

Anti-fraud policy in the social sphere: some lessons from the French experience

Introduction:

a) The context seems to be broadly the same for all the countries:

- - an issue which has recently emerged;
- - due to
 - o the increasing risk of sophisticated and large-scaled frauds (especially at a trans-national level)
 - o 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).

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

Three points:

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

1. From an *historical point of view*: it can be an advantage to be late;

- 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):
 - o *But the context is now moving substantially:*
 - The traditionnal approach (till 2000):
 - priority is given to the question of getting access to the benefits;
 - the risk of fraud is deliberately underrated
 - o the example of substance benefit
 - o the example of single parents benefits
 - 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
- 1.2. The anti-fraud struggle has emerged at first as a consequence of the internal control, in the frame of the certification of the accounts.

- From 2006, the accounts of all the social organisms must be certified;
 - The capacity of the internal control, within the certificated organism, is a condition to get the full certification (without substantial “reserve”).
- 1.3. 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 has 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
 - (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. Within a few years, a lot of improvements have been achieved, but more is still to be done.

By comparison to other countries, what is the position of the French organisms, concerning the anti-fraud politic? A comparative balance of the first achievements cannot be made. 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.

21. 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. .
 - at the governmental level
 - at first, a coordination unit; to promote the use of shared data
 - replaced by a permanent and staffed unit
- New regulations have been edicted
 - In 2006:
 - In 2007:
 - In 2008: in case of non-insured labour, a minimal fine can be put
- 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. 2. The negative aspects.

But one can point out that some important components are missing.

- No campaign towards the public opinion (as it is the case in Canada, Great Britain, ...);
- There is no “wistle-blower” regulation.
- 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.
 - For the struggle 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.

It shows that the first achievements are still very partial.

3. The role of external audits and more specifically of the Supreme audit Institution

In this context, a new impulse must be given:

- A first impulse has been given by the French SAI (through the Obligatory prelevment council, which is a “associated body to the French Cour des comptes). 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.

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

These audits can help to estimate, to which degree the already decided measures are in compliance with the international good practice and with the necessary level.

1. The new anti-fraud French policy

a. a two tires strategy

- i. A specialized policy is emerging
 1. the creation of a new specialised **administration**

2. new powers are given to **prove frauds**
 3. new tools are defined concerning **sanctions**
 4. an example: the provisions of the last
- ii. Coping with fraud can be seen as an implicit result :
1. of the development of internal control
 2. linked with the certification of the public accounts (for the state and the social sphere);
 3. and of a “quality approach” (for a “zero defect” management).

2. the specific role of the French Cour des comptes

- a. on the receipt side: a report was published in 2007, concerning social taxes: (through the “Conseil des prélèvements obligatoires”).
 - i. the scope of the enquiry
 - ii. the main findings
 - iii. a guide-line for progressive changes
- b. Concerning social benefits, still a work in progress
 - i. The scope of the enquiry
 - ii. The preliminary findings

Conclusion:

What is the “best practice”? Trying to compare French and English approach of the anti-fraud policy.