

COVER PAGE FOR AN ONLINE PROCTORED EXAM

Course : national examen ICAIS – Part 1
Course code : 370981-p-0 exam_01
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Students are expected to conduct themselves properly during examinations and to obey any instructions given to them by examiners and proctors.

You're about to take an online exam. Please read the following information carefully. These regulations apply to all online proctored exams.

Code of Honor

Students participating in this exam adhere to the following :

I will take this exam to the best of my abilities, without seeking or accepting the help of any source not explicitly allowed by the conditions of the exam.

Not complying with the statement invalidates the exam for summative use, that is, a grade will not be assigned to your completed exam.

Firm action will be taken in the event academic fraud is discovered.

Points for the morning session

Question 1	:	5 points
Question 2	:	11 points
Question 3	:	13 points
Question 4	:	6 points
Question 5	:	6 points
Question 6	:	9 points
Question 7	:	25 points
Question 8	:	15 points
Question 9	:	10 points
Total morning session	:	100 points

This set comprises 8 numbered pages.

Rules

This is an online exam with proctoring. It is an open book exam.

Candidates are allowed to:

- connect a printer to the device on which the exam is made, the printer can only be used to print the exam assignment;
- connect a second monitor to the device on which the exam is made, for the sole purpose of displaying the exam assignment;
- obtain information from the Canvas course to which this exam relates, with the exception of the exercise case solutions, including the case solutions that you have handed in, the reviewers' comments to handed in cases solutions, solutions prepared by others, and the standard solutions (see the following bullet);
- use all materials on paper and electronic media; with the exception of the exercise case solutions, including the case solutions that you have handed in, the reviewers' comments to handed in cases solutions, solutions prepared by others, and the standard solutions, which are permitted on paper only;
- use writing utensils, including pens, pencils, and markers;
- have a one-off short break from the camera, for example, for a toilet visit.

Candidates are NOT allowed to:

- have any form of communication during the exam with anyone other than employees of the exam organization or the education program;
- to search for information via an Internet search engine during the exam;
- have their phone or any other communication device other than the device on which the exam is made switched on;
- talk during the exam.

Requirements for the room in which you take a proctored exam (proctoring setup)

- The lighting in the room must be bright enough to be considered "daylight" quality. Overhead lighting is preferred. If overhead lighting is not available, the source of light must not be behind the student.
- The candidate must be alone in the room.
- The room must be as quiet as possible. Sounds such as music or television are not permitted.

Support

If you encounter technical problems that prevent you from completing the exam, you must report this through the chat function. The chat function is available during the proctoring set-up and throughout the exam.

Important

- Ensure a stable and sufficiently fast internet connection.
- Make sure that the webcam and microphone function properly.
- The candidate is advised to save the exam results regularly.
- The instructions of the examiners and Proctorio must be followed.
- The use of headphones, earplugs or any other type of listening equipment is not permitted unless permission has been given.
- Single-use soundproof earplugs are only allowed if they are shown via the webcam before the exam.
- Answer the questionnaire after the exam to indicate whether unwanted disturbances occurred that might be flagged as an irregularity.

Instruction for uploading answers

- Answers are given in a Word document. Give the file the following name: ICAIS partX_370981_SNR_name_uvtmail
Fill in your own SNR (instead of 'SNR' for example '1234567') and for uvtmail your own Tilburg university e-mail address.
- Upload the exam in Canvas Quizzes, after which you can exit the exam.
- Afterwards you are allowed to print your solution.

Fraud

- In the event of a reported (suspicion of) fraud, the Education and Examination Regulations of the European Post-Master Accountancy program apply.
- Fraud (or an attempt to fraud) on the part of the student is always considered to have been perpetrated in the following cases:
 - a. using someone else's proof of identity;
 - b. having someone else complete or participate in the exam;
 - c. having someone help in completing the exam;
 - d. using or attempting to use unpermitted (digital) sources, resources, or devices for communication during the exam;
 - e. the student is no longer in sight of the webcam and/or has switched off the microphone and other necessary devices needed for online proctoring, while taking the exam, insofar this takes place outside the authorized breaks;
 - f. (attempted) technical modifications that undermine the proctor system.

You can start the exam now, good luck!

Rijnland Province

General

Rijnland province is a midsized province in the north of the Netherlands. The province makes policies, invests in infrastructure, manages and performs maintenance jobs, and provides subsidies in the following policy areas:

- Sustainable environmental planning & water management;
- Environment, energy & climate;
- Vital countryside, conservancy and development of nature reserves;
- Regional accessibility & regional public transport;
- Regional economy;
- Cultural infrastructure & conservation of monuments and historic buildings;
- Quality of public administration.

Size and structure of the organization

The province is governed by the Provincial Council (PC), the Provincial Executive (PE) and the King's Commissioner. The PC consists of 55 representatives of the province: the provincial parliament. They are elected every four years and are the general provincial assembly. The PC members are parttime politicians. The PE consists of 6 delegates and the King's Commissioner. They are the executive committee of the province: the provincial government. The PE are overseen by the PC, just like the national government is overseen by the House of Representatives.

The organization of the province consists of the board, the provincial civil servants and management. The board is the link between management (PC and PE) and the civil servants. The board of the Rijnland province consists of a general manager and 3 directors. Together they manage the civil servants. The civil servants counsel the PE, prepare decisions, translate the ambitions expressed in the Coalition Agreement (cooperation between the political parties represented in the PE) into specific policies and projects, and execute the Province's policies.

Rijnland province has the following directorates:

Policy Directorate (ca. 300 FTE)

The Policy Directorate makes policies in several areas, such as sustainable environmental planning, water management, environment, regional economy, and conservation of monuments and historic buildings. A multitude of interests are at stake in these fields, and the province takes these diverse interests into account and is responsible for coherence between these interests.

Control and Operations (C&O) Directorate (ca. 500 FTE)

Control and Operations (C&O) is responsible for control and maintenance of waterways, roads, soil, greenery, and public transport networks within the province. C&O also manages construction of new waterways and roads. This Directorate has a continuous focus on improving the flow of traffic. In this regard innovation is key. This Directorate also processes requests for permits and other similar services.

Directorate Group Business (ca. 240 FTE)

Group Business is responsible for the operational management of the province and provides advice to supports the Policy and C&O Directorates to achieve their goals. The Directorate has the following departments for doing so: Finance (ca. 50 FTE), Automation (ca. 40 FTE), Human Resources (ca. 60 FTE), Legal Affairs (ca. 20 FTE), Communication (ca. 20 FTE) and Subsidies (ca. 50 FTE). The latter department provides subsidies granted by both other Directorates.

The province revenues consist of a contribution by the national government from the provincial fund, provincial taxes levied as a surcharge to the motor vehicle tax (the so-called “surtax”), compensation for rights and services granted (so-called legal dues), and rent and maintenance taxes for dumping grounds.

The province’s expenditures relate to subsidies, personnel costs, performance of services (such as public transport, cleaning, control and maintenance, security, and research and consulting) and operations (such as IT-hardware, furniture and cars). In addition, the province invests in roads, waterways and infrastructure engineering works, such as tunnels, locks and bridges).

The province has an ERP-system that supports the province’s entire policymaking and operations. The ERP-system, with a financial module (budgeting, general ledger, accounts receivable and accounts payable) and a purchasing module, was acquired as a standard system. The subsidy module and advances module that are integrated into the ERP-system were developed by the Automation department. The Automation department continuously adapts these modules to changing circumstances. The ERP-system operates on a client-server system that is connected to a database with a business warehouse application for reporting. The entire system is connected to the province’s website. The Automation department is responsible for the technical and functional management of the ERP-system and the business warehouse application. Management of the website is outsourced. This outsourcing is managed by the Communication department. Purchasing activities and service to citizens and organizations are organized as much as possible via the province’s website. To facilitate distance work, province employees have access to the province’s applications and database via the website. The IT-environments also stores personal details.

1. What General IT controls are required for the proper functioning of the IT-systems for Rijnland’s self-developed applications, such as the subsidy module? (5 points)

Description of the organizational processes

Contribution by the national government from the provincial fund

Every year the province receives a government contribution to fund its expenditures. This contribution is paid out per quarter, in four equal parts. The province can decide for itself on what to spend this contribution. It is an annual fixed payment, determined by the government in advance, from the province fund, which is distributed among the provinces based on the number of inhabitants, the province surface, road kilometers, and size of the watery areas. The province accounts for the spending of the contribution to the PC and via the annual report that is sent to the Ministry of the Interior after the end of the fiscal year.

Collecting surtaxes as surcharge to the motor vehicle tax

To finance road construction and maintenance and infrastructure engineering works, the province is authorized to levy taxes in the form of surtaxes. Almost all motor vehicle owners pay for these surtaxes in the form of provincial taxes. The national government collects this tax at the same time as motor vehicle tax. To this end a covenant has been created between the province and the national Inland Revenue. This covenant includes stipulations regarding the responsibilities of both parties, mutual contact persons and communication and reporting (including monthly reports on collected and transferred surtaxes), instalments and audits of transferred surtaxes. In accordance with the covenant, the national government transfers these surtaxes to the province on a monthly basis. The province can spend the surtax revenues on other purposes if it so wishes. The province itself establishes its surtax rate.

Rijnland wants to acquire more assurance regarding the completeness and timeliness of the surtaxes transferred by the Inland Revenue. In this context PE has asked the Inland Revenue for a so-called ISAE 3402 report.

2. a. From an internal control perspective explain why Rijnland requires an ISAE 3402 report. (3 points)
b. What control goals and internal control measures are required to be included in the ISAE 3402 report to meet Rijnland's wish? (8 points)
3. How can the province apply data analytics to evaluate the received surtaxes? In your answer:
 - a. Explain whether the province should or should not apply data analytics to this topic. (3 points)
 - b. Discuss what activities should be performed for successful data analytics. (5 points)
 - c. Discuss what analyses the province should perform. (5 points)

Collecting legal dues

Legal dues are compensation for rights and services provided by the provinces to its citizens or organisations, such as issuing permits. Because of the large variety of services, the related rate structure is complex. The Provincial Legal Dues Regulation and the related Legal Dues Rate Table contain the products and services provided and their rates. Permits and other services are requested via the province's website. Applicants fill out their personal and contact details and application information in related fields on the website. Applications are then processed by C&O employees. Dues are paid via iDEAL or creditcard via the province's website.

Levying rent and maintenance tax for dumping grounds

Organizations wanting to operate dumping grounds in the Rijnland province need to apply for a permit. They are assigned a lot of land that they rent from the province for the lifetime of the dumping ground. Both parties enter into a rental agreement for this. The province collects the related rent on a monthly basis via direct debit.

The permit specifies the maximum amount to be dumped at the grounds and the return of the covered dumping ground to province. When the maximum amount has been reached and the dumping grounds have been returned to the province, the province is responsible for the aftercare of the covered dumping grounds. To finance this aftercare, the C&O Directorate charges maintenance tax for bulky waste to organizations that exploit dumping grounds. Different rates apply per waste category, based on the related extent of environmental pollution and the recyclability of the material. Maintenance tax is paid to the province annually, based on the amount of waste that is actually dumped. Annually accounts are prepared that specify the amount (in tonnes) of the actual amount of waste dumped per waste category, supplemented with an audit opinion prepared by the auditor of the dumping grounds company. Throughout the year C&O employees monitor compliance with the permit and accounts of the amount of waste.

4. Classify for Rijnland province the following revenue categories according to the typology of organizations: the government contribution, the collected legal dues, and the rent and maintenance tax for dumping grounds. (6 points)
5. Identify three important specific risks with respect to the completeness of revenues at Rijnland province, related to the government contribution, the surtaxes of the motor vehicle tax, the collected legal dues and the rent and maintenance tax for dumping grounds. (6 points)
6. Per risk identified in question 5, discuss the internal controls that need to be implemented to mitigate the risk. (9 points)

Granting subsidies

Upon request, the province provides subsidies to third parties for activities aligned with the province's policy areas, provided the applications meet a number of related relevant conditions. The subsidies and the relevant application and disbursement procedures, as well as the conditions for subsidy provision are documented in provincial regulations. The subsidies are provided to third parties upon request and in advance. The provincial regulations are drafted by the Policy Directorate, established by the PE, and approved by the PC.

The subsidy department of the province's Directorate Group Business processes subsidy applications, grants and pays out subsidy advances, and establishes the subsidies and settles the advances.

Advances are settled annually on the basis of financial accounts of how the subsidies are spent and the resulting effects. An accompanying audit opinion is required for subsidies exceeding 100,000 euro. To verify legitimate spending of subsidies equal to or smaller than 100,000 euro, evidence can be requested from the subsidy recipient on a sample basis.

An important part of the subsidies equal to or below 100,000 euro are granted to organizations without a professional financial position. If the audit opinions or the sampled evidence for subsidies below 100,000 euro suggest problems with spending the subsidies, the subsidy can be wholly or partially reclaimed.

7. Describe, in detail, the subsidy process, from application to settlement. (25 points)

Purchasing and calls for tender

Annually the province (and mostly the C&O Directorate) spends more than 325 million euros on infrastructural projects and acquires for about 25 million euros in services (all Directorates) and products (all Directorates). The province's purchasing policy is in line with European regulation, which addresses European and national calls for tenders, specifically focusing on sustainability, innovation, socio-economic effects (such as the effect on employment in the province), effectiveness and efficiency, and stewardship. If the province demonstrably does not comply with regulations, disadvantaged organizations may issue claims against the province.

On a monthly basis the Finance department within the Directorate Group Business prepares the following financial management information for the heads of the Directorates and the PE and PC members:

Revenues:

- Contribution from the provincial fund;
- Surtaxes;
- Legal Dues;
- Rent and maintenance tax for dumping grounds.

Costs:

- Subsidies paid out in advance;
- Settled subsidies;
- Personnel cost;
- Ordering performance of services (public transport, cleaning, management and maintenance, security, research and consulting);
- Operating expenses (ICT hardware, furniture and vehicles);
- Investment in roads, waterways and infrastructure engineering works (such as tunnels, locks and bridges), classified by the stages "in preparation", "in execution" and "completed".

The above revenues and costs are also classified per policy area and are compared with the provincial budget.

PE members want to issue an in-control statement along with their annual financial report to the PC.

8. a. Briefly outline how Rijnland can arrive at an In-Control Statement. (5 punten)
- b. How can Rijnland demonstrate to be sufficiently in control with regard to the annual accounts of its investment in roads, waterways and infrastructure engineering works (such as tunnels, locks and bridges)? (10 points)

Please note: you can choose the direction of your answers to questions 8a and 8b. The answers can be based on the COSO-models, but you can also base these on other models or methods.

9. How can the province guarantee the legitimacy of the expenses on services acquired? (10 points)