



13th Biennial CIGAR Conference

Bridging public sector and non-profit sector accounting

Ghent 9-10 June 2011

How to leverage good financial governance?

A casestudy:

NOFA and his network of child benefit funds

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Honorary President of the International Social Security Association (ISSA)





NOFA's three main missions

Regulator

MAKE DONE

- Synergy between 44 operators (17 private + 27 public)
- Performant information management: Cadaster + flows (38 million electronic messages)
- Vigilant supervision of child benefit agencies: accountability
- Mediation and front-desk

Granting and paying

DO

259.005 families - Turnover: 25,74%

Atypical profile: 38,86% unemployed (12,98% overall)

Core poverty: 8.479 families – 17.268 children

Knowledge and support

SHARE INFORMATION
(define, collect, process
and transfer)

- Policy - making process
- Legal framework
- Network (intranet, extranet, statistic portal)
- Information system, knowledge centre
- Studies and analyses



Highlights of the child benefit system

	Private (17)	Public (27)	NOFA
# households	992.421	55.195	259.005
# children	1.716.507	96.677	449.691
Payed benefits	3,5 billion €	193,6 million €	1billion €
Profile	87,02%/12,98%	100%/0%	61,14%/38,86%
Reserves (Benefits)	14,9 million €	-	1 million €
Reserves (Administration)	49,8 million €	-	-



Financing Social Security

	Total expenditure May 2011		Main payment in May 2011	
Old age	2,29 bn €	12 may	1,32 bn €	57,6%
Sickness and invalidity	1,94 bn €	4 may	0,64 bn €	33,0%
		25 may	0,49 bn €	25,3%
Unemployment	0,95 bn €	27 may	0,81 bn €	85,3%
Child benefit	0,35 bn €	5 may	0,32 bn €	91,4%
Occupational diseases	0,03 bn €	26 may	0,02 bn €	66,6%



Financing social security PAYG

Social contributions	66,08%
State subsidy	9,91%
Alternative funding	15,69%
Transferred and other revenue	3,01%
Current account balance	5,31%
Total	100,00%



Financing child benefit funds

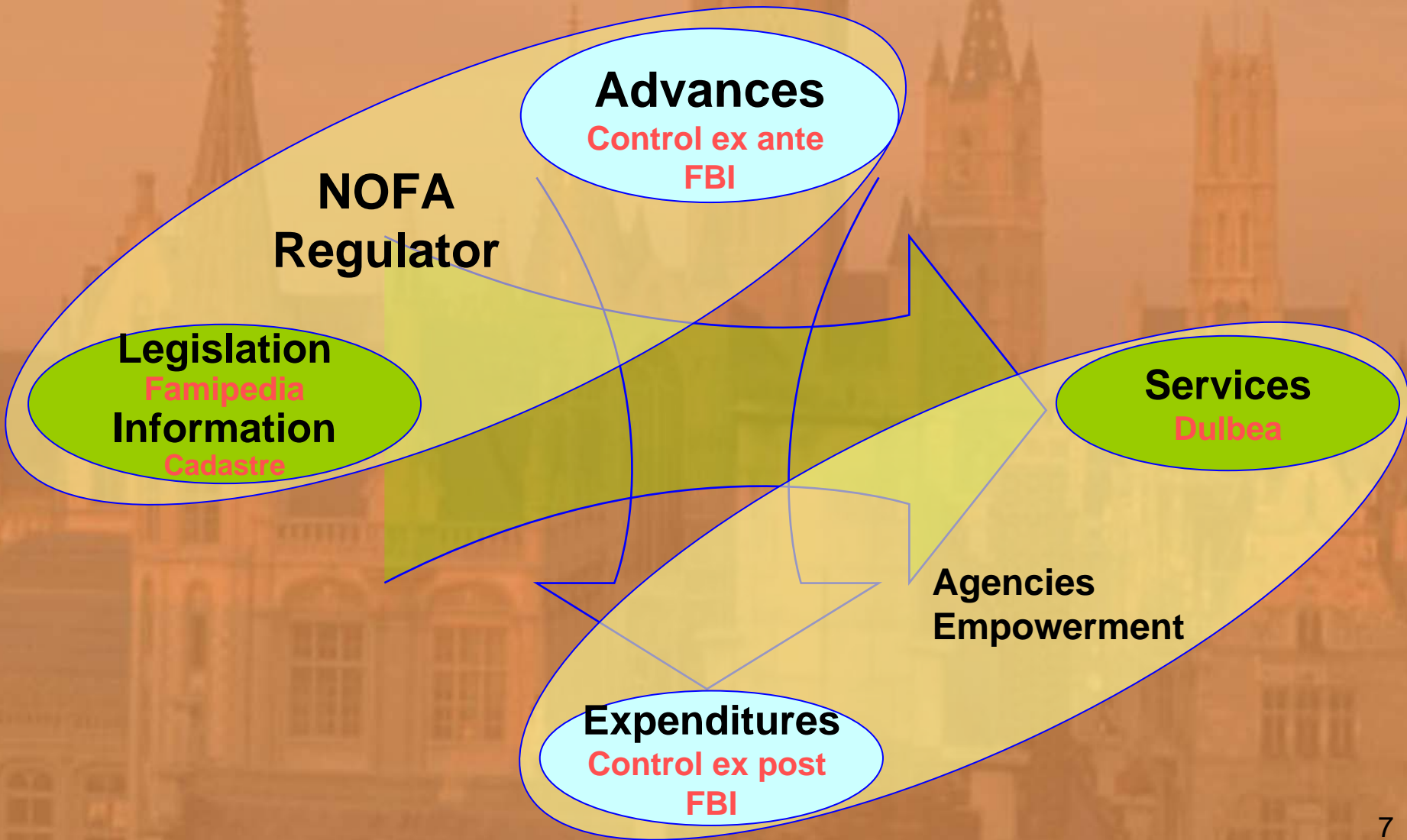
Social benefits		Administration	
Current	Capital	Current	Capital
Treasury ↓	Restricted fund(s) Self-generated	Subsidy - Workload - Quality	Restricted fund(s) Self-generated
Payments	Undue + Payments	↓ Expenditures	Acquisitions + Provisions (e.g. holiday allowance , earlier retirement)

X

<= One way transfer



Co-operation between NOFA and the agencies





NOFA and the agencies:

Objective: ease access + no disruption in payment = no uncertainty about entitlement

Product definition (checklist)



Information management (Cadastre + fluxes)



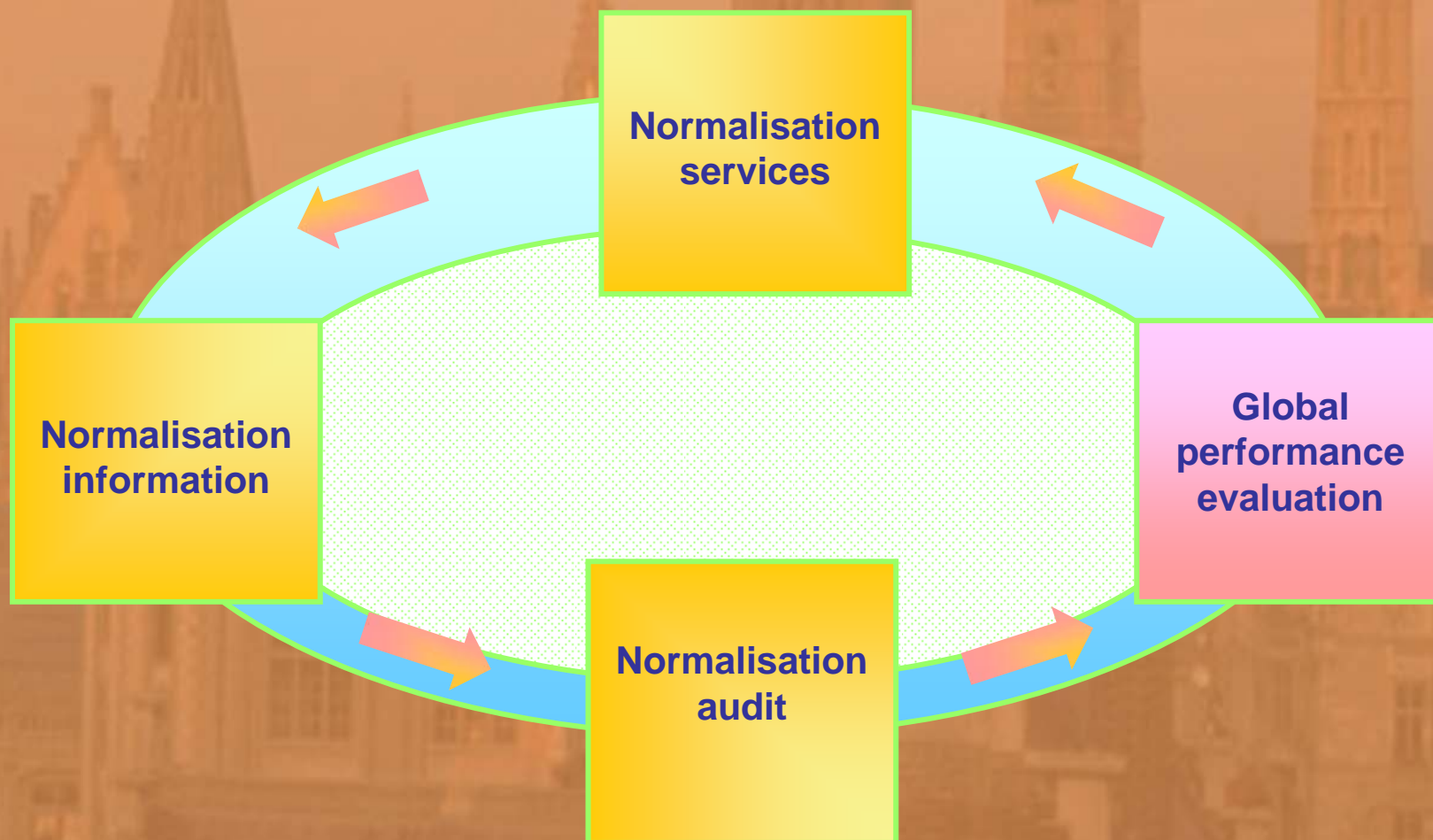
Generic processes
(decision schemes + ICT support)



Expectations = Results



Granting family allowances: an integrated vision





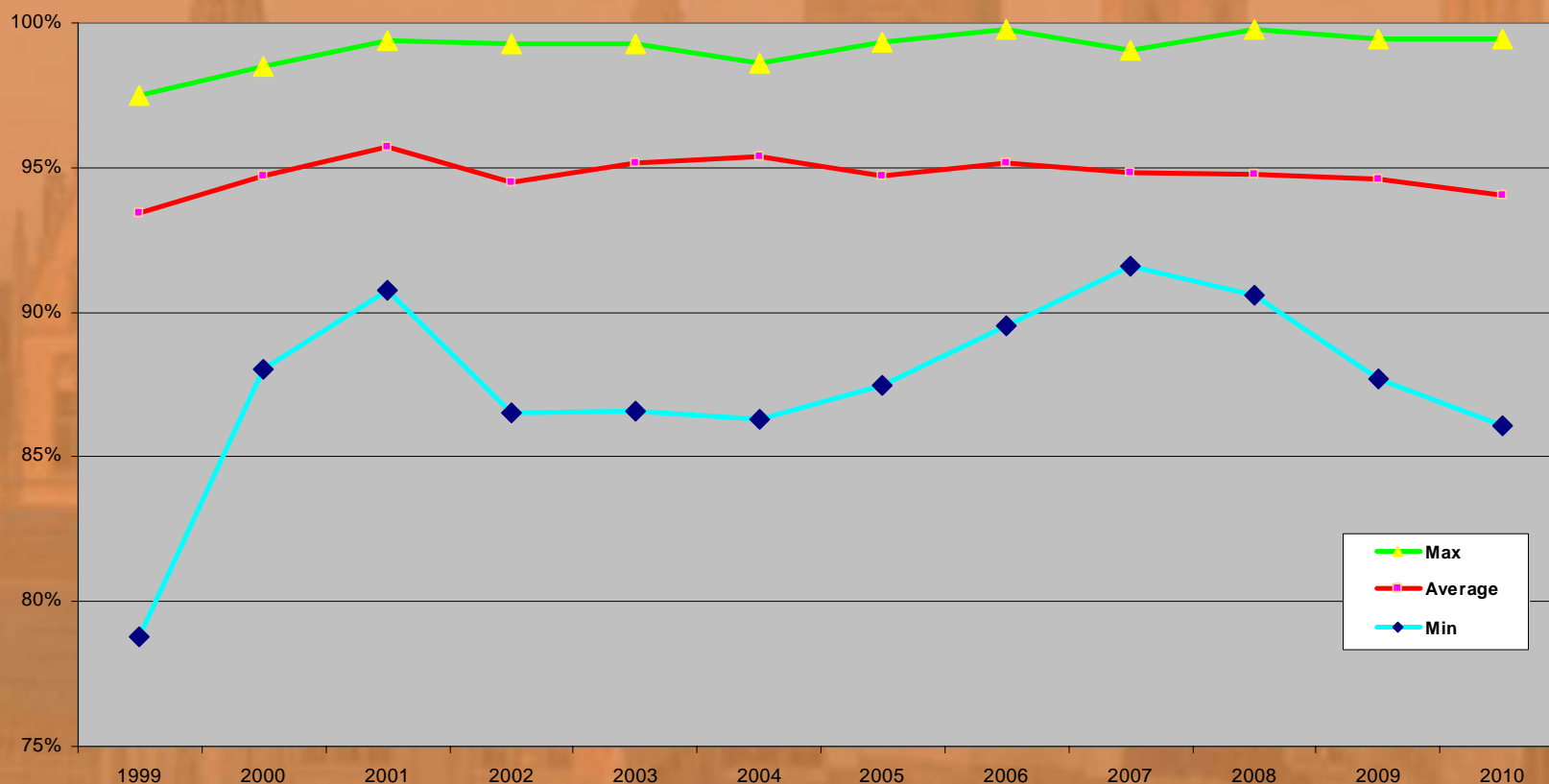
Results quality proof 2010

Variables	Percentage of success
Data sharing	94,59% (100% - 80,00%)
Priority	98,29% (100% - 90,77%)
Status of the applicant	99,74% (100% - 96,81%)
Entitlement on quarterly basis and competence	99,67% (100% - 95,83%)
Payments	99,15% (100% - 95,83%)
Terms	96,96% (100% - 84,78%)
Beneficiaries	99,60% (100% - 97,18%)
Admission of beneficiary children	93,36% (100% - 68,46%)
Validity of a social supplement	89,62% (100% - 64,62%)
Possible entitlement to a social supplement	90,58% (100% - 67,31%)
Orphan's benefits	98,84% (100% - 92,05%)
Students	97,50% (100% - 89,26%)
Other qualifying children	94,41% (100% - 80,77%)
Control by visits	96,29% (100% - 75,00%)
Charter of the socially insured	92,06% (100% - 76,76%)
Debtors	96,06% (100% - 83,90%)



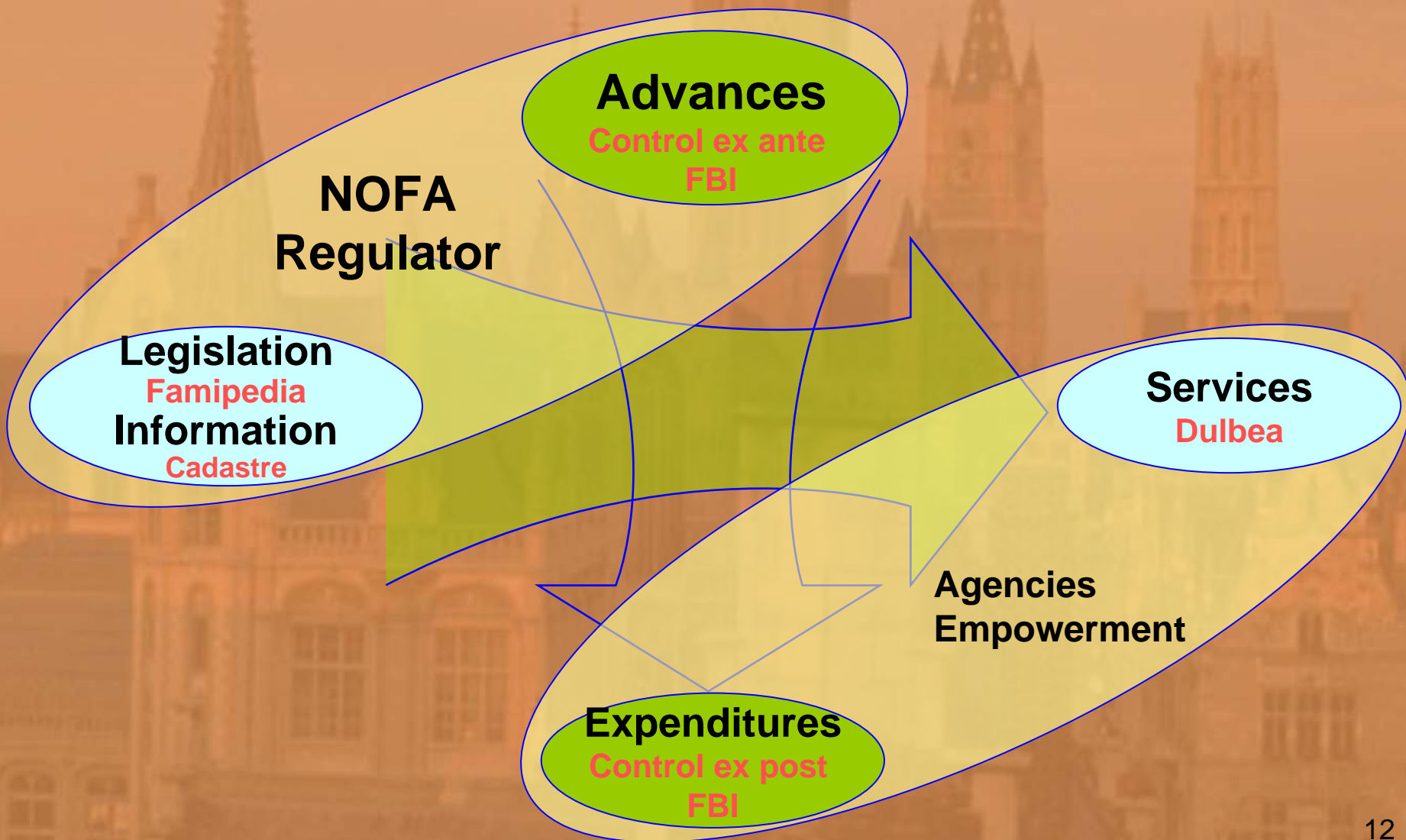
Evolution quality barometer

Administration subsidy: from 5% to 15%



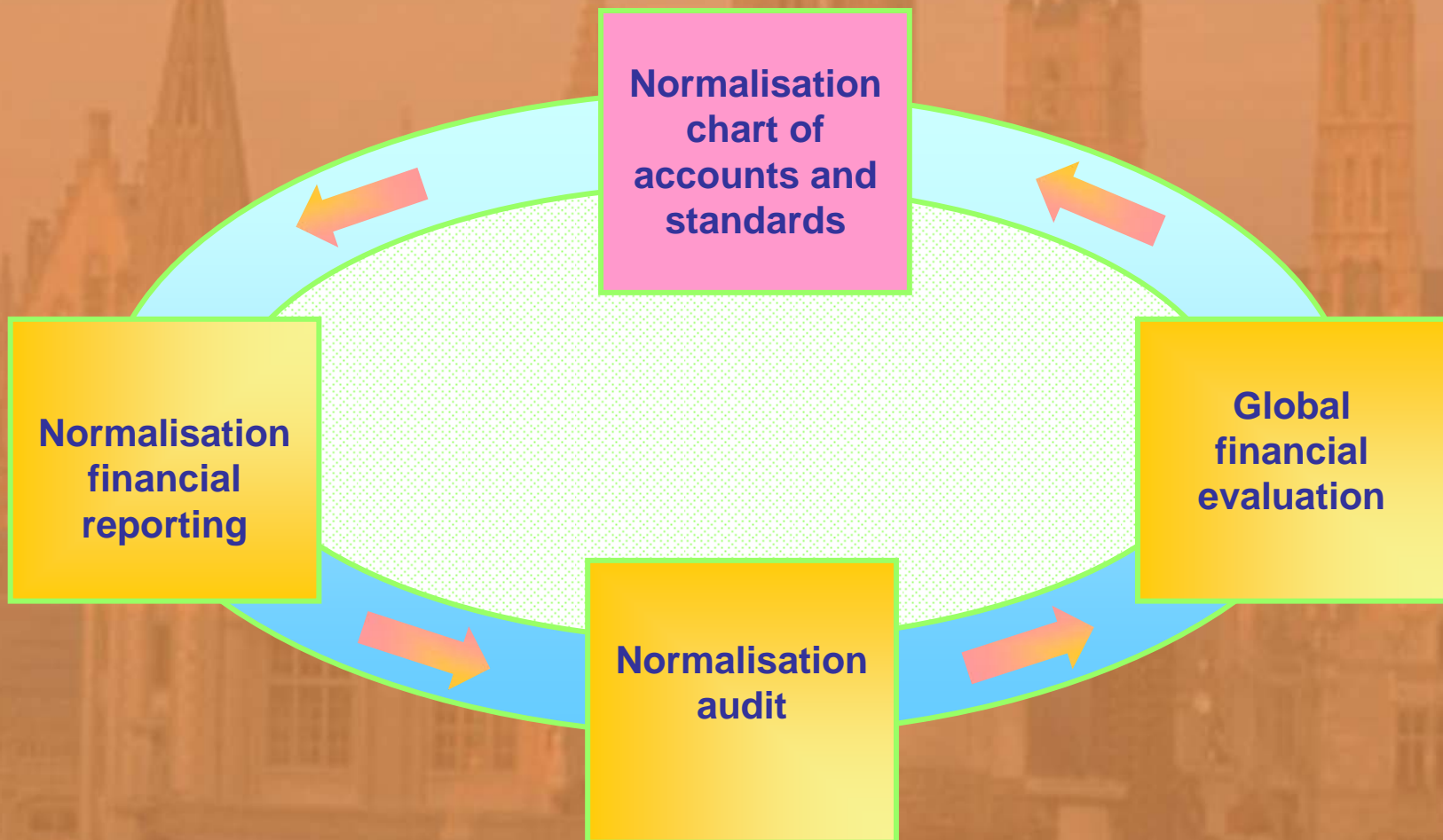


Co-operation between NOFA and the agencies





Entire financial management cycle





Normalisation chart of accounts & accounting standards

- Chart of accounts compliant with legal standards for non-for-profit sector, but made compulsory one year earlier
= high acceptance, taken up by other parts of related entities even by other branches
- Comprehensive insight in financial operations of agencies even in related entities
-> transparent allocation joint costs

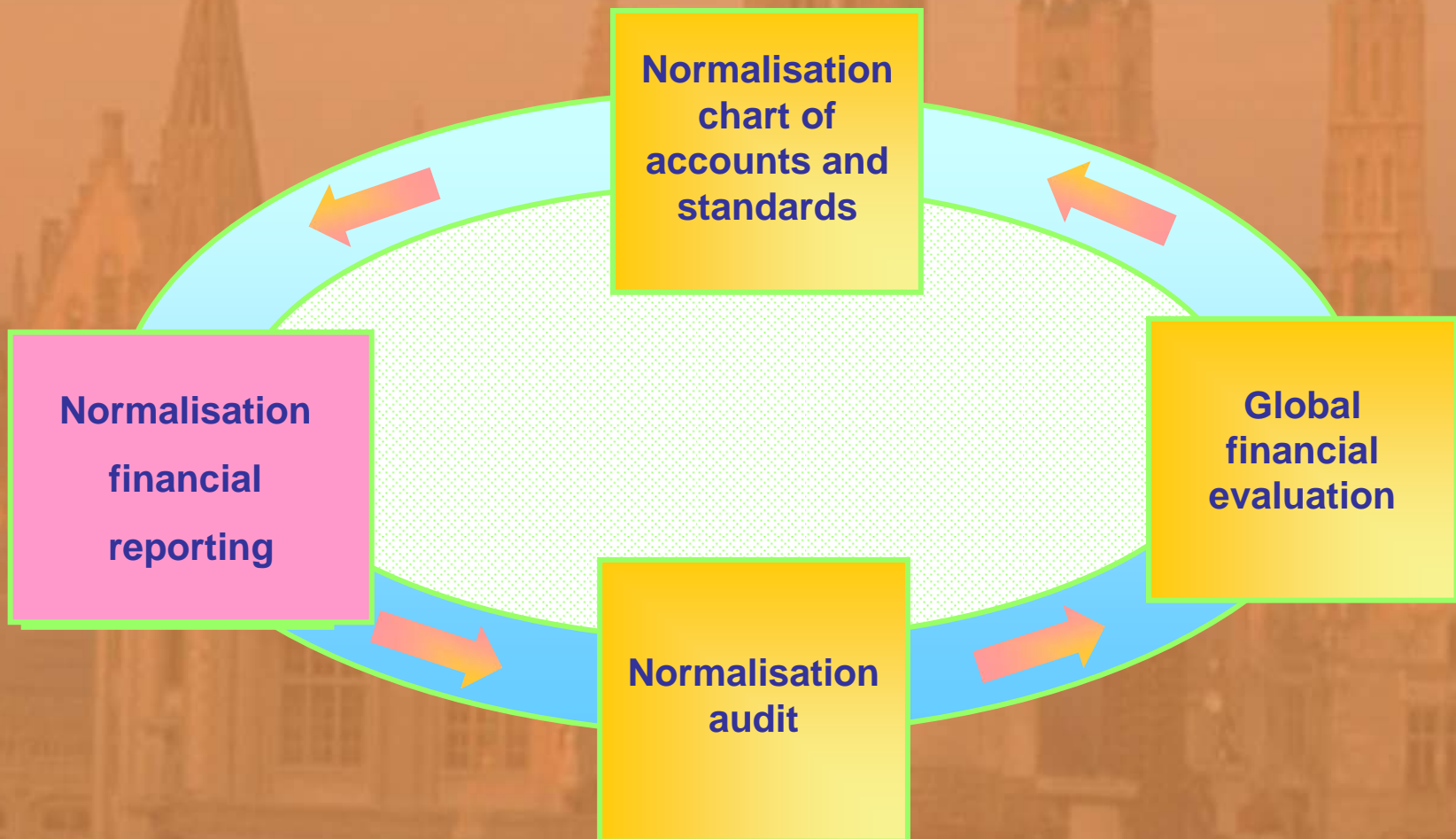


Normalisation chart of accounts & accounting standards (2)

- Comprehensive manual + FAQ:
 - guidelines for booking and allocation of costs incl. joint costs within related entities
 - definition of uniform and objective criteria for (re)allocation of costs
- Compliant and uniform booking
 - > consolidation
 - > benchmarking + setting standards



Entire financial management cycle





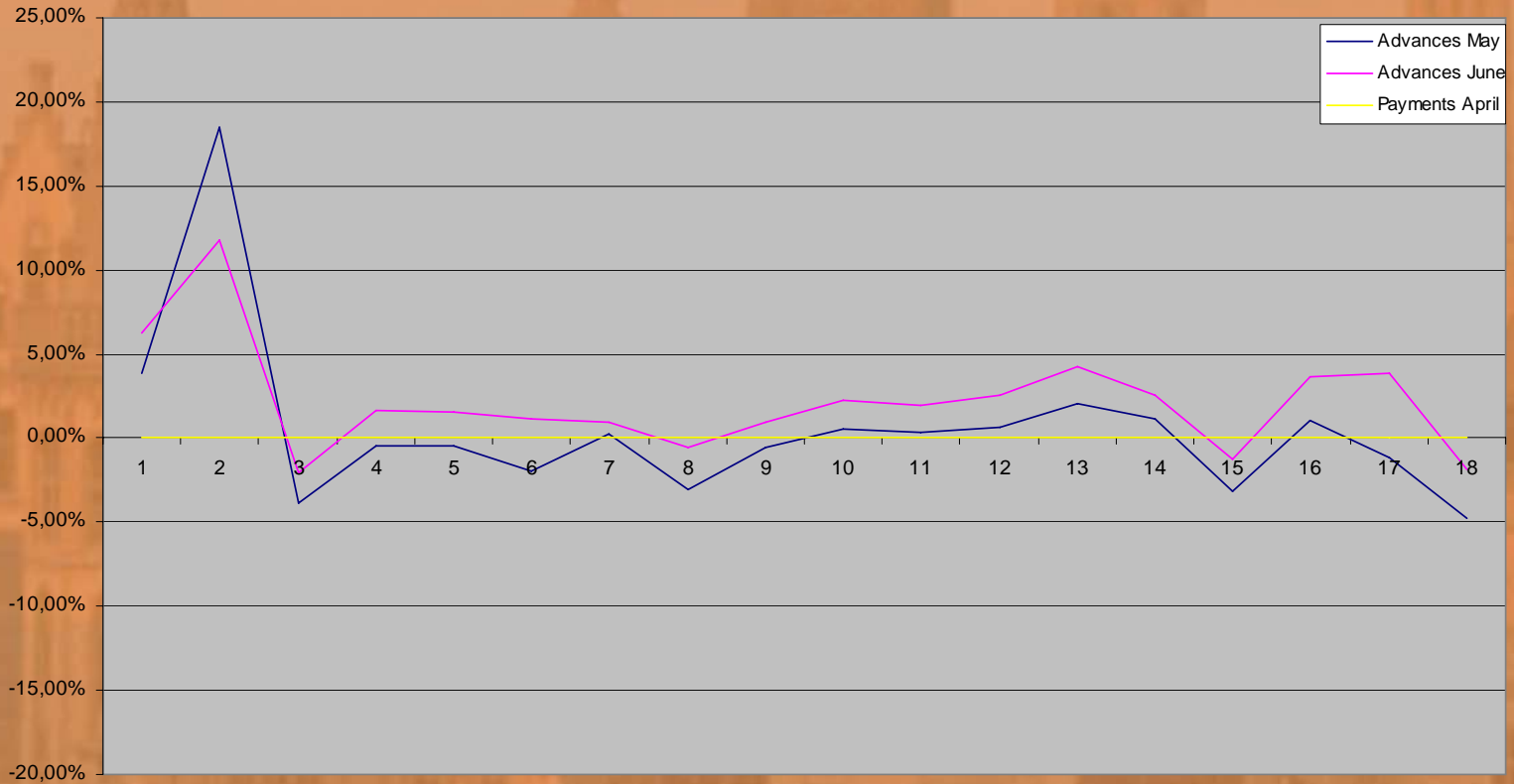
Normalisation financial reporting

- Concept of chart of accounts fosters follow up of all financial flows and risks within the child benefit regime (business alignment)
- Reporting:
 - monthly: monitoring of treasury (accuracy advances and monitoring of the daily cash position)
 - quarterly: settlement and analysis of family allowances due and undue and of administration costs
 - annually: balance sheet and profit and loss account

Filing annual accounts at the Central Balance Sheet Office --> Transparency



Review advances

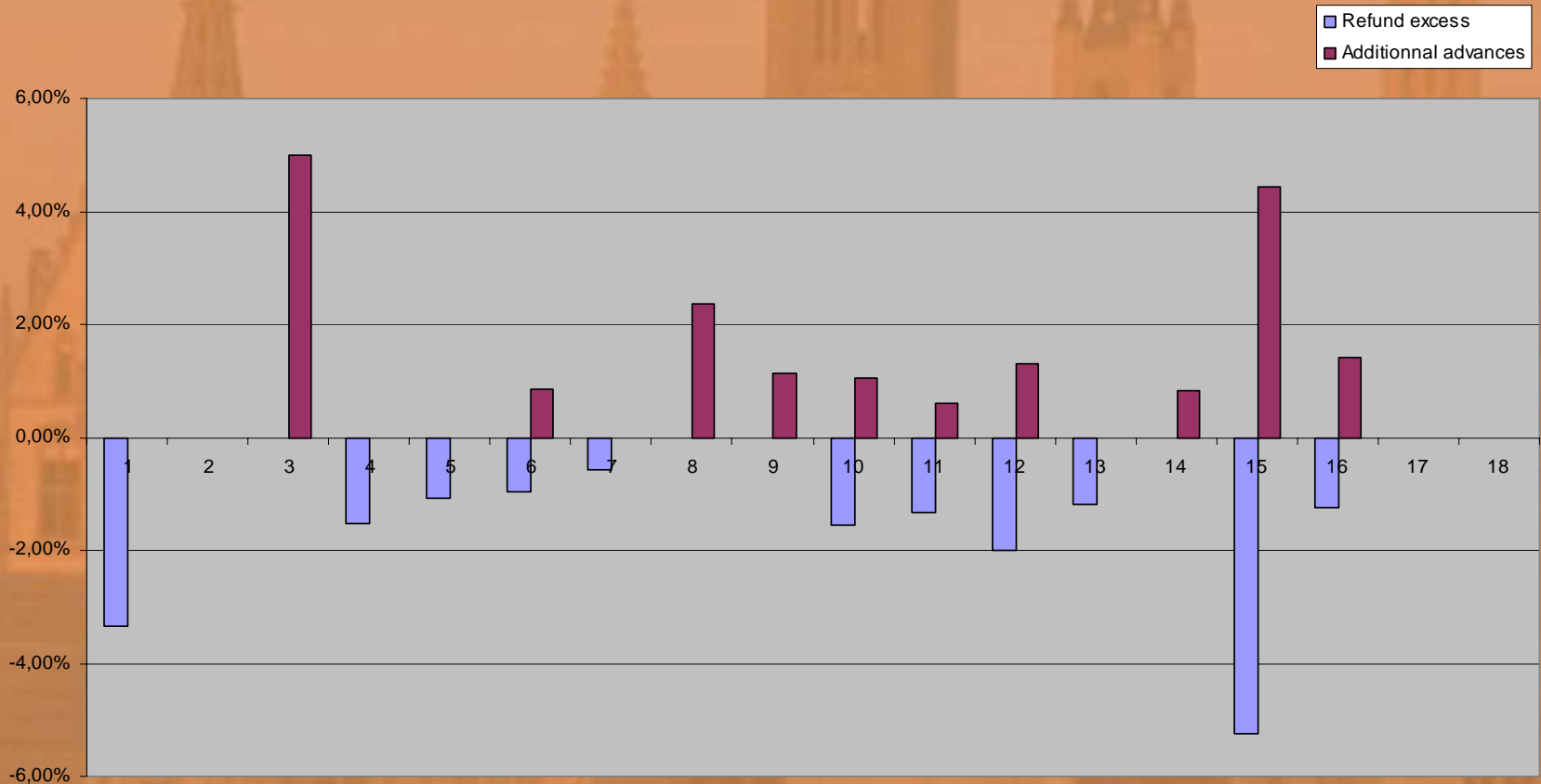


periode : juni 2011

2011 juni	2011 mei	(3) = (1) - (2)	(1) / (2)	2011 april	(5) = (1) - (4) Δ te veel (+) te kort (-)	(1) / (4) Δ te veel (+) te kort (-)
(1) Voorschotten huidige maand	(2) Voorschotten vorige maand			(4) Uitbetaalde kinderbijslag (N-2)		
1.530.000	1.495.000	35.000	2,34%	1.439.801,68	90.198,32	6,26%
100.000	106.000	-6.000	-5,66%	89.465,75	10.534,25	11,77%
3.195.000	3.135.000	60.000	1,91%	3.261.038,27	-66.038,27	-2,03%
31.430.000	30.776.263	653.737	2,12%	30.922.074,19	507.925,81	1,64%
17.626.000	17.287.000	339.000	1,96%	17.365.321,48	260.678,52	1,50%
38.380.000	37.207.000	1.173.000	3,15%	37.931.705,86	448.294,14	1,18%
44.104.000	43.803.000	301.000	0,69%	43.677.751,61	426.248,39	0,98%
3.005.000	2.930.000	75.000	2,56%	3.022.747,86	-17.747,86	-0,59%
25.715.000	25.330.000	385.000	1,52%	25.461.397,41	253.602,59	1,00%
14.767.000	14.516.000	251.000	1,73%	14.436.077,89	330.922,11	2,29%
47.450.621	46.680.340	770.281	1,65%	46.533.413,07	917.207,93	1,97%
20.508.000	20.126.720	381.280	1,89%	19.994.036,30	513.963,70	2,57%
39.470.000	38.602.000	868.000	2,25%	37.843.479,33	1.626.520,67	4,30%
8.012.100	7.905.000	107.100	1,35%	7.814.841,34	197.258,66	2,52%
669.240	656.100	13.140	2,00%	677.776,82	-8.536,82	-1,26%
2.410.000	2.350.000	60.000	2,55%	2.325.043,51	84.956,49	3,65%
1.991.500	1.895.000	96.500	5,09%	1.917.842,17	73.657,83	3,84%
55.450.000	53.800.000	1.650.000	3,07%	56.476.827,52	-1.026.827,52	-1,82%

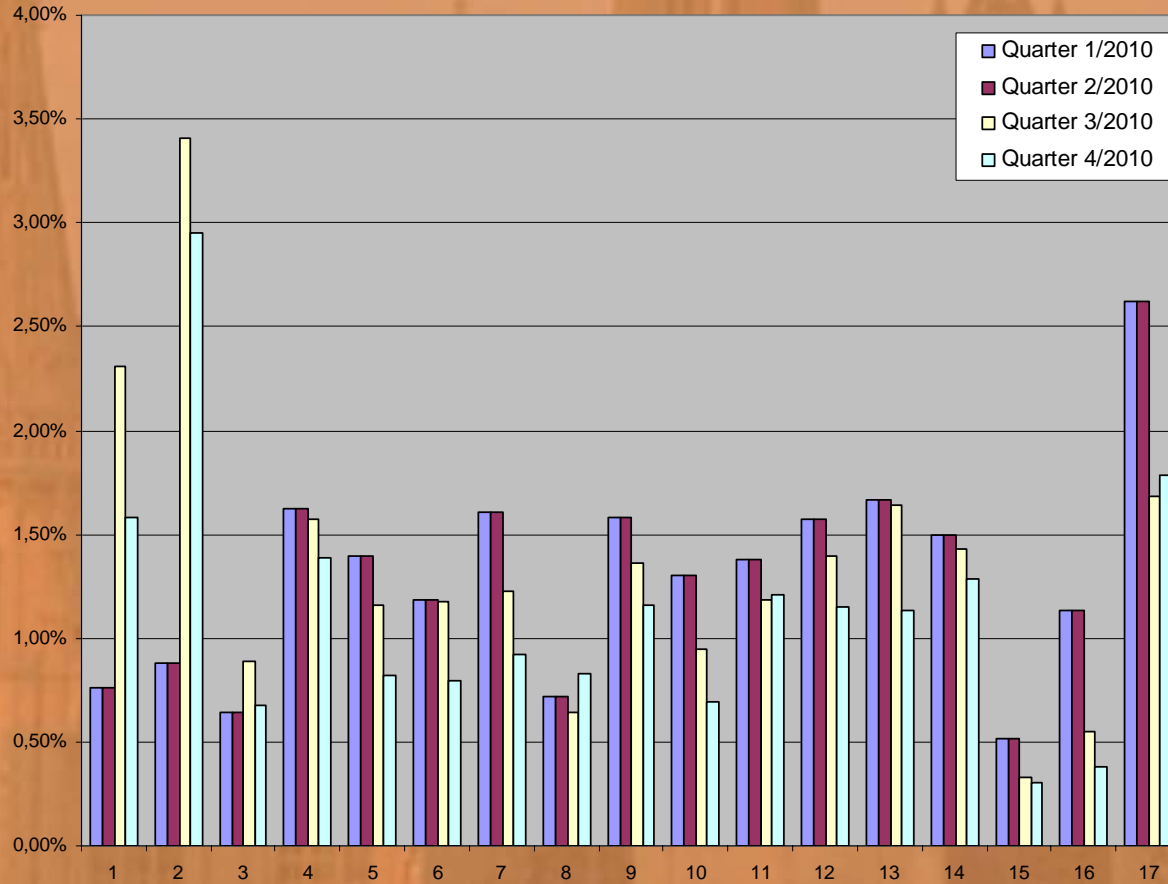


Monitoring ongoing advances





Undue vs Paid



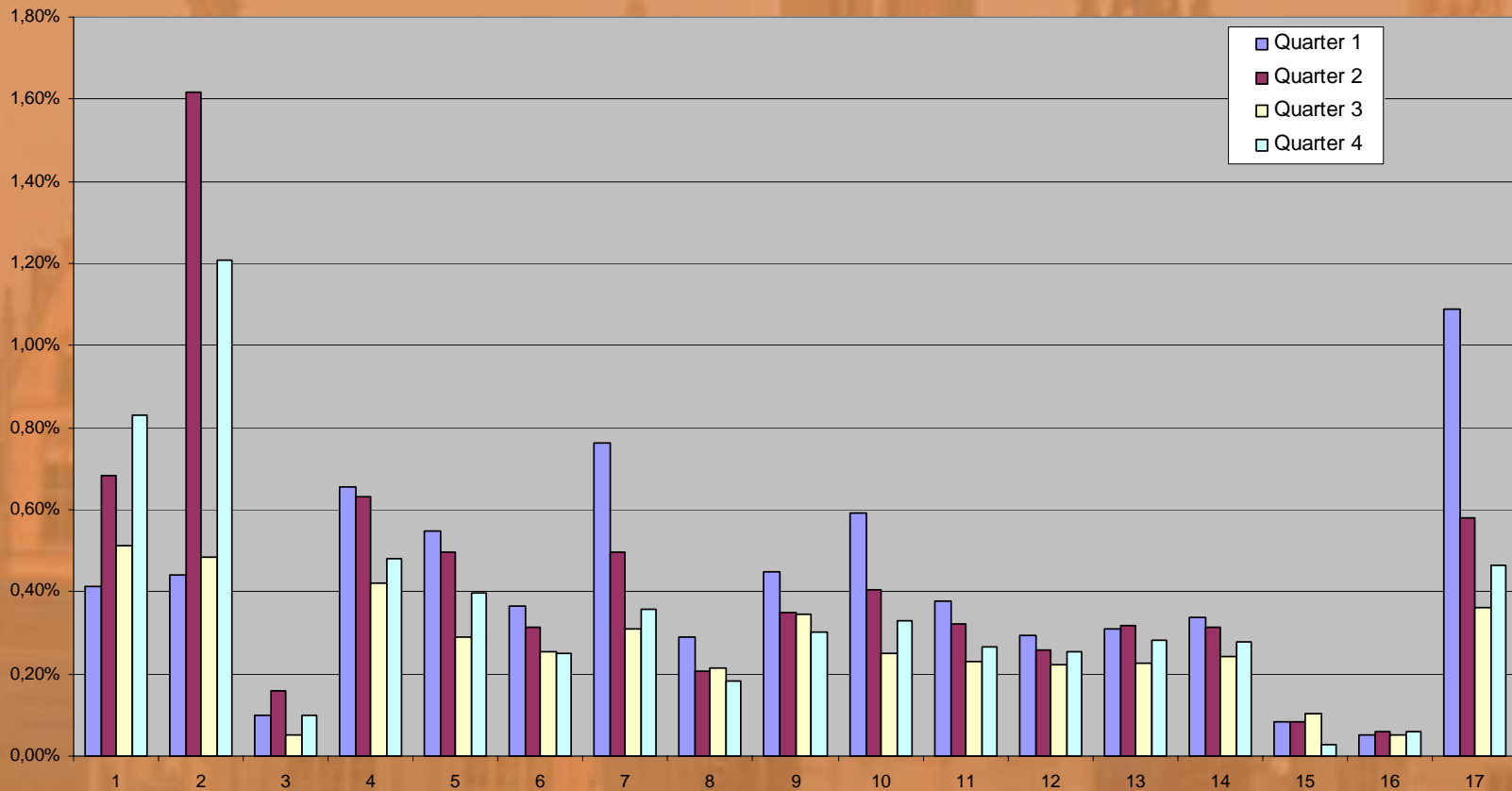


Nieuwe debetten

2010											
KWARTAAL 1			KWARTAAL 2			KWARTAAL 3			KWARTAAL 4		
Werk. bet. bijslag	nieuwe debetten	%	Werk. bet. bijslag	nieuwe debetten	%	Werk. bet. bijslag	nieuwe debetten	%	Werk. bet. bijslag	nieuwe debetten	%
4.430.380,38	33.832,63	0,76%	4.409.117,05	101.618,91	2,30%	4.952.919,30	78.141,95	1,58%	4.385.173,31	76.705,45	1,75%
300.079,91	2.639,23	0,88%	295.282,80	10.053,17	3,40%	351.567,81	10.369,05	2,95%	316.098,52	4.019,50	1,27%
9.337.029,33	59.726,34	0,64%	9.374.701,84	83.342,37	0,89%	10.256.726,51	69.577,77	0,68%	9.455.138,60	72.407,08	0,77%
88.068.364,57	1.431.203,64	1,63%	89.667.958,73	1.408.617,84	1,57%	97.905.735,73	1.357.479,86	1,39%	90.275.766,47	1.231.953,09	1,36%
50.154.920,93	698.131,09	1,39%	50.225.082,26	581.888,29	1,16%	54.786.622,79	448.551,53	0,82%	50.915.414,16	494.852,12	0,97%
113.263.337,04	1.342.170,04	1,18%	113.607.719,15	1.330.844,63	1,17%	124.251.876,61	990.601,92	0,80%	112.829.130,50	1.113.868,54	0,99%
125.723.691,38	2.022.580,71	1,61%	127.209.453,15	1.559.750,07	1,23%	140.725.186,99	1.298.303,79	0,92%	130.264.554,44	1.754.578,05	1,35%
9.055.793,56	65.009,90	0,72%	8.887.799,00	57.121,05	0,64%	9.941.995,37	82.304,01	0,83%	8.810.801,60	77.483,14	0,88%
75.356.628,28	1.194.751,35	1,59%	75.906.447,61	1.031.748,38	1,36%	82.862.741,56	958.279,35	1,16%	75.446.650,20	1.042.180,71	1,38%
41.422.515,42	539.827,43	1,30%	41.965.240,21	395.787,89	0,94%	46.550.763,24	324.318,83	0,70%	42.786.182,56	486.492,95	1,14%
138.816.627,33	1.915.943,21	1,38%	138.793.703,45	1.641.069,97	1,18%	151.980.411,03	1.833.791,61	1,21%	138.548.442,41	1.537.220,41	1,11%
58.804.223,71	926.554,66	1,58%	58.883.903,88	820.002,38	1,39%	64.739.900,27	745.775,12	1,15%	58.935.789,06	797.524,33	1,35%
108.343.441,71	1.804.612,07	1,67%	110.266.121,80	1.812.863,65	1,64%	121.603.398,81	1.375.925,46	1,13%	112.511.502,65	1.339.198,92	1,19%
22.206.471,91	332.102,31	1,50%	22.687.458,05	324.189,74	1,43%	25.109.170,84	321.912,47	1,28%	23.469.884,41	329.808,38	1,41%
1.947.725,07	9.977,28	0,51%	2.035.084,51	6.681,79	0,33%	2.212.276,65	6.653,30	0,30%	2.041.234,96	4.404,46	0,22%
6.609.909,73	75.150,61	1,14%	6.664.390,54	36.782,65	0,55%	7.291.630,58	27.516,58	0,38%	6.705.759,47	45.125,18	0,67%
5.438.295,86	142.731,36	2,62%	5.627.750,64	94.865,88	1,69%	6.056.773,70	108.146,43	1,79%	5.492.547,83	110.077,96	2,00%
9.583.900,55	56.983,37	0,59%	9.525.186,69	51.697,59	0,54%	10.497.863,72	44.816,44	0,43%	9.384.268,86	56.744,93	0,60%



Withheld vs Paid



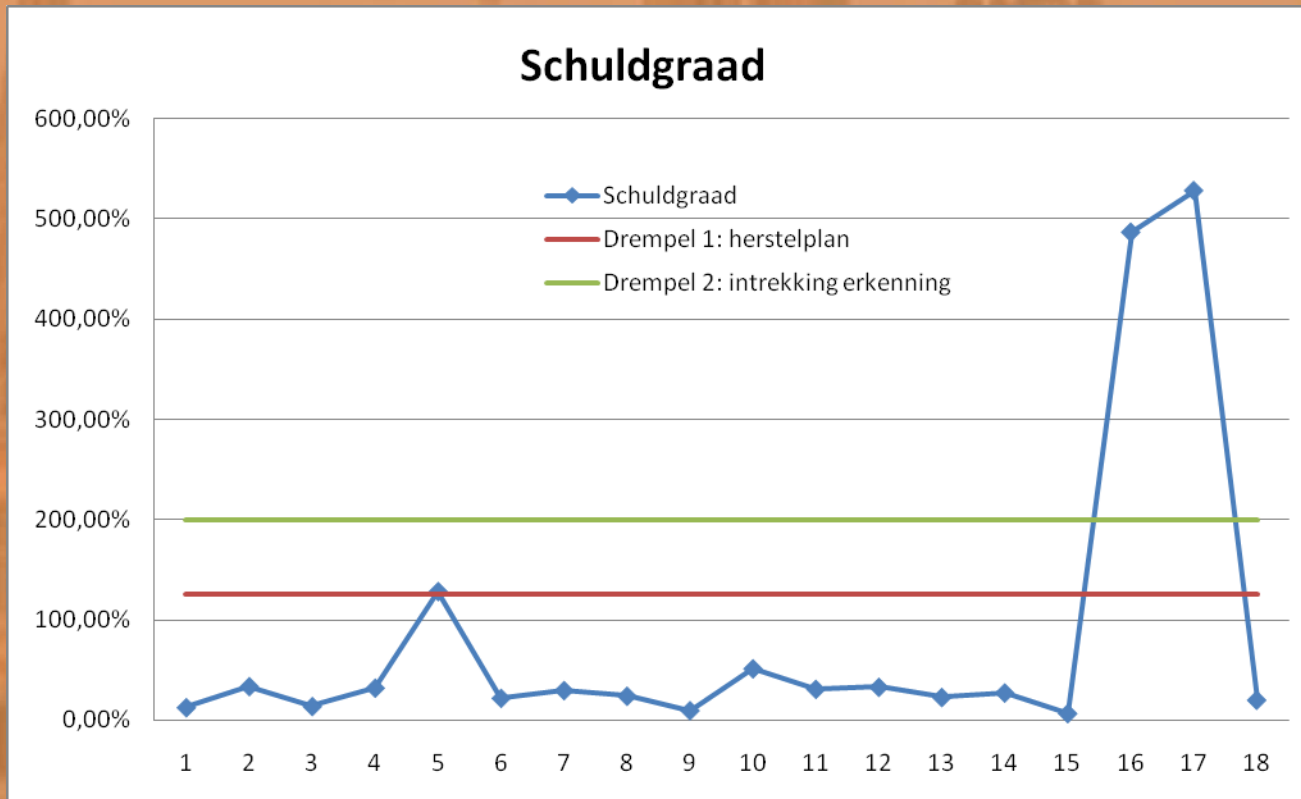


T.o.v. Uitbet. KB.

2010											
KWARTAAL 1			KWARTAAL 2			KWARTAAL 3			KWARTAAL 4		
Ingehouden KB (1)	Uitbetaalde KB (2)	Verhouding in % (3)= (1)/(2)	Ingehouden KB (1)	Uitbetaalde KB (2)	Verhouding in % (3)= (1)/(2)	Ingehouden KB (1)	Uitbetaalde KB (2)	Verhouding in % (3)= (1)/(2)	Ingehouden KB (1)	Uitbetaalde KB (2)	Verhouding in % (3)= (1)/(2)
18.266,37	4.430.380,38	0,41%	30.139,74	4.409.117,05	0,68%	25.476,97	4.952.919,30	0,51%	36.391,50	4.385.173,31	0,83%
1.322,06	300.079,91	0,44%	4.780,99	295.282,80	1,62%	1.706,90	351.567,81	0,49%	3.816,79	316.098,52	1,21%
9.351,50	9.337.029,33	0,10%	14.986,21	9.374.701,84	0,16%	5.237,94	10.256.726,51	0,05%	9.538,42	9.455.138,60	0,10%
576.480,72	88.068.364,57	0,65%	565.893,07	89.667.958,73	0,63%	411.860,43	97.905.735,73	0,42%	435.036,60	90.275.766,47	0,48%
275.644,21	50.154.920,93	0,55%	249.692,20	50.225.082,26	0,50%	159.640,24	54.786.622,79	0,29%	201.988,82	50.915.414,16	0,40%
413.648,98	113.263.337,04	0,37%	355.889,93	113.607.719,15	0,31%	316.117,63	124.251.876,61	0,25%	283.771,57	112.829.130,50	0,25%
960.574,00	125.723.691,38	0,76%	633.133,42	127.209.453,15	0,50%	435.855,81	140.725.186,99	0,31%	464.502,38	130.264.554,44	0,36%
26.196,16	9.055.793,56	0,29%	18.462,76	8.887.799,00	0,21%	21.525,23	9.941.995,37	0,22%	16.250,26	8.810.801,60	0,18%
337.409,54	75.356.628,28	0,45%	264.255,35	75.906.447,61	0,35%	286.532,46	82.862.741,56	0,35%	227.278,20	75.446.650,20	0,30%
245.797,30	41.422.515,42	0,59%	170.000,65	41.965.240,21	0,41%	117.283,47	46.550.763,24	0,25%	141.235,82	42.786.182,56	0,33%
521.311,64	138.816.627,33	0,38%	446.966,71	138.793.703,45	0,32%	349.252,47	151.980.411,03	0,23%	368.060,32	138.548.442,41	0,27%
173.198,39	58.804.223,71	0,29%	151.079,29	58.883.903,88	0,26%	143.747,29	64.739.900,27	0,22%	148.944,54	58.935.789,06	0,25%
336.365,46	108.343.441,71	0,31%	348.543,23	110.266.121,80	0,32%	277.725,39	121.603.398,81	0,23%	315.810,28	112.511.502,65	0,28%
75.300,02	22.206.471,91	0,34%	71.525,96	22.687.458,05	0,32%	61.162,24	25.109.170,84	0,24%	65.411,73	23.469.884,41	0,28%
1.617,25	1.947.725,07	0,08%	1.688,36	2.035.084,51	0,08%	2.303,23	2.212.276,65	0,10%	529,60	2.041.234,96	0,03%
3.509,09	6.609.909,73	0,05%	3.943,86	6.664.390,54	0,06%	3.799,05	7.291.630,58	0,05%	3.881,83	6.705.759,47	0,06%
59.127,85	5.438.295,86	1,09%	32.609,61	5.627.750,64	0,58%	21.785,83	6.056.773,70	0,36%	25.511,15	5.492.547,83	0,46%



Debt




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Schuldgraad

BALANS BEHEER 2009			
Eigen vermogen incl. provisies	Schulden	Totaal passief	Verhouding W / EV
707.569,30	91.142,67	798.711,97	12,88%
4.947.125,73	1.680.622,36	6.627.748,09	33,97%
5.960.541,79	836.687,89	6.797.229,68	14,04%
5.743.824,60	1.859.724,80	7.603.549,40	32,38%
1.668.554,18	2.147.088,31	3.815.642,49	128,68%
714.921,13	158.890,33	873.811,46	22,22%
4.288.547,11	1.284.507,45	5.573.054,56	29,95%
376.207,97	91.441,29	467.649,26	24,31%
6.628.404,42	658.361,95	7.286.766,37	9,93%
5.510.185,03	2.847.550,43	8.357.735,46	51,68%
4.385.575,69	1.367.687,22	5.753.262,91	31,19%
8.460.277,46	2.811.406,36	11.271.683,82	33,23%
1.590.946,48	367.622,12	1.958.568,60	23,11%
71.233,43	19.631,14	90.864,57	27,56%
727.093,23	50.796,98	777.890,21	6,99%
-57.116,84	278.194,84	221.078,00	487,06%
33.910,25	179.232,21	213.142,46	528,55%
54.634,05	11.134,63	65.768,68	20,38%

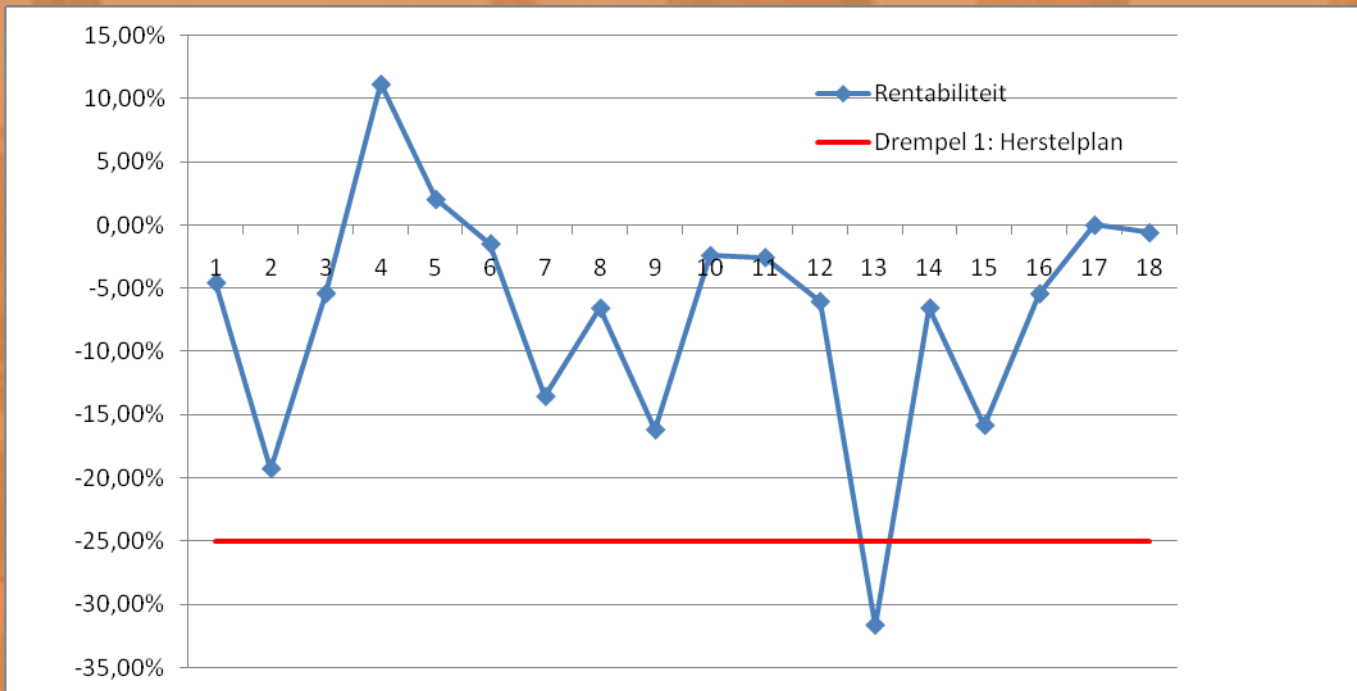
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Done Local intranet 100%





Profitability




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Cognos Viewer

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Rentabiliteit

RESULTATENREKENING 2009

Opbrengsten	Kosten	Resultaat	Eigen vermogen incl. provisies	Rentabiliteit
943.726,27	976.083,59	-32.357,32	707.569,30	-4,57%
7.156.827,98	8.110.857,10	-954.029,12	4.947.125,73	-19,28%
5.841.250,19	6.162.835,03	-321.584,84	5.960.541,79	-5,40%
12.688.822,85	12.047.538,19	641.284,66	5.743.824,60	11,16%
13.103.380,55	13.069.288,97	34.091,58	1.668.554,18	2,04%
949.363,71	959.936,38	-10.572,67	714.921,13	-1,48%
7.770.649,52	8.352.231,35	-581.581,83	4.288.547,11	-13,56%
2.053.475,84	2.078.176,69	-24.700,85	376.207,97	-6,57%
3.735.631,71	4.809.471,66	-1.073.839,95	6.628.404,42	-16,20%
15.074.736,46	15.206.947,02	-132.210,56	5.510.185,03	-2,40%
6.913.834,88	7.026.225,96	-112.391,08	4.385.575,69	-2,56%
11.110.051,35	11.622.299,62	-512.248,27	8.460.277,46	-6,05%
2.028.063,88	2.531.923,20	-503.859,32	1.590.946,48	-31,67%
186.759,19	191.428,33	-4.669,14	71.233,43	-6,55%
634.304,34	749.576,84	-115.272,50	727.093,23	-15,85%
637.239,50	634.136,11	3.103,39	-57.116,84	-5,43%
776.273,25	776.273,26	-0,01	33.910,25	0,00%
179.564,08	179.891,12	-327,04	54.634,05	-0,60%

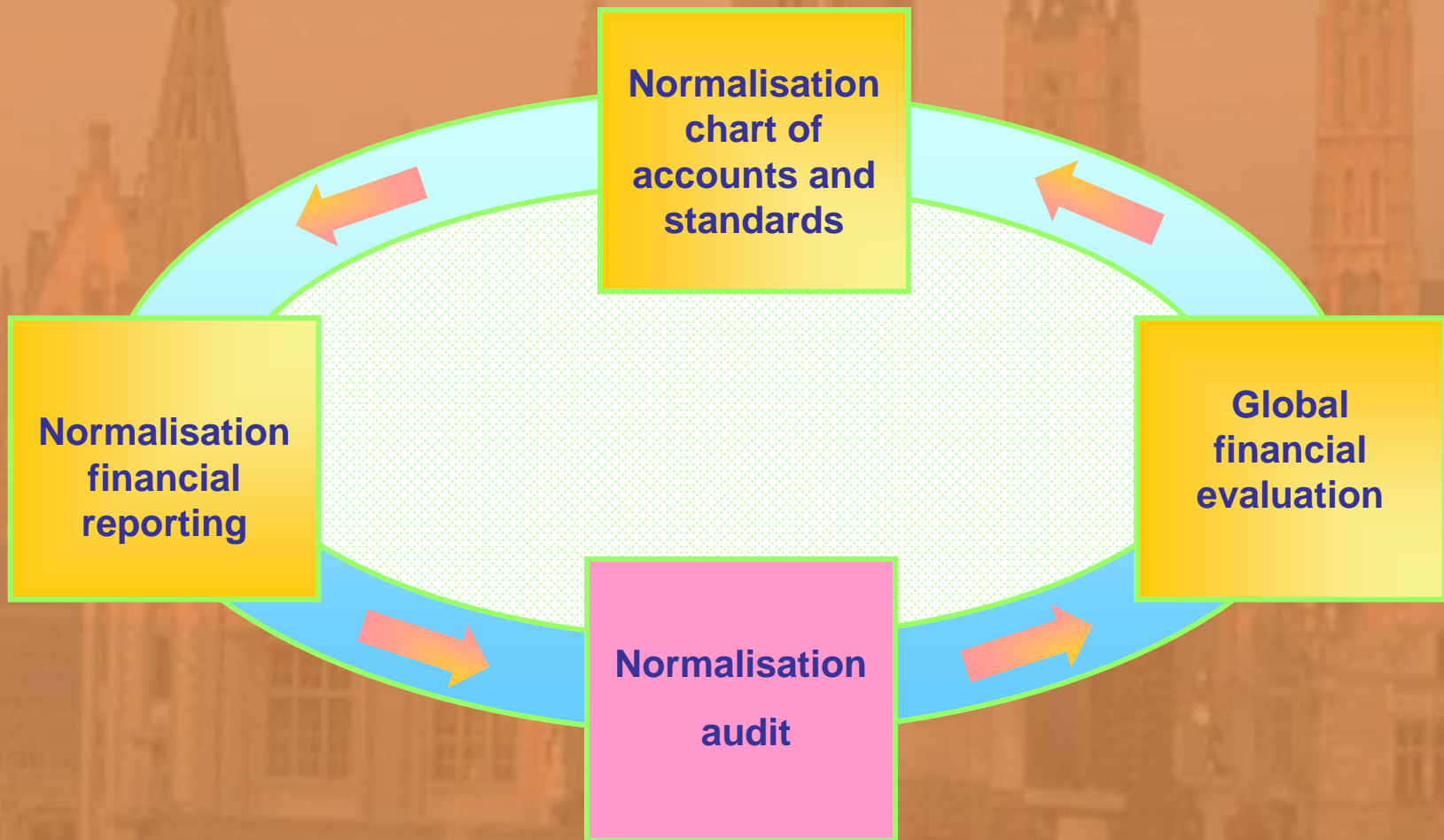
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Done Local intranet 100%





Entire financial management cycle





Audit: 1st step

Remote control ex ante

Legal benefits	Administration cost
<p>Day by day matching of treasury with needs</p> <ul style="list-style-type: none">- Compliance with payment schedule- Estimation and timing advances- Monitoring of daily financial balance(s)	<p>Quarterly declaration</p> <ul style="list-style-type: none">- 2/3 of the data are system information: pushed- 1/3 to be declared, because depending on proper initiative <p>↳ Double check with electronic data fluxes</p> <p>⇒ Advances in line with needs</p>



Remote control ex ante (2)

Legal benefits

Administration cost

- Quality proof of financial information
- Systemic control on input financial data:
arithmetic, logical, reconciliation checks
- Monitoring correct booking of the operations:
follow up “Miscellaneous” account



Audit: 2nd step

Control on site ex post

Legal benefits	Administration cost
<ul style="list-style-type: none">• Accuracy of settlement payments: evidence• (Non)booking and undue benefits reclaimed• Monitoring of benefits returned unpaid	<ul style="list-style-type: none">• Accuracy calculation subsidy• Link between charged costs and child benefit operations• Funding and measurement acquisitions
<ul style="list-style-type: none">• Compliance accounting operations with chart of accounts and standards	



Concept

exhaustive control \Rightarrow prudential audit

Detection of the financial risks in the agencies

- horizontal and vertical analysis of the financial data of the different agencies
- prudential ratios:  monitoring of the viability of the agencies

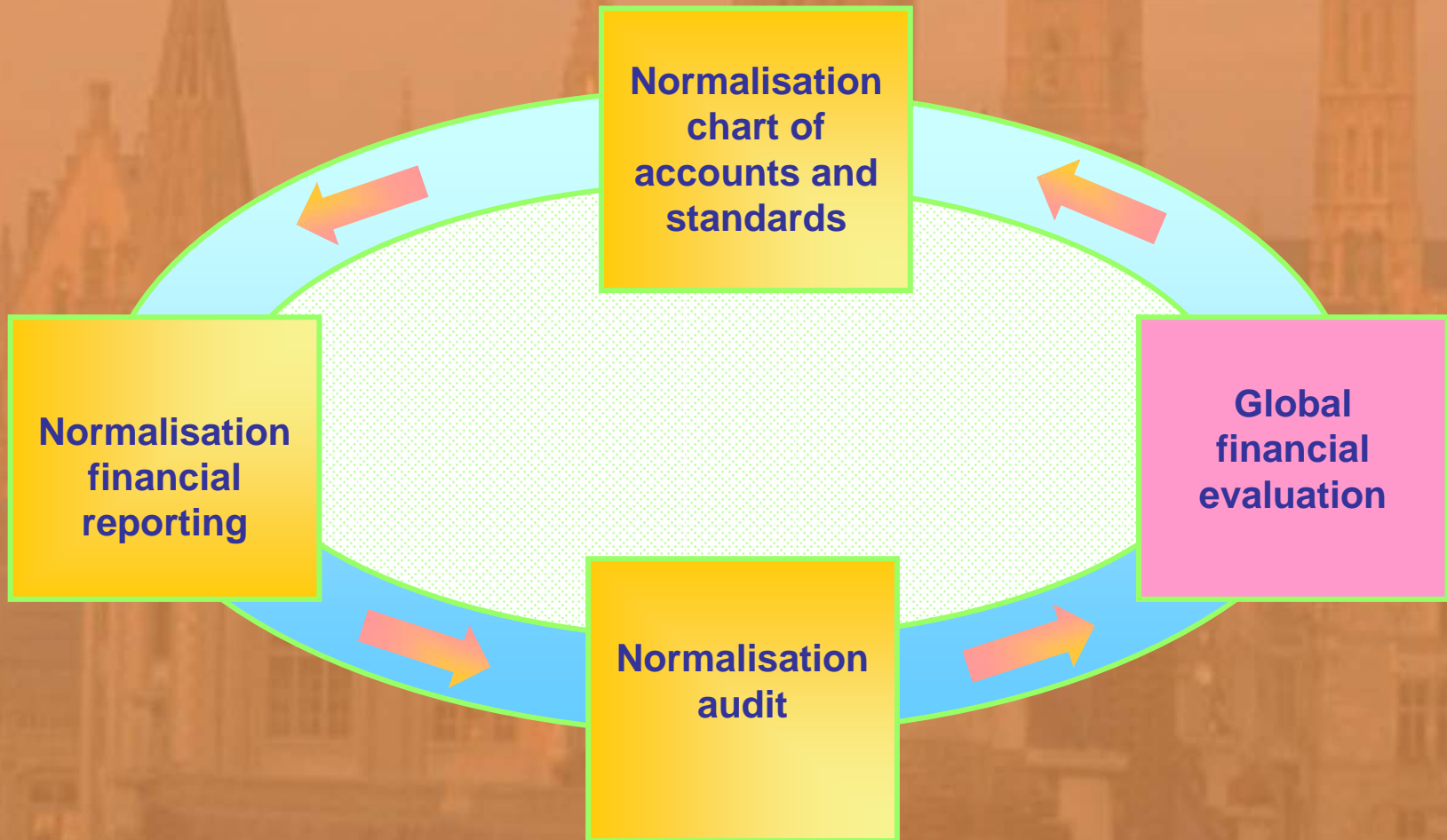
liquidity: viability on the short term

solvency: financial robustness

profitability: generated cash flow (sealed envelope)




Entire financial management cycle





Global financial evaluation

- Subsidy integrated part of quality approach (5% -> 15%)
 - punctual payment with minimum of resources
 - undue benefits limited and diligent recovery
- Monitoring financial health of the agencies
New legal framework
 - > cascade of alarm barriers
 - >  prudential ratios
 - > enforcing and monitoring financial recovery plan



New financial information system

- Support for planning, financial management and decisionmaking
- Increased accountability for public funds
- Enabled cost consciousness → efficiency ↑
- Better view on risks and opportunities
- Visibility of the financial impact of the policy-making process



Strong institutions matter
The quality of institutions is key

Dani Rodrik
Harvard University