

**Report to the Federal Parliament:
Oversight by public authorities of the private social insurance funds for the self-employed**

In its report to the Federal Parliament, the Court made recommendations to improve the oversight by public authorities of private social insurance funds for the self-employed people.

Social insurance funds which self-employed workers are obliged to join play a prominent role in the setup of their social security scheme. Fourteen funds (among which thirteen are private) keep and update the data related to their career background and marital status and provide them social security benefits (family allowances, bankruptcy insurance and maternity assistance). They calculate and collect social contributions which constitute the main source of the funding of the social security scheme.

The funds' oversight performed by the inspection unit of the Directorate General Self-employed Persons of the Federal government department Social Security, is there to ensure that the regulations applicable to the social security of the self-employed are implemented correctly. According to these regulations, the funds which fail to fulfil their obligations are subject to financial and administrative penalties but in the current practice, they are rarely enforced.

The Court issued recommendations to improve, in the short term, oversight by public authorities of the tasks entrusted to the funds. It recommended more specially that a comprehensive analysis of the administrative and financial processes should be performed as well as a comparative study of the quality of funds' management which would allow to redirect certain audits. The Court also considered that requiring the inspection unit to be integrated into the National Institute for the Social Security of the Self employed is one of the options possible to optimize the administrative management of the self-employed sector. This would allow the National Institute to direct the auditing work and ensure that its requirements regarding the reliability of the financial, accountancy and individual data are better met. Such a reform would facilitate a centralization of computerised tools and improve budget transparency as the social security of the self-employed workers would bear the cost of these tasks.

In a longer perspective, the Court advised to set up an exhaustive database fed by the data stored in the funds either by connecting or by duplication.

It also suggested a simplification of the funding mechanisms of the funds. The funds would then pay immediately and in full all their contribution receipts to the NISSE, which would provide them cash advances to finance their operating costs and the social security benefits.

Private funds determine their contribution rate for operating costs themselves and they have no obligation to publicise these rates or the way in which they use these contributions. Consequently self-employed people cannot make their selection in complete transparency. The Court recommended requiring the publicity of the contribution rates for operating costs

and that these rates would be partly linked to parameters reflecting the funds' work quality and work volume. This scheme would also make it possible to apply to the funds the measures of accountability decided by the Government for the other social security sectors

The minister responsible for the self-employed vowed that in agreement with the services concerned, the targeting methods and the frequency of the inspection unit's controls would be improved as soon as practicable. She added, however, that an intensification of specific and comprehensive audits would require additional human resources and new computerised resources. The recommendations aimed at improving the effectiveness of the social status' management, the transparency of the operating costs and equity among self-employed people also caught the minister's attention.