

**Report to the Federal Parliament**  
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**Social Security Report 2011**  
***The overall financial management schemes***  
***and the public social security institutions***

**In the Social Security Report 2011 which the Court of Audit has transmitted to the House of Representatives, the Court examined the budget revenue and expenditure of the overall financial management schemes of social security and healthcare for the year 2010. It also presents the outcomes of its audits.**

In part I of the Report the Court of Audit examines the budget revenue and expenditure of the overall financial management schemes (workers' and self-employed workers' scheme) of social security and healthcare for the year 2010.

*Social Security Results in 2010*

Social security revenue and expenditure are still impacted by the economic crisis. To compare the outcome of 2010 with that of 2009, one must take into account the exceptional 2010 government subsidy of 2.6 billion euros for the overall financial management schemes. This subsidy, which is also planned for 2011 (2.8 billion euros), has influenced the contributive share of these contributions in the total revenue of social security (data of the overall financial management schemes and healthcare). This share decreased from 64.3% in 2009 to 61% in 2010.

*Workers' overall financial management scheme (NSSO-Global management)*

The 2010 budget revenue of NSSO-Global management increased by 7.3% compared to 2009. This increase is largely due to a higher State intervention (subsidies and alternative funding) since the normal contributions merely increased by 0.7%. Social security benefits expenditure increased by 3.3%.

According to the Court's calculations, the budget balance of the workers' Global management at the end of 2010 equals to -443.4 million euros.

The Court of Audit examined the financial impact of anti-crisis measures and measures taken to combat social fraud in 2010.

*Self-employed workers' overall financial management scheme (NISSE-Global management – National Institute for the Social Security of the Self-employed)*

Unlike the workers' overall financial management scheme, the NISSE-Global management still records a profit in 2010. Compared to 2009, budget revenue increased by 7.3%. This is mainly the consequence of State interventions, because the contributions only increased by 3.5%. Benefits expenditure increased by 4.1% from 2009.

The NISSE-Global management's budget year 2010 closed with a positive budget balance of +343,1 million euros. Like the workers' Global management, this balance must however be reduced, as it was overestimated by 34.4 million euros.

According to the Court of Audit's calculations, the self-employed workers' Global management concludes budget year 2010 with a budget balance of +308.7 million euros.

*Healthcare*

If the accounts are presented in 2010 in the same way as in 2009, namely based on the so-called "established rights" and the guaranteed budgetary objective for healthcare, then the

healthcare provisional result amounts to 731.7 million euros, from 706 million euros in 2009. According to the new data presentation by FPS Social Security, that is based on cash management, the provisional result amounts to -196.2 million euros.

The Court of Audit examined the funding of budget overruns in the medicinal products sector and the pharmacists' pay system reform.

Part II deals with the cash position and reserves of the overall financial management scheme. The cash balance of NSSO-Global management remains negative at the end of 2010 (-1.1 billion euros) while the balance of the NISSE-Global management is positive (+1.4 billion euros) and is almost completely invested in Treasury securities.

The portfolio value of the NSSO-Global management reserve fund amounts to 4.2 billion euros at the end of 2010, without any deposits or withdrawals of securities during the year. In the NISSE-Global management, the Self-employed Persons' Welfare Fund was valued at 980 billion euros as of end 2010, 280 million euros of which originated from the profit of financial year 2010.

The Fund for the Future of Healthcare, fed by the surplus from healthcare, was valued on March 31st 2011 at 1.3 billion euros.

Part III and IV contain reports on audits of financial controls and audits of the sound use of public funds in the field of social security. The most important conclusions and recommendations are:

#### *Transmission of the accounts*

The Court has for years complained about the late transmission of the IPSS (*public social security institutions*) accounts. As of 30 September 2011 the Court had not received a single account for the year 2010. No significant improvement was noted compared to the former years.

#### *IPSS' IT-expenditure for non-profit organization Smals*

The Court of Audit asks for structural measures in order to limit the accumulation of advances and allowances by the IPSS in favour of non-profit organization Smals.

#### *Company Closure Fund*

The financial situation is deteriorating because of the expenses related with temporary unemployment benefits. The rates used to calculate the Company Closure Fund's contributions to these expenses have not been updated, which weakens the employers' accountability as intended by the legislator.

#### *National Pensions Office*

The Court of Audit notes on the one hand the uneven distribution of operating costs of the National Pensions Office and on the other hand, recommends the dissolution of the non-profit association Cimire and the timely transfer of its activities to the new non-profit association SIGeDIS. The Court also pointed out that the non-profit association SIGeDIS had built up reserves, part of which can be considered to be in surplus.

#### *Compensation Fund for Asbestos Victims*

According to the Court of Audit, the accumulation of reserves should be looked into in the light of the evolution of the Fund for Asbestos Victims' expenditure.

## *ONSSAPL*

The Court of Audit recommends adjusting the appropriation of reserves that were set up as a result of the management of financial means on behalf of third parties by the ONSSAPL (National Social Security Office for the provincial and local level administrations). The Court of Audit also examined how the ONSSAPL followed up on its recommendations from a previous audit of pension reserves.

### *Administration contracts of the IPSS*

Third generation administration contracts came into force in 2010 for a period of three years. The Court of Audit examined the objectives, indicators and follow-up related to the administration contracts of the ONSS, ONP and INAMI.

### *Follow-up of the implementation of an internal audit function within the IPSS*

The Board of the IPSS followed up on the recommendations of the Court of Audit and decided to take a series of positive measures to develop the internal audit within the IPSS.

### *Bankruptcy insurance for the self-employed and temporary expansion to self-employed in difficulties*

The Court of Audit examined the anti-crisis measures in favour of the self-employed.

### *Award of non-recurring advantages bound to company results to workers*

The growing success of this measure and its financial consequences require a strict control and an evaluation of the policy.

### *National Institute for Health and Invalidity Insurance (Inami-Riziv): social and occupational reintegration into the labour market of people with an incapacity for work*

The Court's recommendations aim at increasing the efficiency of the financial incentives that have been granted since 2009 to the socially insured persons with an incapacity for work who attend a reintegration programme.

### *Launching of the Fund for Medical Accidents*

The fund was set up by the law of 31 March 2010, but is not yet operational.