



Court of Audit



Annual activity report 2017

[abridged version]



Brussels, May 2018



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ANNUAL
ACTIVITY
REPORT 2017

This abridged version of the annual activity report outlines the use of the resources allocated in 2017 to the Belgian Court of Audit to carry out its missions. The full annual activity report is available in Dutch and French.

1 The Court in 2017

President Ignace Desomer retired in March, Councillor Hilde François was appointed President on 1 April and Vital Put was appointed Councillor in May.

	General Assembly		
Dutch Chamber		French Chamber	
President	Hilde François	Senior President	Philippe Roland
Councillors	Jozef Beckers	Councillors	Michel de Fays
	Jan Debucquoy		Pierre Rion
	Rudi Moens		Didier Claisse
	Vital Put		Franz Wascotte
Chief Secretary General	Jozef Van Ingelgem	Secretary General	Alain Bolly

The Court as of 4 May 2017.

2 Quantitative data

In 2017, the Court employed 506 staff members on average (the law sets a maximum of 620), of which about two-thirds are auditors and assistant auditors. The last third of the staff holds supporting functions.

The report also presents an overview of the audit results. In addition to financial audits related to the general accounts, the accounts of government bodies and departments as well as the accounts of accounting officers, the Court issued 43 budget analysis reports in 2017, 26 special reports, 28 articles in its Annual Comments and five opinions with regard to the budgetary impact of draft legislation for the federal and regional parliaments and provincial councils.

During the same year, the Court audited or certified 446 accounts of public bodies, services or agencies, five accounts of state universities and verified the periodic reporting on 3,228 accounts of public officers.

In 2017, the Court carried out five analyses at the request of parliamentary assemblies. 12 members of Parliament made use of their individual right of access to documents and information on 18 occasions.

The Court of Audit answered to four advice requests from the executive authorities in 2017.

3 Impact of the audits

In its annual activity report the Court also pays attention to the impact of its audits. It examines the way its publications are perceived and monitors the implementation of its recommendations. This allows the Court to increase the quality of the information provided to parliaments and at the same time to improve its means of action. Almost all reports are available on its website, either in French or in Dutch for most regional issues, and in both languages for the federal matters and Brussels regional issues.

It can be mentioned in this respect that the Court's representatives attended 73 hearings in the different parliaments in 2017 to answer questions on its budget reviews, Annual Comments and special reports.

4 International relations

In cooperation with the European Court of Auditors (ECA), the Belgian Court of Audit takes part in audits of the European Union expenditure. It participates in the activities of organisations of Supreme Audit Institutions (SAIs) and welcomes foreign delegations.

4.1 European Court of Auditors

In 2017, the ECA carried out six audits in Belgium, in conjunction with the Belgian Court of Audit, four of them relating to the so-called statement of assurance ("DAS - déclaration d'assurance").

Next to the cooperation in auditing matters, a consultative structure provides the SAIs of the member states of the European Union with the opportunity to discuss topics of common interest with the ECA. Within this framework the Contact Committee of SAI presidents met in October 2017 in Luxembourg. Liaison officers of the SAIs also convened in Stockholm in May 2017.

The Court is also a member of the working group on VAT, the network on budget policy, the Network Europe 2020, the workgroup on combating fraud and protecting the EU financial interests, and the workgroup for updating the information on public procurement.

4.2 Organisations of Supreme Audit Institutions

Intosai

As a member, the Court of Audit took part in the activities of the sub-committee on internal control standards of INTOSAI, in particular a working group on the review of internal

audit related standards. Court representatives attended the plenary meeting in Brasilia by videoconference (June 2017) and they physically attended a meeting of the working group in Warsaw (November 2017).

In May 2017, both Presidents of the Court attended in Vienna the INTOSAI/UN symposium on digitalization, open data and data mining – relevance and implications for the audit work of SAIs.

Eurosai

The Court of Audit was a member of the Governing Board of Eurosai until May 2017 (2011-2017 term). Its representatives attended an extraordinary meeting of the Board in Chişinău in February 2017 concerning the preparation of the EUROSAI Strategic Plan 2017-2023.

In the framework of the implementation of the EUROSAI Strategic Plan for 2011-2017, the Belgian Court of Audit was also a member, until May 2017, of Goal Teams 2 ‘Professional Standards’ and 3 ‘Knowledge Sharing’. In this capacity, it contributed to the implementation of their respective operational plans, in particular by leading the cooperation between EUROSAI and the European Confederation of Institutes of Internal Auditing (ECIIA) and by providing information for the EUROSAI databank on audit reports. Two representatives attended a seminar on the application of the INTOSAI standards on performance auditing (Bratislava, April 2017). For the new EUROSAI strategic plan the Court took part in the kick-off meeting on ‘professional cooperation’ (Potsdam, November 2017) and a seminar on cooperative audits (Prague, November 2017).

The Belgian Court of Audit took part as member in the regular activities of the EUROSAI Working Group on Information Technologies (IT) and the subgroup IT Self-Assessment & IT Audit Self-Assessment (co-moderation of an ITSA at the ECA, Luxembourg, November 2017). Representatives of the Court took part in the plenary meeting of the Working Group on Environmental Audit (Tirana, October 2017) and a seminar on the audit of water quality (Ljubljana, April 2017). The Court also joined a cooperative audit on energy efficiency of public buildings (kick-off meeting, Tallinn, February 2017).

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).

4.3 Audit of international organisations or projects

A councillor of the Belgian Court of Audit chairs the board of auditors of OCCAr (Organisation for Joint Armament Cooperation). The Court is one of the external auditors of the Airbus A400M programme.

The F-16 – SAI Conference did not meet this year, but exchanged information by e-mail.

4.4 Contact with international organisations

A delegation of the IMF visited the Court of Audit within the framework of the “Article IV Consultation” with Belgium (May 2017).

The Senior President attended a symposium of the Association of Higher Courts that have in common the use of the French language (Association des Hautes Juridictions de Cassation des pays ayant en partage l’usage du français) in Brussels in October 2017.

5 External activities

5.1 Joint Seminar of Euro Sai and ECIIA



Court of Audit
Group photo of delegates

On 11 May 2017, the Belgian Court of Audit organised with the European Confederation of Institutes of Internal Auditing (ECIIA) a joint seminar for EUROSAI and ECIIA members. Delegates from 20 national SAIs, the European Court of Auditors and 15 internal auditing institutes gave presentations and had discussions on themes such as informal cooperation between SAIs and internal auditors, formal bilateral and multilateral cooperation, using the work of internal auditors, the new internal audit international professional practices framework, international certification of internal auditors, audit committees within the public sector. Joint papers were presented about national cooperation agreements between SAIs and internal auditors and on audit committees within the public sector.

This seminar and the cooperation with ECIIA turned out to be a unique opportunity for the Court to share its knowhow on SAI relations with internal auditors and to stimulate and moderate international information exchange and discussion on this issue.

5.2 3rd Young Eurosai Conference



Yes Conference participants in Tallinn

Two junior auditors attended the 3rd Young EUROSAI (YES) Conference from 11 to 14 September 2017 in Tallinn. YES aims at building a professional network of young auditors within SAIs in Europe in order to share information and enhance the functioning of SAIs. Regional organisations (ARABOSAI, ASOSAI, INTOSAI Development Initiative, INTOSAI Journal and PASAI) also sent representatives to the conference.

The main theme of this edition was ‘Updates available’. SAIs are currently facing digital developments which might hamper data collection and audit techniques. The exchange of relevant experience, possible solutions and best practices were also discussed during the conference. Finally, the participants learned that a lot of countries are actively engaged into an open data policy. Transparency was unanimously considered a very positive step forward by the delegates.

5.3 External representation

The Court of Audit and its representatives took part in a number of seminars organised by the administration at large concerning public accounting and auditing internal control and public procurement. Delegates from the Court spoke at a seminar on Single Audit (November 2017) and at another one on performance budgeting organised by the Flemish Evaluation Platform (November 2017). The Court also acted as expert for various training sessions organised by the IFE (January and June 2017) and ESIMAP (March, May, June, September, October, December 2017) as well during the National Tender Day (October 2017) and Healthcare Tender Day (November 2017).

Court members and auditors also maintain good relations with higher education institutions and are often requested to give presentations or lectures (Universities of Louvain-la-Neuve, Antwerp, Ghent, and others). The main topics are public finances, internal control, performance auditing, policy assessment and public accounting.

6 Feature article: Data Protection Regulation



On 25 May 2018, the Regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (in short General Data Protection Regulation or GDPR) has entered into force¹. The GDPR is fundamental because it ensures, without prior ratification by the Member States, a high level of protection of individuals with regard to the processing of personal data. This protection applies

uniformly in all Member States, irrespective of the citizenship and place of residence of the individuals. The Regulation also significantly strengthens the controllers' obligations. It implements the same monitoring and sanctions systems throughout the European Union. Finally, it organises the cooperation between the supervisory authorities of the members of the Union and fundamentally modifies the role and tasks of these national authorities. But what are personal data? According to art. 4 of the GDPR, *“personal data means any information relating to an identified or identifiable natural person (‘data subject’); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person”*.

The same article defines ‘processing’ as *“any operation or set of operations which is performed on personal data or on sets of personal data, whether or not by automated means, such as collection, recording, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction”*.

Public authorities *“which may receive personal data in the framework of a particular inquiry in accordance with Union or Member State law shall not be regarded as recipients; the processing of those data by those public authorities shall be in compliance with the applicable data protection rules according to the purposes of the processing”*.

¹ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

The provisions of the new Regulation replace the rules previously laid down by Directive 95/46/EC of 24 October 1995² and by the Belgian law of 8 December 1992 on the protection of privacy. For many years, the Belgian Court of Audit has been concerned about the protection of its information system and of the personal data it processes in the context of its missions. The measures it has taken are numerous and were accurately defined in the aftermath of the Privacy Act of 1992 before being updated in 2016.

a) General declaration of processing to the Commission for the Protection of Privacy

The implementation of the Court of Audit's missions requires teams of auditors to work with supporting documents or information that they collect on the spot from the audited entities.

The Belgian Privacy Act of 1992 provides that all processing must be declared in advance by the controller to the Commission for the Protection of Privacy (CPP). The Court has therefore submitted a general statement of processing to this Commission, which concerns the processing operations relating to the control of the expenditure and revenue of all entities within the competence of the Court.

The principle of prior declaration has been abandoned in the meantime by the European legislator and replaced by records of processing.

b) In-depth initial assessment

In concrete terms, each audit project is subject to an initial assessment. This presents the topic of the audit and its justifications. It also defines the scope and standards that will be used as well as the possible risks related to its implementation.

The processing of personal data by the auditors scrupulously respects the general principles governing all processing of personal data. These principles, enshrined in the 1992 Privacy Act, have been reaffirmed in the GDPR, which states that data collected are always collected “*for specified, explicit and legitimate purposes*”. Processing is limited to what is strictly necessary for control or audit purposes.

The audit team must first of all examine whether the audit objectives cannot be achieved without processing personal data. In some cases, it will be possible to anonymise or pseudonymise the data. Otherwise, the purpose of the processing must be clearly described. The initial assessment should be approved by the Court's Data Protection Officer. The detailed process is formalised in instructions accessible to all Court of Audit staff.

² Directive 95/46/CE of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

c) Records of processing

The controller (the natural or legal person, public authority, agency or other body which determines the purposes and means of the processing of personal data) must keep a record of the processing activities carried out. This register must be available to the data protection authority on request.

This is an important new feature of the Regulation, as the registration of activities in this register replaces the prior declaration of processing that had to be made to the CPP.

The Court of Audit has had such records since 2013 because it wanted to have a permanent list of the processing operations carried out.

d) "Transfer" of personal data

While personal data are consulted and processed at the audited entity in some cases, they are much more frequently imported into the Court's network. These data must be kept in a protected area on the Court's network. They must be imported in such a way as to guarantee appropriate security against unauthorised or unlawful treatment, loss, destruction or damage. The auditors were therefore given instructions to ensure strict confidentiality of the information, including the use of encryption equipment and methods.

e) Staff Awareness

Training sessions are organised to make all Court of Audit's staff aware of the security of information systems in general and of personal data in particular. In addition to the general rules directly resulting from the Privacy Act and the GDPR, the training courses insist on the rules and methods to be followed in terms of data collection, encryption, transfer and destruction. They also draw employees' attention to civil liability and the criminal and disciplinary sanctions incurred in the event of non-compliance with applicable rules.

f) General responsibility of the controller

As a controller, the Court of Audit implements appropriate technical and organisational measures to process the data in compliance with the Regulation. It must also be able to provide evidence of such implementation. The data protection impact analysis (DPIA) aims to answer the following questions: What risks are involved? What is the probability of these risks occurring? How serious would the consequences be? What are the steps to take to cover yourself?

The Court had already carried out such an exercise in 2013. Its analysis was based on the Ebios methodology, a French risk management method developed by the General Secretariat for Defence and National Security and the National Information Systems Security Agency. The conclusions led to a general information system security policy which defines the reference framework for information system security for all activities and staff of the Court of Audit.

Given the volume and importance of the third party data it holds and the security level it intends to provide to them, the Court of Audit decided in June 2017 that all its services shall periodically be subject to this type of risk analysis.

g) Data Protection Officer

The GDPR devotes several articles to the function of Data Protection Officer, who is responsible for ensuring the independent application of the provisions of the Regulation and must be involved in all matters relating to the protection of personal data. The Regulation makes it compulsory to appoint a data protection officer in public bodies.

The Court defined the job profile of its Data Protection Officer in 2017 based on the provisions of the GDPR and the recommendations of the CPP in this regard. In December 2017, the general assembly of the Court appointed the security advisor to this function. This appointment has been communicated to the CPP and to all staff of the Court who can address him for any questions concerning the processing and protection of personal data.

Conclusion

The measures the Court of Audit has taken under the Privacy Act and the recommendations issued by the CPP have so far enabled it to ensure the protection of all personal data. This safety policy is also compliant with the standards of the new European regulation.

A full version of this activity report in French or Dutch is available on the Court's website: www.courtofaudit.be.



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