



Single Audit

Developments in The Netherlands



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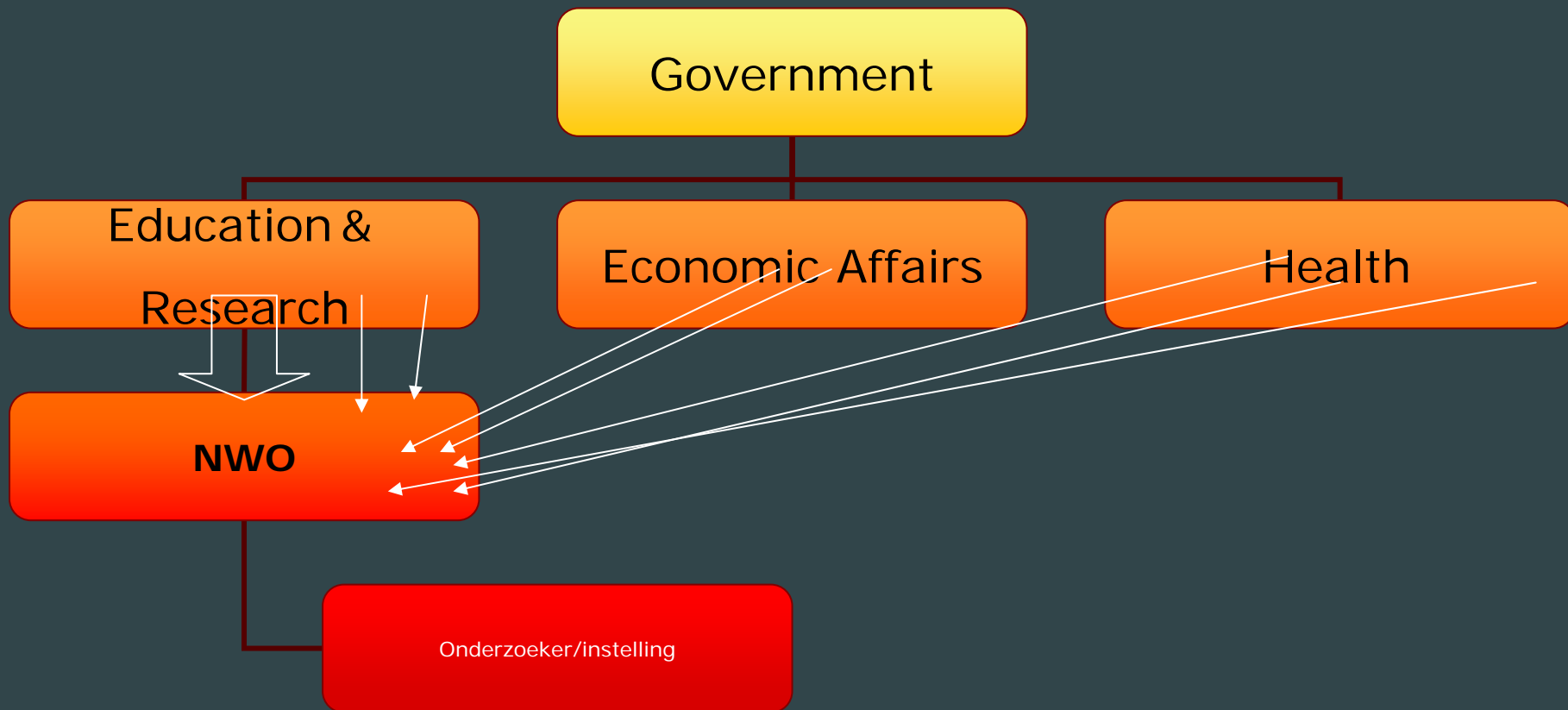


Introduction

- NWO's steps to single audit
 - Handling earmarked funds
 - Reducing the administrative burden for researchers
- Central governments steps to single audit



Government funding NWO





Situation five years ago (1)

- (Internal) Auditor spends 80 % of his time:
 - on 20 % (earmarked funds) of total budget
 - to audit financial statements earmarked funds
 - to audit compliance of earmarked funds
- For every programme other requirements, audit guidelines etc
- Weaknesses discovered at the end of programme

- The other 80 % of budget:
 - Audited on basis of audit guide from Ministry



The other 80 % of the budget

- Audited on basis of audit guideline Ministry of Education
- Reliability of (total) annual financial statement
- Compliance:
 - Use of funds as intended (research)
 - Laws and regulations (i.e. european rules on procurement)



Developments

- (Internal) auditor -> Internal Audit department
- External auditor to audit annual financial statement
- Processes for earmarked funds similar to other processes
 - Applications, grants, post-award monitoring
- Improvement internal controls
 - Detect problems with compliance (i.e. time-sheets)



First step to single audit

- Negotiations with Economic Affairs, Audit department
 - Accounting standards
 - Specific information in financial statement
 - Information findings external auditor
- Extension audit guidelines Education
- First year: 2004
- Lot of extra work for Internal Audit
- But: no specific audits during 2004/2005
- Findings on specific regulations in beginning programme



Next steps

- Convince other funding Ministries
- One set of audit guidelines for all (government) funds of NWO

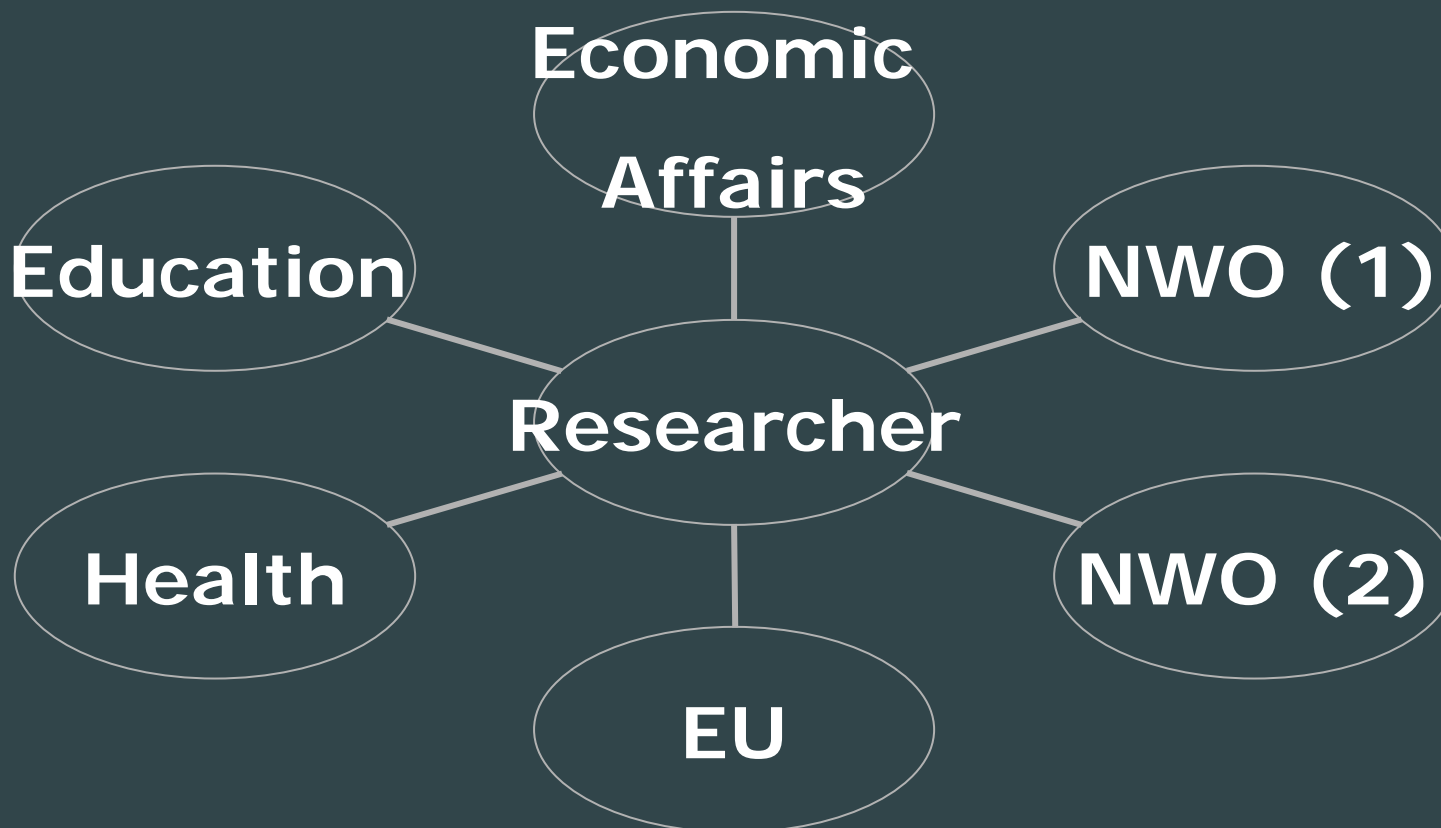


Decrease Administrative burden of researchers

- Several actions the last years:
 - Revising the funding schemes
 - Applications electronically
 - Financial Accountability



Successful researcher





Introducing 'single' audit for NWO funding

- Universities have audit guidelines from Education
- On request of NWO audit guidelines were extended
- (external) auditor looks at:
 - Reliability annual statement
 - Compliance:
 - Earmarked funds Education & Research
 - Earmarked funds NWO
- Auditor reports remarkable findings to NWO
 - (no findings yet)



Risk reduction

- Internal controls inside university (pressure auditor)
- NWO
 - post award monitoring
 - Report every year
 - Name researcher in place
 - Visit universities
 - exchange information
 - raise attention for specific issues



The central governments steps to single audit

- Report at the end of 2004:
 - Introducing risk analysis in central government
 - Internal control statement (compliance)
 - Auditor audits internal control statement
 - Reducing the amount of audit statements in public sector
 - I.e. Local government: 155 programmes (18 billion euro's)
 - With their own regulations & audit requirements
 - Streamlining regulations (i.e. eligible costs)



Discussion still going on

- Court of Auditors
- Within Ministries
- Willingness depends on individual departments

- So, little progress



Can we learn from the US ?

- One single Act (similar to A-133)
- For all organisations that have:
 - Accounting standards
 - Audit guidelines
- Imposed on them by central government