The NCA promoting and supporting accounting reform – *three examples*

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1986

- Operation ‘Accounting Reform’: getting the financial management basics right

- Reason: unacceptable (7 year!) delay in financial accountability

- Building blocks
  - internal control infrastructure (including ‘double lock’ on the budget)
  - comprehensive/understandable/ timely financial information on all stages of the budget cycle
  - certifying internal audit for every ministry
1986 (2)

• **SAI-role:**
  - Co-creator sense of urgency through audit findings
  - Contributing to defining building blocks
  - Systematically monitoring progress against targets set by Minister of Finance

• **Evaluation:**
  - **operation was succesful** (sustainable sound financial management, firm basis for effective and efficient financial audit by NCA)
  - **SAI-role was effective** – doing the right things at the right time (intense parliamentary attention, willingness of ministry of Finance)
1999

- From Policy Budgeting to Policy Accountability: putting performance information into the picture

- Reason: parliament unhappy with financial information overload/performance information ‘underload’

- Building blocks
  - Redesign of structure of budgets and annual reports (3 ‘What’ –questions)
  - Impulse to performance measurement and evaluation
  - Broader scope of internal audit work
1999 (2)

- **SAI-role:**
  - Contributing to the new design of budgets/reports
  - Systematically monitoring progress against targets set by Minister of Finance
  - Supporting ministries to work with the new system

- **Evaluation:**
  - Operation quite successful (performance aspect will stay)
  - Continuous search for right quantity and quality of information (confinement to ‘Accountable Budgeting’)
  - SAI-role generally effective, but sometimes too much focused on technics rather than on performance stories
20..?

- Central-government wide introduction of accrual accounting
- Announced around 2000, but left again
- Evaluation of pilot in 2007: ‘costs outweigh benefits’
- NCA keeps on advocating accruals, ministry of Finance keeps saying ‘no’ (no strong sentiments in Parliament)
- EPSAS-plan brings new dynamics and dimensions to the debate: ‘micro for macro’, relevance of (uniform) accrual accounting for generating reliable, efficient and comparable statistical information on EMU-balance and debt/fiscal surveillance
- Needed: powerful but proportionate, convincing and consistent, focused (2011/95) European approach, proactive attitude in Member States (e.g.: national harmonization)
- NCA will intensify dialogue with Ministry of Finance
Conclusion

There’s accrual music in the accounting air, but…

It takes three to tango