



Case Study Topic 3

Audit of Social Services Support of Women and
Children: Experience of the Accounting
Chamber of Ukraine

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Aim: Audit of Social Security Systems
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***Experience of performance audits of the
management of payment of child birth
benefit and social security of children-
orphans***

2008 year

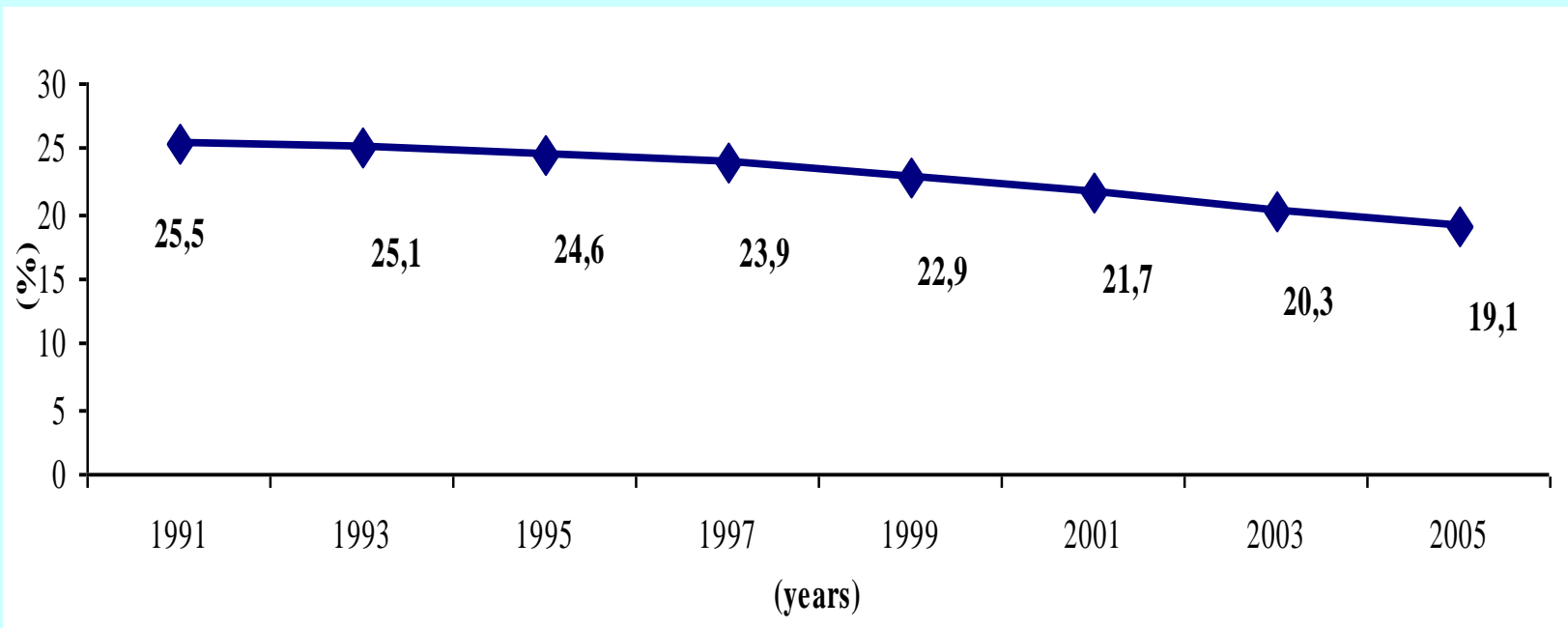


Format of Performance Audit
Report

INTRODUCTION

- During the last ten years the quantity of present population of Ukraine **diminished** almost on **4.5 million** persons.
- A demographic situation in Ukraine is characterized the tendency of diminishing of particle of children in a total population. The general quantity of children was abbreviated from 13 millions in 1991 year to 9 millions in 2005 year or **on 32 %**.
- **The low level of birth-rate for today does not provide even the simple recreation of generation of parents.**
- At the same time a situation is sharpened another social problem – multiplying the quantity of children-orphans and children, deprived paternal care. By the state on 01.01.2004 in Ukraine on an account there were **96,1 thousands** of children-orphans and children, deprived paternal care, on 01.01.2006 – **97,8 thousands of such children.**
- **The particle of children-orphans** and children, deprived paternal care, among common child's population is also multiplied: in 2005 year – **1,11% against 1,01 %** in 2003 years.
- For such children basic is an boarding school's form of maintenance and education. From their common quantity in the houses of children's of domestic type lived **1025 children**, in receiving families only there are **288 pupils.**

Diagram. Dynamics of particle of children in age 0-17 among a total population Ukraine in 1991-2005 years



INTRODUCTION

- One of ways of improvement of demographic situation there is multiplying the volumes of child birth benefit for multiplying a birth-rate and providing of right for children-orphans on education in family.
- In 2005 year in a public policy in relation to security of child and social security of children-orphans and children, deprived paternal care, certainly priority of domestic forms of education of these children (adoption, guardianship, transmission is on education in the houses of children's of domestic type and receiving families) and stimulation of birth-rate by multiplying the volumes of child birth benefit.
- The change of priorities **needs improvement of organizing and legislative terms** of social security of children-orphans and children, deprived paternal care, the mechanism of payment of child birth benefit.
- **In accordance with what are accepted row of legislative and normative acts, and other the perfections require.**

REMEDIAL MEASURES UNDERTAKEN BY THE STATE

- Parliament and Government of Ukraine launched the **far o**
the government programs of support of family, children and
young people in Ukraine.
- National program „Children of Ukraine”, National program of support of young people on 2004-2008 years, Government program of housing of young people on 2002 - 2012 years, Government program of overcoming child's homelessness and recklessness on 2006 – 2010 years, Government program of rest and making healthy of children on a period to 2008 year, Government program of support of family on a period to 2010 year et al.
- However **measures** which was used **Government** during the last years (to 2005 year) for the improvement of demographic situation and increase of birth-rate **did not have system character** and **were ineffective.**
- **Information about the general quantity of children-orphans first officially got by State committee of statistic only on January, 1, 2004.**



REMEDIAL MEASURES UNDERTAKEN BY THE STATE

- **Measures** on encouragement of birth-rate on 2002-2007 are ratified **Cabinet of Ministers of Ukraine** workings out **medical problems** of maternity and childhood touched **without the financial providing** of their implementation and declared the increase of size of child birth benefit. And only in 2005 year the size of child birth benefit is promoted at birth, which is set for all categories of citizens as a 22,6 living a minimum for children under age 6 (equivalent of 1700\$)*.
- By the **decree of President** (11.07.2005) „About primary measures in relation to security of rights for children” **by priority** certainly realization of public policy in relation to **security of rights** for children, foremost **children-orphans**, it is incumbent to develop the **mechanism of financing** of expenditures on maintenance of such children regardless of form of their arranging on principle a **"money walk after a child"** and to provide for in laws on the State budget on 2006 and next years **expenditure** on their maintenance at level, to **not below** than **double size of living wage.**

REMEDIAL MEASURES UNDERTAKEN BY THE STATE

- ❖ For realization of the programs of social security of children-orphan, in accordance with certain priorities, in 2006 year subventions is first ratified from the state budget to the local budgets:
 - on **maintenance of children-orphan** and children, deprived paternal care, in the **houses of children's of domestic type** and receiving families” – **UAH 50 million. or \$ 9,4 million.**
 - to the regional budget of the Kiev region a on **conducting of experiment** on principle a **“money walk after a child”**– **UAH 25 million. or \$ 4,7 million.**

PERFORMANCE REVIEW

AUDIT CRITERIA

- **accordance** of legislative, normative and prescriptive documents of central and local authorities to the put purpose in part of improvement of social security of children-orphans;
- **providing** of timeliness and plenitude of setting and payment welfare payments children-orphans;
- **working out of mechanism** of financing expenditure on maintenance of children-orphans and children, deprived paternal care, for **principle a “money walk after a child”**;
- **multiplying of quantity** children-orphans and children, deprived paternal care, transferred to houses of children’s of domestic type and receiving families;
- **take a full advantage of optimize** of mechanism of payment of child birth benefit.

OBJECTIVES



- (a) Implementation of program of social security of children - orphans
- (b) Implementation of program of management of payments of child benefit

(a) Program of social security of children - orphans

- Development of mechanism of financing of expenditure on maintenance of children-orphans, regardless of forms of their arranging through opening in a bank agent of account on which facilities are transferred for child support. The norm of the financial providing on one child is set at the level of 2th living wages on a month.
- Creation of terms for realization of **right** for **every child-orphan** on **education in family** and **identical financial providing** regardless of form of their arranging and maintenance;
 - **education and maintenance** of children is on principle of domestic;
 - **assistance adopting children** creation of the system of encouragement and support of adopters;
 - **proper logistical support.**

AUDIT FINDINGS

- **Reformation of the system of social security began without previous determination of conception and basic stages.**
- ❖ a **legislative base** is **not prepared**, not certainly which confirms the complete set of documents of status of child, deprived paternal care, in connection with the protracted illness of parents, and also, if a child is homeless, not certainly question of financing of acquisition of habitation for the houses of children's of domestic type.
- ❖ **60 % of facilities** of the state budget or over **\$8.2 million**, what was assigned for the improvement of social security of such children, **remained unused.**
- ❖ The **quantity of pupils** in the houses of children's of domestic type and receiving families was **multiplied on 1302 persons**, while in calculations in a budget it was **foreseen** to multiply their quantity for a year **on 2309 persons.**

AUDIT FINDINGS „Experiment „Money walk after a child”

- **Within the framework of realization** in the Kiev region of experiment from setting and payment of welfare payments on principle „money walk after a child”, **such payments** was got **only** by **77%** of children which had a right on her.
- The **bank of data** about **children-orphans** and children, deprived paternal care, **is not created** by Ministry of affairs of family, young people & sport.
 - ❖ As a result during 2006 year from boarding schools of the Kiev region **190 children** or **only 12 %** of common **quantity of pupils** which were in these establishments by the state on 01.01.2006, are **passed in family** from them under guardianship – **144 persons**.
- **It is not attained** identical **financial providing** for children-orphans and children, deprived paternal care, regardless of forms of their arranging (under guardianship or in boarding schools).

AUDIT FINDINGS

- In the process of preparation to the experiment the system of financing of board **is not changed**, namely **not separate financing** of expenditure on **maintenance** of pupils and expenditure on **functioning of boarding school**.
 - There was a situation, when on children which are in boarding schools on complete state maintenance, a welfare payments, order and directions of expense of which, is transferred additionally by normative documents not certainly.
- **The order of account of facilities** of welfare payments **is not certain in the conditions of experiment**, what transferred establishment personified on a child, and also financial values, purchased for every child due to these facilities.
- The results of experiment testify that his **subsequent continuation without** determination of **purpose** and working off **organizing and legislative terms** is **inadvisable** and will result in the **ineffective use of budget funds**.

Expenditure are on maintenance of one child in establishments of children-orphans (boarding schools) of the Kiev region

Заклади	Expenditure of one child (hrn.) take into consideration maintenance of institution			
	Total in year	Current outlays in year	Current outlays without take into consideration outlays of wage	
			in year	in month
Boarding school for children-orphans and children, deprived paternal care (region budget)	15352	15230	7148	596
Children's houses (region budget)	30015	29681	8615	718
Houses of children (district, city budget)	12111	11905	4776	398
Houses of children (region budget)	37819	37702	5104	425
Boarding school for children-invalid (region budget)	13297	13132	4148	346

- At the considerable enough volume of expenditure on maintenance of children-orphans and children, deprived paternal care, **in boarding schools** of the Kiev region, **current outlays directly on a child are insignificant.**
 - At the same time on a 1 pupil of **house of domestic type** without charges on maintenance and cash cover of parents - educators – on the **average 410 UAH.**

(b) Implementation of program of management of payments of child benefit

- **Optimization of mechanism of payment of child birth benefit.**
- **Multiplying the sizes of birth child benefit regardless of category of recipient**



AUDIT FINDINGS

- **Previously**, a child birth benefit was paid separately due to different streams:
 - ❖ due to funds **of Fund of social security** to persons to **insured** in the system of social insurance by employers;
 - ❖ due **to the state budget funds** to the **uninsured persons** by the local authorities of social security of population.

- At the same time **absence** in Fund of **personified account** of information about the **insured persons creates** terms for **double continuation** of its payment both parents.

- **Necessity** in the **additional bringing** in of facilities of the state budget on the compensation of expenditure of Fund on payment of child birth benefit in 2005 year was not.
 - ❖ **As a result abstracted from the state budget of assignation in the sum of UAH 158,9 million (\$30 million) remained unused.**

- During a year it is **illegally used by Fund UAH 31,7 million** after directions which do not answer this type of insurance, the **remains of facilities** on the end of year made **UAH 217,7 million. (\$6 million)**

AUDIT FINDINGS

- **Vagueness** by the **legislation of responsibility of employers** to led to **delays for long term** in payments child birth benefit or don't led payments it.
- **Liquidation or bankruptcy** of enterprises, on accounts did **absence of facilities** did **impossible payments** of these benefits.
- Fund **didn't provide** of **changes** in the method of filling of accounting insure **in part** of extra **charge of sums of child birth benefit** did **impossible** establishment of **actual volume** of the proper to payment, **watching of debt** from its payment and **correct planning** of **expenditure** of the **state budget** on the compensation of these payments.

CONCLUSION (a)

- A Ministry in affairs of family, young people and sport did not provide the proper organization and legal support of implementation of the budgetary programs, directed on social security children-orphans.
- ❖ Orders of setting and welfare payment on children-orphans, contain the row of contradictions, unclear determine the terms of setting and payment of these welfare payments, that results in different approaches of the authorized organs on places at application of their positions. It is not borne changes in legislative and normatively legal acts from realization of tasks.
- An experiment is begun without determination of his purpose and mechanism of action.
- ❖ The new mechanism of the financial providing of Experiment is not worked. Change in the system of financing of boarding schools were not foreseen, expenditure are not delimited on maintenance of children-orphans and on functioning of boarding schools.
 - ❖ As a result, facilities of subventions are unused in a sum 18,9 millions UAH, an experiment is actually taken to multiplying the size of welfare payments on children-orphans (1700 persons), 12% of children which are in boarding schools is passed in family only.

CONCLUSION (b)

- The system of setting and payment of child birth benefit is legislatively fastened at birth of child to the workings persons by employers (71,6 % of total sum of payments) actually little able to provide valuable control after its setting, timely payment and having a special purpose use.
- Setting of child birth benefit was carried out on the basis of certificates in place of child birth certificates, and its payment – **with delay from 1 to 51 day**.
- **Unstable work of enterprise** at the present system of its payment by employers **complicates the timely** setting (receipt) of **child birth benefit**.
- **Impossibility of persons** which work as on **flat-broke enterprises personally asking for Fund** about the receipt of child birth benefit, in default of leaders of such enterprises, does **impossible its receipt**.

RECOMMENDATIONS (a)

- **Subsequent continuation of conducting of Experiment without determination of purpose and working off organizing and legislative terms is inadvisable and will result in the ineffective use of facilities in the sum of 25 million UAH, selected on this purpose in 2007 year.**
- **Thus, in particular, it is necessary to:**
- **develop the mechanism of financing** of expenditure on maintenance of children-orphans and children, deprived paternal care, regardless of forms of arranging of such children **on principle a “money walk after a child”**
- **complete forming of bank of data** about children-orphans and children, deprived paternal care and to provide support of him in the actual state.
- **develop the norms of consumption** and providing of children-orphans, **complete sets of documents**, which confirm status of child, deprived paternal care, in connection with the protracted illness of parents, and also, if a child is homeless.
- settle **a question** in relation to the financial providing of **acquisition of habitation for the houses** of children's of domestic type.
- **provide the correct planning** of expenditure on welfare payment children-orphans and children, deprived paternal care.

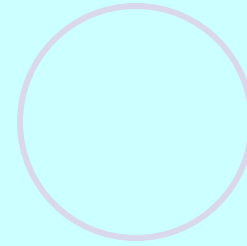
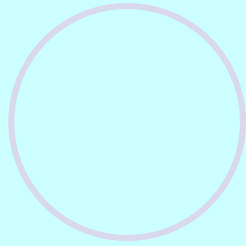
RECOMMENDATIONS (b)

- **To perfect** a **legislation from** in-obligatory state social security and normative acts which regulate payment of child birth benefit.
- **To consider** the question of **transmission of functions of payment** of child birth benefit to the workings organs of Fund or local authorities of Ministry of social police.
- **To develop** the **list of terms** for valuable **maintenance and educations of child**, which a child birth benefit must provide at birth of child for using by social worker when they make a control of ineffective use of child birth benefit.

Follow up



- Accounting chamber informed the Cabinet of Ministers of Ukraine and proposed to improve legislative base and organizing providing of conducting of Experiment.
 - ❖ In this time Experiment continue...
- Today (with 2007 year) these benefit **paid to due budget funds** to all users by **local authorities of social security of population.**



**Thank You for your
attention!**

