Problems and Risks of Control in the Housing and Communal Services Industry

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Abstract. The main issue of the study is the problem of increasing control and reducing risks in the housing and communal services industry. In the framework of an integrated and efficient development of the territories must meet the requirements for reforming and modernising the housing and utilities complex (HUC) in the country and ensuring ecological safety, protection of public health and of housing and utilities services for the benefit of present and future generations, and with the aim of improving the quality of life. Taking into account not only national but also international standards, the program of socio-economic development is becoming a priority for both housing and communal services and urban development of the country. The aim of the study is to develop a system of criteria to improve the stability and reliability of the housing and communal services. The system of criteria should take into account all stages of interaction from consumers of utilities to the executors of their provision and management. To effectively implement the modernization of the industry and improve competitiveness, it is necessary to determine the risks and ways to minimize them. The system of monitoring the introduction of energy-saving technologies in the housing and communal services, obtaining economic effect, which is one of the key indicators for potential buyers, needs to be improved. In sum, the proposed system of criteria can be used in the regulatory and technical regulation of housing and communal complex. Key words: housing and communal complex, control risks, social and economic development program, capital repairs, risk management, apartment buildings

1. Introduction
Currently, Russia is consistently working on the reform and modernization of housing and communal services (HCS) of the country. May decrees of the President on large-scale modernization of housing and communal services infrastructure give the results and some regions (mainly regions of advanced development) successfully introduce programs of social and economic development. [1-3] in order to ensure high quality standards of housing and communal services, systems of targeted social protection of the population are being created when paying. In General, the stability and reliability of the functioning of housing and communal services are increasing throughout the country. Since 2015, the
monthly payment introduced a fee for major repairs. Thanks to this program, major repairs of apartment buildings (AB) are being carried out in cities across the country.

The owners also have the right to open a special account and carry out repairs before the deadline, having previously voted at the General house meeting. In order to improve energy and economic efficiency in the regulation of relations between performers and consumers of utilities, conditions for the effective use of fuel and energy resources have been created. [4-6] Almost all apartment buildings (AB) and apartments are equipped with metering devices, which significantly reduces the conflict situation. At the same time, reserves of increase of efficiency of use of energy resources are not yet fully realized. The high degree of depreciation of fixed assets, combined with the increasing load on utilities is the main cause of accidents, leading to losses in the transportation of resources to end users. The increase in tariffs for utilities is largely due to the increase in fuel and electricity costs, the elimination of cross-subsidization, high wear and tear of networks, leading to excessive energy costs, the need for significant investments in infrastructure modernization. Under the existing procedure of tariff formation and market monopolization, resource suppliers have no motivation to reduce their own production costs. There is a significant differentiation of costs for utilities in cities. The housing and communal services market is characterized by a low level of competition and, as a consequence, lack of motivation to improve their quality. Management companies do not fully comply with disclosure requirements. The current system of control over the activities of resource-supplying organizations, management organizations, homeowners’ Association (HOA) does not exclude the facts of their economically unjustified costs, attracting unscrupulous organizations to perform work, provide services. [6] Therefore, despite the fact that the modernization and improvement of the industry are ongoing, the visible effect of the consumer does not notice. To effectively implement the modernization of the industry, it is necessary to determine the risks and ways to minimize them. [7-11]

2. Materials and methods
Risk is the probability of a negative impact on the activity of the object of control of any action, factor or event that can lead to inefficient use of funds, violation of legal requirements. [11] Under the control activity is understood to conduct on-site and off-site inspections, audits, surveys, the implementation of operations to authorize the expenditure of funds, analysis, monitoring and other control actions. [6-7] Risk Management involves the implementation of a set of measures aimed at reducing the impact and (or) probability of occurrence of negative actions, factors or events. Since the specifics of state (municipal) support measures, economic conditions, legislation in the housing sector are constantly changing, risk assessment should be a constant and continuous process. New programmes, projects and initiatives need to be considered through a risk management system. [6-11]

Control over the activities of the housing and utilities sector should contribute to creating conditions of risk minimization, providing high quality housing services efficient use of state (municipal) resources, means of off-budget sources of financing, increasing the transparency of formation of tariffs for housing and communal services and their economic feasibility. [6-8]

The organization of an effective control system in the sphere of housing and communal services is an integral part of the system of state and municipal management. Conceptual approaches to the organization of effective control in this area are based on the following fundamental principles:

- systematic, systematic control;
- application of control methods aimed more at prevention of violations and shortcomings than at ascertaining fait accompli, adoption of exhaustive measures to implement the results of control activities;
- standardization of control, including the development of necessary techniques, instructions, recommendations;
- interdepartmental interaction and coordination of activities of authorized bodies.
The development of the Institute of public control in the housing sector requires the improvement of the monitoring system, ensuring that interested users receive comprehensive information about the financial and economic activities of management organizations. [12-14]

The introduction of risk management systems by the chief budget managers, which provide for continuous analysis of possible risks, assessment of their consequences and development of measures to reduce their likelihood and(or) consequences, contributes to the increase in the efficiency of budget funds use. [15-18]

Priority areas of control activities of authorized bodies, organizations should be determined on the basis of the analysis of possible risks in the field of housing and communal services. Implementation of the rating system will contribute to the effectiveness of the organizations of housing and communal services to a certain extent. Control bodies should analyze the causes of violations and shortcomings, if necessary, prepare proposals to improve the regulatory framework. Systematic sociological research in this area is important for improving the quality of housing and communal services.

The objects of technical control in the framework of identifying and minimizing risks are understood [19-25]:
- chief managers of budget funds;
- state (municipal) customers for capital repairs, reconstruction, construction of housing and communal complex;
- recipients of measures of the state (municipal) support of housing and communal complex;
- the organizations using objects of housing and communal complex constructed at the expense of budgetary funds;
- state (municipal) unitary enterprises, joint-stock companies of housing and communal complex with the share of the municipality in the authorized capital;
- management companies, homeowners’ associations, other organizations involved in the management of the housing stock (hereinafter – management organizations) [26-28];
- integral clearing center;
- resource supplying organizations (suppliers of electricity, heat, gas, hot and cold water) [29-30];
- if necessary, other bodies and organizations.

3. Results and discussion
The analysis of the main risks in the housing and communal complex, which are presented in table 1.

| №  | Risks                                                                 | Level of risk | Risk management activities                                                                                                                                 |
|----|----------------------------------------------------------------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.3| Inefficient exercise of powers by local self-government bodies      | Average       | Improving the system of evaluation and monitoring of the effectiveness of actions of local governments in the housing sector                          |
| 1.5| Failure of the competent authorities to timely and complete measures on citizens’ appeals on problems in the housing sector | Average       | The adoption of comprehensive response measures in accordance with the requirements of the legislation. Monitoring of complaints with the use of information technology |

2. Overhaul of apartment buildings
| №  | Risks                                                                 | Level of risk | Risk management activities                                                                 |
|----|----------------------------------------------------------------------|---------------|-------------------------------------------------------------------------------------------|
| 2.5| The overestimation of the value of work actually performed, construction materials, replacement of building materials stipulated by the design estimates, cheaper alternatives without a corresponding reduction in the cost of work | Average       | Strengthening of preliminary and current control over the validity of the cost of works   |
|    |                                                                      |               | Conducting inspections, bringing perpetrators to justice in accordance with the law        |
| 3.4| High monopolization of the housing management services market         | Average       | Strengthening control over the creation of conditions for the formation of housing and communal services markets. Implementation of performance ratings of management organizations. Conducting open tenders for the selection of management organizations at the time of commissioning |
| 3.6| The excess of the actual number of people living in apartments over the number taken into account in determining the cost of housing and communal services | High          | Joint inspections with law enforcement agencies. Taking measures to bring perpetrators to justice |

3. Housing management

4. Energy saving in housing and communal services

4.2 Distortion by subjects of monitoring the actual data on efficiency of expenditure of energy resources in the sphere of housing and communal services | Average | Improvement of the regional system for monitoring energy consumption and implementation of measures to save energy and improve energy efficiency in housing and communal services, ensuring transparency of information on the state of energy resource efficiency in housing and communal services. Strengthening control over the accuracy of the information provided |

This table is presented in a reduced form. You can read our full research in the next article.

The proposed measures are not exhaustive and, if necessary, can be adjusted taking into account the actual circumstances of the activities of the authorized bodies. Authorized organizations in the development of action plans for risk management, if possible, should determine the final target measurable indicators of their activities, the timing of their implementation.

4. Conclusions

The implementation of the proposed measures to minimize risks involves improving the regulatory legal support of the activities of housing and communal services, the optimal distribution of powers between the authorized state (municipal) bodies, the development and consolidation in the prescribed manner of coordination mechanisms of control activities in the field of housing and communal services. The priority tasks in terms of improving the efficiency of the control system in the sphere of housing and communal services are:
- improving the efficiency of control over housing and communal services by local governments, their closer interaction with representatives of owners of apartment houses, assistance in the creation of public associations of citizens in the housing sector and the sphere of public services;
- creation of an information environment and technologies to increase public control over the activities of housing and communal services, the validity of the establishment of tariffs for housing and communal services. Formation in full of the system "Electronic housing", integrated with the Portal of state and municipal services;
- development of common approaches to the formation of management organizations accounting policy (standard accounting policy);
- improving the efficiency of interdepartmental cooperation, including the use of information technology;
- improving the reliability of the internal control system of the main managers of budget funds.

Wider introduction of initiative audit of financial and economic activity of the resource supplying organizations, technological audit will contribute to ensuring validity of establishment of tariffs for housing and communal services.

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