

# Report to the Flemish Parliament

## **The Belgian Court of Audit examined the organizational and operational modalities of the social housing control agency**

*The Court examined the organizational and operational modalities of the Flemish social housing controller in the light of the “good monitoring” standards. It concluded that the controller performs his task adequately, but that the regulatory framework still contains imperfections. It noticed that not all review standards are set in the regulations, that the purpose of the monitoring is not formulated explicitly and that the rules sometimes lack clarity or are not easily applicable. Various factors also stand in the way of a further increased operational efficiency of the agency to which the controller reports. There is not enough exchange of expertise, there is neither multiannual planning nor code of ethics and evaluation is still insufficient. In response to the Court’s report, the Flemish Housing Minister announced some improvements.*

### **Controller**

Various stakeholders are involved in the implementation of the housing policy in Flanders: social housing societies, rental housing services and the umbrella organizations, the Flemish Family Housing Fund (“*Vlaams Woningfonds van de Grote Gezinnen*” - VWF) and the Flemish Social Housing Society (“*Vlaamse Maatschappij voor Sociaal Wonen*” -VMSW) as well as local authorities. In 2006, the Housing Code entrusted the monitoring of these stakeholders to a controller, who falls under the administrative responsibility of the internal autonomized agency IVA “RWO Inspection” Town and Country Planning, Housing Policy and Non-movable Heritage (“*Ruimtelijke ordening, Woonbeleid en Onroerend Erfgoed*”). It became operational in 2009. The Court examined the organizational and operational modalities of this controller in the light of the “good monitoring” standards, namely selectivity, independence, capacity of action, professionalism, co-operation and transparency.

### **Selectivity**

The regulation has provided the social housing controller with a wide range of supervisory powers but the government’s and the minister’s strategic documents are confined to a few control priorities. In practice, the controller thus sets out his priorities according to his own risk estimate and various practical considerations. He frames these priorities in his annual planning, but does not specify clearly how the monitoring process fits into the government’s and minister’s policy intentions.

### **Independence**

The controller’s independence is enshrined in the regulation and the organization. By creating the IVA RWO Inspection, the Flemish government disconnected the monitoring function from the policy and execution

functions. In addition, the minister does not get involved in the internal operation or physical files, except in a capacity of appeal authority. The controller's competence is not hampered either by implementation regulations. Nevertheless a formal code of ethics is still lacking.

### **Capacity of action**

The regulation provides the controller sufficient room for collecting information and for action. He can in particular suspend or cancel the various stakeholders' decisions or impose fines on defaulting actors. His scope for action, however, has its limits. For instance, not all standards which he can rely on for exercising his control are set in regulations, so that his decisions are sometimes left to his own judgement, inter alia for aspects regarding the management of the social housing societies. The rules governing rental housing are extremely detailed, but sometimes lack clarity or are not easily applicable. Moreover, his room for action under the decree with regard to the VMSW, the VWF and local authorities has not yet been further specified and the suspension periods are particularly short. The controller strives to ensure uniformity in his action and to make it an incentive as well as a correction.

### **Professionalism**

The controller did what was necessary to recruit and train qualified staff. The staff is sufficiently specialized and handbooks, checking lists, monitoring of the reports' quality and in-house consultation all promote uniform decisions. The controller follows up the actions taken by the stakeholders following his reports. He plans his activities in a well-considered way and attempts to submit his reports in due time to the individual stakeholders. There remains, however, some room for improvement: the exchange of expertise within the organization has until now been limited and there is no multiannual planning or processing time recording. The agency stated that it would attend to it from 2011 on.

### **Co-operation**

In spite of contacts with the department, the VMSW and the VWF, the exchange of information between the controller and the stakeholders in the policy field are not yet optimal, in particular with regard to the subsidies and the regulation. Nor are there clear agreements about a precise delimitation of the first line control exercised by the subsidy supplier and the second line control exercised by the controller. Contacts or agreements between the latter and the other monitoring bodies, such as government commissioners or company auditors are scarce or inexistent. Until now, the controller has remained aloof from the controlled organizations for the sake of neutrality, but he is ready for consultation.

### **Transparency**

The controller submits his planning and his annual report to the minister and forwards an annual report to the Flemish Parliament. Nevertheless the purpose of the monitoring process does not appear clearly: the Housing Code does not specify anything in this respect and the controller's documents do not connect clearly his activities with the minister's

expectations. The minister has not yet submitted a report about the implementation of the IVA RWO Inspection's management contract.

### **Conclusions**

The Court concluded that the social housing controller performs his monitoring task adequately. Imperfections in the regulatory framework and the organization, however, stand in the way of an increased operational efficiency: there are few specific monitoring objectives, an insufficient exchange of expertise, an absence of multiannual planning or of a code of ethics or of weighting of the monitoring results according to the processing time required, etc.

### **Minister's response**

In her response to the Court's report, the Flemish Housing Minister has also agreed that the social housing monitoring is performed adequately: in her view, within a short timespan, the agency succeeded in fulfilling its role in an autonomous and active way. The minister, however, admitted that there is still room for improvement with regard to the collaboration and the exchange of information with the other agencies, the department and the cabinet. In the process of optimizing these aspects, it will be necessary to be attentive not only to the monitoring itself, but also to the services provided by the various housing stakeholders. Lastly, the normative framework will be promptly supplemented by clear and applicable rules leaving as little scope as possible for interpretation.