



Court of Audit

Annual activity report 2016

[abridged version]



Brussels, September 2017



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ANNUAL
ACTIVITY
REPORT 2016

This abridged version of the annual activity report outlines the use of the resources allocated in 2016 to the Belgian Court of Audit to carry out its missions. The full annual activity report is available in Dutch and French.

1 Quantitative data

In 2016, the Court employed 510 staff members on average (the law sets a maximum of 620), of which about two-thirds are auditors and assistant auditors. The last third of the staff holds supporting functions.

The report also presents an overview of the audit results. In addition to financial audits related to the general accounts, the accounts of government bodies and departments as well as the accounts of accounting officers, the Court issued 43 budget analysis reports in 2016, as well as 25 special reports, 26 articles in its Annual Comments and 3 opinions with regard to the budgetary impact of draft legislation, to the federal and regional parliaments and provincial councils.

In 2016, the Court carried out 4 analyses at the request of parliamentary assemblies. 18 members of Parliament made use of their individual right of access to documents and information on 22 occasions.

In 2015, the Court of Audit responded to two advice requests from executive authorities.

2 Impact of the audits

In its annual activity report the Court also pays attention to the impact of its audits. It examines the way its publications are perceived and monitors the implementation of its recommendations. This allows the Court to increase the quality of the information provided to parliaments and at the same time to improve its means of action. Almost all reports are available on its website, either in French or in Dutch for most regional issues, and in both languages for the federal and Brussels regional issues.

It can be mentioned in this respect that the Court's representatives attended 71 hearings of the different parliaments in 2016 to answer questions on budget review, Annual Comments and special reports.

3 International relations

3.1 European Court of Auditors

In cooperation with the European Court of Auditors (ECA), the Belgian Court of Audit takes part in audits of the European Union expenditure, participates in the activities of the various organizations of Supreme Audit Institutions (SAIs) and welcomes foreign delegations.

In 2016, the ECA carried out six audits in Belgium, in conjunction with the Belgian Court of Audit, five of them relating to the so-called statement of assurance (“DAS - déclaration d’assurance”). One audit was a performance audit on the basic payment scheme to farmers (EU 1307/2013 Regulation).

Next to the cooperation in auditing matters, a consultative structure provides the SAIs of the member states of the European Union with the opportunity to discuss topics of common interest with the ECA. Within this framework, the Contact Committee of SAI presidents met in October 2016 in Bratislava. Liaison officers of the SAIs also convened in Riga in April 2016.

The Court is also a member of the following Contact Committee working groups: the working group on VAT, the networks Europe 2020 and on budget policy, the working group on combating fraud and protecting the EU financial interests, the *Task Force European Public Sector Accounting Standards (Epsas)*, and the working group for updating the information on public procurement.

3.2 Organizations of Supreme Audit Institutions

Intosai

As a member, the Court of Audit took part in the activities of the sub-committee on internal control standards of Intosai, in particular a task force charged with preparing the review of certain Intosai GOVs.

Eurosai

The Court of Audit is member of the Governing Board of Eurosai for the 2011-2017 term. Its representatives attended the annual meeting of the Board in Luxembourg in June 2016 and took part in a meeting that prepared the Eurosai Strategic Plan 2017-2023 in The Hague in April 2016.

In the framework of the implementation of the Eurosai Strategic Plan for 2011-2017, the Belgian Court of Audit is a member of Goal Team 2 (Professional Standards) and Goal Team 3 (Knowledge Sharing). It attended the Goal Team 2 annual meeting in Bonn in November 2016. On behalf of Goal Team 2, the Court leads the operational cooperation between Eurosai and the European Confederation of Institutes of Internal Auditing (ECIIA) and attended the annual meeting of the cooperation committee (April 2016 in Madrid).

The Belgian Court of Audit took part as member in the regular activities of the Eurosai Working Group on Information Technologies (IT), including the plenary meeting in Prague in June 2016. A representative of the Court took part in the plenary meeting of the Working Group on Environmental Audit (September 2016 in Skopje).

Aisccef

Since 1994 the Court has been treasurer of the Association of Supreme Audit Institutions that have in common the use of the French language (“Association des institutions supérieures de contrôle des finances publiques ayant en commun l’usage du français” – Aisccef).

3.3 Audit of international organizations or projects

A councillor of the Belgian Court of Audit chairs the OCCAr (Organisation for Joint Armament Cooperation) board of external auditors. The Court is one of the external controllers of the Airbus A400M programme.

3.4 Foreign delegations

In 2016, the Court received 38 members of 8 foreign delegations as part of a professional visit or short term training with regard to the Court’s missions, organization and audit methods.

4 External representation

In October 2016, the Court of Audit organised a meeting with European SAIs on various VAT related themes. The Court also shared its knowledge and experiences during a bi-annual consultation with the internal audit agency Audit Flanders and Serv, the Flemish socio-economic council, both June 2016.

It goes without saying that representatives of the Court of Audit take part in a number of seminars organised by the administration at large when it comes to public accounting and auditing, internal control or public procurement; for instance on public procurement legislation: IFE Benelux training (April and November 2016), National Tender Day (October 2016).

Court members and auditors also maintain good relations with higher education institutions and are often requested to give a presentation or a lecture (Universities of Brussels, Ghent, Antwerp, Louvain, Hasselt, ICHEC, and others). The main topics are public finances, internal control, performance audit, policy evaluation and public accounting.

Abroad, staff from the Court contributed to the creation of a PEFA (Public Expenditure and Financial Accountability) task force in Cameroon (May 2016), a seminar on strategic planning in an academic hospital (October 2016) and a training on e-government in Tunisia (December 2016).

Impact of audits was the topic of the third joint reflection day with the SAI of the Netherlands.

5 Selection of audit themes and audits by the Court of Audit

Besides advising on the budget, the Court of Audit performs financial audits, legality and regularity audits and examines the sound use of public funds. These audits encompass both revenue and spending of the federal state, the communities and the regions and the public institutions depending on them and of the provinces.

As the Court cannot audit on a permanent basis all processes and operations within these diverse and complex domains, it developed a consistent and reasoned method to select its audits which rests on its mission statement and strategic plans.

Both texts demonstrate the strong interest of the Court when it comes to selecting audit themes for the audit cycle. Starting from the international audit standards, the Court bases the selection process on a recurrent risk analysis and the preoccupation of the parliamentary assemblies. All facets of the public policy are examined in a diversified and balanced manner.

The ISA (International Standards on Auditing) of the International Federation of Accountants and the ISSAIs (International Standards of Supreme Audit Institutions) and Intosai GOVs are the foundation of the audit activities, along with the risk analysis and risk management definitions set by the Institute of Internal Auditors (IIA) and the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Selecting the audit type (financial, compliance or performance audit), audits and audit themes relies on four main lines: risk analysis, financial and social interest, added value of the audit and compliance with the legal obligations of the Court and coverage of the audit field.

5.1 Risk analysis

Risk analysis will have different functions according to the type of audit.

For thematic audits (legality and performance audits) risk analysis has a *selective* function: based on the risk analysis, a theme with a huge added value will be selected and examined thoroughly. An entire coverage of the audit universe is impossible. A double risk analysis is actually made: first a panoramic overview of the main risks in each policy domain (every five years) followed (yearly) by more thorough zooming in on these risks.

For the (yearly) financial audits, the risk analysis has an *orientating* function: the auditor concentrates on the risks which could lead to the accounts not giving a true and fair view and could influence the decisions of the users of these accounts. For financial audits, the aim is to cover the major part of the (incoming and outgoing) cash flows. When planning and performing its financial audits, the Court relies on a materiality calculation which allows to assess the magnitude of the observed anomalies.

5.2 Financial and social interest

The budgeted financial resources for achieving the mission are examined to assess the financial importance, along with their evolution during recent periods, the financial resources apportioned to the mission as well as the guarantees granted by the public authorities and the liabilities they are bearing.

As for the social importance, the impact of the mission on society is scrutinised, in particular the quality of life of the citizens, the environment, the social cohesion and the respect of fundamental rights. The interest of parliaments can also be a guidance in this context.

5.3 Added value of the audit

The added value of audit themes is mainly assessed against the available information about the entity or the policy and the expected outcomes. Previous reports from the Court are taken into account and, when possible, reports from other sources, too.

To reduce the burden on the audited entities and guarantee an added value for them, the Court also sees to apply the *single audit* principle (*single control chain*), which involves a standardisation and rationalisation of the methods and activities implemented by the different internal control actors in order to allow the external audit (e.g. the Court of Audit) to rely on their work.

5.4 Compliance with legal obligations and coverage of the audit field

The Court of Audit seeks to cover its audit domain in a diversified manner. For its verification of budgets and accounts of public authorities, the Court is nevertheless bound by the regulatory provisions that determine the framework and terms of its work. The selection of audit themes aims to deal with the risks and better allocate the financial resources as well as to avoid auditing some entities too often or not often enough.

6 Royal visit

King Philip brought a visit to the Court of Audit on 6 December 2016 on the occasion of the 170th anniversary of the Court's organic Act.



The King welcomed by Senior President Ph. Roland (right) and President I. Desomer (left).

A full version of this activity report in French or Dutch is available on the Court's website: www.courtofaudit.be.



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ADDRESS

Belgian Court of Audit
Rue de la Régence / Regentschapsstraat 2
B – 1000 BRUSSELS

TEL.

+32 2 551 81 11

FAX

+ 32 2 551 86 22

MAIL

international@ccrek.be

WEBSITE

www.courtofaudit.be