

# Abstract

*As requested by the Flemish Parliament, the Belgian Court of Audit has made a comparative study about how four foreign Parliaments and Supreme Audit Institutions handle their budgetary activities. It has noticed a trend towards output-outcome oriented budgets and multi-annual justifications, with Parliaments still acting as an authorising authority but also enhancing its role as budget implementation controller. On the basis of these foreign examples, the Belgian Court in its report has advised the Flemish Parliament to take a cautious approach to the reform proposals of the Flemish Government.*

## **Selection**

The Belgian Court's latest report, a "benchmarking" among four foreign Parliaments, came out after the Flemish Parliament made a formal request. The Belgian Court selected the Netherlands, France, Sweden and Canada as research fields because these countries have recently introduced reforms on the budgetary front.

## **What lessons to draw for Flanders**

The Flemish Parliament requested this research from the Court of Audit because it will soon have to discuss the Flemish Government's proposals for a new draft accounting decree. Actually, at the end of last year, exploratory discussions on this matter were already conducted with the Government within the Flemish Parliament. The lessons drawn from the Court's report are meant to serve as a basis for the Flemish Parliament to start the debate on the accounting decree with the Flemish Government. Although the research mainly consisted in a survey of the relevant literature, the research yielded a number of striking findings.

## **An outcome-oriented approach**

The four countries under scrutiny show a trend towards an output/outcome oriented budget and justification placed in a multi-annual perspective, with Parliament shifting from an authorizing role to a control role. On the one hand, the appropriation authorization (input) is seen more from an aggregate point of view than before; on the other hand, budget and rendering of the accounts have turned out to be instruments for controlling the execution of political objectives (output and outcome). In this context, the justification and the accountability are given a more prominent role than before and the timing of the budgetary cycle should ensure that justifications are made in due time.

## **A difficult transition**

This new trend is witnessed in all countries and the draft accounting decree participates in this. The decree should necessarily provide a transparent procedure in which budgetary and justification documents give Parliament an insight into the goals achieved and the cost incurred. Foreign experience has shown that moving from the theoretical concept to a practical execution is often a difficult step. It is not easy to state appropriate operational objectives and generate reliable and relevant output information. To this effect, foreign Parliaments feel they need to rely on the adequate assistance of the Supreme Audit Institutions.

### **Less transparency**

The Flemish reform is likely to result in a less transparent system than in the countries under scrutiny. According to the Belgian Court, the budgetary and administrative component is overly detailed and complex and gives too little regard to performance related information. There is no room for a review of the report about the policy outcome by the Court of Audit, although this report is an essential justification document of the implementation of the policy objectives. In fact, foreign Parliaments tend to involve Supreme Audit Institutions more and more in an assessment of the policy information supplied.

### **Less time available**

Foreign Parliaments also get noticeably more time allotted for their budgetary activities than the Flemish Parliament. The Flemish Government would leave its Parliament a few months at the most.

### **Supreme Audit Institutions**

Before approving the budget, the Flemish Parliament relies, among others, on the Court of Audit which, if need be, would have to examine budgets hastily. In the other countries, however, the Supreme Audit Institutions hardly play a role if any in the budget examination process. They tend to focus more and more on a post audited justification of the budget implementation while focusing on an appraisal of the reliability and the quality of the output-outcome information provided to Parliament.

### **Recommendations**

The Belgian Court of Audit's report contains seven recommendations. In particular, it suggests that the Flemish Parliament should have more regard to a transparent budget structure and closely interrelated budget and justification documents. In the initial years, Parliament and Government should preferably work on the quality of their objective statements. The Flemish Chamber of the Belgian Court is also willing to examine the annual policy outcome reports on behalf of the Flemish Parliament. Finally, it advises Parliament to pursue a multi-annual, phased implementation of the budgetary and accounting reform and remain closely involved in the preparation of the major phases of the reform.