual regularity audits, we will also seek to find out how the money from the central government





budget is used outside the central government accounts. Thus, we will try and provide more information about results in terms of their impact on public life and businesses, about problems with service delivery and about the social impact of government policy. We will continue to closely monitor the way in which IT is managed and used. We will also perform in-depth audits of the public finances, of public revenues and of the contribution-based funding of social security and healthcare services. We will try to produce more information on the effectiveness of government policy. These are the key elements of our strategy document for 2016-2020, entitled 'Trust based on understanding'.

In order to arrive at a form of public accountability that shows whether the government spends public money sensibly, economically and prudently, we will be examining the following issues in the following chapters:



Clarity about who reports on what to whom



Adapting information systems and adopting new technologies



Generating information on the results of government policy



2 Clarity about who reports on what to whom

Effective democratic control and accountability cannot be exercised without a clear picture of the degree of influence the central government wishes to exert. The duties, powers, responsibilities and roles allocated to ministers, local and regional authorities, and executive agencies need to reflect the degree of central government control. These aspects should be arranged in the form of agreements on control, funding, accountability and supervision, so that members of parliament know who is responsible for what.

This chapter describes a number of examples of shifts in policy planning and implementation, as well as the resultant lack of clarity in terms of reporting procedures. These examples involve the decentralisation of social services, where certain responsibilities have been transferred from central government to local authorities (see section 2.1), and the performance of certain public services by organisations operating at arm's length from the government (see section 2.2). After giving these examples, we will go on to examine various issues that have a bearing on these transfers of responsibility and which we believe should form part of the debate. The issues in question are the restriction of parliament's right to approve and amend the government's budgetary policy (see section 2.3) and the confluence of measures and situations involving more than one minister or state secretary (see section 2.4).

The underlying question throughout this chapter is how the 'traditional' principle of public accountability can be adapted to modern dynamics, i.e. the new ways in which policy is planned and executed. How much still remains within a minister's scope of control? How much influence can he or she still exert? And what are the issues on which he or she is required to report to parliament?

2.1 Decentralisation: the transfer of tasks from central government to local authorities

The central government has transferred a number of tasks to local authorities during the past few decades. The most recent decentralisations have involved young people's welfare services, social support and labour participation (referred to collectively as 'the social domain').



Decentralised unitary state: autonomy and co-government

The Netherlands has been a decentralised unitary state since 1848. In the 19th century, tax collection and policy planning and execution were predominantly local responsibilities. Over the years, however, the bulk of responsibility for both tax collection and policy planning and execution has shifted to central government. Recent years have seen certain tasks and responsibilities revert to local and provincial authorities. The responsibilities transferred as part of the recent decentralisations in the social domain relate to the enforcement of the Youth Act, the Participation Act and the Social Support Act 2015. A decentralised unitary state means that, while local authorities and provincial councils have certain powers of their own, they are also obliged to perform certain statutory duties and tasks imposed under central government rules and regulations. This situation is referred to as 'co-government'.

Distinction between general and specific-purpose grants

Local authority funding comprises both locally raised revenue and financial contributions from the central government budget. The latter consist of payments from the Municipalities Fund and a number of specific-purpose grants (totalling € 34 billion in 2014, plus an extra € 10.3 billion as from 2015). Local authorities are free to spend general grants from the Municipalities Fund as they think fit and are required to account for their expenditure only to the local council and not to the ministers. Where specific-purpose grants are concerned, however, local authorities are obliged to comply with the relevant statutory spending requirements. Local authorities are not required to report to the local council on how they have spent specific-purpose grants, but must instead report to the minister who has awarded the grant. The latter is in turn obliged to report to parliament.

Hybrid funding: mixture of general and specific-purpose grants

In other words, in theory it is clear who is supposed to report about what and to whom. However, we found in 2009 that the distinction between general grants and specific-purpose grants had gradually become blurred. The emergence of new types of grants (some of which were hybrids) made it difficult in practice to work out who was responsible for what, who could be held to account and who was supposed to submit the relevant report. The same applies to the period between 2009 and 2014: the grant landscape was full of hybrids. These ranged from grants from the Municipalities Fund that were subject to strict requirements on how they should be spent, to specific-purpose grants the spending of which was highly discretionary. We said that the development of such hybrid forms of funding had turned the system of municipal funding into a mess (Netherlands Court of Audit 2014e).



Example of hybrid funding: 'Temporary act on sub-fund for social domain'

Just how complex such hybrids can become is illustrated by the events surrounding the bill for a temporary act on the creation of a special sub-fund for the social domain. The aim of this act was to create a new type of grant in the Municipalities Fund, viz. a special sub-fund for the social domain. However, the sub-fund was subject to a spending requirement that was contrary to the principle of decentralisation, i.e. that local authorities should be free to set their own policies and spend their own money. As a result, it was not clear whether the government wished to fully decentralise control of the sub-fund. Moreover, it was technically not practicable to monitor whether or not local authorities had complied with the spending requirement, which would have imposed unnecessary reporting and compliance costs on the local authorities. The bill was subsequently withdrawn.

Blurred boundaries

Ministers are required to report to parliament about the results achieved at national level. Where policy is decentralised, local authorities acquire responsibility for the performance of tasks relating to specific aspects of a given policy field, even though the minister retains overall responsibility for the same field. In other words, the minister has a general responsibility for the entire policy field, whereas a local authority is accountable only for that particular part of the field that falls within the geographical boundaries of the municipality in question. However, it is not always easy to demarcate the limits of individual parts of a policy field in relation to the field as a whole. There is an overlap: it is not readily clear which party bears most responsibility in specific cases (Van der Steen et al. 2016).

This was a problem in connection with the Participation Act, for example. We asked the Minister of Social Affairs and Employment to explain the precise nature of his responsibilities, tasks and power in relation to the labour market. The decentralisation operation requires a clear delineation of the minister's powers relative to those of the local authorities. It is up to parliament to decide whether it is clear where the minister's political accountability ends and that of the local council begins.

2.2 Executive tasks transferred from central government to arm's-length organisations (and back again)

Bodies known as 'arm's-length organisations' are independent entities that are responsible for performing certain government policies and/or safeguarding certain public interests. Examples of arm's-length organisations include 'autonomous administrative authorities' (i.e. autonomous government agencies) such as the Land Registry and the Employee Insurance Agency (UWV), 'legal persons with a statutory task' such as schools and universities, and state-owned corporations such as the Dutch Railways, Schiphol Airport and

TenneT. These organisations are all funded, either largely or in part, from public funds, i.e. the central government budget, statutory national insurance contributions and tariffs. The responsible minister reports to parliament about the way in which public funds have been spent and public services have been performed. It is vital in this respect that the parties concerned should sign a comprehensive agreement regulating all aspects of management, accountability and supervision. However, such an agreement is not always drawn up. For example, when we audited the state-owned corporations, we found that the ministers do not have the powers they need in order to actively discharge their roles as shareholders.

Parliament first delegates responsibility for policy execution before reclaiming it

In the 1980s, parliament launched a process of hiving off and privatising institutions that had previously formed part of central government. How this worked gradually changed over the years. Moreover, there has been a trend since the mid-1990s for parliament to return responsibility for certain public services to central government. The social security system is a case in point. A recent example is the reform of the system of autonomous government agencies, on which the government took a series of decisions in 2014. The basic principle underlying the reform was that, unless there were good reasons for not doing so, these authorities should either be converted into agencies or be privatised. In practice, the operation has resulted only in a modest repositioning of the autonomous government agencies.

The question as to how far responsibility for public service delivery should be removed from the minister is a recurring topic of political debate. The recent debate on the positioning of ProRail is illustrative of this.

In 2014, we compared the process of first delegating and then reclaiming responsibility for public service delivery with the swing a pendulum between two sets of values and (in some cases the same) objectives (see Figure 4). At one end are values and objectives such as independence, efficiency, standard of service, and a desire to reduce the size of the civil service, liberalise the market and strengthen the private sector. At the other end are aspects such as government interference, a desire to restore the primacy of politics, efficiency and clarity.

The changing arguments cited for positioning arm’s-length organisations are like the swing of a pendulum

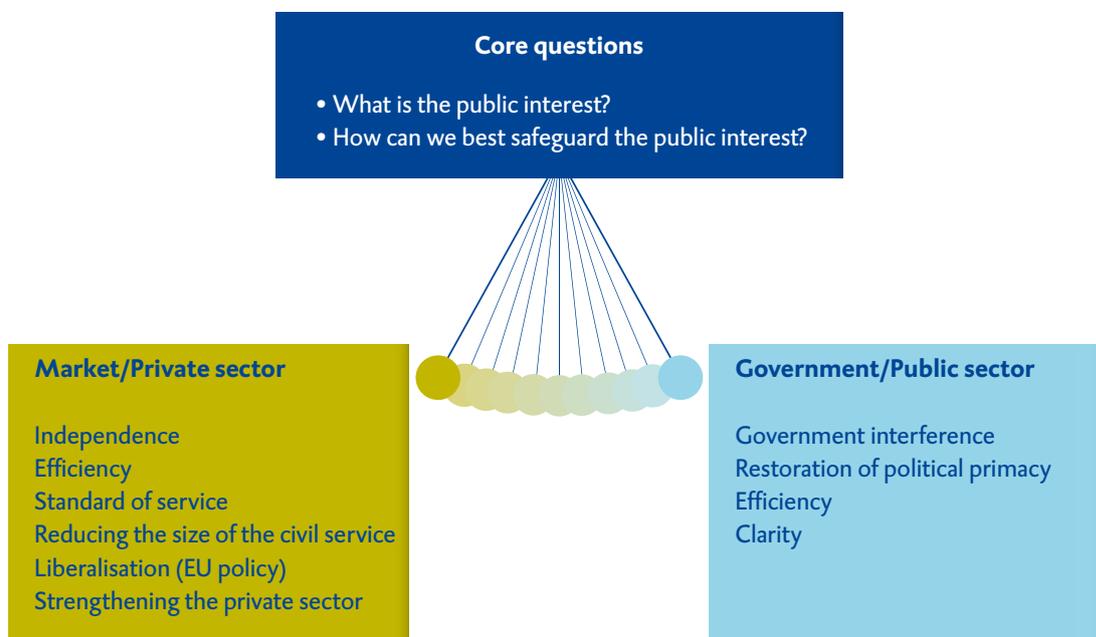


Figure 4 Swing of the pendulum in the positioning of public services: changing arguments

Arm’s-length organisations are tremendously disparate

The domain of arm’s-length organisations is highly disparate; they cannot be categorised along a single set of clear lines. Apart from autonomous government agencies, legal persons with a statutory task, and state-owned corporations, they also comprise institutions such as housing associations performing a statutory task. There are organisations funded by a grant, guarantee or loan (such as the Healthcare Sector Guarantee Fund) and there are concession-holders and contractors (such as Infrasppeed BV), as well as organisations whose status overlaps between these. For example, certain autonomous government agencies are also legal persons with a statutory task, e.g. UWV. Certain state-owned corporations are also legal persons with a statutory task in relation to either some or all of their activities (e.g. TenneT and ProRail). And certain organisations are also eligible for grants in addition to other types of funding. Some organisations have both public and private sources of revenue. Although no clear information is available on the total amount of public money received and spent by arm’s-length organisations, summaries are published on certain types of organisation. For example, the Ministry of Finance has compiled information on the public money flows affecting autonomous government agencies that are funded from the central government budget (see Figure 5). Central government

Differences in turnover from one autonomous government agency to another

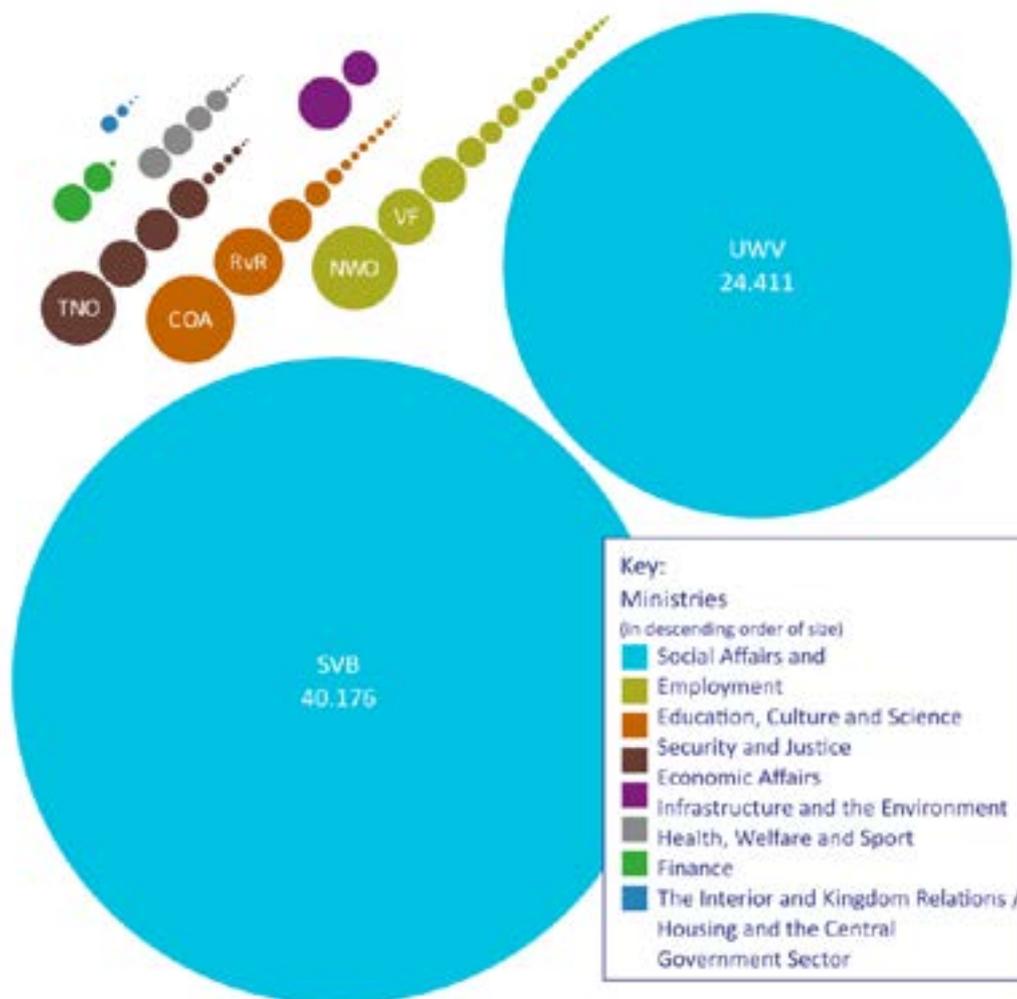


Figure 5a Turnover per autonomous government agency, in € million, with names of the seven biggest autonomous government agencies: Social Insurance Bank, Employee Insurance Agency, Central Agency for the Reception of Asylum Seekers, Netherlands Organisation for Scientific Research, Netherlands Organisation for Applied Scientific Research, Council for the Judiciary, and the Replacement Fund.

A number of autonomous government agencies are not big enough in relative terms to be included in the figure.

There are big turnover differences between the various autonomous government agencies. The two autonomous government agencies for which the Ministry of Social Affairs and Employment is responsible manage social security funds, so their turnover is relatively high.

Source: Ministry of Finance (2016). Further information on the autonomous government agencies listed in the figure is available from: zbo.rijksacademie.nl or http://opendata.rijksbegroting.nl/#dataset_9.

Differences between autonomous government agencies in terms of workforce size

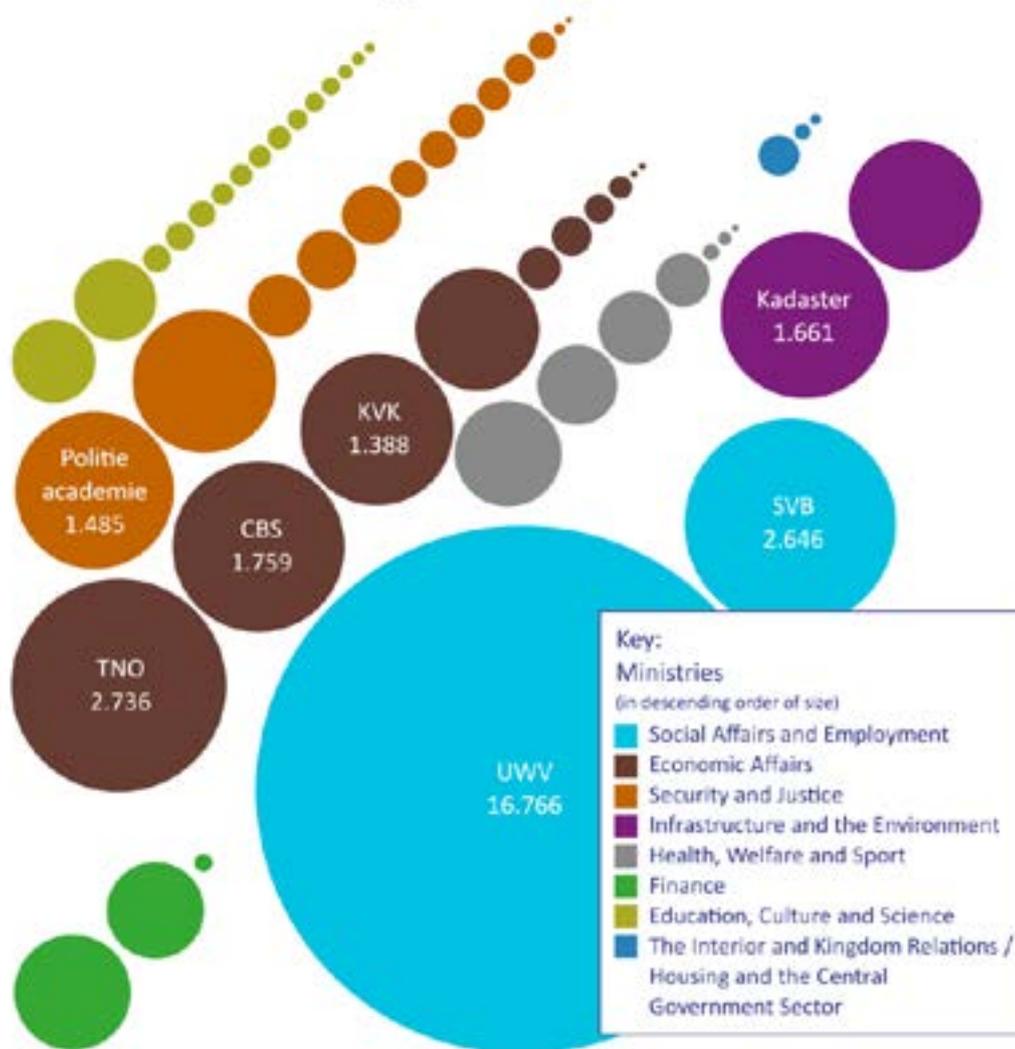


Figure 5b Size of workforce (in FTEs) per autonomous government agency, with names of the seven biggest autonomous government agencies: Employee Insurance Agency, Netherlands Organisation for Applied Scientific Research, Social Insurance Bank, Statistics Netherlands, Land Registry, Dutch Police Academy and the Chambers of Commerce.

A number of autonomous government agencies are not big enough in relative terms to be included in the figure.

Source: Ministry of Finance (2016). Further information on the autonomous government agencies listed in the figure is available from: zbo.rijksacademie.nl or http://opendata.rijksbegroting.nl/#dataset_9.



There is a conflict between the independence of executive agencies and the need for political management and accountability

In practice, there is a conflict between the autonomy and responsibility of the arm's-length organisations, and the opportunities available to the minister for exercising political control and accountability, together with the relevant powers. Also, the arrangements made for management, accountability and supervision are not always consistent with the division of roles and tasks. Similarly, individual sections of a given arrangement may not be fully consistent with each other.

Example of lack of clarity about roles, tasks and powers: Police Act 2012

To give an example, we encountered confusion about roles, tasks and powers in the bill for the Police Act 2012. On the one hand, the idea was to create a national police force at arm's length from central government; this was to be an independent organisation with a legal status of its own. At the same time, the Minister of Security and Justice was given explicit authority to take direct control of the management and performance of the police force as if it were a ministry department.

Frameworks may offer some guidance on paper, but the situation is complex in practice

Since the 1990s, the government has taken all sorts of measures to clarify the reporting procedures on, and the supervision of, arm's-length organisations. These include the enactment of the Non-Departmental Public Bodies Framework Act and, more recently, the publication of:

- guidelines on financial management and external financial supervision;
- a policy document on central government policy on state-owned corporations;
- a circular on the governance of autonomous government agencies.

The aim of these documents is to harmonise the different types of organisation operating at arm's length from the government and to improve and clarify the supervisory and reporting relationships between the relevant ministers and the organisations in question.

These guidelines and framework agreements offer some guidance on paper about the structure of supervision and reporting applying to conventional arm's-length organisations. However, it remains to be seen what effect they will have in practice, partly in the light of the disparities described above. Moreover, we are also seeing the emergence of new types of executive agencies at the same time.





Other types of executive agencies

Writing in 2009, we described the emergence of new types of executive agencies as leading to ‘complex relationships between public and private money flows, complex relationships between actors and complex legal vehicles’ (Netherlands Court of Audit 2009a).

The diversity of management and funding arrangements continues to grow. For example, there is a growing tendency for collaboration between central government and private-sector businesses and organisations, and between central government and provincial or local authorities. In these cases, the central government body involved may act either as a coordinator or a partner. The aims of such partnerships are laid down in accords, covenants or agreements on public-private partnerships. This applies, for example, to the ‘green deals’ that the Minister of Economic Affairs signs with private-sector companies.

Another variant involves ministers subcontracting public services to private contractors. This may involve the management of a grant scheme, for example.

Finally, we are also seeing local authorities delegating responsibility for certain services to partners. For examples, certain tasks in the social domain are now performed by partnerships described as ‘extensions of local government’.

These developments raise questions about the degree of democratic control that local councils and the national parliament are actually able to exercise.

Should existing guidelines be revised or new ones devised?

The existing guidelines on management, supervision and reporting are not always readily transferable to these new types of organisations. The question is, therefore, whether to revise the existing guidelines or to devise new guidelines to take their place.

2.3 Restriction of parliament’s right to approve and amend budgetary policy, and definition of regularity

Financial reporting sometimes involves no more than statements of money transfers

Some of the revenue collection by the government is spent not by ministers, but by provincial councils, local authorities, social security funds and arm’s-length organisations. This restricts parliament’s right to approve and amend the government’s budgetary policy, given that ministers report in their annual reports only on the payment of the money in question and not, or only to a limited extent, on the way in which it has been spent. In 2015, funds for which the minister was responsible only for arranging for payment

accounted for over half of the central government budget. The introduction of lump-sum funding in education and the recent decentralisation in the social domain are both examples of fairly big changes that have contributed to this development. Similarly, parliament has decided that the social security funds should be fed directly from the national budget.

The local authorities depend on government funding of new tasks in the social domain. In order to enable them to perform these tasks, the local authorities have been allotted an extra € 10.3 billion per annum from the Municipalities Fund since 2015. Any irregularities in the annual accounts prepared by the local authorities do not have any effect on the central government accounts.

Public money not always collected, distributed and spent at the same level of government

Another, related issue is the way in which public money is collected, distributed and spent. Ideally, the parliament or representative body at each level of government, i.e. central, provincial or local, should be involved in both the collection and spending of public money, and also in its distribution. If this is concentrated within a single level of government, all the various aspects of regularity, efficiency and effectiveness can be assessed in conjunction with each other. In this way, citizens build up a picture of the relationship between services and costs and can express an opinion on this through their elected representatives. In theory, this should help foster efficiency (Netherlands Bureau for Economic Policy Analysis 2014 and OECD 2014). In a situation in which tasks are transferred to local or provincial authorities without the same authorities being given responsibility for funding, a 'democratic deficit' may arise. The problem is that policy-making, the collection and spending of public funds, and the supervision of and reporting on public money flows, all take place at different levels of government.

The debate should therefore also include the following question: is it desirable, in situations in which local authorities assume responsibility for the planning and execution of central government services, for the authority in question also to be responsible for funding, i.e. taxation?

2.4 Accumulation of measures and involvement of more than one minister

Series of measures for improving efficiency, effectiveness and governance

The above developments show that the structure of Dutch public administration has undergone dramatic change in recent decades. This has not been the result of a single,

sweeping reform. Rather, it has taken the form of a series of small-scale alterations that have generally affected different facets of the structure and have been undertaken at different times. Some of these minor refurbishments have consistently affected the same bodies. In 2014, for example, autonomous government agencies were the subjects of nine government projects and measures for improving the standard of service, raising efficiency and (especially) enhancing governance (see Figure 6).

How a single arm's-length organisation is affected by an accumulation of government projects and measures

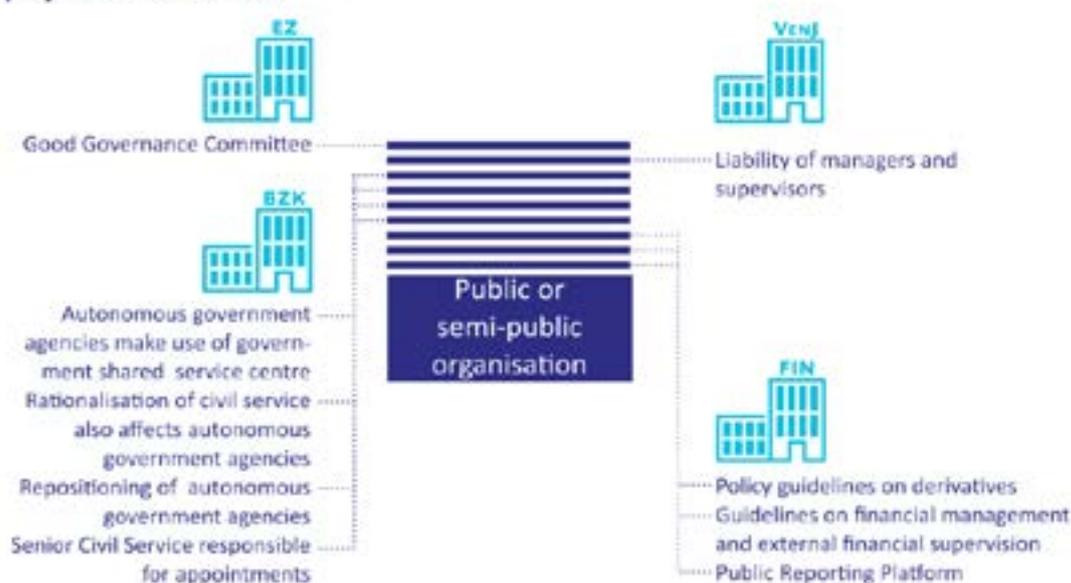


Figure 6 A single arm's-length organisation affected by a series of government projects and measures

Spending cuts on top of measures

In addition to taking the measures listed in Figure 6, the government also sought to impose a number of spending cuts. These affected certain agencies and organisations with statutory tasks. Taken together with spending cuts, the accumulation of measures can pose a threat to the ability to enforce the measures in question and the quality of their enforcement. Who is accountable if things go wrong? And who is required to report on the results of the measures?

We also noted an accumulation of measures and spending cuts in other areas, as in the decentralisation operation in the social domain and within central government itself.



Spending was cut and policy planning and implementation were reorganised, all at short notice, with ‘normal service’ expected to be delivered at the same time.

More than one minister involved

There have also been situations involving more than one minister. This is the case, for example, with the shared service centres that have been set up to take care of the government’s operational management. The same applies to certain government policies that do not fall within the scope of a single ministry, such as the security policy or government policy in the social domain. It also applies to situations in which non-governmental organisations such as the Social Insurance Bank perform certain tasks for a number of ministers. Obviously, there are good reasons for this, such as the need for policy coherence and efficient operational management, but it does make it difficult to know which minister is responsible for what.

Coordination by a single minister

The government has sought to deal with this problem by making certain ministers responsible for coordination in certain instances. This was the case, for example, with the now-defunct programme for the rationalisation of the civil service. Alongside the Minister of Finance and the Minister of the Interior and Kingdom Relations, it is mainly the Minister for Housing and the Central Government Sector who plays a coordinating role in many cases: he is required to draw up guidelines for other ministers, make sure that they carry out agreements as intended, hold them to account if they fail to do so and intervene in relation to third parties wherever this is necessary. We found in 2014 that ministers often failed to properly discharge their coordinating role. We also found that ministers were reluctant to call their colleagues, and other government bodies, to account.

Distinguishing between the roles of owner and client

Another line adopted by the government involves distinguishing between two roles: that of an owner and that of a client. This is also relevant in situations in which executive agencies work on behalf of more than one minister. For example, as the owner of the Social Insurance Bank, the Ministry of Social Affairs and Employment is responsible for supervising both the Bank’s operational management and the continuity of its operations. The Ministry of Health, Welfare and Sport and the Ministry of Social Affairs and Employment are both clients of the Bank’s in that the Bank performs a number of specific tasks on their behalf. A set of principles for the tasks and responsibilities pertaining to these two roles had already been formulated in relation to executive agencies, and these have now been

refined to also cover autonomous government agencies (as set out in a circular on the governance of autonomous government agencies). We reported in our 2015 regularity audit that there is not always a clear delineation in practice between these roles and responsibilities. The example of the Housing Associations Authority quoted in section 1.3 is a good illustration of this.

The issue of how coordinating tasks should be distributed and how different roles should be distinguished does not diminish the fact that a more fundamental problem is involved here. The powers of individual ministers are set out in both general and specific laws. The ministers' resultant individual responsibility may be incompatible with a situation in which a number of ministers are involved either in operational management or in policy planning and/or execution.



3 Adapting information systems and adopting new technologies

The changing role and position of central government in all sorts of policy fields require appropriate methods of reporting and accounting. The way in which financial flows are recorded and reported could be brought more closely into line with the accounting and reporting procedures used by local and regional authorities, non-profit organisations and private-sector companies. Arm’s-length organisations could be encouraged to include in their reports information on aspects such as customer satisfaction. The enormous increase in the volume of data available on service delivery could help organisations to adopt smarter, leaner and quicker forms of reporting. New information systems could assist in this respect.

On the one hand, new trends such as the use of executive agencies operating at arm’s length from the government, forms of co-government and collaborative ventures require new methods of collecting, processing and distributing information alongside the conventional systems and procedures. At the same time, new information systems and technologies may offer an alternative to these conventional systems and procedures and hence also require new reporting methods.

This chapter contains a number of suggestions for ways of adapting conventional information systems by incorporating new technologies: the subjects addressed in this chapter are financial accounting and reporting (in section 3.1), horizontal reporting (section 3.2), open data and open spending (section 3.3), and data analytics and continuous auditing (section 3.4). It is not our intention to produce an exhaustive list of all the options. There may be other, or better, alternatives. After all, the pace of change is incredibly fast. Our intention is rather to spark a debate. These new trends are primarily connected with the use of information technology, and – as we have noted time and time again in our audit reports – problems involving the technical aspects of information systems have proved persistent, at both ministries and arm’s-length organisations.

3.1 Financial accounting and reporting

A ministerial report consists of two parts: firstly, information on the spending of public money and, secondly, information on the results achieved with the money in question. Information on expenditure is recorded in the financial accounts. This forms the basis for



the budget and the annual report. The ministries' accounts are prepared in accordance with the system of obligation-cash accounting. So it is possible to add information generated from accrual-basis accounting to that obtained from obligation-cash accounting?

A comparison of cash and accrual accounting

Cash accounting and accrual accounting are two systems of accounting that are used for recording and reporting on financial transactions. Under the cash system of accounting, transactions are recorded at the points where money enters the system and is spent. The obligation-cash system of accounting also records the point at which a payment obligation arises.

The accrual basis system of accounting records, and also generates information on, the use that is made of goods and services. 'Costs' are defined as items of expenditure that are allocated to a given period. Costs arise only after a given asset is taken into use. In other words, cash accounting (including the obligation-cash system of accounting) records and reports on expenditure, whereas accrual accounting records and reports on costs. Similarly, cash accounting (including the obligation-cash system of accounting) records and reports income, whereas accrual accounting records and reports on revenue. This means that accrual accounting also generates information on the origins of and changes in the related financial values and obligations.

Let's take the replacement of a bridge as an example. The new bridge is supposed to last 80 years. Under the obligation-cash system of accounting, the purchase of a bridge is recorded and reported as a single transaction, at the time when the Directorate-General for Public Works and Water Management pays the draughtsman and the contractor. The transaction does not reappear in the accounts at any stage during the next 80 years. Under the accrual system of accounting, however, one eightieth part of the purchase price of the bridge is recorded as a cost item every year. This is the principle of depreciation. The difference between the two systems is summarised in Figure 7.

With cash accounting, a transaction is reported on the date of payment, whereas with accrual accounting, reporting is based on usage

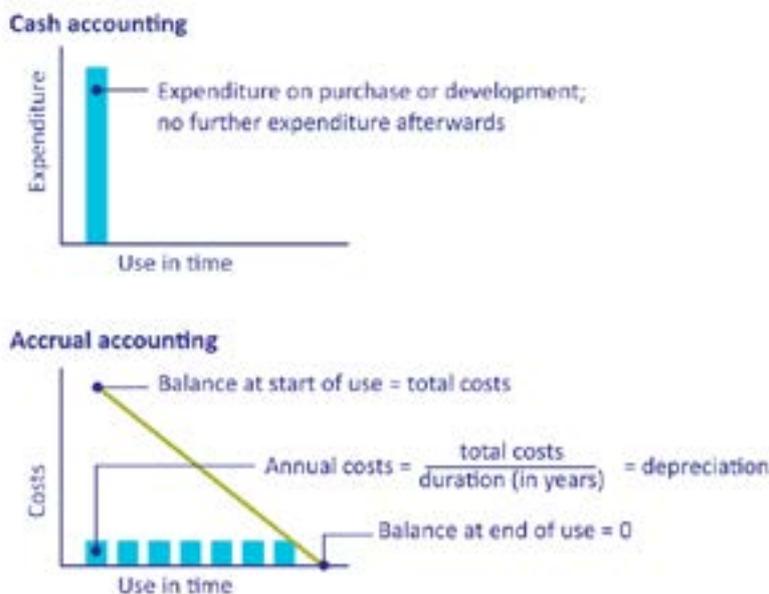


Figure 7 Reporting an investment under the cash basis system of accounting and the accrual basis system of accounting. The method of depreciation used in Figure 7 is linear. No account is taken of funding costs, inflation, management and maintenance, and technical developments.

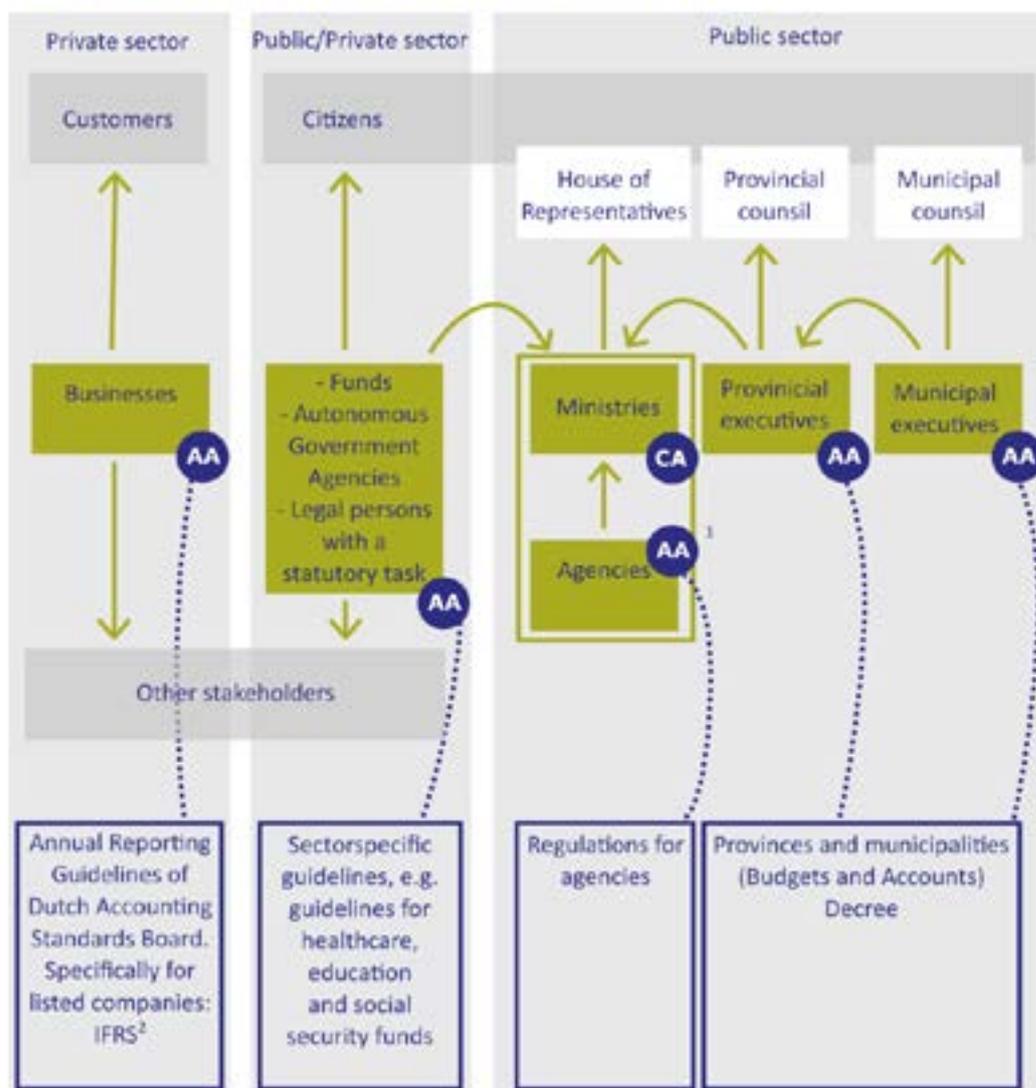
Adding elements of accrual accounting to cash accounting has both advantages and disadvantages

Certain drawbacks are inherent to the use of an accrual system of accounting and reporting. Where accrual accounting is used, a financial value must be assigned to infrastructure, property, defence equipment and IT systems. This is by no means an easy matter and involves making subjective judgements, thus complicating the process of assessing the regularity of transactions. Another disadvantage lies in the cost associated with the adoption of a new system. And what is the added value of accrual accounting for those ministries that do not make investments or form provisions?

The public sector uses different systems and rules for recording and reporting on financial transactions

Figure 8 is a diagram showing the accounting and reporting systems and rules in use in the Netherlands. The figure shows that, even where organisations use the same accounting system, they may nonetheless be subject to different reporting rules. The figure calls into question the precise differences between all the various systems used in practice.

A wide range of reporting rules apply in the Netherlands



Key:

→ Report to

..... Additional reporting requirement

Systems

AA Accrual accounting

CA Cash accounting

¹ Or cash accounting under 6th amended version of Government Accounts Act

² International Financial Reporting Standards

Figure 8 Reporting requirements in the Netherlands



The use of different reporting systems makes it impossible to compare financial information

The greater the differences between accounting and reporting systems, the more difficult it is to compare financial figures with each other. This applies, for example, to the way in which the EMU balance is calculated. It represents a consolidation of the financial position of all public funds flowing through government budgets and funds (see Figure 1) and has become more important since the financial crisis. The EMU balance is calculated by the Dutch national statistical office, Statistics Netherlands. The figures published by Statistics Netherlands are unaudited figures. While the figures in the ministry annual reports are audited, they are not consistent with each other. One possible means of producing reliable data would be by harmonising the reporting procedures.

In the wake of the financial crisis, the issue of the comparability of accounting and reporting figures now also figures prominently on the EU agenda. The European Commission would like to see all EU member states adopt a uniform and comprehensive system of government accounting. In order to bring this about, the Commission is planning to prepare legislation compelling the member states to adopt a uniform system of accrual accounting. The central governments of most member states either have already adjusted their accounting systems in recent years or are now taking action to do so. The Netherlands could make use of the experiences gained by other member states, and the lessons they have learned, in improving its own accounting and reporting systems.

Joint Ministry of Finance–Court of Audit study group to analyse the pros and cons of incorporating elements of accrual accounting in current model

In order to conduct a proper study of the pros and cons of incorporating elements of the accrual accounting system into the current model, which is based on cash accounting, the Minister of Finance has formed a joint study group with the Netherlands Court of Audit. The group is expected to report at the end of 2016.

3.2 Horizontal reporting

When a local authority or an arm's-length organisation reports to a minister, or when a minister reports to parliament, this is referred to as 'hierarchic' or 'vertical' reporting. It is based on the principle that the minister is responsible for managing and supervising the planning, funding and execution of policy. 'Horizontal reporting' is the name given to a situation in which the management of an arm's-length organisation reports to clients, suppliers and other interested parties.



Horizontal reporting information may comprise, for example, information on complaints or customer satisfaction surveys. Organisations may decide to inform their stakeholders by producing a public version of their annual report, or a journal, or by publishing open data. To a certain extent, horizontal reporting to the general public is more direct than the vertical information that ministers supply to the public's elected representatives.

Horizontal reporting information can play an important role in promoting checks and balances, by providing information on organisational performance and operation. In other words, horizontal reporting can help to ensure that organisational performance comes under the scrutiny of more than just one pair of eyes. The government could encourage this type of reporting. After all, it could also pave the way towards a new type of vertical reporting. Could vertical reporting by arm's-length organisations be supplemented by horizontal reporting? And if so, how could this be achieved?

Other examples of checks and balances are:

- supervision (as exercised, for example, by a supervisory board, advisory council, supervisory council, works council or audit committee);
- dialogue (for example, with customers, members or users);
- quality assurance (with the aid of benchmarking, peer reviews, certification or charters, for example).

The majority of organisations have their own quality assurance policy and their own internal supervisory body, and adjust their policies to take account of the wishes expressed by their stakeholders.

3.3 Open data and open spending

The term 'open data' means that public data are freely accessible, available and reusable, without any restrictions. The term 'open spending data' refers to open data on the spending of public funds such as government grants.

Society is digitising at a dizzying speed. The government and arm's-length organisations are also producing larger and larger quantities of digital information and digital databases, for example on traffic or land use. In addition to this descriptive information, the government also produces (either intentionally or unintentionally) data on government activities, such as on grant and licence awards. Much of this data has a bearing on citizens and busi

nesses, and on other actors involved in the implementation of government policy, such as provincial councils, local authorities and arm's-length organisations.

For a number of reasons, the process of opening up this data is vital to the formation of a modern system of public reporting. First of all, like horizontal reporting information, open data is a valuable addition to current forms of vertical reporting information. It is also commensurate with an open, transparent and digital government. It enables citizens, businesses and organisations to be actively involved in devising solutions to social problems and to act as 'armchair auditors'.

Secondly, open data gives central government itself a better opportunity to keep an efficient track of the results of policies implemented by provincial councils, local authorities and arm's-length organisations. As central government moves away from centre stage, so it is tending more and more to take on the role of an information coordinator. However, it can perform this role only if the cabinet takes firm action to ensure that open data standards are developed and used. Data must be exchangeable, particularly in a situation in which government policy is implemented by a range of non-ministerial parties.

One of the reasons for opening up data is that organisations are not always aware of the nature of the data they have in their possession. Another is that it helps to improve the quality of data. We believe that, in order to structure this process, the Netherlands needs to develop a 'national information infrastructure'. The presence of this infrastructure would enable the government to make a systematic analysis of the type of data that represents the greatest added value to society at large and which therefore should in any event be open.

3.4 Data analytics and continuous auditing

Data analytics: methods of analysing large sets of data ('big data')

Data analytics may be used for discovering new patterns in data sets or for using data sets to assess the validity of certain assumptions. Thanks to qualitative analytical techniques, we can make pronouncements about sets of non-numerical data such as words, photographs or video films.

These techniques may also prove of value for ministries, due to the enormous increase in the volume of data that has a bearing on government policy. This data offers ministries an opportunity to improve their services, for example by enabling taxpayers to submit digital

tax returns that are part-completed in advance. This does not apply solely to open data: closed data may also be of use to ministries. Data that can be used to trace instances of fraud or misuse of public money is a good example. And data analytics can also be used, of course, to generate policy information, for example as part of a policy review.

Continuous auditing: computerised audits

The spread of digitisation and the use of big data can engender big changes in our understanding of the way in which public money is spent and of the regularity of government spending. What is the potential of block chain technology, for example? This technology, which forms the core of the Bitcoin system, involves adding new 'blocks' of information to a 'chain' of transactions every time a new financial transaction takes place, thus guaranteeing the reliability of the transaction in question. Block chains can be used to boost confidence in the regularity of transactions, thus reducing the need for independent audits performed by a notary or an accountant, for example. Given that block chains help create intrinsic, permanent confidence in the regularity of transactions, the 'time' aspect will eventually disappear from this type of process. Continuous, real-time audits will become a practical reality in the future, leading to a dramatic change in the nature of the audits currently performed by auditors.

It goes without saying that the government should meet high standards of prudence and ethical conduct in using these new techniques based on the use of data sets. This is where the challenge lies in the years ahead.

4 Understanding the results of policy

More information is needed on the results achieved with public funds and those areas in which improvements are needed. One of the reasons why this information is needed is the ever greater distance between central government and the point of service delivery, as well as the ever increasing speed of public communication. The lack of sufficient, timely and clear policy information is proving to be a persistent problem in public reporting to parliament. The intractability of the problem seems to be a question of culture. This suggests that a culture change is needed to ensure that the government and parliament take, and retain, an interest in the results of government policy.

Reporting is not just about rendering account. It is also about learning where improvements can be made. That means that information also needs to be provided about what has been done with the money (see section 4.1). In addition to information on results, information also needs to be provided on risks – and more particularly on the specific risks associated with the public finances (section 4.2). Because one of our recurring audit findings, year in, year out, is that there is a lack of good policy information, we believe that the cause of the problem lies not so much in a lack of knowledge of and skills in evaluation techniques, as in the need for both the government and parliament to take greater interest in policy results. Is this perhaps a matter of culture, of the way in which ministers, members of parliaments and government officials behave towards one another (section 4.3)?

4.1 The quality of policy reviews

Good policy information is a precondition for a transparent, learning government

A lack of policy information may result in the government and parliament taking policy decisions that do not generate adequate results and also prove to be unnecessarily expensive. A lack of good information may also prevent ministers from being able to report properly on the results achieved with the aid of the policy and the money in question. This is an area in which policy reviews are indispensable. Policy reviews can also help to reveal why a particular policy does not produce the expected results and where improvements are needed.

Shortage of effective policy reviews

Policy reviews are a means of generating policy information. Even though reviews can help to bring about improvements, we have for many years drawn attention to the dearth of

effective policy reviews. In 2011, for example, we concluded that there was not a sufficiently clear picture of the state of healthcare spending as measures designed to improve the management of spending had not been evaluated. In other words, no one knew whether the policies in question worked. In the meantime, expenditure continued to rise. Another example involves the policy pursued in 2015 to stimulate the economy and create jobs. Again, no information was available on whether or not the policy had been successful in practice.

Spending reviews often not of adequate quality

Another recurrent finding is that those reviews that are performed do not generate enough information. The Minister of Finance stipulated in the Regulations on Regular Evaluations that all government policy should be reviewed at least once every seven years. We examined five such policy reviews in 2014: although these contained plenty of information on spending, they contained virtually no information on efficiency and very little on effectiveness. This was despite the fact that they were designed for this very purpose. In the case of four of the five policy reviews, the letters in which the minister concerned presented the review findings to the Dutch House of Representatives were not consistent with the review findings themselves. The upbeat statements made by the ministers in these letters were not based on the actual review findings.

In order to evaluate the policy in question, the policy aims must be clear. In practice, this type of information is often not provided. The new budgetary system introduced in 2013 (known as ‘accountable budgeting’) in fact gives parliament access to less information than before. There are many policy articles in relation to which the ministers simply explain what sort of activities they are planning to perform, without saying what specific social objectives they thereby wish to attain. Under the new system, ministers are not obliged to specify concrete operational objectives. A single policy article can cover more than one policy. All in all, policy articles have become more abstract.

One of the reasons for the lack of concrete information is the open nature of the way in which the minister’s responsibility is formulated. Under the system of accountable budgeting, the information presented must be in line with the minister’s direct responsibility. The more limited the minister’s responsibility is, the more concise the output information is likely to be and the briefer the information on the intended effects is bound to be. As a result, the policy articles sometimes fail to demonstrate much of a relationship between the public money that has been spent, the output the money is intended to produce, and

the effects this is intended to achieve. Another consequence is that no information is provided on substantial parts of the budgets, such as transfer payments and lump-sum payments. The new budgetary system was introduced in order to provide clearer information on the scope of a minister's responsibility, on the policy tools and resources deployed by the minister, and the extent of the minister's accountability.

Opportunities for improving spending reviews lie at the beginning of the process

Policy decisions are the result of a political process. We are aware that, in practice, this sometimes means that objectives, targets and indicators are not as clear as they should be. At the same time, all those involved in policy planning should wish to ensure that objectives, targets and indicators are formulated with maximum precision. Failing to do so makes it difficult to draw conclusions about results at a later stage, and hard to decide whether the money has been spent sensibly, economically and prudently, and whether the policy in question should be continued, adjusted or scrapped. So how can this situation be improved?

The first prerequisite is to pay more attention to results, both in formulating policy and in examining the alternatives. It is also crucial that policies should be underpinned by a cogent theoretical framework, and that objectives should be formulated as clearly as possible. It is definitely worth setting out the monitoring and evaluation procedure in advance, i.e. explaining how a judgement will be reached on whether the money has been spent sensibly, economically and prudently. Finally, in situations in which more than one government body, organisation or business is responsible for planning or implementing government policy, results should be expressed in the same terms, to ensure that they are comparable with each other. We believe that, if these conditions are met, they will definitely help enhance understanding of the results achieved with public money.

4.2 Understanding the risks posed to public finances

Our 2012 audit showed that the risks posed to public finances had increased in the previous years. For example, the value of explicit government guarantees doubled in the wake of the credit crisis (2008-2011). The government stands surety for financial institutions that are so large or so complex that their collapse would pose a threat to the entire financial system. In addition, both healthcare spending and pension rose faster than had previously been projected. The audit found that the prospects of economic growth had deteriorated since 2008, and public finances had become more susceptible to the ups and downs of the economic cycle during the same period. Parliament had not been supplied with regular, comprehensive information on these risks, despite the fact that members of

parliament needed this information in order to understand the changes in the level of risk and the interrelationships between the various types of risk. It should be pointed out that the government does now provide this information (in the Budget Memorandum).

In 2015, we identified an opportunity for giving parliament better information on the estimated level of tax revenues. We concluded that the explanatory notes in successive government memoranda were not always readily compatible, which meant that the basic principles underlying the revenue estimates differed in key areas, making it difficult to interpret both the figures and the explanatory notes. We urged the government to work together with the House of Representatives in examining how to improve the information on estimated tax revenues.

4.3 Taking an interest in policy information: a culture change

The fact that the government often finds it difficult to work out what results its policies have had, is not the result of a lack of knowledge of and skills in evaluation techniques. Similarly, the government is aware of the value of policy information and policy reviews. Thus, the new budgetary system known as ‘accountable budgeting’ has been designed in part to identify the policy results for which ministers are responsible; the Regulations on Regular Evaluations set out certain requirements for policy reviews; and many ministries have inspectorates and research institutes that have all the knowledge and skills that are required to undertake effective policy reviews. Despite this, not only are not enough effective reviews performed, the ministers also fail to supply the Dutch House of Representatives with sufficient information on their findings. Some reports have simply been filed away without any further action.

In this light, it is encouraging to see that the House of Representatives wishes to become more closely involved in policy reviews. This was made clear by the adoption of a private member’s bill in September 2014, introducing a requirement for the House of Representatives to be sent a plan of action before any policy review is undertaken. This gives the House an opportunity to decide whether the review satisfies certain criteria for effective policy reviews. The question is, though: will this lead to any genuine change?

Admittedly, effective policy reviews are not always easy to perform. For example, it is difficult to obtain clear information on the results of education, job creation or development cooperation. In many cases, a new government has taken office by the time the effects can be measured. Politicians do not take much interest in the implementation of

government policies. Moreover, defending a minister's policy forms part of ministerial culture, often preventing ministries from taking a dispassionate view of their own policies and the way in which the minister reports on them. The question is: is this simply an expression of the dominant culture, i.e. of the way in which politicians are used to dealing with each other, and the way in which parliament is used to holding ministers to account?

Culture is a set of attitudes and behaviours displayed by people from a given group (such as ministers, government officials and members of parliament). It reflects the lessons that the group has learned during the course of time and the reasons for the group's success. These attitudes and behaviours are based on deeply rooted assumptions and values. Cultures are not easy to change; and change takes time. Culture gives meaning to life and helps make life predictable, which is why people prefer to stick with a particular culture. A culture change can be brought about only if the group accepts the urgency of the need for change, i.e. that the group's future is under threat if it does not change its culture (Schein). So are we prepared to question the established culture of government and parliament?

A study performed by the Netherlands Institute for Social Research shows that, compared with the inhabitants of other EU member states, the Dutch are relatively positive about their political system. There has been no decline in the level of public confidence in politics in the Netherlands, where people accept the value of living in a democracy. Attitudes towards politicians themselves are rather cooler, however: around half the population claim that politicians do not listen enough to what they want and feel that they do not have any influence over the government. At the same time, there are wide differences between different population groups, with lower educated people being generally less positive – and more sceptical about the EU – than higher educated people. Higher educated people continue to support the country's membership of the EU, a view that has scarcely altered in the course of time. In this context, the Netherlands Institute for Social Research points to a widening gap between those with a relatively low level of education and those with a relatively high level of education.

Compared with other EU member states, the Dutch are relatively positive about the current situation. They are more pessimistic about the future than the 'average' EU citizen, though (Netherlands Institute for Social Research 2015).

Appendix

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