

## Abstract

### Examination of the operation of the agency “Export Flanders” (“Export Vlaanderen”)

*At the request of the Flemish Parliament, the Court of Audit examined the operation of the Flemish public body Export Flanders (“Export Vlaanderen”), renamed, since 1 July 2005, to “Flanders Investment and Trade agency” (FIT). The audit brought again to light several shortcomings already identified in the personnel management field in 2003, but also showed some improvement. The Agency generally applies the principle of competition for all public procurements, but sometimes fails to comply with the legal procedures applicable to contract awarding, due in many cases to a lack of know-how. The Court didn’t find any indication that the annual accounts do not represent a true and fair view of the Agency’s operation nor did it identify any major deficiencies in the acquisition cycle.*

#### Improvements in the personnel management field

In 2003 the Court made a report on Export Flanders’ personnel administration. That audit brought quite a few major problems to light. The Court now found that since then 30% of all structural problems had been completely resolved. As to numerous remaining problems the Agency was now on the way to improvement. Globally speaking, the HR-function has seen its position strengthened in comparison with 2003 and as a result FIT administers its personnel more according to the law and in a more efficient and effective manner. Staff organization and internal control as part of the personnel cycle showed positive signs. However, only one out of four section managers had been appointed so far.

#### Recruitment

FIT has not yet a personnel establishment adequate enough to meet the actual permanent staff needs. It notably doesn’t include foreign posts (Flemish economic representatives- FER), trade secretaries and logistic staff). The Agency therefore hires almost exclusively contract personnel, instead of recruiting permanent staff. Moreover, hirings take place in a rather haphazard way, without previous systematic analysis of staff needs. The selection process did not always happen with an equal objectivity.

#### Staff remuneration

Staff members working in Belgium and the FER are paid duly but some of the allowances, such as luncheon vouchers and drivers’ allowances, are granted without any legal basis. The new *account managers* were paid travel expense allowances that appear to the Court very much like extra-statutory bonuses. FIT could save money if it abode by the fixed maximum hotel price, if it ordered centrally plane tickets and if it always checked restaurant expenses carefully. A great number of staff members working in Belgium use a credit card. The Agency was unable to provide any support to justify the current senior official’s salary and so far neglected to recover overpayments from the previous director-general. However, FIT has by now made an end to the practice of gifts to employees. Finally, the purpose is to include a so-called *annual allowance* in the calculation of the pension entitlements of several statutory staff but this is against the law. Similarly, it is wrong to award some contract personnel an extra-statutory pension that is more favourable than a state pension.

## **Personnel posted abroad**

The internal regulations that largely govern the FER's service rules escape the attention of the Flemish Government because they are made up within the Agency itself. It is possibly there that the main advantages for the FER are to be found. A problem at issue remains the lack of standard rules for FER's trade secretaries and logistic staff posted abroad for whom the most diverging rules still prevail.

## **Financial control and acquisition cycle**

According to the Court there is no indication that the annual accounts 2004 do not represent a true and fair view of FIT's assets, financial situation and operational results. There are no instances of improper use or serious negligence in the acquisition cycle. The Court did, however, identify some shortcomings but they were mostly due to a deficient reporting, recording or control.

## **Public procurements**

Most public procurements concern building display stands and FER relocation contracts. Fair competition was generally ensured. However, in some cases of recurring contracts with the same contractor or supplier Export Flanders hardly heeded competition rules. The Agency sometimes neglected some procedural steps or applied tender criteria unduly. It also placed numerous small, separate orders with the same firm without entering into any contract. The Court came to the conclusion that Export Flanders/FIT was not sufficiently aware of public procurement regulations. The Agency should in any event re-open up long-term contracts to competition in due time.

## **Know-how**

Shortcomings are often due to a lack of experience and know-how. The management and the supervisory authority have paid too little attention to the acquisition of knowledge, as evidenced by the deficient recording of the operations. Very often Export Vlaanderen acted correctly, but failed to provide supporting documents with the files, thereby impairing any control. This applies to personnel files as well as acquisitions or contract awards.

## **Complaints book**

The audit included an examination of an anonymous complaints book provided to the Court by the Flemish Parliament. Some complaints proved to be unfounded. Some others were founded and concerned among others problems identified in 2003.

## **Minister's response**

As a reply to the Court the Flemish Minister for Foreign Trade expressed the opinion that the FIT's board of directors has to take up its responsibility. It has to take action jointly with the Agency's management. The minister promised to follow up on the findings, among others in the frame of the management contract concluded with FIT.