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The CHU-function in the Dutch central government

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Context (1)

- ministerial responsibility (mandate to SG's/DG's, directors and heads of departments, units and agencies)
- output based budgeting: general and operational policy objectives, policy instruments and money interconnected
- 'Accountable budgeting': what does the minister want to achieve? What will the minister do to to achieve the objectives (responsibility, instruments)? What are the costs of the instruments and the organization?
- Commitments/cash system (accruals only at 'agencies')



Context (2)

Tasks of Financial Economic Affairs Departments:

- Coordinating annual budget process and multiannual financial estimates
- Monitoring budget performance
- Organising accounting
- Advising the minister on issues with financial consequences (independently from policy managers)
- Coordinating policy evaluations
- Organising payment process, assignment of cashiers and securing valuables

more or less decentralization to policy DG's and departments



Context (3)

Internal auditing:

- One centralized audit service
- Law-based task: internal certification of financial information (audit opinion), auditing financial and material management, auditing generating process of non-financial information
- Demand-based task: on managerial request (e.g. performance audits)
- Financial audit task complies with ISSAIs (and thus with ISAs)
- Financial audit task is used by Netherlands Court of Audit (NCA)



CHU defined...

'A policy unit attached and directly reporting to the Minister of Finance on the status of internal control in the entire public sector, responsible for redesigning, updating and maintaining the quality of the internal control systems, for harmonising and co-ordinating definitions, standards and methodologies, for networking between all actors (managers, financial officers, internal auditors), for the establishment and co-ordination of sustainable training facilities, including the setting of criteria for the certification of public internal auditors and for all other actions to improve public internal control systems.'

Welcome to the world of PIFC, European Commission, 2006



CHU-function in The Dutch central government

- Harmonization and coordination of financial control: DG Budget at Ministry of Finance (frame setting for budgeting, financial control and internal audit policy ('what-question'), through laws and by-laws)
- Harmonization and coordination of non-financial control (staff, housing, IT, procurement, facilities): DG Organization and Management of the Central Government (ministry of the Interior)

Relative autonomy of ministries within the frameworks ('system supervision' by CHU's)

- Harmonization and coordination of internal audit practices ('how-question'): central audit service (operationally belonging to Minister of Finance)
- Harmonization and coordination of education: National Academy for Finance and Economics (belonging to DG Budget)



Activities of DG Budget in coordination and harmonization of financial control

- Developing frameworks (Government accountability act, financial bylaws, manual on risk management, ...)
- Leading execution of development projects (key model of financial information, open data, ...)
- Education and knowledge sharing (training and courses, seminars, study network, PIC network, ...)
- discussion and information exchange (SG's, interdepartmental network of FEAD's, NCA, central audit service, DG Organization and Management of the Central Government, ...)
- Central government-wide monitoring and reporting (based on documents of Audit Committees, audit reports, bilateral contacts, ...)



Developments (1)

- Shared service centers ('compact central government'): non-financial operational management, subsidies, inspection, policy advising (...)
- Budget cuts
- IT
- Development of risk management
- Audit committees (advisory role)



Developments (2)

- Two strategic agenda's for the control and audit system: ensuring compliance more efficiently, increasing attention for management of big risks, policy results and efficiency

Implementation in cooperation with FEAD's, policy directions as first line of responsibility

- Increasing importance of international networks and standards for financial management, external reporting and auditing (PEFA, European legislation, PIC, EPSAS, INTOSAI)



Questions?

