

Romania's Experience to Combat Error, Fraud & Corruption in Social Assistance Programs

A mature system developed in the last three years

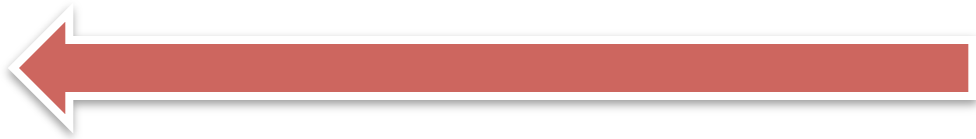
Outline

1. Context

2. Our Approach

3. Our Results

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Social assistance benefits fall into four categories

- Romania's Social Assistance System includes 12 programs
- These programs fall into 4 categories:
 - family policy programs
 - programs for people with disabilities
 - other programs (notably the social pension)
 - means-tested programs for low-income households

National Agency for Social Payments and Inspection (NASPI)

- Performs the control over the social assistance measures in the area of both, social benefits and social services;
- Administrates and manages the payment system of social assistance benefits and some programs of social services;
- checks upon the observance of the legal provisions related to establishing, granting, and promoting citizens' social rights by the public administration authorities, as well as other natural persons and legal entities, public or private ones;
- suggest to verified institutions different measures to overcome the deficiencies, to establish legal responsibility for guilty persons and inform the criminal investigation bodies, as the case may be;
- determines the occurrence of deeds related to violation on legal provisions in the area of social assistance and applies adequate contravention sanctions;
- carries out activities of social investigation and formulates proposals for improving the activity, organization, and procedure for social assistance benefits' granting and social services' provision;
- offers counseling to natural persons or legal entities, public or private ones, that have duties related to social assistance area;

Social assistance programs for benefits in more detail

- **Child state allowance:**
 - universal benefit for all children until the age of 18 and 18+ also if in educational courses or vocational educational courses.
- **Child raising benefit:**
 - parental leave for raising the child until the age of 1 or 2 years old + benefit;
 - in amount of 85% from the average of the professional net incomes (last 12 months), fixed min/max amount;
 - a monthly **back to work bonus**, granted until the age of 2 years old, if the parent decides to return to work.
- **Family allowance:**
 - all families with children and a monthly net incomes per family member lower than an established threshold.
 - means-tested ;
 - better conditions for the raising, care and education of the children and stimulate school attendance of children
- **Guaranteed minimum income:**
 - top-up benefit (the difference between the monthly net income of the eligible family/single person and regulated monthly GMI level);
 - best targeted program, including incentives to work (increase of 15% of the amount for eligible persons who have a job) – job seeking and public works involvement.
- **Heating benefits**
 - measures of social protection during the cold season
 - heating with natural gas, wood, coal and oil, thermal energy in centralized system, electricity
- **Social benefits for persons with disabilities**
 - monthly indemnity, regardless of income;
 - monthly personal complementary budget, regardless of income.

A social system in need of modernisation

2005-2010:

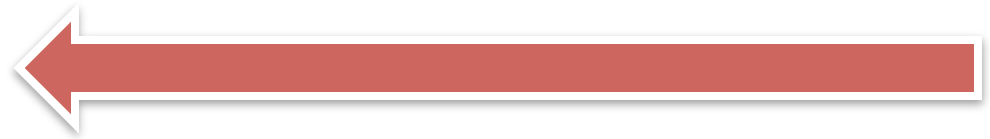
- the social benefits system consisted of 14 types of benefits
- developed without a coherent strategy or coordination
- no correlation with the social services
- without a result-based approach

2011-2016:

- Strategy for social assistance system reform:
 - Strengthening the performance management
 - Improvement of equity in the distribution of social assistance benefits (largest share of social assistance budget for the poor)
 - Improvement of administrative efficiency by reducing the administrative costs and those related to beneficiaries of means-testing based programs (program consolidation, simplification)
 - Reduction of errors and fraud in the social assistance system: programs for low income households, benefits for disabled persons and family policy programs benefit from consolidated computerised systems and monitoring and control procedures, including those for detecting errors and fraud by means of investigations based on risk assessment, data matching, data quality audits and consolidated beneficiary registries

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Starting Point

In 2010:

- Around 125 social inspectors - focus on social services not cash benefits
- No distinction between proportion of cash expenditure on services vs benefits or relative risks per cash benefit programme
- No effective targeting, data/analysis or legal powers for social inspectors
- Agreed social assistance modernisation project with WB – including strengthened EFC controls

Thematic inspections – Process 2010-2012

- Large sample inspections
- Checks all beneficiary files (100%)
- In-depth investigations (home/employer's visit, with physicians and police) for suspect files
- Time-to-completion: 1 to 3 months
- Follow up mission in 2-3 months, to check whether the recommended corrections / sanctions have been implemented

2013/2015

- Around 300 social inspectors - focus both on social services and cash benefits
- Effective targeting, data/analysis and legal powers for social inspectors
- IT systems and other monitoring and control procedures, including systems for the detection of error and fraud using risk-based investigation,
- data correlation, auditing the data quality and consolidated beneficiary records.

Thematic inspections – Process 2013-2015

- Cross checking
- Checks beneficiary with suspicions
- In-depth investigations (home/employer's visit, with physicians and police) for suspect files
- Time-to-completion: 1 to 2 months
- Follow up mission in 2-3 months, to check whether the recommended corrections / sanctions have been implemented

Our Aims

To strengthen EFC controls by:

- Improving policies and powers on investigation, sanctions and referrals for SI
- Introducing regular large scale cross-checking of beneficiaries data against other databases
- Using risk profiles to target SI inspections at highest risk cases
- Improved IT, organisational structures, and reporting/monitoring
- Learning from best international practice

Our Opportunities

- Political commitment to tackling EFC
- Fit with wider social assistance reform programme objectives
- Leverage of knowledge, skills and experience of World Bank social protection experts
- Access to international and local EFC, Information Technology, Database and Risk experts
- Study visits to EFC counterparts in UK
- Training with EFC counterparts from UK

Our Actions

- Focus on high-value, high risk programs :
 - Guaranteed Minimum Income (means-tested – 193k families)
 - Heating benefit (means-tested- 1.2m families)
 - Family benefit (means-tested – 301k families)
 - child raising (maternity) benefit (income replacement – 179k families)
 - Disability allowances and invalidity pensions (income replacement – 542k families)
- Account for 2.3% of GDP
- Total social assistance and disability pension spending bill of 4% of GDP
- Recognize even small % of EFC means large cash leakage

Our Actions

Identified different risks per program /eligibility criteria, for example:

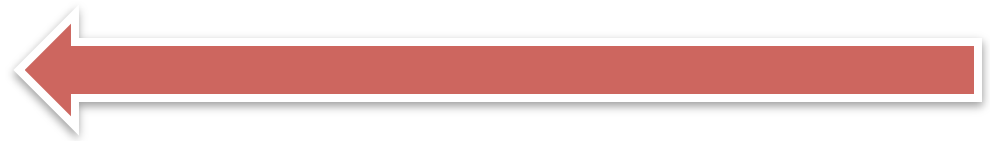
- Means-tested programmes
 - failure to declare all incomes /assets
- Income replacement programmes
 - Incomes exaggerated to increase entitlement (child raising benefits)
 - Working while claiming maternity
 - complicity between beneficiaries and the medical professionals (disability benefits)

Our Actions

- Obtained access to personal employment, income, property, births, deaths databases
- Implemented quarterly bulk cross-checking of databases
- Conducted inspections based on suspicions from cross-checking
- Reviewed legal powers – draft legislation on sanctions and SI statute prepared
- Developed Social Inspection procedural manual and training programmes
- Significant increase in number of Social Inspectors from 300 to 500 – split proportionally between services and cash benefits
- Established statistical /risk analysis and profiling team
- Improved debt recovery procedures agreed

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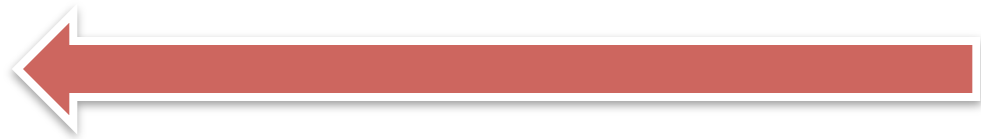
Inspections Results 2016

(Following Database Cross - Checks)

Program	No. of persons subject to verifications (irregularities suspected)	% confirmed irregularities	Debts established (RON)	Cost/Benefit Efficiency Rate
GMI	25,312	17.6	2,894,424 (€643k)	0.21
Heating aids	14,549	28.16	90,961 (€258k)	0.65
Family allowance	6,159	2,1	1,007,510 (€224k)	0.29
Child Raising benefit	2,929	9.4	613,949 (€136k)	0.01
Allowances for persons with disability	55	54	27,103 (€6k)	0.13

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Next Steps

- To develop risk profiles per benefit
- Train all Social Inspectors in investigation skills

Conclusion

From Romania's experience so far:

- EFC is threat everywhere – can consume significant expenditure
- Best EFC practice workable and effective for low and middle income countries
- Investment in systems and people essential – but pays for itself through reduced EFC
- Significant quick wins available
- Controlling EFC is a continuous journey – can never be complacent