
New Challenge for Turkish Court of Accounts

Social Security Audit

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I-OVERVIEW

1-Turkey in Brief

Turkey is the confluence of East and West, historical country where the two continents and cultures of Europe and Asia meet and blend.

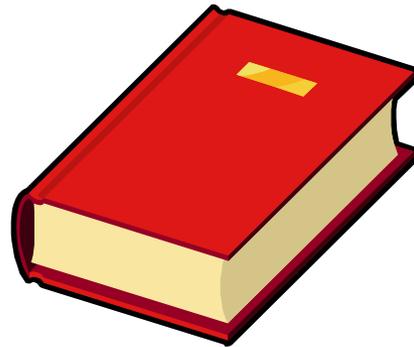
The Republic of Turkey was created in 1923 from the Turkish remnants of the Ottoman Empire, once one of the largest empires in the world.

Turkey is a parliamentary representative democracy. Since its foundation as a republic in 1923, Turkey has developed a strong tradition of secularism. Turkey's constitution governs the legal framework of the country.

The land area of Turkey, including lakes, is 814sq km, the population of Turkey approximately 73 million and the population growth rate is 1.53%. Turkey is a country with a young population.

I-OVERVIEW

2- Social Security System in Turkey



The Turkish Constitution establishes the right of all citizens to social security specifying that; “**everyone has the right to social security. The State shall take the necessary measures and establish the organization for the provision of social security**”.

I-OVERVIEW

2-Social Security System in Turkey

Turkish social protection system has two components, which are social insurance and social assistance.

Social Insurance

(Contributory)

Social insurance is the principal pillar of the system. Hence, we are concentrating on this element that formed as different institutions covering various working sector and generating benefits to them.

Social Assistance

(Non-contributory)

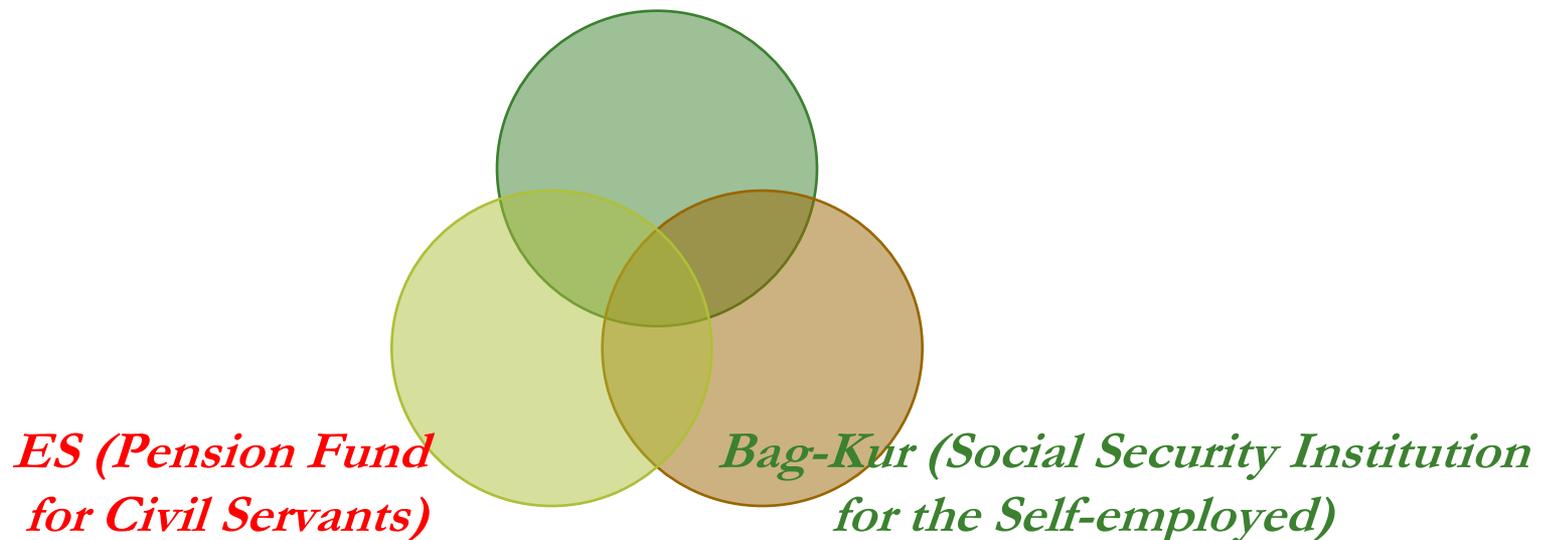
As for the non-contributory system there are many public institutions aimed at protection of the dependants and supporting them in several ways.

I-OVERVIEW

2-Social Security System in Turkey

The social security system (contributory) in Turkey is composed of three different major organizations

SSK (Social Insurance Institution)



I-OVERVIEW

2-Social Security System in Turkey

Non-contributory system in Turkish social security area consists of many organizations and programs such as

- **Social Assistance and Solidarity Fund,**
- **Payment of Pension to the Elderly People in Need (65 years-old and over),**
- **General Directorate for Social Services and Child Protection,**
- **Green Card for the Citizens Incapable to Pay for Health Care Services.**

I-OVERVIEW

2-Social Security System in Turkey

Re-organization and Reform in the System

Social security reform implemented in Turkey consists of four main elements integrating each other;

- 1- Single retirement insurance regime,**
- 2- Creation of a general health insurance for all population,**
- 3- Gathering of social benefits and services,**
- 4- New institutional structure.**

I-OVERVIEW

2-Social Security System in Turkey

**New Social Security
Institution consists of
combining three below**

<i>SSK (Social Insurance Institution)</i>	<i>ES (Pension Fund for Civil Servants)</i>	<i>Bag-Kur (Social Security Institution for the Self-employed)</i>
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II- TURKISH COURT OF ACCOUNT AND SSS AUDIT

1- Overview

Social security systems audit is the new concept for the Turkish Court of Account. Up to 2006 the audit mandate of the TCA did not cover the SSIs. In line with the reform efforts made by the government to reach desired level of accountability and transparency in the public financial system has demanded comprehensive amendment in the related laws and regulations.

II- TURKISH COURT OF ACCOUNT AND SSS AUDIT

2-Structure and Legal Framework of TCA

First established at 29 May 1862

Fashioned after Continental and especially French model

Embodied in the 1876 Constitution

Maintained this status in 1924,
1961 and 1982 Constitutions

II- TURKISH COURT OF ACCOUNT AND SSS AUDIT

2-Structure and Legal Framework of TCA

Auditing of the SSIs was given to TCA by the amendments of Public Financial Management and Control Law (PFMC) in 2006.



II- TURKISH COURT OF ACCOUNT AND SSS AUDIT

3- Conclusion

- **SSIs audit was the new and challenging area for the TCA.**
- **Unfit audit approach resulted failure**
- **New audit concepts are necessary**



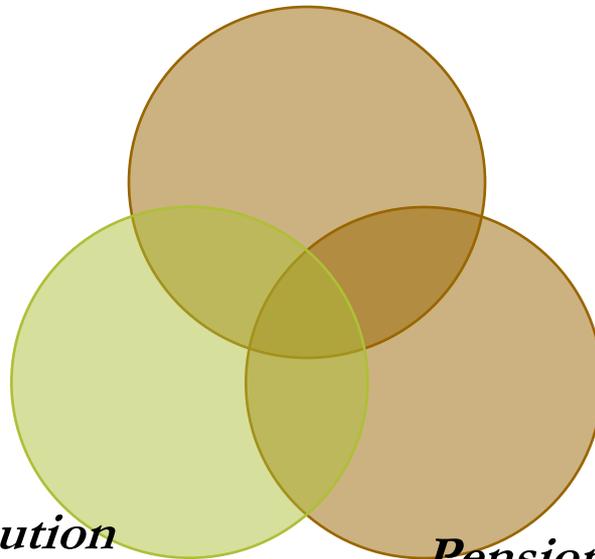
III- DETECTION OF FRAUD AND ABUSE IN THE SYSTEM AND TCA EXPERIENCE

1-Bad-structuring and Government Interferences Caused Fraud and Abuse in the System

SSK *Social Insurance Institution*

Bağ-Kur
*Social Security Institution
for the Self-employed*

ES
Pension Fund for Civil Servants



III- DETECTION OF FRAUD AND ABUSE IN THE SYSTEM AND TCA EXPERIENCE

2-System's Own Defense Against Fraud and Abuse

- usage of the IT technologies
- “Turkey showed considerable progress with respect to accountability and the fight against corruption” says World Bank
- anti-bribery laws have become stronger
- reform efforts and introducing IT tools
- autonomy of the Social Security Organization
- design well-functioned internal control unit

III- DETECTION OF FRAUD AND ABUSE IN THE SYSTEM AND TCA EXPERIENCE

3-MEDULA Web-Based IT Tool

MEDULA is a comprehensive provider data analysis and modeling application designed to review health care claims that may represent questionable or abusive billing practices.



III- DETECTION OF FRAUD AND ABUSE IN THE SYSTEM AND TCA EXPERIENCE

3-MEDULA Web-Based IT Tool

Introducing MEDULA system, SSI has gained following advantages;



- ***savings from health care expenditures,***
- ***tracking the transactions in individual base,***
- ***determining the expense variety,***
- ***developing standard structure in the field of health care***
- ***applying EU and WHO standards in the health care system,***
- ***providing rationality in implementations,***
- ***lapsing working environment without files and papers,***
- ***preventing individual mistakes in the system,***
- ***helping the audit mechanism,***
- ***gaining statistics data from the system,***
- ***upgrading robust accounting and payment systems.***

III- DETECTION OF FRAUD AND ABUSE IN THE SYSTEM AND TCA EXPERIENCE

4- Fraud and Abuse Cases Commonly Detected



-unregistered sector workers gain coverage as pensioners or dependants or by fraudulent use of other individuals' cards,

-false medical certificates are used to get fraudulent benefits,

-prescription of pharmaceuticals does not match requirement of the actual condition of the patient,

-deaths of beneficiaries are not registered at the Department of Home Affairs to continue getting benefits from the system as pension and medicine,

-illegal retirement with the assistance of the preparation of the false documents,

III- DETECTION OF FRAUD AND ABUSE IN THE SYSTEM AND TCA EXPERIENCE

4- Fraud and Abuse Cases Commonly Detected



- sale of the drugs with inflated prices,
- inflating charges for patient's care to make these appear more costly than they actually were by the hospitals both private and even public to redouble these gain from revolving funds,
- claiming medically unnecessary treatment and operations such as angiogram, angioplasty, and stenting procedures,
- claiming non-reimbursable costs by the providers,
- performing unnecessary dental procedures on patient and billing for service not performed or not performed as indicated,
- divorcing legally but not in reality to get cash benefit as divorced dependant for women,
- and so on...

III- DETECTION OF FRAUD AND ABUSE IN THE SYSTEM AND TCA EXPERIENCE

5-Social Security Audit Team at TCA

TCA composed three different audit teams in pursuant to the structures of the three separate institutions, which are SSK, Bağ-Kur and ES.



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III- DETECTION OF FRAUD AND ABUSE IN THE SYSTEM AND TCA EXPERIENCE

5-Social Security Audit Team at TCA

For each audit team, more than ten auditors were appointed. But the results of the audit were unsatisfactory because of the method we used at the audits. As a matter of fact, the nature and bulk of the transactions did not allow us to carry out our duty properly. The situation was simply failure.



III- DETECTION OF FRAUD AND ABUSE IN THE SYSTEM AND TCA EXPERIENCE

5-Social Security Audit Team at TCA

For example, covering only daily transactions for the health care expenditures for one branch of the SSI has made up a bulk as big as two trucks load.



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III- DETECTION OF FRAUD AND ABUSE IN THE SYSTEM AND TCA EXPERIENCE

5-Social Security Audit Team at TCA

What we take actions against this situation is to use IT tools to cope with that much of transactions and documents.



All auditors assigned to SSI audit has to receive IT training and must know how to use the ACL, which is special computer software for CAATs.

After introducing IT tools the workload of the auditors decreased and enabled us to audit more effectively.



III- DETECTION OF FRAUD AND ABUSE IN THE SYSTEM AND TCA EXPERIENCE

6-Conclusion

As a last word, we have to promote the development of appropriate administrative capacity and legal regulations and more importantly generalizing the use of inventory audit techniques to prevent and fight effectively against fraud and other irregularities affecting social security system, including the establishment well-functioning structures involving all relevant national entities.

THANK YOU VERY MUCH FOR YOUR ATTENTION

