The Charter Group for Public Accountability

Governance Code for Autonomous Administrative Authorities

June 2004, October 2005, October 2009

Governance Code for AAA's

The Charter Group for Public Accountability

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1 Introduction

1.1 Introduction

Background
The final version of "The Dutch Corporate Governance Code" was produced by the Corporate Governance Committee in December 2003. Much had been said and written about the Code in the preceding period, partly as a result of the publication of the trial concept drawn up by the Tabaksblat committee in order to gain feedback.

In certain circles, the discussion on the Code included whether public organisations should be subject to a similar code. The question was answered in the affirmative by the Public Accountability Charter Group, consisting of the following Dutch AAAs: the Central Agency for the Reception of Asylum Seekers, the Information Management Group, the Land Registry Office, the Government Road Transport Agency, the Social Insurance Bank and the National Forest Service. This Code is based on a common awareness among the affiliated organisations (and hopefully among those that follow) that it is good to encourage desirable behaviour in the field of public governance. The Code should not consist of a list of items to be ticked, but should encourage public sector organisations to behave in a socially acceptable way.

Drawing up the Code
On 25 September 2003, the Charter Group instructed its secretary to bring together representatives from the different organisations in the Group to consider how the Tabaksblat Code could be transformed into a new code suitable for public implementation organisations.

The working group consisted of:
J. ten Brug (Government Road Transport Agency)
D. Drenth (Information Management Group, now part of the Executive Service for Education)
E. de Graaf (Social Insurance Bank)
U.H. Oelen (Land Registry Office, secretary of Public Accountability Charter Group)
F. van Norren (National Forest Service)
G. Wolters (Central Agency for the Reception of Asylum Seekers)

The group opted for the most practical way of working, that is, to go through the Tabaksblatt Code step by step, and translate it into a code for implementing organisations. As a result, the two Codes are very similar but, due to essential differences between legal firms and implementing organisations, they also diverge in a number of important ways.

Furthermore, full consideration has been taken of opinions on this subject within the public sector, and these have been incorporated into the finished document. The concept Code was discussed by the Public Accountability Charter Group on 4 March 2004, and formally accepted by the Group when it met on 7 June 2004.

Scope

The members of the Charter Group endorse the starting points and principles set out in the Code. The system of checks and balances in the Code constitutes the ideal model to be adhered to by each organisation. In practice, the system cannot yet be universally implemented, for instance, because not all organisations have a supervisory board. The model laid down here is also partly a growth model to be completed under the auspices of each organisation. Responsibility for this is carried out publicly. Every organisation will have to state in its annual accountability report, starting with the report for 2004, to what extent it has adhered to, or given shape to, the model.

There may be legal cause to deviate from the code where it conflicts with the 'Kaderwet ZBO' and/or AAA's organisational legislation (which takes priority). There may also be other reasons for deviating from the code. The starting point is still that the code should be applied, and if this is not done, for whatever reason, it should be explained. If the reason is that it conflicts with legislation, mentioning this will suffice. In cases where the code is not applied but there is no conflict, an explanation must be given.

The Charter Group considers it desirable that organisations that are not part of the Group should also commit to the Code, although, of course, these organisations would not be subject to review by the official review board as stipulated under 2.2 of this Code. Organisations that publicly subscribe to the Code and to enter into discussions with stakeholders and the Minister concerning the Code, and to report on their compliance with the Code as part of their annual report, would be deemed to have complied sufficiently with the Code.

1.2 Definition of terms

- Executive Board: board of directors or management board responsible for the day-to-day administration of the organisation.
- Supervisory Board: the body responsible for supervision of the Executive Board.
- Minister: the minister legally responsible for the AAA .
- User/client: the consumer of the product or service.
- AAA: the legal entity (Autonomous Administrative Authority).

1.3 Changes in this version of the Code

Since its introduction in June 2004, the Code is not a static document that cannot be changed whatever the circumstances. Changes in opinions on governance (especially for implementing organisations), reactions from the environment in which we work or practical experiences may lead to necessary alterations in the Code. As a result, the Charter Group has agreed to check once a year to see whether the Code needs to be updated. Any changes made will be stated under this heading. Previous versions of the Code are available via www.publiekverantwoorden.nl.

Changes as from October 2005:

- Adjustment to section 2.1: any deviations from the Code should not only be reported later in the annual report, but must also be posted immediately on the website of the organisation concerned;
- Adjustment to section 3.1.7: all additional positions held by directors must be reported to the Supervisory Board; previously, this only applied to "main" additional positions;
- Adjustment of formulation under 4.2.2: without exception, no member of the Supervisory Board may be a director or board member of another AAA that has in its Supervisory Board a director or board member of the AAA in which the member concerned is on the Supervisory Board;
- Adjustment to section 4.2.5: the quantitative criterion of 5 memberships of organisations in the semi-public and non-profit sectors has been replaced by "is limited to the number necessary to safeguard the proper performance of the member's duties in the opinion of the Chair";
- Adjustment to section 4.5.12: without exception, no member of the Remuneration Committee may be a director or board member of another AAA.

2. Compliance and monitoring

Principles

The AAAs' Executive Boards and their respective Supervisory Boards consider themselves socially responsible for a good public governance structure within the AAA and the proper application of the Code. The AAAs' Executive Boards will be publicly accountable to their clients, society and the government for the application of the Code.

Organisations that subscribe to the Code do so publicly, consult on it in agreement with the Minister and stakeholders, and report on it every year in their annual report. For members of the Public Accountability Charter Group, application of the Code is monitored by means of official reviews carried out under the Public Accountability Charter.

Practice

2.1
Each year, the main features of the AAA's public governance structure will be explained and clarified in a separate chapter in the annual report, using the principles set out in this Code. The AAA will explicitly state the extent to which it follows the stipulations of the Code, and will give the reason for and extent of any deviations. The AAA will also publish this information on its website. Any decisions to deviate from the Code must be posted immediately on the website of the organisation concerned.

2.2
At least once every four years, the AAA will draw up a self-evaluation report to clarify its position in relation to the themes mentioned in the Charter. The report will discuss in detail the application and operation of the Governance Code. A board formed specially to carry out an official review will report its findings on the way the AAA is translating the rules of behaviour, and will make recommendations, if necessary, on the way and means to improve this.

3 Management

3.1 Task and procedure

Principles
The Executive Board is responsible for the management of the AAA, including realisation of the AAA's goals, strategy and policy, and their effect on results. The Board is accountable for this to the Supervisory Board or the Minister. In interpreting its task, the Executive Board focuses on the AAA's interests and balances them against the relevant interests of its stakeholders. The Executive Board provides the Supervisory Board, on time, with any information it needs to carry out its task.

The Executive Board is responsible for complying with all relevant legislation, for managing the risks associated with the AAA's activities and the AAA's financial policy. It reports on these issues and discusses internal risk management and control processes with the Supervisory Board.

3.1.1
A director will be appointed for a maximum period of five years. Reappointment will be possible, each time for a maximum period of five years.

3.1.2
The Executive Board has to obtain approval from the Supervisory Board for the following:
- The AAA's operational and financial goals;
- The strategy aimed at realising its goals;
- The preconditions applicable to the strategy, for example, with regard to financial ratios.

This will be outlined in the annual report.

3.1.3
The AAA will have its own tailor-made internal risk management and control processes. Instruments used for internal risk management and control processes will include:
- Risk analyses of the AAA's operational, financial, political and social goals;
- A code of behaviour also available on the AAA's website;
- Manuals detailing the substance and procedures of financial reporting;
- A system for monitoring and reporting.

3.1.4
In the annual report, the Executive Board will declare internal risk management and control processes to be adequate and effective, and present a clear basis for its claim. In the annual report, the Executive Board will report on the operation of internal risk management and control processes for the financial year. The Executive Board will also state any significant changes made and important improvements planned, and whether these have

been discussed with the Supervisory Board.

3.1.5
In the annual report, the Executive Board will report on the extent to which external factors and circumstances have affected the AAA's results and achievements.

3.1.6
The Executive Board will provide employees with the opportunity to report suspected irregularities within the AAA of a general, operational or financial nature to the Executive Board or to a specially designated official, without effect to their legal position. Suspected irregularities concerning the performance of directors will be reported to the chair of the Supervisory Board. Arrangements for whistleblowers will in any case be posted on the AAA's website.

3.1.7
A director will not hold any additional positions that are undesirable with a view to his or her work as director of the AAA. The main additional positions held by a director, other than those by reason of his or her position as director of the AAA, will be reported by the director to the Supervisory Board.

3.1.8
The following details will be stated in the annual report for each of the directors:
- Sex;
- Age;
- Additional offices in the public sector and how these affect his or her work as director;
- The starting date of first term of appointment;
- Dates of current term of appointment.

3.2 Remuneration

Principles
The AAA remunerates the directors for their services at a level and in a way that allows the AAA to attract and keep qualified and experienced directors. If the remuneration consists of a fixed and a variable part, the variable part is linked to predetermined, measurable and influenceable goals, for both the short and long term. The aim of the variable part of the remuneration is to strengthen the director's commitment to the AAA's goals.

The remuneration structure, including severance pay, furthers the AAA's interests in the middle and long term, discourages directors from acting in their own interests without regard to the interests of the AAA, and does not reward failure in the event of a director's dismissal. In establishing the level and type of remuneration, developments in performance as well as other relevant developments for the AAA are taken into consideration. The

Supervisory Board determines or approves the remuneration package for individual directors.
The explanatory notes to the annual accounts include information on the level and type of remuneration paid to individual directors.

Practice
3.2.1.
The AAA will not provide personal loans and suchlike to its directors, unless under conditions applicable to all employees and on approval of the Supervisory Board. Loans will not be cancelled.

3.3 Conflict of interests

Principles
All form or appearance of conflict of interest between the AAA and directors will be avoided. No decisions will be taken if they involve conflicting interests and/or advantages for directors that would materially affect the AAA and/or the directors concerned.

Practice
3.3.1
A director will not:
- Enter into competition with the AAA;
- Accept or demand any substantial gifts from the AAA for him/herself or for his/her spouse, registered partner or other life companion, foster child or first or second degree blood relative;
- Acquire unwarranted advantages for him/herself and/or for third parties at the expense of the AAA;
- Take advantage of any of the AAA's business opportunities for him/herself or for his/her spouse, registered partner or other life companion, foster child or first or second degree blood relative.

3.3.2.
A director will immediately report to the chair of the Supervisory Board and to the other members of the Executive Board any potential conflict of interest that could materially affect the AAA and/or the director concerned, and will provide all relevant information, including any information concerning his or her spouse, registered partner or other life companion, foster child or first or second degree blood relative which is relevant to the situation. The Supervisory Board will decide, without the attendance of the director concerned, whether there is a conflict of interest. In any case, a conflict of interest exists if the AAA intends to enter into a transaction with a legal entity in which i) the AAA director him/herself has a material financial interest, ii) an Executive Board member has a family tie with the AAA director, or iii) an AAA director holds an executive or supervisory position.

3.3.3.
Directors will not participate in the discussion or decision-making process for matters in which they have a conflicting interest.

3.3.4
All decisions involving a conflict of interest on the part of directors will be taken under the usual conditions. Decisions involving a conflict of interest that could materially affect the AAA and/or the director concerned must be approved by the Supervisory Board. Such transactions will be published in the annual report, stating the conflicting interest and declaring that the above-mentioned procedure has been followed.

4 Supervisory Board

4.1 Task

Principles
The task of the Supervisory Board is to monitor the policy of the Executive Board and operations in the AAA in general. The Supervisory Board supports the Executive Board by giving advice. In carrying out its task, the Supervisory Board focuses on the interests of the AAA, weighing up the relevant stakeholder interests of the AAA against the public interest. The Supervisory Board is responsible for the quality of its own performance.

Practice
4.1.1
The duties and activities of the Supervisory Board will be stipulated in a set of regulations. The Supervisory Board will devote a passage in the regulations to its relations with the Executive Board, the Minister and, if necessary, the Works Council. The regulations will also be published on the AAA's website.

4.1.2
The annual report of the AAA will contain a report by the Supervisory Board covering its activities during the financial year. The annual report will also mention the specific subjects prescribed in the Code.

4.1.3
The report by the Supervisory Board will specify the following for each of its members:
- Sex
- Age
- Occupation
- Main position
- Additional offices in the public sector, and how these affect their work as members of the Supervisory Board
- Starting date of first term of appointment
- Dates of current term of appointment.

4.1.4
A member of the Supervisory Board will resign before the end of the term of appointment in the event of unsatisfactory performance, structural incompatibility of interests, or if the Supervisory Board feels there are other compelling reasons for dismissal.

4.1.5
Members who are frequently absent from meetings of the Supervisory Board will be called to account. In its report, included in the annual report, the Supervisory Board will mention members who are frequently absent from meetings.

4.1.6
The Supervisory Board's supervision of the Executive Board will, at least, cover:
- The realisation of the AAA's goals;
- The strategy and risks related to its activities;
- The design and operation of internal risk management and control processes;
- The long-term policy plan and annual report, including the annual accounts.

The Supervisory Board will include the discussion on these points in its report.

4.1.7
The Supervisory Board and its individual members have a responsibility to seek from the Executive Board all the information the Supervisory Board needs to successfully carry out its task as a supervisory body. The Executive Board of the AAA will provide the Supervisory Board with the necessary information on time so that it can carry out its task. If the Supervisory Board considers it necessary, it may obtain information from the AAA's own officials and external advisers.

4.1.8
Once a year, without the attendance of the Executive Board, the Supervisory Board will discuss its own performance and the performance of its individual members, and any conclusions which might have to be drawn. These conclusions will be discussed subsequently with the Minister if they are part of the Minister's responsibility. The desired profile, composition and competency of the Supervisory Board will also be discussed. Those discussions will be included in the annual report of the Supervisory Board.

4.1.9
Once a year, the Supervisory Board will discuss the performance of the Executive Board as well as its individual directors/managers and any conclusions that might have to be drawn. These conclusions will be discussed subsequently with the Minister if they are part of the Minister's responsibility. Discussions internal to the Supervisory Board will be written up in its yearly report.

4.1.10
In so far as the Supervisory Board fulfils the role of external supervisor, it will report to the Minister at least once a year on the manner of supervision, and its findings and conclusions as a result of the supervision.

4.2 Expertise, composition, independence and remuneration

Principles
Each member of the Supervisory Board must be capable of assessing the main policy features. Each member must have the specific expertise necessary to fulfil his or her designated task within the framework of the Supervisory Board's overall profile. The composition of the Supervisory Board must be such that it can adequately carry out its

task. The composition of the Supervisory Board allows its members to operate independently and critically, for whatever reason, in relation to each other, the Executive Board and the Minister. A member will only be reappointed after careful consideration and taking into account the Supervisory Board's overall profile.

Practice

4.2.1

The Supervisory Board will propose a profile for its size and composition, subject to the relevant stipulations in the Act establishing the AAA, the nature of the AAA, the activities of the AAA and the desired expertise and background of the members of the Supervisory Board. The profile will be posted on the AAA's website.

4.2.2

All members of the Supervisory Board, with the exception of no more than one person, will be independent in that the following dependency criteria will not apply to them:

- In the five years prior to appointment, the member concerned was an employee or manager of the AAA;
- In the year prior to appointment, the member was a public official or held political office in the ministerial department to which the AAA is accountable;
- In the year prior to appointment, the member was an important business relation of the AAA or adviser to the AAA;
- In the year prior to appointment, the member was temporarily on the Board because one or more of its members were absent or unable to act.

Furthermore, no member may be a director or board member of another AAA that has in its Supervisory Board a director or board member of the AAA in which the member concerned is on the Supervisory Board.

4.2.3

At least one member of the Supervisory Board is a financial expert, having gained relevant knowledge and expertise in the field of financial administration or accounting for a large legal body.

4.2.4

On appointment, all members of the Supervisory Board will follow an introduction programme including general financial and legal matters, the political/administrative environment and all aspects specific to the AAA concerned and the duties of a Supervisory Board member. Each year, the Supervisory Board will assess the aspects on which members need further education or training during their term of appointment. The AAA will play a facilitating role in this and will bear the costs.

4.2.5

Membership of organisations in the semi-public and non-profit sectors is limited in such a way as to safeguard the proper performance of the member's duties in the opinion of the Chair.

4.2.6
A member can serve on the Supervisory Board for a maximum of three periods of four years.

4.2.7
The Supervisory Board will draw up a rotation schedule to safeguard against too many members stepping down at the same time. The schedule will be made public and posted on the AAA's website.

4.2.8
The Supervisory Board will make a reasoned recommendation to the Minister for appointments and reappointments of members to the Supervisory Board. The Minister will not diverge from the recommendation without prior consultation with the Board.

4.2.9
The Minister will establish the amount of the annual remuneration of the Chair and members of the Supervisory Board. Remuneration will be charged to the AAA.

4.2.10
The report of the Supervisory Board in the annual report will include:
- The remuneration of Board members;
- Confirmation that the requirement of independency as stated under 4.2.2 has been met, naming any member who does not meet this requirement.

4.3 Conflict of interests

Principles
Any form or appearance of a conflict of interests between the AAA and members of the Supervisory Board is avoided. No decisions are taken on matters involving conflicting interests and/or advantages for members of the Supervisory Board which might affect the AAA and/or the members concerned.

Practice
4.3.1
A member of the Supervisory Board will not:
- Enter into competition with the AAA;
- Accept or demand any substantial gifts from the AAA for him/herself or for his/her spouse, registered partner or other life companion, foster child or first or second degree blood relative;

- Acquire unwarranted advantages for him/herself and/or for third parties at the expense of the AAA;
- Take advantage of any of the AAA's business opportunities for him/herself or for his/her spouse, registered partner or other life companion, foster child or first or second degree blood relative.

4.3.2
A member of the Supervisory Board will immediately report any potential conflict of interest that could materially affect the AAA and/or him or herself to the chair of the Supervisory Board and will provide all relevant information, including any information concerning his or her spouse, registered partner or other life companion, foster child or first or second degree blood relative which is relevant to the situation. The Chair of the Supervisory Board will immediately report any potential conflict of interest that could materially affect him/herself or the AAA to the vice-chair of the Supervisory Board and will provide all relevant information, including any information concerning his or her spouse, registered partner or other life companion, foster child or first or second degree blood relative which is relevant to the situation. The Supervisory Board will decide, without the attendance of the member concerned, whether there is a conflict of interest. In any case, a conflict of interest exists if the AAA intends to enter into a transaction with a legal entity in which i) a member has a material financial interest, ii) an Executive Board member has a family tie with a member of the AAA's Supervisory Board, or iii) a member of the AAA's Supervisory Board holds an executive or supervisory position.

4.3.3
Members of the Supervisory Board will not participate in discussions and decision-making on matters in which they have a conflicting interest.

4.3.4
All decisions involving a conflict of interest on the part of members of the Supervisory Board will be taken under the usual conditions. Decisions involving any conflicting interest on the part of a member that could affect the AAA and/or the member concerned must be approved by the Supervisory Board and published in the annual report, stating the conflicting interest and declaring that the above-mentioned procedure has been followed.

4.4 Role of Chair and Secretary of Supervisory Board

Principles
The chair of the Supervisory Board sets the agenda and chairs the meetings of the Board, monitors the proper functioning of the Board and any committees, ensures that Board members are provided with adequate information, ensures that sufficient time is allowed for decision-making, is responsible for the introductory and training programme for members, is the Board's designated contact for the Executive Board and the Minister and initiates evaluation of the performance of the Supervisory Board and the Executive Board. The

Chair of the Supervisory Board is supported in this role by a secretary employed by the AAA.

Practice

4.4.1

The Chair of the Supervisory Board will ensure that:

- Members follow the required introductory or training programmes;
- Members receive all information necessary for the proper performance of their duties on time;
- The Supervisory Board is allowed sufficient time for deliberation and decision-making;
- The Supervisory Board functions properly;
- The performance of executive/directors and members of the Supervisory Board is assessed annually;
- The Supervisory Board chooses a vice-chair;
- Contact between the Supervisory Board and the Executive, the Minister and the Works Council is conducted properly.

4.4.2

The Supervisory Board will be supported by a secretary provided by the AAA. The secretary will ensure that the correct statutory procedures are followed. The secretary will support the Chair of the Supervisory Board in the effective organisation of the Board (information, setting the agenda, evaluation, training programmes etc.). The Executive Board of the AAA is responsible for appointing or removing the secretary to the Supervisory Board, after consultation with the Supervisory Board.

4.5 Composition and role of three core committees of the Supervisory Board

Principles

If the Supervisory Board comprises more than 4 members, one or more of the following committees may be formed from among the Board's members: an audit committee, a remuneration committee and a recruitment or appointment committee. The duty of a committee is to prepare the decision-making process in Supervisory Board meetings. If the Supervisory Board does not decide to set up one or more committees, all Supervisory Board members will be subject to provisions 4.5.4, 4.5.5, 4. 5.8, 4.5.9, 4.5.10, 4.5.13, 6.1.2, 6.2.3 en 6.3.1. In its report, the Supervisory Board gives an account of the activities of the committee during the financial year.

Practice

4.5.1

If the Supervisory Board decides to set up one or more committees, the Board will draw up a set of regulations for each committee. The regulations will set out the committee's role and responsibilities, its composition and how it should carry out its duties. The regulations will include the stipulation that a committee may not have more than one non-independent member, as referred to in 4.2.2. The regulations and the composition of the committees will be posted on the AAA's website.

4.5.2
The Supervisory Board's report will state the composition of the different committees, the number of committee meetings held and the main issues addressed.

4.5.3
The Supervisory Board will receive a report from each committee containing their deliberations and the results.

Audit Committee

4.5.4
The Audit Committee will focus on supervising the Executive Board with regard to:

- The operation of internal risk management and control processes, including monitoring compliance with applicable legislation and monitoring the operation of codes of conduct;
- Financial information provided by the AAA (preferred accounting policies, application and assessment of the effects of new rules, explanation of the use of "estimated items" in the annual report, forecasts, work by internal and external auditors if relevant, etc.).
- Compliance with recommendations and follow-up of remarks from internal and external auditors;
- The role and performance of the Internal Audit Service;
- The AAA's policy with relation to tax planning;
- The relationship with the external auditors, especially with regard to their independence, remuneration and any non-auditing work they do for the AAA.
- The funding of the AAA;
- Information and communication technology (ICT) applications.

4.5.5
The Audit Committee is the first point of contact for the external audit firm in case of irregularities in the financial reports.

4.5.6
The chair of the Audit Committee will not be held by the chair of the Supervisory Board or a former member of the AAA's Executive Board.

4.5.7

An Audit Committee will comprise at least one financial expert, as referred to in 4.2.3.

4.5.8
The Audit Committee will determine if and when the chair of the Executive Board, the executive director responsible for financial affairs, the external auditor or the internal auditor / audit service will be present at its meetings.

4.5.9
The Audit Committee will consult with the external auditor, without the attendance of the Executive Board, as often as it considers necessary, at least once a year.

Remuneration Committee

4.5.10
The duties of the Remuneration Committee will include:

- A proposal for remuneration policy to the Supervisory Board;
- A proposal for the remuneration of individual directors to be assessed by the Supervisory Board, containing at least the following:
    - The remuneration structure and
    - The amount of fixed remuneration, the variable remuneration components to be awarded, pension entitlement, severance schemes, and other forms of remuneration, as well as performance criteria and their application.

4.5.11
The chair of the Remuneration Committee will not be held by the chair of the Supervisory Board or a former member of the AAA's Executive Board, nor by a member of the Supervisory Board who sits on the Executive Board of another AAA.

4.5.12
Without exception, no member of the Supervisory Board who sits on the Executive Board of another AAA may sit on the Remuneration Committee.

Recruitment and Appointments Committee

4.5.13
The duties of the Recruitment and Appointments Committee will include:

- Making proposals for the profile descriptions, recruitment criteria and appointment procedures for members of the Supervisory Board and the Executive Board;
- Periodically assessing the size and composition of the Supervisory Board and the Executive Board;
- Periodically assessing the performance of individual members of the Supervisory Board and Executive Board, and drawing up a findings report for the Supervisory Board;

- Making proposals for appointments and reappointments;
- Monitoring the policy of the Executive Board with regard to selection criteria and appointment procedures for senior management.

5 The Minister, the client and society

Principles

The Ministry is responsible for the AAA's performance as defined in the AAA's Organisation Act. Considering that the AAA's raison d'être lies in the fact that it provides services to society, it will create means to obtain insight into the wishes of the client on a structural basis, and to inform society about its activities.

Practice

5.1

The AAA and the Department will use an information and control protocol stipulating at what regular times and by what means the AAA will provide the Minister with certain information, to be determined in advance.

5.2.

The Executive Board will create a means of asking the user for advice on proposed decisions of major importance for the user or a means by which the user can give unsolicited advice on the operations of the AAA and the services it provides. An account of this is included in the AAA's annual report.

5.3

The AAA will conduct regular client surveys to ascertain the wishes and views of clients. The results of these surveys will be presented in its annual report.

5.4.

The AAA will have a complaints procedure, which will be posted on the AAA's website. In the annual report, the AAA will show how many complaints were submitted in the year under review, the nature of the complaints and the findings in relation to the complaints.

5.5.

The AAA will have a website which will clearly show its duties, organisation, services, products and service standards. The organisation's annual report will also be posted on the website.

6 Financial reports, internal and external audit

6.1 Financial reports

Principles

The Executive Board is responsible for the quality and completeness of publicly available financial reports. The Supervisory Board ensures that the Executive Board fulfils this responsibility.

Practice

6.1.1

Proper internal procedures will be needed for drawing up and publishing the annual report, the annual accounts, the quarterly and/or half-yearly figures and ad hoc financial information.

The Supervisory Board will monitor the procedures to be followed.

6.1.2

The Audit Committee will assess how the external auditor will be involved in reporting and publishing financial reports other than the annual report.

6.1.3

The Executive Board will be responsible for the introduction and enforcement of internal procedures to ensure that all important financial information is known to the Board, so that external financial reports are timely, complete and accurate. The Executive Board will ensure that it receives financial information from divisions of the organisation directly, and that the integrity of the information is safeguarded. The Supervisory Board will oversee the introduction and enforcement of internal procedures.

6.2 Role, appointment, remuneration, and assessment of the external auditor

Principles

When appointing external auditors, care is taken that recommendations and appointments are not made by the same body. Both the Audit Committee and the Executive Board may put forward suggestions to the body authorised to make the recommendation. Assignment and remuneration with regard to non-control activities by the external auditor are approved by the Supervisory Board at the recommendation of the Audit Committee and after consultation with the Executive Board.

Practice

6.2.1

The commissioning party may request clarification from the external auditor regarding his declaration on the accuracy of the annual accounts. For this purpose, the external auditor is authorized to attend and speak at the meeting.

6.2.2
The Executive Board and the Audit Committee will report annually to the Supervisory Board on developments in the relationship with the external auditor, particularly concerning the issue of independence. This includes the desirability of rotation of partners in the external audit firm responsible for the audit, and developments regarding non-audit activities for the organisation. This consideration will be taken into account for the nomination and appointment of the external audit firm.

6.2.3
The Executive Board and the Audit Committee will conduct an in-depth assessment of the performance of the external audit firm in all its functional aspects and capacities at least once every four years. The most important conclusions will be taken into account for the recommendation and appointment of an external audit firm.

6.3 Operation of internal audit

Principles
The operation of the Internal Audit Service, which can be instrumental in assessing and checking internal risk management and control processes, is the responsibility of the Executive Board.

Practice
6.3.1
The external auditor and the audit committee will be involved in drawing up the Internal Audit Service's annual plan. They will also be informed of the findings of the Internal Audit Service.

6.4 Relationship and communication between the external auditor and AAA bodies

Principles
The external auditor attends Supervisory Board meetings in which the adoption or approval of the annual accounts is decided. The external auditor reports the findings concerning the examination of the annual accounts to the Executive Board and the Supervisory Board simultaneously.

Practice
6.4.1
The external auditor will attend Supervisory Board meetings in which the external audit report on the examination of the annual accounts is discussed and the adoption or approval of the annual accounts is decided. The external auditor will receive the financial information on which the quarterly and/or half-yearly figures are based, and any interim financial reports, and will be given every opportunity to respond to the information.

6.4.2
The external auditor may ask the Chair of the Audit Committee for permission to attend a meeting of the Audit Committee, if and when necessary.

6.4.3
Under Article 2.393(4) of the Dutch Civil Code, the external audit report will contain information arising from the external audit of the annual accounts, and related audits, which the external auditor wishes to bring to the attention of the Executive Board and the Supervisory Board. For example:
A. With regard to the external audit:
- Information necessary to assess the external auditor's independence;
- Information over the audit process and cooperation with internal auditors and any other external auditors, issues discussed with the Executive Board, list of errata etc.

B. With regard to the financial figures:
- Analyses of changes in assets and results not stated in the data intended for publication, but which the external auditor believes help explain the AAA's financial position and results;
- Comments on non-recurring items, the effect of estimations and how they were made, the choice of a particular accounting policy where there were other options available, as well as the consequences of this choice;
- Comments on the quality of forecasts and budgets.

C. With regard to the operation of internal risk management and control processes (including the reliability and continuity of automated data processing) and the quality of internal information provided:
- Points for improvement, perceived deficiencies and quality assessments;
- Comments on the AAA's risks and threats, and how they should be reported in the information intended for publication;
- Compliance with statutes, instructions, legislation, loan agreements, stipulations by external supervisory bodies etc.

Members and contact information

The Public Accountability Charter Group consists of the following organisations (at the time of first publication of this code):
- Central Agency for the Reception of Asylum Seekers
- Information Management Group
- Land Registry Office
- Government Road Transport Agency
- National Forest Service
- Social Insurance Bank

For more information concerning the Charter Group for Public Accountability or any of the AAA' s in the Group, please contact Kaspar van den Ham LLM MPM, corporate secretary of the Charter Group, on telephone number +31(0)50 3169360.

The Charter Group for Public Accountability

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