

# Belgian Court of Audit

*Auditing, evaluating, reporting*

## Annual activity report 2010



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(abridged version)





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Report approved by the Court of Audit's general assembly on May 11 2011



## Foreword

The Belgian Court of Audit's 2010 – 2014 strategic plan highlights the inextricable link between human capital and audit quality. In order to guarantee the quality of its audits, the Court recruits its staff by means of a rigorous selection procedure. Staff members contribute to the contents of the strategic planning of the audits and are regularly offered the opportunity to update their knowhow.

The Court has devoted major efforts to optimize its human resources policy. First of all, it managed to rejuvenate and strengthen its audit teams by taking on new staff. By incorporating these new collaborators into highly experienced teams, the Court links the new knowledge with the experience acquired while having the profiles needed to achieve its objectives. The training policy aims at the deployment of our institution's modernization in order to keep up and enhance the expertise of our staff. An individual coaching based new assessment procedure has also been started up and the first team building activities have been organized.


The objectivity and impartiality of its audits have been highlighted by other readers than the usual direct addressees of our opinions, notes, reports and the Court's annual collected audit findings and comments report. The academic community has hinted at our work or has requested us to contribute either to a workshop or a special issue of a magazine on a specific subject whether it concerns the Copernicus reform or the monitoring of good governance. These contributions give a full measure of the audits we have performed in a particular field.

The Court of Audit endeavours to play rapidly along with unexpected events, such as the audit assignment regarding the railway network safety, requested by the parliamentary commission set up as a result of the tragic railway accident in Buizingen. Under those conditions the Court has managed to set up in no time a team able to tackle extremely technical matters while framing recommendations within very strict time limits and within the constraints represented by the requirement of a contradictory procedure with several actors.

During the year 2010 our institution was able for the first time to finish off the report on the Flemish Community's accounts before the end of the year following the closing of the budget accounts. Moreover it implemented a first accounts' certification against a new legislative background, in casu the 2008 general account of the government services of the Brussels-Capital Region. Finally, it ensured the publication, together with the framing of the 167<sup>th</sup> federal Report dealing with the federal government's accounts in the light of the new public accounting, of a first annual report completely dedicated to social security in view of the topical value and the budgetary importance of this sector.

Our high quality level was also evidenced in our international activities. At the end of November 2010 during the INTOSAI tri-annual congress of the international Supreme Audit Institutions organization (INTOSAI) the professional standards committee (PSC) put forward about forty new standards, international standards of SAIs (ISSAIs) and guidance for good governance (INTOSAI GOVs), with over half of them related to financial audit. In the course of the next few years the Court is going to phase them in progressively along with the updating of our audit manuals. Two of these new INTOSAI GOV standards were worked out by the internal control standards subcommittee which was chaired by our institution. These standards refer to the independence of internal audit in the public sector and to the coordination and cooperation between SAIs and internal auditors. Our institution chaired the internal control standards subcommittee for nine years and has now handed over the chairmanship to the SAI of Poland. It is pleased to note that the INTOSAI internal control standards were implemented into the Belgian legislation.

By targeting the quality of both its human resources and audits, the Court attempts to contribute to good governance, an objective increasingly strived for by the public sector.

A stylized, handwritten signature in black ink, consisting of several overlapping loops and a long, sweeping tail that extends downwards and to the right.

Ignace Desomer  
President

A handwritten signature in black ink, featuring a series of connected, rounded loops that form a wave-like pattern, ending in a long, horizontal stroke that tapers to the right.

Philippe Roland  
Senior President

## About this annual activity report

### Goal

The Belgian Court of Audit is an independent institution entrusted with the external audit of government revenue and expenditure on behalf of the legislature.

Through its annual activity report the Court provides information on the way it implements its vision, its missions and its values from year to year within the limits of its resources.

Through its annual activity report the Court renders account of its activities.

### Structure and target group

The annual activity report is divided into three parts: the Court's overview (chapter 1), a topical issue addressed by the Court (chapter 2) and the outputs of its activities (chapters 3 to 5).

The Court's annual activity report is intended for the president of the House of Representatives. It is sent to the King and to the representatives of the legislative, executive and judiciary powers in Belgium as well as to the presidents of the Supreme Audit Institutions with which the Court maintains close relationships. Its annual activity report is available on the website of the Court: [www.ccrek.be](http://www.ccrek.be).

### Overview

Apart from this abridged version of the annual activity report published in English, an unabridged version also exists in French and in Dutch.



## Chapter 1

# The Belgian Court of Audit's overview

### 1 Vision, missions and values

In July 2004 the Court approved a mission statement which guides its activities. It focuses more specially on the Court's vision, missions and values.

#### 1.1 Vision

The Court aims at improving the functioning of public service through auditing public administrative authorities and assessing the implementation of government policy and the results obtained.

#### 1.2 Missions

The Court conducts independent audits of the revenue and expenditure of the Federal State, the Communities and Regions, the subsidiary public bodies thereof and the provinces.

It assists the parliamentary assemblies and the provincial councils in exercising their supervising function as regards collecting and spending of public funds. It reports on its findings and provides its opinions and recommendations based on:

- government budget review
- legality and regularity audit
- financial audit
- audit activities related to the proper use of public funds.

The Court also performs a jurisdictional assignment. It determines whether the accounting officers that collect receipts and disburse expenses are liable in the event a deficit appears in their account.

#### 1.3 Values

As an institution the Court pays particular attention to its independence, to providing high-quality information and a support to a good governance as well as to pursuing a dynamic human resources policy and to maintaining relations with the outside community.

In March 2009 it worked out an ethical code for its members and its staff. It conduces to further practices and attitudes in line with the Court's values. This code which was the fruit of a wide exchange of views within our institution enunciates and explains the values of independence, expertise, integrity, impartiality, confidentiality, loyalty and respect. Everyone commits oneself to implement these values in one's everyday tasks to enhance confidence in the Court.

## 2 Organization

### 2.1 Court's collegiate body (College)

The Court members are appointed by the House of Representatives for a renewable term of six years. The legislator made provision for a strict system of incompatibilities and restrictions applicable to Court members to guarantee the Court's independence and impartiality.

It is made up of two chambers, one French-speaking and another Dutch-speaking, which jointly constitute the general assembly. Each chamber comprises a president, four councillors (conseillers/raadsheren) and a secretary general. The senior of the two presidents is known as the "senior president" ("premier président/eerste voorzitter") and the senior secretary general as the "chief secretary general" ("hoofdgriffier/greffier en chef").

General assembly				
Dutch-speaking chamber		+	French-speaking chamber	
President	I. Desomer		Senior President	Ph. Roland
Councillors	J. Beckers		Councillors	M. de Fays
	R. Lesage			P. Rion
	J. Debucquoy			D. Claisse
	R. Moens			F. Wascotte
Chief Secretary General	J. Van Ingelgem		Secretary General	A. Bolly

### 2.2 Executive and audit units

The Court's services are subdivided into three sectors which comprise together ten directorates, each headed by a senior auditor-director.

Sector I is a support sector. It consists of the directorate General Affairs and the directorate Coordination and Studies, including the Secretary General's Office.

Sectors II (federal) and III (communities and regions) are operational services and are made up of the directorates belonging to the financial or the thematic pillar.

The financial pillar, which draws up the Court's annual audit findings and comments report, is entrusted with the budget examinations, auditing the accounting system, the financial situation and management. It also checks the regularity of the underlying operations and makes a statement on the administration's accounts and ensures the administrative closure of the accounting officer's accounts.

The thematic pillar, which produces the special reports, is charged with audits examining the legality of operations and procedures, as well as the proper use of public funds with the intent to measure the efficiency, the effectiveness and the economy of a service, a process or a policy.

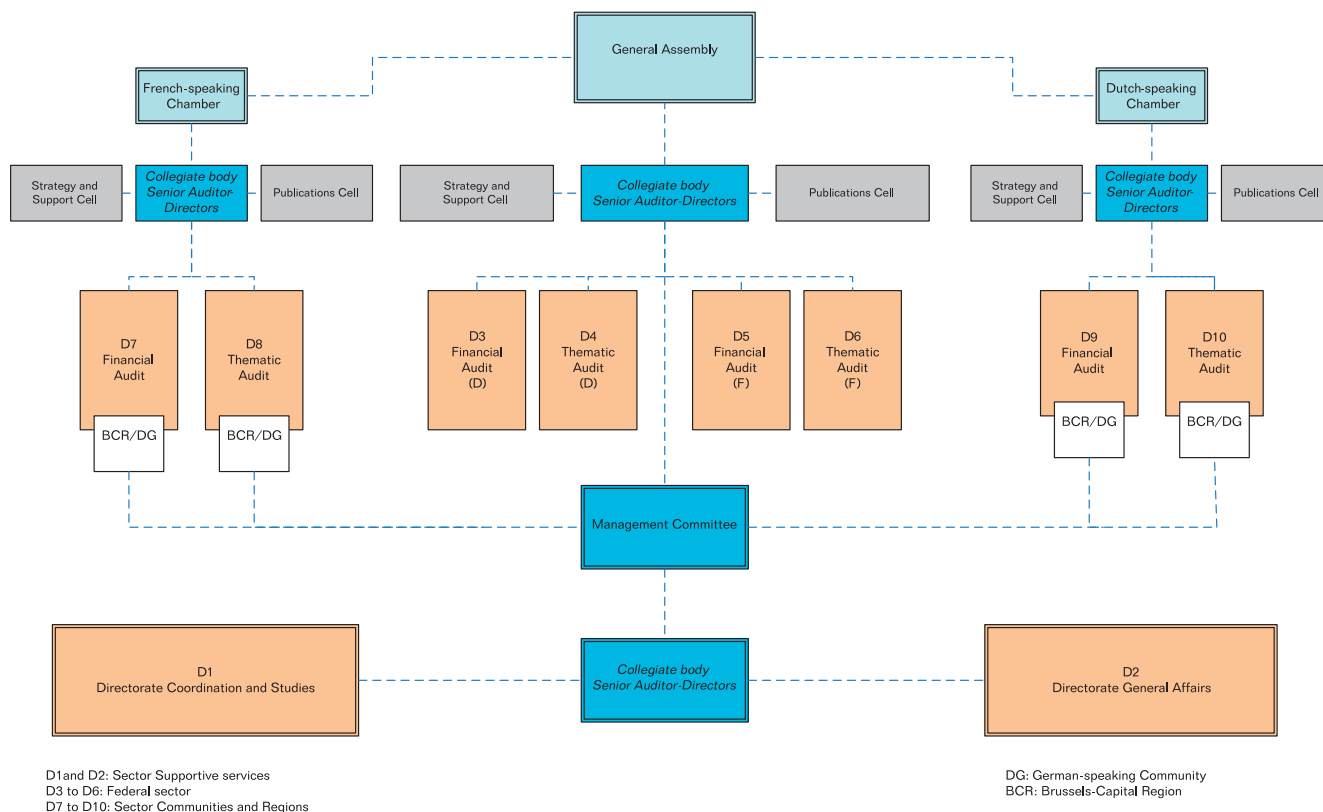
The breakdown into sectors is in line with the powers of the general assembly, the French-speaking and the Dutch-speaking chambers.

The Court's general assembly has responsibility for matters relating to the Federal State, the Brussels-Capital Region, the Brussels Common Community Commission and the German-speaking Community as well as for the interpretation of the European and federal rules.

The French-speaking chamber has exclusive responsibility for matters involving the French Community, the Brussels French Community Commission, the Walloon Region, the provinces in this Region and the subsidiary institutions.

The Dutch-speaking chamber has exclusive responsibility for matters concerning the Flemish Community, the Flemish Region, the provinces in this Region and the subsidiary institutions.

## Organization chart of the Court of Audit



## 3 Available resources

### 3.1 Staff resources

The Court has the authority to appoint and dismiss its staff members. The staff establishment amounts to 620 posts, evenly divided between French- and Dutch-speaking staff.

In 2010 the Court employed 559 staff members on average (502 statutory and 57 contractual staff members). About two third of staff members occupy the function of auditors or assistant auditors; the remaining staff perform a support function.

### 3.2 Financial resources

After hearing of the Senior President's report, the draft budgets are drawn up by the general assembly and approved by the House of Representatives subject to a review by the Accounting Commission.

The 2010 revenue budget amounted to 45,690,700 euros, which is a decline of 1,129,500 euros (– 2,41 %) from 2009.

The 2010 expenditure budget amounted to 52,340,700 euros, which is a drop by 820,500 euros compared with 2009 (– 1,51 %).

### 3.3 Material resources

The Court has a computer network with 25 physical servers (with several of them having about 20 virtual servers). About 660 personal computers, 40 personal computer terminals and 140 printers are connected to the Court's network.

Staff members carrying out on-the-spot checks generally have a portable computer. A major part of staff members have access to the Court's network through a VPN connection (Virtual Private Network).

## 4 Functioning

### 4.1 Sittings

The French-speaking chamber, the Dutch-speaking chamber and the general assembly each meet every week. Their meeting is not public. In 2010 the Court had 187 sittings.

#### *Meetings of the Court*

	2008	2009	2010
French-speaking chamber	60	56	60
Dutch-speaking chamber	67	56	60
General assembly	66	59	67

### 4.2 Exchange of letters

The Court contacts directly the various general administrations concerned. The competent authority is bound to reply within a maximum period of one month. The Court can extend this period. It does not engage in exchange of letters with private individuals or private companies.

## Chapter 2

# Review of a decade of chairmanship of the INTOSAI subcommittee on internal control standards by the Belgian Court of Audit

The Belgian Court of Audit is a member of INTOSAI, the International Organization of Supreme Audit Institutions ([www.intosai.org](http://www.intosai.org)). Within this non-governmental organization serving in an advisory capacity at the United Nations (Economic and Social Council, ECOSOC) and now counting 189 SAIs, a certain number of committees and subcommittees are active and focus essentially on working out various professional audit standards applicable to the public sector.

Since 1996 the Court has been active in the committee responsible for working out standards for internal control. This committee develops essentially standards designed for public management. Delegates from the Court took the floor several times during the international meetings organized by the SAI of Hungary, which was at the time chairing the committee. During this period there was a growing awareness that the internal control guidelines approved in 1992 needed updating. The Belgian Court was among those who advocated an updating as this had become necessary following the emergence of new internal control concepts such as among others the internal control COSO standards<sup>1</sup>.

The 17<sup>th</sup> INTOSAI congress (Seoul, 2001) endorsed this concept and, at the same time, appointed the Court as new chair of the committee responsible for working out internal control standards. In this capacity the Court had to amend the manual. The new manual implemented the COSO model, which provided a framework to assess internal control for the private sector, into the public sector. In the meantime the need for having public managers and civil servants able to act exclusively in the public interest and account for the way they manage public funds was strongly emphasized. Guidelines also included ethical values and provided additional information on the general principles of control activities with regard to information technology.

The updated guidelines, which were submitted as draft among others to IIA and IFAC<sup>2</sup>, were endorsed by the 18<sup>th</sup> INTOSAI congress (Budapest, 2004). They are now recognized nationally and internationally as a guidance framework to enhance internal control in the public sector. In Belgium federal and regional regulatory provisions are based on these guidelines. Noteworthy on the international level they are embedded in the internal control systems of several new EU members.

In implementation of INTOSAI's first strategic plan its functioning was drastically reformed. This led i.a. to the setting-up of a committee responsible in particular for formalizing the professional standards. The internal control standards committee became in 2005 a subcommittee of the committee for professional standards. In collaboration with the other subcommittees a standard framework for SAIs was designed, this is the so-called ISSAIs (*International Standards of Supreme Audit Institutions*, [www.issai.org](http://www.issai.org)).

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<sup>1</sup> COSO (*Committee of Sponsoring Organizations of the Treadway Commission*) was set up in response to several financial scandals in some American companies due to a lack of internal control.

<sup>2</sup> *Institute of Internal Auditors and International Federation of Accountants.*

The documents issued by the internal control standards subcommittee were designated under the acronym INTOSAI GOV (*INTOSAI Guidance for Good Governance*)<sup>3</sup>. This shows that this subcommittee's action scope also comprised all kinds of aspects associated with good governance.

In its capacity of chair of the subcommittee and member of the committee's steering committee, the Belgian Court of Audit also contributed to the implementation of the so-called *dual approach*. This implies that INTOSAI adopts the standards issued by other international audit standard-setting bodies (such as IIA and IFAC) if they are applicable in a public environment. This allows INTOSAI to then focus on the development of standards in areas where there were none and thus to operate more effectively.

Since 2005 the Court of Audit has also strived to make the updated guidelines known internationally. The subcommittee took the initiative to draw up a text based on COSO II, which included risk management in the internal control approach (INTOSAI GOV 9130). This text was endorsed by the 19<sup>th</sup> INTOSAI congress (Mexico, 2007).

During this period the subcommittee developed a questionnaire distributed among all INTOSAI members. The answers to this questionnaire showed that the public sector greatly needed internal control instruments and that further efforts needed to be undertaken to promote good governance. The plenary meeting of the subcommittee in Oman, in early 2007, decided to focus more on existing information material and on the availability to all interested SAs and public managers of an electronic platform instead of developing itself internal control instruments and aspects associated with good governance. This e-platform was developed under the leadership of the Dutch SAI. At the meeting in Oman the decision was also taken to prepare a *Memorandum of Understanding* between INTOSAI and IIA.

After the signature of the memorandum between the INTOSAI committee for professional standards and IIA, in mid 2007, the Court as chair of the subcommittee invited the members to suggest topics that would be elaborated on within the subcommittee. The answers showed clearly that two topics raised particular interest, namely the relations between SAs and internal auditors as well as the independence of internal auditors in the public sector. These topics were then selected for further development. The chair of the subcommittee had to make sure that the new INTOSAI decision-making process in respect of standards and guidelines was duly complied with (*due process*).

In early 2008 IIA was awarded the status of INTOSAI associate member and as such also became a member of the subcommittee. In April 2008 a task force within the subcommittee members developed two preliminary draft guidelines, namely a discussion document issued by the chair on the relationship between SAs and internal auditors and a document issued by IIA on the independence of internal auditors. The preliminary draft guidelines were amended by the task force the following months. In September 2008 the chair of the subcommittee submitted the amended preliminary draft guidelines for comment to all members of the subcommittee and to the steering committee members of the committee for professional standards. The comments received related essentially to the link between the preliminary drafts and ISA 610/ ISSAI 1610 ('using the work of internal auditors'), the issue whether the relationship between SAs and internal auditors in the public sector was a two-way process and the definition of and distinction between independence and objectivity of internal audit.

In mid 2009 the amended drafts were submitted to the steering committee of the committee for professional standards and then publicized on the ISSAI website as draft INTOSAI GOV 9140 and 9150. In the following months the whole INTOSAI community and all other interested parties were given the opportunity to comment on the publicized

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<sup>3</sup> The 2004 guidelines have since then been renamed as INTOSAI GOV 9100.

drafts (*exposure drafts*). In total about sixty reactions to both drafts were received. The comments regarded the aspects mentioned above but also dealt with work relationship and internal audit reporting, the outsourcing of the internal audit activity and the issue whether SAIs and internal auditors have reciprocal access to information and audit documentation.

During the plenary meeting in Moscow in February 2010 the subcommittee discussed the incorporation of the comments in the draft documents. After going through a final review by all subcommittee members and a discussion and approval of the final versions by the steering committee of the committee for professional standards, INTOSAI GOV 9140 and 9150 were submitted to and endorsed by the 20<sup>th</sup> INTOSAI congress (Johannesburg, November 2010). INTOSAI GOV 9140 deals among others with the criteria concerning the independence and the objectivity of internal audit in the public sector and the way to achieve an independent and objective internal audit. INTOSAI GOV 9150 focuses on the respective role and responsibility of internal audit and SAIs in the public sector and examines the advantages, the risks, the basis, the modalities, the various phases and content of a coordination and collaboration between SAIs and internal auditors.

This INTOSAI congress also endorsed the transfer of the chairmanship of the subcommittee from the Belgian Court to the Polish SAI. This transfer is evidence of a partial reorientation of the Court's international involvement, namely a shift of emphasis from INTOSAI to EUROSAL, the European SAIs' organization. At the end of the Court's mandate the subcommittee had 29 SAIs members<sup>4</sup>. The Court now supports the Polish chairmanship actively in its present position of subcommission member.

At the latest congress period, as chairman of the subcommittee the Court was also actively involved in the activities of the steering committee of the INTOSAI committee for professional standards, namely the coordination of the subcommittees' ongoing initiatives and the orientation of the future activities. At the end of January 2010 it hosted in this respect a technical meeting of representatives of the regional INTOSAI groups. A model was made to map the SAIs' audit mandates systematically on international level (*SAI mapping*); this work is the basis for rewriting INTOSAI basic standards, namely ISSAIs 100 etc., in this and the following congress period.

As a member of the steering committee of the INTOSAI committee for professional standards the Court also largely contributed to working out the principles of transparency and accountability for SAIs (ISSAIs 20 and 21). The Court was the first SAI to chair the working group entrusted with this task. These principles were endorsed by the 20<sup>th</sup> INTOSAI congress (Johannesburg, November 2010).

In the last decade INTOSAI has developed systematically standards for SAIs (ISSAIs), in the first place with regard to financial audit and also guidelines for good governance (INTOSAI GOVs). INTOSAI and its regional organizations have also explicitly tried to go about making INTOSAI standardization known on a larger scale. An example of this approach was a seminar organized by EUROSAL in conjunction with the INTOSAI committee for professional standards in October 2009 and to which the Court contributed actively. It also actively participated in the implementation of a cooperation agreement between EUROSAL and the European Confederation of Institutes of Internal Auditing (ECIIA), along the lines of the model of the memorandum of understanding concluded between INTOSAI and IIA though more centered on the implementation of standards. The plenary meeting in Moscow in February 2010 was also an opportunity for the chair of the subcommittee to organize jointly with the SAI of the Russian Federation a seminar dedicated to internal control in the public sector and intended for delegates of the Russian authorities.

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<sup>4</sup> Besides the Belgian SAI it included the SAIs of the Bahamas, Bangladesh, Bolivia, Brazil, Chile, the Cook Islands, Costa Rica, Cuba, Egypt, El Salvador, France, Georgia, Hungary, Jamaica, Libya, Lithuania, the Netherlands, Ukraine, Oman, Austria, Poland, Rumania, the Russian Federation, Spain, Tanzania, the United Kingdom, the United States and South Africa.

At the level of the European Union the 2004 INTOSAI guidelines (INTOSAI Gov 9100) are now an important foundation for the *Public Internal Financial Control* (PIFC) model designed by the European Commission (DG Budget) intended for national governments<sup>5</sup>. Besides, in June 2007, the Court organized in collaboration with the European Court of Auditors a seminar during which the European and national SAIs exchanged their views on the internal control concept in the public sector with the Intosai guidelines providing a keynote and a reference.

At the national level the INTOSAI standards framework, i.a. the 2004 guidelines, have clearly provided guidance in drawing up the federal regulatory provisions governing the internal control system within the executive power (royal decree of 17 August 2007). In the implementation of the Court's external audit the evaluation of the internal control systems have become a constant component of systems-based audits in the last ten years.

In short, during the last decade, the Court as chair of the INTOSAI internal control standards (sub)committee has contributed to the establishment of the concept of internal control in the public sector both at international and European level and within Belgian federal and regional public entities. In this capacity it contributed to the convergence of audit standards and good governance standards between the private and the public sector. The Court is willing to back up these achievements in the next few years within INTOSAI and EUROSAI as well as at a national level.

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<sup>5</sup> See European Commission, *Welcome to the world of PIFC*, 2006.



## Chapter 3

# Audit results

### 1 Scope of the audits

#### 1.1 The Federal State

The Court of Audit's Federal State audit field is divided into seventeen policy domains, which constitute groups of activities or administrative entities with common societal objectives. Thirteen of these federal policy areas are organised on the basis of a federal public service (SPF/FOD – hereafter FPS) with possibly one or more programming public services (SPP/POD – hereafter PPS) and other public administrative entities (essentially public interest bodies and public services with separate management). The other policy domains concern the Defence, the Federal Police, the Public Buildings Agency and the Social Security Institutions.

These policy domains cover:

- on the one hand, nineteen FPS, PPS and departments, the operations of which are charged to the public revenue budget and the general expenditure budget;
- on the other hand, a hundred or so bodies (public interest bodies, sui generis bodies, public services with separate management, public enterprises, social security institutions), the accounts of which are in a limited number of cases annually or cyclically subject to the Court's audit.

The audit field of the federal sector covers the audit of the operations relating to the restitution and allocation funds.

This audit field is still in an evolving stage. In 2010 the Central Office for German Translation, created by the programme act of 23 December 2009, became operational, but the Fortis Fund (one of the 11 bodies of category B) is not yet in use.

The Act of 22 May 2003 regarding federal accounting has come into effect in five pilot departments since 1 January 2009. Since 1 January 2010 it is also operative in four departments that are part of the first roll-out phase: they are the FPS Employment, Work and Social Dialogue, the FPS Social Security, the FPS Economy, the FPS SMC, Middle classes and Energy as well as the PPS Social Integration, Fight against poverty and Social Economy. The implementation by the PFS Foreign Affairs, Foreign Trade and Development Cooperation has been put off by one year.

The Court closely monitors the progressive introduction of this IT-project, because Fedcom provides new opportunities to implement its auditing work and has major implications for its audit methodology. Within the context of the federal accounting act of 22 May 2003 the financial audit now primarily concentrates on a systems-based and process-based audit and on an audit of the internal control thereof so as to check the reliability of the financial and accounting statements. The new audit methodology has been implemented since 1 January 2010 by a newly created audit unit, called *Financial systems Analysis*.

In the financial field the latest general account of the federal State to be received is the 2009 account. It is included in the Court's 167<sup>th</sup> Annual Report and indicates that the expenditure charged to the general expenditure budget of the federal State amounted to 72.10 billion euros that year (including the expenditure for the settlement of the public debt for an amount of 21.32 billion euros). Revenue amounted to 80.73 billion euros with 0.69 billion euros earmarked revenue, and including 39.00 billion euros borrowing proceeds.

The Court's audit also focused on the operations associated with the establishment and recovery of entitlements acquired by government, more specifically tax revenue, in accordance with the implementing rules concluded in the protocol agreement signed between the Finance minister and the Court in 1995.

The 2009 expenditure in respect of the restitution and allocation funds amounted to 68.61 billion euros, with 25.39 billion for the repayments, 29.36 billion for the allocations to the federated entities, 13.25 billion for the allocations to social security and 0.62 billions for other allocations.

The 2009 revenue in respect of the restitution and allocation funds amounted to 69.34 billion euros with 25.39 billion for the repayments, 29.36 billion for the allocations to the federated entities, 13.97 billion for the allocations to social security and 0.62 billion for other allocations.

According to the accounts received by the Court the 2009 expenditure operations of government services with separate management accounted for 0.38 billion and expenditure operations of public interest bodies, including sui generis bodies, for 17.47 billion euros.

The revenue generated by government services with separate management amounted to 0.42 billion euros while revenue generated by public interest bodies, including sui generis bodies, accounted for 17.58 billion euros.

Finally according to the provisional budget outturn of the overall financial management for employees and self-employed, including the branch health care, social security revenue amounted to 67.74 billion euros in 2009 and social security expenditure, including health care, to 69.57 billion euros.

## 1.2 The Flemish Community

Since the launching in 2006 of the 'Better Governance Policy' reform (*'Beter Bestuurlijk Beleid'*) the policy domain of the Flemish Community subject to the competence of the Court has been divided into thirteen policy fields. A Flemish ministry was established for each policy field consisting of one department and one or more internal autonomized agencies without legal personality. Besides a policy field can also include internal and external autonomized agencies with legal personality. Moreover a complete list should also include the entities existing before the administration policy reform such as several services with separate management and the Flemish public institutions (VOI) which have not been converted into agencies. The Court has also authority to audit the accounts of the policy advisory councils.

The operations contracted by the departments and the internal autonomized agencies without legal personality are charged to the public revenue budget and the expenditure budget of the Flemish Community as well as to the budgets of the services with separate management. The other entities have their own budget.

It should also be noted that the adjustment of the 2010 general expenditure budget of the Flemish Community<sup>6</sup> stipulates that all expenditure charged to the 2010 budget are no more subject to the Court's prior approval ('visa') from 1 August 2010. The Court agreed practical arrangements with the Flemish Community's services to allow from that date on for an audit after payment of the expenditure orders.

The 2009 general accounts were duly delivered by the minister for Finance and Budget. This is why in 2010 the Court has not drawn up a preview showing the results of the implementation of the budget.

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<sup>6</sup> Article 15 of the decree of 30 June 2010 adjusting the general expenditure budget of the Flemish Community for the financial year 2010.

The latest general accounts to be audited are from the year 2009. In 2009 the Flemish Community collected 22.02 billion euros as general and allocated revenue and 27.12 billion euros expenditure were booked.

In 2009 the revenue generated by the services with separate management amounted to 1.00 billion euros. Expenditure accounted for 1.01 billion euros. In 2009 the revenue collected by the Flemish public legal personalities accounted for 8.61 billion euros and expenditure for 8.71 billion euros.

### **1.3 The French Community**

The policy domain of the French Community audited by the Court is divided into nine policy fields.

These policy fields include, on the one hand, the central department the operations of which are charged to the public revenue budget and the general expenditure budget of the French Community and, on the other hand, six public interest bodies, eight services with separate management, about three hundred schools and nine universities. Their accounts are audited by the Court every year.

In financial terms the latest preview of the results of the implementation of the budget, that is the 2009 budget, indicates that the revenue and the expenditure (including the expenditure for the settlement of public debt) were charged to the budget of the French Community of that year for a respective amount of 8.09 billion euros and 8.45 billion euros.

According to the Court's data the revenue and expenditure operations of the services with separate management dependent on the French Community education department accounted for 0.20 billion euros and 0.18 billion euros in 2009. In the same year the French Community spent 0.27 billion euros on the French Community public institutions that were audited by the Court and 0.60 billion euros on universities.

### **1.4 The Walloon Region**

Following the reform of the Walloon administration with the two former ministries merged into one single public service the policy domain of the Walloon Region audited by the Court is now divided into thirteen policy fields.

These policy fields include, on the one hand, the Walloon Region's central administration (*Service public de Wallonie*) with operations charged to the public revenue budget and the general expenditure budget of the Walloon Region, and, on the other hand, 24 institutions (public interest bodies, services with separate management and regional enterprise); their accounts are subject to the Court's audit every year. The entity Wallonia Brussels International (WBI) should also be added to the list; it is an institution common to the French Community, the Walloon Region and the Brussels Common Community Commission.

In financial terms the latest Court's preview showing the results of the implementation of the budget, that is the 2009 budget, indicated that revenue and expenditure (including the expenditure for the settlement of public debt) charged to the budget of the Walloon Region of that year amounted to respective amounts of 6.43 billion euros and 7.18 billion euros.

In 2009 the Walloon Region spent 2.36 billion euros on the Walloon public institutions and the regional enterprise audited by the Court.

### 1.5 The Brussels-Capital Region

The Brussels-Capital Region level of government audited by the Court is divided into eleven policy domains.

These policy domains include, on the one hand, the central department the operations of which are charged to the public revenue budget and the general expenditure budget of the Brussels-Capital Region and, on the other hand, eighteen public interest bodies the accounts of which are audited by the Court every year.

The organic ordinance of 23 February 2006 of the Brussels-Capital Region containing provisions applicable to the budget, the accounts and the audit assignment has been in force since 1 January 2006. From now on the Region is due to keep general accounts based on a standardized chart of accounts. Each year it has to draw up a general account consisting of, on the one hand, an annual account including a balance sheet, a profit and loss account and a summary account of the budget operations of the year, and, on the other hand, the budget implementation account. Moreover the expenditure ordinances are no more subject to the Court's prior approval. This ordinance also removes all services with separate management subordinated to this federated authority. It entrusts the Court with certifying the accounts.

The entry into force of the provisions with regard to the annual submission of the general account of this regional entity was, however, delayed from 15 June 2006 to 1 January 2008 by a decree of the Brussels government. The 2008 general account, which had to be in compliance with the provisions of the new organic ordinance, was due to be drawn up by the government and submitted to the Court's certification by 31 August 2009. A provision for derogation contained in the ordinance of 14 December 2009 adjusting the general expenditure budget of the Brussels-Capital Region for the financial year 2009, replaced the date of 31 August by 31 December.

According to the data relating to the implementation of the 2009 budget provided by the administration of the Brussels-Capital Region the revenue and expenditure booked (including the expenditure for the settlement of the public debt) amounted to respectively 2.26 and 2.79 billion euros. During the same year the Brussels-Capital Region spent 1.27 billion euros on its regional public institutions audited by the Court.

### 1.6 The German-speaking Community

The German-speaking Community comprises seven policy domains, which are divided according to the general expenditure budget. Various bodies are attached to these policy domains, they are the Parliament of the German-speaking community (*'Parlament der Deutschsprachigen Gemeinschaft'*), nine services with separate management, four paracommunity institutions and one sui generis institution, the Autonomous High School (*'Autonome Hochschule'*).

The German-speaking Community has one single ministry. Its services administer the accounts of seven budget funds and all treasury accounts (central revenue, central expenditure, suspense accounts, disputed cases, not-earmarked funds). The accounts administered by the ministry and the accounts of the bodies mentioned above are subject to the Court's audit, which carries out on-the-spot checks.

The German-speaking Community's financial regulation removed the prior approval of its expenditure by the Court on 1 October 2010. The accounts have now to be certified<sup>7</sup>.

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<sup>7</sup> See articles 41, 46 and 106 of the decree of 25 May 2009 containing the financial regulation of the German-speaking Community.

In financial terms the Court declared audited the 2009 general account on 22 October 2010. This account, included in the 22nd Annual Report of the Court, showed that in 2009 a total amount of 0.20 billion euros (including the undifferentiated appropriations carried forward from 2008) was charged to the general expenditure budget. In that same year the expenditure of the nine services with separate management accounted jointly for 7.53 million euros and the expenditure of the four paracommunity institutions for 24.65 million euros. The autonomous High School recorded expenditure for an amount of 0.55 million euros.

General and allocated revenue amounted to 0.18 billion euros. The revenue of the nine services with separate management accounted jointly for 7.95 million euros and the revenue of the four paracommunity institutions for 24.61 million euros. In 2009 the Autonomous High School recorded revenue amounting to 0.53 million euros.

### **1.7 The Flemish provinces**

Under article 66 of the Provinces Act in October the provincial council is due to discuss the draft budget for the following year, the Court's related opinion and the accounts for the previous financial year together with the Court's remarks.

In compliance with the Belgian Council of State's opinion the Flemish provinces decree of 9 December 2005 does not amend this provision. The decree contains articles governing the whole political organization, the functioning, the bodies' powers, the legal status, the disciplinary measures and the representatives' accountability, as well as the general provisions in respect of the functioning of the administrations, the provincial services, the borders' modification, the empowerment and the citizen's participation. These provisions amend radically the organization of the Flemish provinces and are bound to have an influence on the Court's audits.

### **1.8 The Walloon provinces**

The Walloon Region's decree of 12 February 2004 organizing the Walloon provinces repealed the provinces act governing the whole Walloon territory. It, however, incorporates essentially all the provisions of the Provinces Act. Several exceptions to this repeal Act are nevertheless provided: all the provisions of the Provinces Act relating to the Court have remained in force. The legal basis of the Court's audit powers as regards Walloon provinces is still enshrined in the Provinces Act.

### **1.9 Brussels Community Commissions**

#### *1.9.1 The Brussels Common Community Commission*

The Brussels Common Community Commission's level of government audited by the Court comprises one single policy domain, namely the United College's services, the operations of which are charged to the Commission's public revenue budget and the general expenditure budget.

The ordinance of 21 November 2006 issued by the Common Community Commission containing provisions applicable to the budget, the accounts and the audit assignment have been in force since 1 January 2007. The Common Community Commission is now due to keep general accounts based on a standardized chart of accounts. It each year has to draw up a general account including the annual account consisting of the balance sheet, the profit and loss account, the summary account of the budget operations of the year concerned and the account of implementation of the budget. Moreover the expenditure ordinances are no more subject to the Court's prior approval. This ordinance has also removed all services with separate management of the federated authority and entrusts the Court with a certification of the accounts.

The coming into force of the provisions with regard to the annual submission of the general account of this regional entity was, however, delayed to 1 January 2009 by a decree of the Joint Assembly of the Brussels Common Community Commission on 8 March 2007.

According to the data relating to the implementation of the 2009 budget provided by the administration of the Brussels-Capital Region the revenue and expenditure booked amounted to 0.08 billion euros.

#### *1.9.2 The Brussels French Community Commission*

The Brussels French Community Commission's level of government audited by the Court comprises five policy domains.

These policy domains include, on the one hand, the French Community Commission's Assembly's services (the administration) whose operations are charged to the public revenue budget and the general expenditure budget of this entity, and, on the other hand, a public interest body and three services with separate management; their accounts are subject to the Court's audit every year.

According to the data at the disposal of the Court the revenue and expenditure booked in respect to the services with separate management amounted to 0.13 billion euros. During the same year the French Community Commission spent 28.8 million euros on its public interest body audited by the Court.

## **2 Implementation of the audits**

In 2010 the Court of Audit issued 44 budget reports, 30 special reports and 10 opinions with regard to the budget repercussions of proposed acts, decrees or ordinances to the parliamentary assemblies and the provincial councils.

### **2.1 Budget review**

As the budget advisory body of the parliamentary assemblies the Court verifies the truthfulness of the budget documents.

### **2.2 Legality and regularity audit**

By its legality and regularity audit the Court verifies the compliance of the public receipts and expenses with the law and regulatory provisions.

### **2.3 Financial audit**

When doing financial audit the Court checks the reliability, the accuracy and the completeness of the financial statements, more particularly by verifying the accounting operations in the light of the regulation on state accounts.

The Court also closes the account of accounting officers responsible for collecting revenue and making disbursements. Every year this task is fulfilled in each Court's chamber by one councillor. He rules whether their accounts are in balance, whether the balance is in their favour or in the State's favour. In the first two cases the Court grants acquittance. In the case of a deficit, the accounting officer may be summoned to appear before the Court as part of the Court's jurisdictional power.

### **2.4 Thematic audits**

In addition to its recurring audits the Court also carries out thematic audits, which are selected after conducting a reasoned risk analysis while taking into account the expectations of Parliament and the resources available. The thematic audit topics cover the financial side of operations as well as the legality side or the proper use of public funds.

In the latter case the Court verifies to what extent the implementation of the government policy (Public health, Justice, Employment, Taxation, Education, Agriculture, Tourism,...) corresponds to the principles of sound management in the light of the economy, effectiveness and efficiency criteria.

In 2010 the Court issued findings, opinions and recommendations from its thematic audits in 97 reports: 30 special reports and 67 articles published in the Court's reports.

## **2.5 Specific assignments**

In 2010 the Court reported on the results of specific powers conferred upon it:

- a report on the verification of pupils count carried out by the Flemish and French-speaking Community authorities;
- a report and an opinion with regard to tax loyalty in personal income tax;
- an opinion on the accuracy and completeness of the financial reports on the annual accounts of the political parties;
- an opinion on the accuracy and completeness of the reports issued by the presidents of the general polling stations of constituencies and electoral colleges with regard to the election expenses relating to the election of the federal legislative Houses on 13 June 2010;
- twelve audit reports on the accounts of institutions receiving a fixed budgetary allowance.

Moreover in the first half of August the Court published in the Belgian Official Journal ('Moniteur/ Staatsblad') the list of mandates of public mandataries and senior officials as well as the list of individuals who in breach of the applicable legislation did not introduce their list of mandates (334 on 8,012 declarants) or declaration of assets (112 on 3,453 declarants).

In addition Court's members performed the function of designated auditors in public enterprises or in similar structures with the federal State, the Walloon Region and the French Community<sup>8</sup>.

## **2.6 Jurisdictional power**

In the implementation of its jurisdictional power the Court rules on the accountability of an accounting officer in the event of a deficit in his account.

## **2.7 Request from parliamentary assemblies**

In principle the Court performs its mandates on its own initiative. The parliamentary assemblies, however, are allowed to instruct the Court to perform a management review within services and organizations subject to its audit. They can also request the Court to issue an opinion on the financial and budgetary impact of proposed acts, decrees or ordinances. Moreover all members of Parliament have an individual right of access to documents and information.

## **2.8 Request for advice from the executive power**

The Court is an audit institution. Nevertheless it can exceptionally consider requests for advice from the executive power as admissible in the light of predetermined criteria as well as on the basis of an assessment of the usefulness of a substantive review. Requests for advice should refer more particularly to a general principle issue and be closely related with the Court's audit mandates and competence.

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<sup>8</sup> See annex 1 – Mandate assigned to the Court's members to perform the function of accounts auditor.

### 3 Impact of the audits

Each year the Court of Audit publishes quite a range of recommendations on various subjects mainly in its annual reports and special reports. Recommendations describe the measures (sometimes exclusively of a technical nature) or the reforms that can contribute to a better public policy. The Court does not rule on the expediency of choices made in the implementation of these policy choices.

The Court publishes its audit results after going out to consultation with the administration and the minister (the so-called contradictory procedure). This procedure allows the Court to clarify its viewpoint and contributes directly to a better acceptance of the audit findings and results. The Court, nonetheless, emphasizes that an audit can act as a catalysator. Sometimes during the audit implementation the administration or government can take measures or provisions appropriate to solve issues raised by the Court.

It examines the way its publications are perceived and monitors the implementation of its recommendations. This allows the Court to value its activities within its own institution and also increases the quality of the information provided to parliaments and in so doing improve its possibilities of action.

#### 3.1 Contribution to the parliamentary debates

In 2010 the Court's representatives gave 73 presentations on budget review, its annual audit findings and comments report and special reports during 75 sittings of the parliaments concerned.

#### 3.2 Implementation of the recommendations

The extent to which, for instance, in nine of its audits the recommendations are implemented may reveal the impact of the Court's audits<sup>9</sup>.

- 3.2.1 *The coordination of the federal policy of sustainable development (special report sent to the Federal Parliament – June 2005)*
- 3.2.2 *Promotion of employment in the public non-profit sector – Funding and management of the so-called “Maribel social” government plan (special report sent to the Federal Parliament – February 2010)*
- 3.2.3 *Sustainability and prospects of the overseas social security system – Follow-up audit (special report sent to the Federal Parliament – April 2010)*
- 3.2.4 *Transfer to the State of 115 million euros assets seized in connection with criminal proceedings (167<sup>th</sup> Report sent to the Federal Parliament – December 2010)*
- 3.2.5 *Rational use of energy in buildings – Management of aid financed out of the Energy Fund (special report sent to the Walloon Parliament – January 2010)*
- 3.2.6 *Subsidizing of the provision of aids to disabled persons (special report sent to the Flemish Parliament – July 2009)*
- 3.2.7 *Flemish government staff planning (special report sent to the Flemish Parliament – October 2009)*
- 3.2.8 *Waste water treatment plant in North-Brussels: commissioning, exploitation and funding of the concession contract (special report sent to the Parliament of the Brussels-Capital Region – September 2009).*
- 3.2.9 *Administrative management of aid measures to scientific research (special report sent to the Parliament of the Brussels-Capital Region – November 2009)*

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<sup>9</sup> For further information see [www.ccrek.be](http://www.ccrek.be)



### **3.3 Interest from the media and third parties for the publications**

The Court's publications<sup>10</sup> are intended in the first place for the legislative assemblies as a source of information. Reports are then made available on the Court's website in full version ([www.ccrek.be](http://www.ccrek.be)), which can be downloaded free of charge by the public and the press. The Court publishes a press release for nearly all reports.

The Court's publications arouse major interest from the media and are often featured in press articles.

All details about the Court's communication policy are available on the website, under the heading 'Publications/Publicaties'.

<sup>10</sup> See annex 2 – Publications

## Chapter 4

# International relations

Jointly 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.

### 1 European Court of Auditors

In 2010 the ECA, in conjunction with the Belgian Court of Audit, carried out eleven audits in Belgium. One audit visit concerned the Participation Fund, four joint activities related to the European Court of Auditors' statement of assurance, two audits covered the Common Agricultural Policy and two others the structural funds. Finally one audit concerned cases of customs regulation 42 frauds and another concerned the youth programme.

Besides the auditing collaboration there is also a platform of consultation available for the SAIs of the various member states of the European Union which provides them the opportunity to discuss topics of common interest in collaboration with the ECA. Within this frame a meeting of the Contact Committee of the Presidents of the SAIs took place in Luxemburg on 18 and 19 October 2010 and two meetings of the liaison officers of the SAIs of the European Union were organized in Prague on 26 and 27 April 2010 and in Luxemburg on 9 and 10 December 2010.

The Court is also a member of the working group dealing with the reporting of national SAIs on the financial management of European Union funds, of the working group dealing with VAT, of the information network on the Common Agricultural Policy, of the information network on the Lisbon strategy – Europe 2020, of the information network on the budget policy as well as a member of the Public Procurement Updating Group.

The Belgian Court of Audit and the SAI of Slovenia co-chair the Public Procurement Updating Group. The purpose of this working group is to update the work of the previous Working Group on public procurement. The Belgian Court chairs the Task Group 3 mandated to draw up a manual dealing with legal issues (guide on EU procurement rules). On 14 and 15 October 2010 the Portuguese SAI organized a seminar dedicated to the products of the Updating Group. The Belgian Court's delegation gave several presentations on the activities of Task Group 3.

### 2 Organizations of Supreme Audit Institutions

#### 2.1 INTOSAI

The Belgian Court of Audit chaired the internal control standards subcommittee of the International Organization of Supreme Audit Institutions (INTOSAI) up to the 20th INTOSAI congress (November 2010). In this capacity it chaired the subcommittee's tri-annual plenary meeting (Moscow, February 2010). In the course of 2010 the activities with regard to two new INTOSAI documents, one on the independence of internal audit in the public sector and the other on the relation between SAIs and internal auditors were finalized. As chair of the subcommittee the Court reported to the

steering committee of the INTOSAI professional standards committee (Copenhagen, May 2010) and to the committee's plenary meeting, the INTOSAI governing board and the INTOSAI congress (Johannesburg, November 2010). Both documents were endorsed by the INTOSAI congress and incorporated in the ISSAI standards framework as INTOSAI GOV 9140 and 9150. This congress also endorsed the transfer of the subcommittee's chairmanship to the SAI of Poland.

At the end of January 2010 the Court hosted a technical meeting within the steering committee of the INTOSAI professional standards committee; a model was developed to systematically map the SAls' audit mandates on an international level. Moreover, during 2010, it contributed, as member of the INTOSAI working groups, to the achievement of new INTOSAI standards in respect of accountability and for SAls transparency (ISSAI 20 en 21) as well as programme evaluation. Finally it contributed as INTOSAI member to several other INTOSAI initiatives.

## 2.2 EUROSAL

The Belgian Court of Audit is a member of the European Organization of Supreme Audit Institutions (EUROSAL). As such it contributed to the development of the draft strategic plan 2011-2017 of this organization as well as to the achievement of a cooperation agreement between EUROSAL and the European Confederation of Institutes of Internal Auditing (ECIIA). It also assisted in the thematic preparation for the VIII EUROSAL congress (2011), namely the congress themes on the audit of independent regulatory agencies and the role of SAls in the accountability of public managers.

The Court took part as member in the regular activities of the EUROSAL information technology (IT) working group, the environmental auditing working group (among others the plenary meeting in Texel, October 2010) and the task force on the audit of funds allocated to disasters and catastrophes for instance the meeting in Kiev, June 2010). Within the framework of the IT working group it has collaborated actively since 2010 as moderator to the IT self assessment of SAls.

It also sent delegates to EUROSAL seminars on bridging the so-called *tax gap* (in particular by means of IT-tools) (The Hague, January 2010, and Moscow, November 2010), on the audit of climate change (Copenhagen, March 2010) and the audit of the Common Agricultural Policy (joint seminar of the Contact Committee of SAls of the European Union and EUROSAL, Prague, October 2010).

## 2.3 AISCCUF

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* – AISCCUF).

A seminar dedicated to the control of public debt was held in Tanger in October 2010. A delegation of the Court took part in it.

In the same month the Senior President participated in the conference of the heads of SAls in Monaco dedicated to the topic "The SAls' vision of budget law and its application".

## 2.4 F16 – SAI Conference

In 2010 the SAls of the European countries participating in the F-16 fighter coproduction program (Belgium, Denmark, the Netherlands, Portugal) decided not to hold meetings. As agreed at the previous meeting the SAls concerned were informed by email of the progress made to close the settlement of the major Follow-on-buy and Mid-Life Update contracts.

### 3 Foreign delegations

In 2010 the Court hosted 62 members of ten foreign delegations as part of a visit or an information training with regard to the Court's missions, organization and audit methods.

The Court collaborated with three other SAIs on the basis of a specific (bi- or trilateral) agreement.

*Cooperation agreements or partnerships between the Belgian Court and other SAIs in effect in 2010*

SAI	Type of collaboration agreement or partnership
SAI of the Russian Federation	General cooperation framework
SAI of Cameroon	Training
SAI of Kazakhstan	General cooperation framework

## Chapter 5

# External representation

In 2010 the Belgian Court of Audit took part in various external representation activities.

### **1 The Lisbon and the Europe 2020 strategies – the role of the Supreme Audit Institutions**

On 24 September 2009 under the aegis of the European Court of Auditors a European network of SAIs with regard to the audit of the Lisbon and the Europe 2020 strategies came into being to which the Belgian Court collaborates.

Within this framework aimed at facilitating the exchange of experience, methods and information on this subject the Contact committee of the SAIs of the European Union organized a workshop. Its aim was, on the one hand, to evaluate the outcome of the Lisbon strategy and the resulting objectives and instruments of the Europe 2020 strategy and, on the other hand, to exchange views and practices with regard to the audit of the Europe 2020 strategy.

Two delegates of the Belgian Court participated in this workshop, which was held in Luxemburg on 22 and 23 September 2010 and chaired by the SAI of Portugal.

### **2 The information network relating to the Common Agricultural Policy**

Delegates from the Belgian Court attended the seminar in Prague on the audits relating to the Common Agricultural Policy (CAP) from 25 to 27 October 2010. This seminar was jointly organized by the SAI of the Czech Republic and the European Court of Auditors with the support of the Contact Committee of EU SAIs and EUROSAI. In total 22 SAIs including the European Court of Auditors took part in the seminar.

The seminar was intended to provide the opportunity for SAIs and the European Court of Auditors to exchange their experience and to explore what possibilities there were for cooperation and coordination in the field of financial and performance audits.

The activities of the seminar took the form of workshops and the Court's delegates participated actively in the workshop on performance audits as regards the CAP. They presented two performance audits on the implementation of investment aid and installation aid to young farmers, with co-funding by European funds.

### **3 The use of Information Technology as a tool in international fraud combat**

The Dutch SAI (Algemene Rekenkamer – ARK) chaired a project in the EUROSAI IT working group entitled "*Relevance of IT for international fraud combat*"; its purpose was to examine how international cooperation and the use of IT instruments can provide a more effective way to combat fraud.

The project involved the organization of three seminars with the aim to bring the SAIs and the various national tax and customs bodies together to establish an internal dialogue and improve the exchange of information.

In 2009 the Court decided to support in principle the idea of participating in a seminar dedicated to the fight against tax fraud, more specially in the light of the results obtained by the VAT working group within the framework of the Contact Committee of the European Union.

The most recent seminar was held in Moscow on 9 and 10 November 2010 and centered on the topic *"An Insight into New Approaches for Bridging the Tax Gap: Possible IT solutions for rolling back the grey economy"*.

The following subjects were addressed:

- the approach to the grey economy by the tax administration: method and recent developments; the improvement of efficiency and effectiveness in reducing the grey economy through the use of IT methods and instruments as well as national and international cooperation;
- the role of the SAIs, their audit approach and efforts with regard to the use of IT tools;
- the development of the relation between tax administrations and the SAIs;
- the description of recent successful cases, best practices and issues encountered by the tax administration as well as SAIs.

#### **4 Workshop "Performance audit in the Belgian federal administration"**

In October 2010 the Public Management Institute ('Instituut voor de Overheid') of the Catholic University of Leuven took the initiative of organizing a study day which was held at the Royal Academy of Sciences, Letters and Fine Arts of Belgium, regarding "Performance audit in the federal administration. Situation, evaluation and perspective".

In his speech the Senior President reminded the development and the role of the Belgian Court of Audit, the traditional mandates attributed at the time of its creation in respect of accounting and financial audit and the mandate entrusted since 1998 relating to the sound use of public funds.

He emphasized the fundamental values of independence, quality of the information delivered and contribution to an improvement of public management which constitute the basis of the Court's legitimacy and credibility.

After a description of the new organization of the Court's services he introduced the audit procedures which are in line with international practices and INTOSAI's recommendations and explained more in-depth the modalities applied to select audit topics and choose audit standards.

The speaker commented the contours of the audit relating to the proper use of public funds and mentioned that in order to avoid any infringement on the separation of powers this mandate did not allow the Court to rule on the expediency of the policy conducted and that this mandate had to be exercised *ex post*. He highlighted the constraints of the Court's action and mentioned that when public policy makers approve a policy, objectives and evaluation measures are seldom set as soon as approved.

He emphasized that over somewhat more than ten years the Court published 90 special reports following its audits of economy, effectiveness and efficiency of the federal public policy. He noticed that the Court's work was viewed positively but was often accompanied by too few ministerial action plans and implementation was not sufficiently systematically monitored by Parliament. He insisted on the efforts his institution had still to make to improve its reports' readability and allow media and citizens better access to its publications.

The Senior President put into perspective the development of *single audit*: the reform of the federal administration exists still mainly on paper and *single audit* is still a long way away from reality. He declared that the Court was eager to collaborate with other audit bodies in a framework ensuring complete impartiality, objectivity and independence from the executive branch.

He concluded his speech by stressing that the Court was attentive to the implementation of the new public accounting rules as desired by the legislature and to the challenge posed to his institution by the evolution of the state structures and the public services.

## 5 The implementation of Fedcom

Fedcom, the IT project intended to implementing the new budget and general accounting within the federal government, was introduced in four more departments on 1 January 2010. This application is now operational in nine Federal Public Services and Federal Programming Services of the general administration.

In 2010 the Court took part in the activities of the specialized working group Fedcom Users and it was regularly asked for advice in several technical matters.

## 6 Round table conference

On 6 October 2009 the Court reported to the Commission for General Policy, Finance and Budgeting of the Flemish Parliament about the activities of the round table conference working group during the 2006-2009 period. The Commission asked the Court to take measures to move forward towards an efficient and balanced control environment, which contributes to a better and transparent functioning of the Flemish government.

The Court had bilateral talks with various stakeholders (the participants in the round table conference as well as ministerial cabinets) to match its own ideas on a follow-up of the round table conference with their proposals.

In the course of 2010 under the concept of single audit the Court conferred with the Institute of Company Auditors ('IBR/IRE') and the internal audit of the Flemish Administration ('IAVA') about the opportunities for cooperation in the field of accounts audit, within the context of the present legislation, on the matter of company auditors' professional secrecy. The discussion went i.a. about information exchange with regard to strategy and planning, monitoring and risk analysis, reporting, audit methodologies, manuals and good practices.

On 26 January 2011 an agreement note between the Court, IAVA and the IBR/IRE on a cooperation about financial audit in the Flemish Community was officially signed.

In the process of the preparation of the draft decree regulating the budget, the accounting, the award of subsidies and the control of the use of subsidies as well as the audit assignment of the Court (the so-called accounts decree – "Rekendecreet") the Finance and Budget cabinet asked the Court for its opinion on the single audit component. This entailed the incorporation of the single audit concept, as set out in the Court's report on the round table conference with audit stakeholders and auditees in the Flemish Community of 22 April 2009<sup>11</sup> in the regulatory provisions. The draft decree was introduced in the Flemish Parliament on 8 December 2010.

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<sup>11</sup> Flemish Parliament, Parliamentary document 37-B (2008-2009), Nr 1.

# Annexes

## Annex 1 – Court members' mandates as statutory auditors

State-controlled companies	Name of Court member(s)	Legal basis
Agentschap voor Buitenlandse Handel (ABH)/ Agence pour le commerce extérieur (ACE)/ Agency for Foreign Trade	Jan Debucquoy	Act of 18.12.2002, annex II, art 13 (cooperation agreement of 24.05.2002)
APETRA	Jan Debucquoy	Act of 26.01.2006, art 37
ASTRID	Franz Wascotte	Act of 08.06.1992 (8), art 18
Belgacom	Romain Lesage Pierre Rion	Act of 21.03.1991, art 25
Belgische Investeringsmaatschappij voor Ontwikkelingslanden (BIO)/ Société belge d'investissement pour les pays en développe- ment (BIO)/ Belgian Investment company for developing countries	Jozef Beckers	Act of 03.11.2001, art 5bis
Radio-télévision belge de la Communauté Française (RTBF)/ Belgian Radio and Television of the French Community	Franz Wascotte	Decrees of 14.07.1997 and 09.01.2003
Belgische Technische Coöperatie (BTC)/ Coopération technique belge (CTB)/ Belgian Technical Cooperation	Jozef Beckers Didier Claisse	Act of 21.12.1998, art 29
Belgocontrol	Philippe Roland Romain Lesage	Act of 21.03.1991, art 25
La Poste/ De Post/ The Post	Philippe Roland Jozef Beckers	Act of 21.03.1991, art 25
Office de la naissance et de l'enfance (ONE) – Communauté française/ Birth and Child Office – French Community	Didier Claisse	Decree of 09.01.2003
Fonds Écureuil de la Communauté française/ "Ecureuil Fund" of the French Community	Pierre Rion	Decrees of 20.06.2002 and 09.01.2003
Institut de la formation en cours de carrière (IFC) – Communauté française / Institute for training during the career – French Community	Didier Claisse	Decree of 09.01.2003
Nationale Loterij/ Loterie nationale/ National Lottery	Jan Debucquoy	Acts of 22.07.1991 and 19.04.2002, art 20
Nationale Maatschappij der Belgische Spoorwegen (NMBS) – Holding/ Société nationale des chemins de fer belges (SNCB) – Holding/ Belgian National Railways – Holding	Ignace Desomer Michel de Fays	Act of 21.03.1991, art 25
INFRABEL et SNCB/ INFRABEL en NMBS/ INFRABEL and Belgian National Railways	Michel de Fays Rudi Moens	Act of 21.03.1991, art 25
Société publique de gestion de l'eau (SPGE) + Protectis (filiale de la SPGE) – Région wallonne/ Public Company for Water Management + Protectis (SPGE's subsidiary) – Walloon Region	Alain Bolly	Coordinated Water Code of 03.03.2005, art D331



<b>State-controlled companies</b>	<b>Name of Court member(s)</b>	<b>Legal basis</b>
Entreprise publique des technologies nouvelles de l'information et de la communication de la Communauté française (ETNIC)/ Public company of new information and communication technologies of the French Community	Didier Claisse	Decree of 09.01.2003
Palais des beaux-arts/ Paleis voor Schone Kunsten/ Centre for Fine Arts	Franz Wascotte Rudi Moens	Act of 07.05.1999, art 15
Fonds du logement des familles nombreuses de Wallonie (FLW)/ Housing Agency for large families of Wallonia	Alain Bolly	Walloon Housing Code of 29.10.1998, art 185bis
Société wallonne de financement complémentaire des infrastructures (SOFICO)/ Walloon Company for additional funding of infrastructures	Michel de Fays	Decree of 10.03.1994, art 10
Société wallonne du crédit social (SWCS)/ Walloon Social Credit Company	Alain Bolly	Walloon Housing Code of 29.10.1998, art 175/15
Société wallonne des eaux (SWDE)/ Walloon Water Company	Pierre Rion	Coordinated Water Code of 03.03.2005, art D379
Société wallonne du logement (SWL)/ Walloon Housing Company	Alain Bolly	Walloon Housing Code of 29.10.1998, art 116

## Annex 2 – Publications

### Federal State

#### *Annual reports of the Court of Audit*

- 165<sup>th</sup> Report of the Court of Audit, addendum 1 – January 2010
- 164<sup>th</sup> Report of the Court of Audit, addendum 3 – July 2010
- 165<sup>th</sup> Report of the Court of Audit, addendum 2 – August 2010
- 2010 Report on Social Security – The overall financial management schemes and the public social security institutions – October 2010
- 167<sup>th</sup> Report of the Court of Audit, volumes I (comments) and II (tables) – December 2010

#### *Audits with results published in the form of an article in the Court's Report*

- Access to the National register by the Federal Public Services via Fedcom
- Incorporation into Fedcom of the staff expenses administered by the Central Service of Fixed Expenditure (CDVU/SCDF)
- Funding of the pension system of the public sector – responsibility contribution
- Second evaluation of the introduction of the Fedcom project with certain departments of the general administration
- Administration of the non-tax proceeds by the FPS and PPS' accounting officers
- Belgian Red Cross Fund
- Pension system of the public sector – Eligibility of services performed prior to permanent appointment ("temporary years of service")
- Notional interests – results of the controls started by the administration in 2009
- Use of suspense accounts in Fedcom
- Transfer to the State of 115 million euros assets seized in connection with criminal proceedings
- Pension system of the public sector
- Impact of the act of 22 May 2003 on the accounts administration
- Central data base of State creditors in Fedcom
- Charging of the costs associated with the cooperation with the non-profit association Smals and with the occupancy of offices
- Sale & Rent back operations by the Public Buildings Agency
- Federal civil service
- Preparation made by the non-departmental services for the implementation of the accounting system imposed by the act of 22 May 2003
- Impact of the financial crisis and aid measures taken: follow-up

#### *Audits with results published in the form of an article in the 2010 Report on Social Security*

- Submission of the accounts of the public social security institutions (OISZ/IPSS)
- Effects and treasury management of the public social security institutions (OISZ/IPSS)
- Computer expenses paid to the non-profit association Smals – Accounting processing and monitoring by the public social security institutions (OISZ/IPSS)
- National Pension Office (RVP/ONP) – Breakdown of operating costs
- National Pension Office (RVP/ONP) – Funding of operating costs of the non-profit-associations CIMIRe and SIGeDIS
- National Office for Annual Holidays (RJV/ONVA) – Reserves earmarked for holiday accommodation and valuation of assets
- Fund for Accidents at Work (FAO/FAT) – Analysis of payable claims
- Pension reserves established in the pension system of the provincial and local administrations
- Introduction of an internal audit function in the public social security institutions (OISZ/IPSS)
- Plan for the fight against social fraud: application to benefits by the National Institute for Sickness and Invalidity Insurance (RIZIV/INAMI)
- Temporary crisis measures – Implementation by the National Employment Office (RVA/ONEm)
- National Institute for Sickness and Invalidity Insurance (RIZIV/INAMI): enforcement of the health care growth norm
- Auxiliary Fund for Payment of Unemployment Benefits (HVW/CAPAC): staff management
- Assimilated days as a result of economic unemployment – Treatment in the system of annual holidays for workers

*Audits with results published in the form of a special report*

- Scientific support to the federal health care policy – January 2010
- The promotion of employment in the public non-market sector – The funding and management of the so-called 'Maribel social' government plan – February 2010
- Organization and working of the Special Tax Inspectorate (BBI/ISI) – April 2010
- Follow-up audit of OSSOM/DOSZ – April 2010
- Financial transfers in the industrial accidents branch of the social security system – April 2010
- Entitlement to a public sector pension benefit concurrently with an earned income or an income substitution allowance – April 2010
- Building and investment costs of the Antwerp and Ghent new law courts – June 2010
- Public Buildings Agency – Staff management issues – August 2010
- Rail security – Court of Audit's contribution to the parliamentary examination of the security conditions of the rail (in Belgium) – August 2010
- Penitentiary institutions' staff recruitment and remuneration – September 2010
- "Lessons learned" from foreign military operations – November 2010
- Impact of the financial crisis and aid measures taken as regards public debt management and outlook for the public finances: follow-up – December 2010
- Timely processing of benefits to persons with a disability – December 2010

## **Flemish Community and Flemish provinces**

*Annual reports of the Court of Audit*

- Report of the Court of Audit on the Flemish Community public accounts for 2008 – June 2010
- Report of the Court of Audit on the Flemish Community public accounts for 2009 – December 2010

*Audits with results published in the form of an article in the Court's Report*

Report of the Court of Audit on the public accounts for 2008

- Flemish Tax Platform (VFP): collection of taxes on disused industrial premises
- Annual reports of the Flemish public legal persons
- Flemish Fund for the redemption of the public debt (VFLD): coordination with entities for the file completion
- Tax exemption of scientific research in Ghent University Hospital
- Audit of the stock management of drugs at the Public Psychiatric health care facility (OPZC) Geel, the Public psychiatric healthcare facility (OPZC) Rekem and the University Hospital (UZ) of Ghent
- Flemish Care insurance Fund: treasury and assets management
- Flemish Radio and Television Broadcasting Service: Line Extensions
- Flemish Employment and Vocational Training Agency (VDAB): use of employment premiums 50+
- Financing instrument for the Flemish Fisheries and Aquaculture sector (FIVA): charging to the commitment authorizations
- Section Operational Water Management of the Flemish Environmental Agency (VMM): accounting processing of purchase invoices
- Fund Station surroundings: improper use of the internal autonomized agency
- Enforcement of the public procurement law by the Free University of Brussels (VUB)
- Flemish universities and VAT

Report of the Court of Audit on the public accounts for 2009

- Flemish Community 2009 ESA overall balance
- The Flemish authority's intervention in the face of the financial crisis
- Hermes fund: transfers from the Flemish Entrepreneurship Agency
- Agency for Innovation by Science and Technology (IWT): lack of payment appropriations
- Youth welfare Fund: encashment of family allowances
- Child and Family: income-related childcare
- Service with separate management 'Pilotage': processing of payable invoices
- Financial transparency of the PLC LijnCom
- PLC Waterways and Sea Canal: own proceeds from concession contracts
- PLC Tunnel Liefkenshoek: internal control
- Application of the new accounting regulations at the Flemish universities

*Audits with results published in the form of a special report*

- Staff structure in the full-time ordinary secondary education system – January 2010
- Reporting on the implementation of the management contract with the Agency for Roads and Traffic – May 2010
- Reporting on the implementation of the management contract with the Flemish Social Housing Cooperation – May 2010
- Reporting on the implementation of the management contract with the Agency for Internal Administration – May 2010
- Reporting on the implementation of the management contract with the Flemish Agency for Persons with Disabilities – June 2010
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- Reporting on the implementation of the management contract concluded with the Agency for Educational Services – June 2010
- The educational and administrative support given to elementary and secondary schools – June 2010
- Subsidizing land development – September 2010
- Organization and management of the European Social Fund resources in Flanders – September 2010
- Subsidy flows in the tourism policy field – September 2010
- Economic monitoring of the water treatment funding by the Flemish environmental society – November 2010
- Monitoring of the implementation of the cultural heritage policy – November 2010
- Equal opportunities division in Flanders: examination of the subsidy flows – December 2010

*Management report of the Dutch-speaking chamber*

- Management report of the Belgian Court of Audit (Dutch-speaking chamber) for the financial year 2009 – May 2010

*Miscellaneous reports*

- Thirteenth progress report of the Management Company Antwerp Mobile with regard to the Masterplan Antwerp – January 2010
- Audit of the 2004-2005 accounts of the PLC Participation Company Flanders – April 2010
- Audit of the 2004-2005 accounts of the PLC Flemish Participation Company (VPM) – April 2010
- Audit of the 2004-2005 accounts of the PLC Limburg Reconversion Company, the PLC HWP and the PLC Limburg Strategic Development Company – April 2010
- Fourteenth progress report of the Management Company Antwerp Mobile with regard to the Masterplan Antwerp – April 2010
- Fifteenth progress report of the Management Company Antwerp Mobile with regard to the Masterplan Antwerp – June 2010
- 2006-2007 accounts of the Flemish Environment Holding (VMH) – June 2010
- Audit of the 2006-2007 accounts of the PLC Guarantee Management – December 2010
- Audit of the 2006-2007 accounts of the PLC Textile Flanders – December 2010
- Audit of the 2006-2007 accounts of the PLC Participation Company Flanders – December 2010
- Audit of the 2006-2007 accounts of the PLC Gimvindus – December 2010

**German-speaking Community***Annual Report of the Court of Audit*

- 22<sup>nd</sup> Report presented to the Parliament of the German-speaking Community – October 2010

**French Community***Annual Report of the Court of Audit*

- 22<sup>nd</sup> Report presented to the Parliament of the French Community – December 2010

*Preview of the results of the implementation of the budget*

- Preview of the results of the implementation of the budget for the year 2009 – May 2010

*Audits with results published in the form of an article in the Court's Report*

- Audit of the expenses of ministerial cabinets and their support staff services
- Examination of the conditions for the granting of student loans and recovery of outstanding entitlements

- Secondary artistic education remuneration of staff with reduced hours and subsidized by the French Community
- Subsidization of cultural centres that are not subject to the 28 July 1992 decree
- Subsidization of aid services in open setting

## Walloon Region and Walloon provinces

### *Annual Report of the Court of Audit*

- 22<sup>nd</sup> Report presented to the Walloon Parliament – December 2010

### *Preview of the results of the implementation of the budget*

- Preview of the results of the implementation of the budget of the Walloon Region for the year 2009 – May 2010

### *Audits with results published in the form of an article in the Court's Report*

- Audit of the expenses of ministerial cabinets and their support staff services
- Legality and regularity audits of certain budget appropriations – programme 01 – *Nature, forests, hunting, fishery* – organic section 13 – *Natural resources and environment* – 2008 budget of the Walloon Region
- Legality and regularity audits of certain budget appropriations – programme 02 – *Land development and town planning* – organic section 16 – *Land development, housing, national heritage and energy* – 2009 budget of the Walloon Region
- The administrative and financial position of non-educational staff members of the Walloon provinces
- Public procurement relating to cleaning, maintenance and safety in the Walloon Public Service
- The insurance policies contracted by the Walloon Public Service

### *Audits with results published in the form of a special report*

- Rational use of energy in buildings – Management of the aid financed out of the Energy Fund – January 2010
- The Walloon Region's strategy and exemplary role with respect to sustainable development – Current situation – November 2010

### *Miscellaneous reports*

- Province of Walloon Brabant – Audit of aid granted by the staff's social fund – March 2010

## Brussels Common Community Commission

### *Audits with results published in the form of a special report*

- The funding of hospital facilities – November 2010.

## Brussels French Community Commission

### *Preview of the results of the implementation of the budget*

- Preview of the results of the implementation of the 2009 budget of the French Community Commission – May 2010

### *Miscellaneous reports*

- Audit of the 2003 to 2007 accounts of the Functional Re-education Centre l'Étoile polaire – March 2010
- Audit of the 2005, 2006 and 2007 accounts of the French-speaking Service of Brussels for Disabled Persons – March 2010
- Audit of the 2006 and 2007 accounts of the Training Service for SMEs – March 2010



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