

Abstract

The Court of Audit published the Public Accounts Book 2008

The Court of Audit's control over the implementation of the Flemish Community budget in 2008 confirmed that for the first time in years the Flemish Government recorded a negative budget outcome. Flanders' total debt increased slightly again in 2008. In its accounts book 2008, the Court also assessed the accountability process within the Flemish public legal bodies and universities, and it communicated the results of a series of audits which it had recently carried out.

Outstanding debt balance

The standards used for assessing the Flemish Community's budgetary performance are based on the outstanding debt balance. This balance involves dates at which transactions are entered which are different from the dates used in the traditional public service accounting and is calculated on a consolidated basis. At the time of its control, the Court of Audit did not yet have sufficient data to check the compliance with the standard defined by the Belgian Superior Finance Council as well as the difference between the budget balance or net financing requirements and the outstanding debt balance.

Negative budget outcome

According to the budget execution account, the Flemish Community showed a negative budget outcome of 1.591,5 millions euros in 2008. The budgetary year was closed with a cash deficit of 1.111,9 millions euros.

Debt position

The total debt increased by 34 million euros in 2008. In that year, the Flemish authorities managed to repay many loans, but the total amount of these repayments was lower than the increased treasury-related debts falling due within one year. The negative cash balance at the end of 2008 was due to the Local Pact (repayments of loans by municipalities up to 642 millions euros) and, late 2008, the acquisition of participations in the capital of Dexia and Ethias (in each case to the amount of 500 millions euros). In 2008, the guaranteed debt also increased by 646 millions euros, mainly in relation with social housing and with the Municipal Holding. No specific objectives or standards had yet been developed for the guaranteed debt apart from a relatively general objective formulated in the 7 May 2004 decree laying down provisions for cash, debt and guarantee management by the Flemish Community and the Flemish Region, which holds that the Flemish Government should be economical in granting guarantees in order to keep their obligations at a manageable level.

Central revenue and expenditure

In 2008, the Flemish Community collected 22.599,8 millions euros as general and earmarked revenue, which represents 100,1 % of the budgeted amount. It paid out 24.191,3 millions euros in operating appropriations, that is 92,8 % of the budgeted amount.

Separate management bodies (DAB) and Flemish public legal bodies (VOR)

In comparison with previous years, DAB's, with revenue amounting to 1.323,4 millions euros and expenses to 1.661,4 millions euros in 2008, had less difficulty submitting their accounts in due time: the accounts from almost all DAB's were sent to the Court in July 2009.

The total budget of the VOR's, that mainly consist of public institutions, autonomous agencies and strategic advisory councils, increased slightly in 2008 (revenue of 8.615,5 millions euros and expenditure of 8.873,0 millions euros). Allocations increased to a total amount of 6.029,3 millions euros. Once again, the accounts submission suffered significant delay: no less than 29 accounts were only sent in September or later to the Court. For a number of VOR's, the accounts auditing gave rise to divergent observations.

General account

The Flemish Community general account for 2008 was submitted in due time. As the Minister did not reply to its comments, the Court of Audit is temporarily unable to close a few elements of this general account. The Court noted further that the Flemish authorities depart from the legislation relating to accrual-based accounting and that the lack of any regular inventory control still prevents a true and fair view of the property account.

Flemish Tax Platform

In its accounts book for 2008, the Court also reported about several of its recent audits. It examined a.o. how the Flemish revenue administration collected the taxes on disused industrial premises in 2008 through the new Flemish tax platform, which came into operation mid-2008. It noted that the platform has a strong organizational expertise, and that taxes are quite efficiently recorded and collected, although the reporting does not give an accurate picture of its functioning. The Flemish tax platform initially experienced delays in collecting the taxes, with temporary cash deficits as a result, and neither the billing process nor the budgetary estimate or monitoring proved to be optimal. The contract for the platform's implementation was awarded without any market consultation, and it clearly appears in the meantime that the platform's costs will far exceed the estimate.

Flemish annual reports

In another audit, the Court examined how the Flemish agencies draw up annual reports. In those reports, the Flemish agencies have to fill in and explain the financial information derived from the annual accounts. The Court concluded that annual reports are actually compiled by most agencies, but they differ in content, form and quality in that the accounting decree does not include any guidelines as to the content. The control over the annual reports' transmission and publication is also inadequate.

Other results

Other recent audits showed a.o. that the claims processing deadline through the Flemish Fund for Depreciation Costs (Vlaams Fonds voor de Lastendelging) is quite long, that the credits for employment premiums granted to people over 50 years in 2010 are too restricted, that the reporting by means of the financial instrument intended for the Flemish Fishery and Aquaculture Sector (Vlaamse Visserij- en Aquicultuursector) does not match with the reality and that the Fund for Stations Areas (Fonds Stationsomgevingen) is only used for financing the Flemish Public Transportation Company's share in the redevelopment of stations surrounding areas to be funded as part of the general expenditure budget.

Visa, revenue, grants ...

In its accounts book, the Court of Audit also gave an overview of the results of its prior approval of the Flemish expenditure as well as of its control over a revenue selection. Moreover, it reported on its detailed examination of some minor regulated grants. Its main conclusions stated that the subsidisation of Dutch Language Houses (Vlaamse Huizen van het Nederlands), which should advise non-native speakers on the supply of Dutch language courses, shows shortcomings, due to the lack of procedures and separation of functions, and that the subsidies granted for guiding companies in the organic farming sector are managed by the department and not by the agency.

Flemish universities

Finally, the Court of Audit noticed that almost all universities exceeded their limiting allocations and that the widespread introduction of VAT had a significant impact on their financial, accounting and administrative organization. In addition, the complex nature of the VAT-rules and the many inaccuracies caused large differences between the various universities and a lot of additional work and costs.