

Abstract

The Court of Audit published the Public Accounts Book 2007

The control over the implementation of the Flemish Community budget in 2007 confirmed the trend already outlined in the last few years : the Flemish Government achieved once again a positive budget outcome, although noticeably lower than in 2006, allowing it in 2007 to achieve further public debt reduction, which is one of its major policy objectives. In its accounts book 2007, the Court also assessed the accountability process within the Flemish public legal bodies and universities. In the same way, it communicated the results of a series of audits which it had carried out.

Positive budget outcome

According to the budget execution account, the Flemish Community showed a positive budget outcome of 38,6 millions euros in 2007. The budgetary year was closed with a cash surplus of 674,7 millions euros. Thanks a.o. to this cash surplus, the Flemish Government was able to decrease direct debt by 183,7 millions euros, reducing it to an amount of 243,9 millions euros. As a result of the great decreases in previous years, debt is thus now once again almost about half of what it was originally. But counterbalancing this is a yearly increase in the guaranteed debt, above all for the Flemish public legal bodies. At the end of 2007 the debt burden went up to 7.207,0 millions euros from 7.044,3 millions euros. No concrete standards had yet been developed for the budget and cash balances. Thus, the Court cannot really decide upon the merits of the 2007 budget execution. In that year 21.695,3 millions euros were collected by the Flemish Community as general and earmarked revenue, that is 99,7 % of the budgeted amount. The Flemish Community paid out 21.656,7 millions euros in operating appropriations, that is 90,5 % of the budgeted amount.

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

In 2007, contrary to previous years, DAB's, with revenue amounting to 1.386,5 millions euros and expenses amounting to 1.090,3 millions euros, had great difficulty submitting their accounts in due time : in 2007, the accounts from only five of the 23 DAB's were sent to the Court within the deadlines. The Flemish public legal bodies' budget increased slightly in 2007 (revenue of 8.430,5 millions euros and expenditure of 7.801,0 millions euros). Allocations increased to a total amount of 5.826,2 millions euros. The accounts were submitted even later in 2007 than in 2006 : no less than 37 accounts were only sent in September 2008 or later to the Court. For a number of Flemish public legal bodies, the accounts auditing gave rise to divergent observations related to inventory problems, oversight of future obligations, payment delays, poor debtors and creditors management, reconciliation problems, problems when creating reserve

funds, legal succession questions, poor recording of subsidies, late contract recordings, material errors, long-term overdue debts, etc.

General account

The Flemish Community general account for 2007 was submitted in due time. The audit, however, revealed differences with the underlying states (a.o. among DAB's and Flemish public legal bodies), which made an adjustment of the account and of the 2007 pre-draft of accounts' decree necessary.

Audit results

In its accounts book for 2007, the Court also reported about several of its recent audits. It pointed out that the way the Flemish Fund for Literature (Vlaams Fonds voor de Letteren) records granted subsidies does not reflect its future obligations as far as those subsidies are concerned. In its annual accounts, the Flemish Infrastructure Fund for Personal Matters (Vlaams Infrastructuurfonds voor Persoonsgebonden Aangelegenheden) does not show real costs linked to alternative financing. Moreover, its administrative file management is failing. Additionally, the Flemish Minister for Finance confirmed that the Flemish Authority used the more expensive technique of alternative financing by the Fund for Cultural Infrastructure (Fonds Culturele Infrastructuur) with the sole objective of balancing the budget. In its income statement, the Flemish Water Supply Company (Vlaamse Maatschappij voor Watervoorziening) again partially compensated the revaluation outcome of its water network by creating retirement provisions. That will embellish its outcomes in the coming years. Furthermore, the regulatory framework for subsidizing amateur art shows shortcomings and is not always scrupulously applied by the Flemish Authority. Almost all Flemish universities exceed their limiting allocations and wrongly charge some expenditure against their operating allocation. Finally, the number of government delegates and commissioners active within the Flemish public bodies remains vague and there hardly are any generic rules that apply to those representatives.

Good news

The outcome of some audits is encouraging : unlike universities, high schools implement the tax exemption measure in their accounts uniformly and quite legally. Management by accounting officers in the Flemish Community is generally rather sound. In application files for investment subsidies to sheltered workshops, the Court of Audit did not notice any error. The Antwerp University usually provides an appropriate follow-up of public procurement contracts and on the whole the Ghent University organises a sound internal monitoring of its purchasing cycle. Despite a few shortcomings in the underlying decree, public services duly check the granting of subsidies to regional technological centres and the way they are justified by those centres. Finally, even if the project got off to a slow start, public services worked out the required control procedures in order to implement the European subsidy scheme aimed at promoting advice to agricultural and horticultural professions.