



# Treatment of errors

## Experiences in the Netherlands

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# Contents of this presentation

1. Treatment of errors regarding Dutch Member State Declaration (context and single audit)
2. 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)

## **I Reliance on the work of others**

### **A. Review of the audit departments' audit work**

1. review of audit files
2. interviews/consultation
- 3. reperformance**

## **II Additional audit work by the Court of Audit**

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

# 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
- 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

- 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