

Anti-fraud policy in the social sphere:

some lessons from the
French experience
Seminar on “auditing of
social Security systems”

Introduction

- a) The context seems to be analogue in all the developed countries:
- - an issue which has recently emerged;
 - - due to
 - the increasing risk of sophisticated and large-scaled frauds (especially at a trans-national level)
 - and the financial crisis leads to focus on the risk of small abuses (which may represent, taken together, some 2 or 3% of the total amount of the benefits)
 - - but a risk of exaggerated expectations (especially from a financial point of view).

Introduction (2)

b) What are the main features of the French experience? What lessons can be drawn?

- from an *historical point of view*: the French social sphere has recognised the risk of fraud later than in other countries, but that could turn out to be a rather positive factor;
- Because of their recent implementation, the anti fraud measures are still on the way;
- To help these progress, the external audit (and the French SAI) has an important role to play

I- From an *historical point of view*:

- **1. it can be an advantage to be backwards**
- 1.1. This question of the frauds in the social sphere has been raised later in France than in other OECD countries (than in Italia or in Great Britain, for example).
- *But the context is now moving substantially*

1 From an *historical point of view* (2)

- The traditional approach (till 2000):
 - priority is given to the question of getting access to the benefits;
 - the risk of fraud is deliberately underrated
 - the example of subsistence benefit
 - the example of single parents benefits

1 From an *historical point of view* (3)

- A shift has recently occurred, due to:
 - the financial difficulties of the social sector
 - a growing contest by the public opinion
 - the growing risk of major frauds

1 From an *historical point of view* (4)

- The fight against fraud has emerged at first as a consequence of internal control, in the frame of the “certification” (or audit) of the accounts.
 - From 2006, the accounts of all the social organisms must be audited;
- The capacity of the internal control, within the certificated organism, is a condition to get the full certification (without substantial “reserve”).

1 From an *historical point of view* (5)

- Even if a new specialized “anti-fraud” activity has emerged afterwards, the anti-fraud strategy is still promoted as a mean to prevent the risks :
 - the main measures have been decided in the context of the so called “internal control plans”
 - for the family system: a national data-base, to prevent double registration and benefits.
 - For the health insurance: a data-base, which can prove the link between the expense and the patient

1 From an *historical point of view* (6)

- (according to the audit) the risk management must include an anti-fraud component: it has become a routine requisite.
- A stress is made upon a better use of electronic data (and their security is now examined).

2. Some achievements, still partial (1)

- It is still too early to appreciate fully the effect of the recently decided measures. Yet it is possible:
- to identify some positive aspects;
- and to point out the negative aspects.

2. Some achievements (2)

- The positive aspects:
- New specialized units has been created,
 - in the most important organisms (but not yet in the middle sized ones)
 - example in the health insurance: a new department has been created,
 - example in the family system: a new audit unit, at both national and regional levels,
 - but nothing yet for the pensions system. .

2. Some achievements (3)

- at the government level
 - at first, a coordination unit; to promote the use of shared data
 - replaced by a permanent and staffed unit

2. Some achievements(4)

- New regulations have been edicted
 - In 2006:
 - In 2007:
 - In 2008: varied provisions,
 - For ex.: in case of non-insured labour, a minimal fine can be put

2. Some achievements (5)

- Some first results can be shown:
 - The “product” of the detected frauds has grown (for health insurance and family benefits)
- The struggle against undeclared work has raised

2. Achievements, still partial (1)

- some important components are missing
 - No campaign towards the public opinion (as it is the case in Canada, Great Britain, ...);
 - no “whistle-blower” regulation.

2. Achievements, still partial (2)

- Very few sanctions, by comparison to what is expected:
 - For the health insurance
 - For the doctors, the level of revenue is higher than practically possible
- For the nurses, figures about the activity are not relevant.

2. Achievements, still partial (3)

For the fight against undeclared work: the revealed fraud is ten times less the calculated level.

- The on-going disclosure of a large-scaled fraud, concerning fictive periods, used for calculating retirement pension.

3. The role of external audits (1)

- A first impulse has been given by the French SAI (through the “tax council”),

A first audit had been realized in 2006 and published in 07 concerning the fraud on fiscal and social taxes.

A follow-up audit will be made next year.

The role of external audits (2)

- A new audit is in process (and will be published in march or april 2009), about frauds on social benefits.