

Abstract

Community development funding

The Court examined how community development was funded. The audit showed that regulations were unclear or flawed on certain points. There were no objective criteria to determine the number of staff members eligible for the grant, so that the grant level was actually fixed according to the historically grown operational activity and personnel establishment. Besides, the annual reports, the multiannual and annual plans handed in by the relevant associations were sometimes qualitatively poor and the department failed to sufficiently check them. The risk of abuse was inherent in the new lump sum funding procedure.

Evaluation of regulations

In application of the community development decree of 26 June 1991, the Flemish Government worked out acceptance and funding criteria. However, it failed to correctly implement some provisions contained in the decree. Moreover, regulations were unclear and flawed on several points. For example, there were no criteria for evaluating applications for acceptance and multiannual plans. Neither the decree nor the implementing order laid down objective criteria to determine how many staff members were eligible for the grant, so that the grant level was actually fixed according to the historically grown operational activity and personnel establishment. Several infringements of regulations were not subject to penalties.

Validity of acceptance and funding

Although acceptance was dependent on an approved multiannual plan, some associations appeared to have altered their multiannual plan unilaterally after acceptance. Even when the department's advisory report contained serious criticism of the multiannual plans, it remained committed to giving its agreement. The objectives were sometimes stated in vague and non-measurable terms; in such cases the department was unable to assess whether the objectives had been met. The quality of financial reporting left to be desired: the description of financial major headings in some statements of income and expenses was too vague and contained no explanatory notes when in fact the statement of income and expenses is nearly the only supporting document in respect of the use of operation grant.

Administrative reporting and internal control

The acceptance and the funding of associations in the field of community development lies within the responsibility of one single civil servant at the General Welfare department. This means there is no separation of function. Moreover, the various components of the acceptance and funding process were not always checked in depth. For example, the department did check whether multiannual plans had been developed into annual plans but did not check their implementation. Financial reports were also insufficiently checked. As the multiannual plans also contained activities funded by other sources, it was unclear what particular activities the associations were planning to undertake with the community development grant. Therefore, it cannot be excluded that the associations charged costs against the Flemish Community grant as well as against other sources of funding.

Cost funding or lump sum funding

Although lump sum funding was introduced on January 1st 2004, it was still calculated on the basis of the grants awarded to the associations as part of their cost funding system and not on the basis of objective criteria and parameters. Such a procedure enabled to build up large reserves. As the link between activities and funding was often reflected unclearly in the planning procedure, there was no real expense matching the required resource in the Flemish Community's grants and therefore the risk of misuse increased as well. The department should therefore focus on other aspects in its control activities, mainly the multiannual and annual plans and the content and financial annual reports.

Minister's response

In her reply dated 6 June 2006 the minister split the Court's recommendations into two major groups: on the one hand, the recommendations related to acceptance files and multiannual plans, and on the other hand the recommendations regarding reporting and accountability and here she described several steps that had already been taken. As to the new multiannual plans 2009-2014 the department and the sector would be instructed to make an evaluation of the current plans.