

EUROSAI Training Event: Auditing of Social Security Systems

Fraud and Abuse

Discussion Group 2

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Content

- Definitions
- Presented topics
- Audit approach
- Key issues
- Lessons learned
 - Priorities
 - Focus on internal controls and IT/database

- Fraud – those cases where customers deliberately claim money to which they are not entitled
- Error – inaccurate, incomplete or untimely information, but without dishonest intent
- System abuse – using funds for other purposes than intended (any kind of misuse)

Presentations of Fraud and Abuse

- UK: Progress in Tackling Benefit Fraud by Mr. Summerfield, NAO
- France: Anti-fraud Policy in the Social Sphere by Mr. Rabaté, Cour des comptes
- Turkey: New Challenge for Turkish Court of Accounts Social Security Audit by Mr. Güleç, Turkish Court of Accounts
- Latvia: Audits of State Provided Services for Disabled People by Ms. Rūme, SAI of the Republic of Latvia

Audit Approach

- UK: looking at systems that the audited entity has created to tackle fraud, risk based approach to focus on the use of resources
- France: external audit focuses on full and precise internal control plan, use of risk management and anti-fraud plan, emphasis put on historical point of view
- Turkey: were doing 100 % transaction tests and now use of IT and specialized audit team
- Latvia: Risk-based approach (unclear regulatory/administration), integrity check

Key Issues from Discussions

- Contextual differences
- Data sharing
- Use of IT
- Findings
- Questions for thought

Contextual Differences

- Different mandates
- Single ministries, covering other areas (health)
- Newly-recognized problem
- Measuring fraud – but is error becoming more of a problem?
- Decreasing in some countries because of more sophisticated information, better system
- Difficult to eradicate error

Differences between Data Sharing

DEPARTMENTS/MINISTRIES

- Private life protection – on-going issue for some countries
- What data held by departments? (strict regulations)
- What data collected for/ used for?
- Administration accepting false papers

AUDIT INSTITUTIONS

- Access to records/personal data
- Data security, destruction of records

IT Role in Combating Fraud

Useful Tool for Ministeries

- Data matching (cross-checking entitlements)
- Automation, electronic pensions

Useful Tool for SAIs

- Efficiency (high-volume testing)
- Effectiveness (identifying discrepancies quickly)

PREVENTING RISK OF FRAUD

Findings / Conclusions of Audits

- NAO was able to quantify financial value of anti-fraud measures – focus on overall effectiveness
- French experience: new regulations (updated), calculating fraud, public campaign (hot line)
- Turkey experience: learning by doing, new concepts emerging in auditing
- Latvia experience: 101 recommendations given and adopted by Ministry of Welfare (better public administration and sound financial management)

Questions for Thought

Question of priority:

Is it auditor's job to detect fraud or to check that controls and systems are in place?

Are we using the right tools to detect it?

To detect fraud, error, is error becoming higher risk

What are the expectations of the public? Use of hotlines, public attitudes

Thank you for your attention!