



Court of Audit





Audit of Public Revenues – Exchange of Experience, Problems and Best Practice – Belgian SAI

Prague – Seminar 22-24 October 2014



Presentation of the Belgian SAI

- Audit policy regarding public revenues
- Protocol agreement between the Court and the Federal Public Service (FPS) Finance
- Internal organisation
- Audits: system-based analysis
- Trends and recurrent factors
- 3 specific aspects:
 - access to non-public information and data
 - cooperation with the auditee before the audit
 - evaluation of draft State Budget



Audit policy of the Belgian SAI

- 1993 : the Belgian Constitution states that the Court of audit is empowered to perform a general audit of the operations with regard to the establishment and the recovery of payments due to the government, including tax revenue
- 1995 : a law provided that the audit implementation modalities are settled by a protocol agreement concluded between the minister of Finance and the Court
- 1st January 1996 : the Belgian Court started to perform general audits of the tax authorities (NB: its purpose is **not** to identify or adjust individual errors or fraud cases)



Protocol agreement with FPS Finance - Objective

The lawmaker considered that the power devolved upon the Court should not constitute an interference into the relations between tax authorities and taxpayers, which are set up and defined by law, nor, of course, a hindrance to the fulfilment of duties exercised by the tax authorities. These principles are the frame of the protocol agreement concluded by the Court and the Finance department.



Protocol agreement with FPS Finance - Content


- The Court is subject to several duties, under which it has:
- to inform ahead of time the minister and the head of the relevant tax authority of the audits envisaged as well as of the outcome obtained; these audits are subject, as such is the case in the field of public auditing, to a contradictory debate first with the audited entities and then with the minister;
 - to ensure that the information provided to Parliament does not contain individual data, involving either taxpayers or tax officials.



Internal organisation of the tax audit services

Two Court services (French-speaking and Dutch-speaking), with in total a dozen officials, work together to perform all the tasks devolved upon the Court in the field of tax revenue:

- systems-based audits;
- assessments of the expected budget impact of draft laws;
- analysing budget evaluations of tax revenue;
- other tasks devolved to the Court by law in this area.



Audits – System-based analysis

General concept of external **systems-based audit** in which the Court measures the reliability of the procedures implemented by the tax authorities in the pursuit of their objectives, in the light of the conventional criteria of effectiveness, efficiency and economy, but also of legality and equity. Audits can have diverging approaches, but they all fit into this perspective of a systems-based analysis. Examples are:

- audits that examine the main stages of a tax cycle (tax returns for personal income tax, corporation tax, etc.);
- audits which focus on the enforcement of a piece of legislation or a particular regulation;
- audits which are more targeted at certain activities of the offices of the tax authorities (for instance the office – comprising 600 tax officials– in charge of fighting serious and organized tax fraud);
- audits which examine more directly the monitoring instruments in place with the tax authorities and how they use them.



Trends and recurrent factors

To this date the Court has sent to Parliament 40 specific reports and several articles in its annual report on tax matters. They allow to trace the following trends or recurrent factors:

- monitoring shortcomings (due to gaps in the statistical tools: no indicators or indicators with little relevance);
- shortfalls in the controls/verifications (on the qualitative and quantitative levels);
- inaccuracies in setting administrative standards and deficiencies in the organization of the tax authorities;
- gaps in the transfer of information (between organs positioned hierarchically at different levels / different tax authorities / different federal departments / with foreign tax authorities);
- computer applications: insufficient guarantee of security.



Access to non-public information and data

- Intranet at FPS Finance: continuous monitoring
- Reports of the Internal Audit Service of the FPS
- Monthly reports on the Tax Revenues



Cooperation with the auditee before the audit

- On-the-spot presence at the FSP: informal conversations etc.
- Protocol: prior information notice
- Person of contact (sometimes...)
- To Be: Liaison Officer ?



Evaluation of draft State Budget

- No actual/formal audit
- Consultancy on draft Budget: accuracy of the Government's estimations
- Consultancy on draft Tax Law: estimation about the impact on the Budget