

Auditing of Social Security Systems – The Canadian Perspective

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INTRODUCTION

- CANADIAN SYSTEM OF GOVERNMENT
- ROLE OF THE OFFICE OF THE AUDITOR GENERAL
- RECENT PERFORMANCE AUDITS



CANADIAN SYSTEM OF GOVERNMENT

- PARLIAMENT AND GOVERNMENT
 - ❖ A FEDERATION
 - ❖ WESTMINSTER-STYLE PARLIAMENTARY DEMOCRACY
 - ❖ OVER 100 DEPARTMENTS AND AGENCIES
 - ❖ OVER 40 CROWN CORPORATIONS
 - ❖ PARLIAMENT APPROVES BUDGETS
 - ❖ MINISTERS ARE ACCOUNTABLE TO PARLIAMENT
 - ❖ TREASURY BOARD



CANADIAN SYSTEM OF GOVERNMENT

● ROLE OF THE OFFICE OF THE AUDITOR GENERAL

- ❖ FEDERAL GOVERNMENT
- ❖ NORTHERN TERRITORIES
- ❖ OFFICER OF PARLIAMENT
- ❖ INDEPENDENT AUDITS
- ❖ OVER 650 STAFF
- ❖ ANNUAL BUDGET-55 MILLION EUROS
- ❖ FINANCIAL AUDITS, PERFORMANCE AUDITS, SPECIAL EXAMINATIONS
- ❖ FORENSIC AUDITORS



CANADIAN SYSTEM OF GOVERNMENT

DELIVERY OF SOCIAL SECURITY PROGRAMS AND SERVICES IN CANADA

❖ PROGRAMS

- ✓ OLD AGE SECURITY PENSION
- ✓ CANADA PENSION PLAN
- ✓ EMPLOYMENT INSURANCE
- ✓ EDUCATIONAL FINANCIAL ASSISTANCE
- ✓ CHILD BENEFITS



CANADIAN SYSTEM OF GOVERNMENT

- DELIVERY OF SOCIAL SECURITY PROGRAMS AND SERVICES IN CANADA
 - ❖ DELIVERY
 - ✓ HUMAN RESOURCES AND SOCIAL DEVELOPMENT CANADA
 - ✓ 58 BILLION EUROS; 24,000 EMPLOYEES
 - ✓ VARIOUS MEANS TO DELIVER SOCIAL SECURITY PROGRAMS



RECENT PERFORMANCE AUDITS

- GRANTS AND CONTRIBUTIONS-ADEQUACY OF THE CONTROL FRAMEWORK
- EMPLOYMENT INSURANCE-MEASURING AND REPORTING PERFORMANCE
- OLD AGE SECURITY-ACCESS, ELIGIBILITY, OVERPAYMENTS
- SOCIAL INSURANCE NUMBER-INTERGRITY
- POST SECONDARY EDUCATION-CONTROLS IN PLACE, COMPLIANCE WITH LEGISLATION



KEY OBSERVATIONS

- CLEAR AND UP-TO-DATE LEGISLATION AND POLICIES
 - ❖ COHERENCE AND EFFICIENCY
 - ❖ REMAINING CURRENT IS CHALLENGING



KEY OBSERVATIONS

- CLEAR AND UP-TO-DATE LEGISLATION AND POLICIES/EXAMPLES
 - ❖ CRITICAL GAP-POLICY FRAMEWORK VS ITS USE - LACK OF CLARITY
 - ❖ INCONSISTENT APPLICATION
 - ❖ LEGISLATIVE PROVISIONS NOT BEING APPLIED



KEY OBSERVATIONS

- RISK IDENTIFICATION, ASSESSMENT AND MANAGEMENT
 - ❖ MUST BE BUILT INTO MANAGEMENT PRACTICES
 - ❖ RISK MANAGEMENT POLICY AND FRAMEWORK
 - ❖ GOOD UNDERSTANDING OF THE RISKS
 - ✓ BEST USE OF RESOURCES
 - ✓ FOCUS OF EFFORTS IN DESIGN AND DELIVERY OF PROGRAMS



KEY OBSERVATIONS

- RISK IDENTIFICATION, ASSESSMENT AND MANAGEMENT/EXAMPLES
 - ❖ ASSESSMENT OF RISKS TO PAYMENT ACCURACY
 - ❖ AREAS REQUIRING GREATER ATTENTION
 - ✓ IDENTITY FRAUD
 - ✓ INCORRECT ELIGIBILITY INFORMATION (RESIDENCE , INCOME)
 - ✓ LATE NOTIFICATION OF DEATH OF A BENEFICIARY
 - ❖ PROGRAM-WIDE DETERMINATION OF BENEFICIARIES, INFORMATION ACCURACY AND ASSESSMENTS OF PAYMENTS ACCURACY



KEY OBSERVATIONS

- SPECIFIC PROGRAM CONTROLS
 - ❖ CLEAR PROCESS FOR DETERMINING ELIGIBILITY
 - ❖ BUILDING QUALITY INTO APPLICATION PROCESSING
 - ❖ ASSESSING CONTINUING ELIGIBILITY
 - ❖ MANAGING OVERPAYMENTS AND REPAYMENTS



KEY OBSERVATIONS

- THE IMPORTANCE OF SPECIFIC PROGRAM CONTROLS/EXAMPLES
 - ❖ DOCUMENTATION OF VERIFICATION OF ELIGIBILITY
 - ❖ VARIATION IN COLLECTION PROCEDURES
 - ❖ INADEQUATE MONITORING OF APPLICATION PROCESSING
 - ❖ MOST COMMON DEFICIENCIES
 - ✓ INADEQUATE DOCUMENTATION
 - ✓ FAILURE TO PROPERLY APPROVE APPLICATIONS
 - ❖ BALANCE MUST BE STRUCK BETWEEN THE NUMBER OF CONTROLS AND THE LEVEL OF RISK



KEY OBSERVATIONS

- FOCUSING ON INVESTIGATIONS
 - ❖ FAIRLY AND EFFICIENTLY DEAL WITH CASES OF SUSPECTED FRAUD
 - ❖ APPROACH FLEXIBLE TO RESPOND QUICKLY TO NEW RISKS



KEY OBSERVATIONS

- FOCUSING ON INVESTIGATIONS/EXAMPLES
 - ❖ ADOPT A RISK-BASED APPROACH
 - ✓ INFORMATION FROM THE PUBLIC AND PARTNER ORGANIZATIONS
 - ✓ RISK-BASED APPROACH TO IDENTIFY AND REFER SUSPICIOUS APPLICATIONS TO INVESTIGATORS
 - ✓ DISCREPANCY IN THE INFORMATION PROVIDED
 - ❖ ADJUSTING INVESTIGATIONS TO CHANGING CIRCUMSTANCES BASED ON ONGOING MONITORING OF IDENTIFIED RISKS
 - ❖ INVESTIGATION FUNCTION IS ORGANIZED CONSISTENTLY
 - ❖ ACCESS TO THE MORE CURRENT GUIDANCE
 - ❖ MONITOR THE CONDUCT AND RESULTS OF INVESTIGATIONS



KEY OBSERVATIONS

- IMPORTANCE OF PROPERLY TRAINED EMPLOYEES
 - ❖ COMPLEXITY AND CONTINUALLY CHANGING NATURE OF SOCIAL SECURITY PROGRAMS
 - ❖ RIGHT TOOLS IN PLACE



KEY OBSERVATIONS

- IMPORTANCE OF PROPERLY TRAINED EMPLOYEES/EXAMPLES
 - ❖ INTEGRATED COURSE - KEY PART IS FRAUDULENT DOCUMENTS IDENTIFICATION
 - ❖ ACCESS TO VARIETY OF TOOLS
 - ❖ INFORMATION NEEDS TO BE KEPT CURRENT TO BE USEFUL
 - ❖ CONSOLIDATION OF VARIOUS PROCEDURE MANUALS



KEY OBSERVATIONS

- THE IMPORTANCE OF PERFORMANCE INFORMATION
 - ❖ EVIDENCE-BASED PERFORMANCE INFORMATION
 - ❖ ESSENTIAL FOR PROGRAM MANAGEMENT
 - ❖ USING INFORMATION TO STRENGTHEN PROGRAM DELIVERY



KEY OBSERVATIONS

- THE IMPORTANCE OF PERFORMANCE INFORMATION/EXAMPLES
 - ❖ NO NATIONAL MEASURE OF PAYMENT ACCURACY
 - ❖ HIGHLIGHT UNUSUAL PATTERNS WHICH COULD BE INDICATORS OF FRAUD OF ABUSE



QUESTIONS

AUDIT REPORTS ARE AVAILABLE AT
WWW.OAG-BVG.GC.CA/

