

Treatment of errors

Experiences in the Netherlands

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Contents of this presentation

- Treatment of errors regarding Dutch Member State Declaration (context and single audit)
- Some discussions in the Netherlands in the context of legality and regularity

CAP in the Dutch MSD

- Political responsibility is made explicit by introducing a Member State Declaration
- Minister of Agriculture is obliged to state an 'in control statement' and financial account + arrangement for assurance (sub-declaration)
- NCA is asked to provide an opinion about the reliability of the 'national declaration' which is stated by the minister of Finance and based on the sub-declaration of the responsible ministers
- Goal NCA is to provide an audit opinion with reasonable assurance



Context CAP

- Complex regulation
- Focus on legality and regularity
- Many actors on EU-level and national level involved
- EC acknowledged the complexity and need for adequate management and control procedures by establishing regulation



Legal and regular down to the level of the final beneficiary

Personal opinion: 'To give an opinion as SAI on the L&R down to the level of the final beneficiary in the field of CAP it is necessary to make use of the work of other auditors and inspectors.'

Reason: limit audit burden, added value
through focussing, respect professionals in
the field

NCA's audit approach

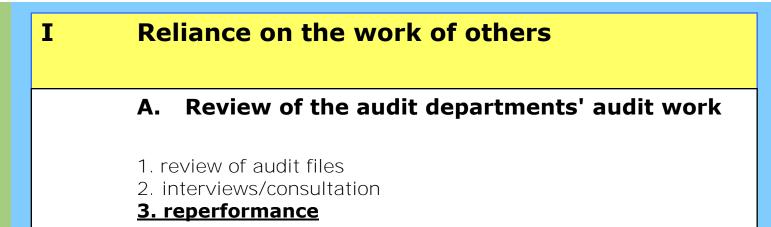
System based approach and Single audit

Start with risk assessment and audit plan

Most important elements:

- Using the results of the Certifying Body (internal auditor)
- Using the results of on the spot checks of the inspectorate

Audit activities (single audit)



II Additional audit work by the Court of Audit

- **B.** Systems-based
- C. Substantive

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Auditing inspectorates

- Framework for auditing inspectorates has been developed
- Basic principle is using the results of the different inspections and extrapolating the irregularities to relate them with the total amount of the financial transactions

Auditing inspectorate (audit activities)

- Analysing processes and administrative procedures regarding the inspections
- Examine quality procedures to achieve well functioning inspectorates
- Test the different procedures which are needed to comply with EU regulations
- Determine if all the inspections are carried out and if they meet the requirements

Pro and contra Single audit

PRO

- Systematic control and audit
- Asks for adequate system and management
- Less audit burden
- Less resources

CONTRA

- Only paper
- Chain is as strong as weakest connection

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 No statistical underpinned statement



Discussions on legality and regularity

Definition?

- Law and regulations, but also internal arrangements and provisions in contracts or for instance decisions
- Subjective element in evaluation of errors
- Financial legality and regularity
- Good governance

Different people different opinions

Algemene Rekenkamer

- How to deal with contradictory conclusions?
- Database with specific cases
- Define and describe procedures how to deal with specific cases
 - (1) Weighing interest,
 - (2) sound reasons,
 - (3) proof in files, and
 - (4) decision process in advance (not after payment)



Thank you for your attention