ANTI-CORRUPTION HELPDESK

PROVIDING ON-DEMAND RESEARCH TO HELP FIGHT CORRUPTION

CORRUPTION AND ANTI-CORRUPTION IN SOCIAL SECURITY SERVICES

QUERY

Could you provide information on international good practice in preventing corruption in social security service/institutions?

PURPOSE

We are invited to participate in an event organised by the national social security service for their anti-corruption day.

CONTENT

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SUMMARY

Social protection programmes channel a large amount of public resources, providing opportunities and incentives for corrupt and fraudulent practices. Integrity challenges in social security systems involve corruption in defining eligibility and enrolling beneficiaries, collusion, political patronage and clientelism, conflicts of interest, corruption in pension investment funds and fraud.

In OECD countries, corruption risks are perceived to be relatively low, and countries tend to focus their efforts on preventing, detecting and deterring fraud. The International Social Security Association (ISSA) has developed good governance guidelines that provide a broad framework for anti-corruption activities, framed around principles of accountability, transparency, predictability, participation and dynamism. A number of tools have also been implemented by various programmes, such as hotlines and portals to report abuse, random sample spot checks, information campaigns and training, and data matching.

The UK is considered to have been successful in controlling the prevalence of error, fraud and corruption, managing to cut by half the level of fraud in social protection programmes in the last two decades.

1 CORRUPTION CHALLENGES IN SOCIAL SECURTIY SERVICES

Social security systems refer to the redistribution by states of resources across ages, classes and occupational groups, in the form of social programmes like public pensions, family allowances and benefits for the unemployed (Lynch 2003). While the scope, size and eligibility for benefits vary greatly across countries, social protection programmes channel a large amount of public resources, representing an average of 15.7 per cent of GDP in developed countries, 7.4 per cent in middle income countries and 3.8 per cent in low income countries (Van Stolk and Tesliuc 2010). In some OECD countries, social welfare expenditures can represent up to 20 to 30 per cent of overall government spending (RAND Europe 2014).

No social security system is immune from fraud and corruption. Given the large amounts involved, the losses of taxpayers' money due to fraud and corruption can be potentially considerable. While there is no accurate data to assess the scale of the problem (Wernberg-Tougaard 2013), in OECD countries, it is estimated that 2 to 5 per cent of overall expenditures on social security is lost to error, fraud and corruption. In other countries or programmes with complex eligibility criteria, these estimates are even higher and can reach 10 per cent (Van Stolk and Tesliuc 2010).

Drivers of fraud and corruption challenges in social security services

There are a number of contextual factors that can provide fertile grounds for corruption. The intensity of corruption risks vary greatly across countries, depending on the local circumstances and the country's legal and institutional frameworks. Generally, corruption risks in social security services are perceived to be higher in low and middle income countries than in developed countries due to procedural weaknesses in grant administration and systemic weaknesses, such as ill-functioning audit systems, weak capacity, oversight and controls, inadequate training and relatively low pay of social protection workers (Van Stolk and Tesliuc 2010).

Failing oversight and independent monitoring

Politicians and administrators may be unwilling to expose fraud and corruption within the social security system, either because they might be implicated in some fraudulent schemes or because it could undermine the credibility and support for the programme. Exposing fraud and corruption may also raise unwelcome scrutiny from external accountability bodies such as parliament or supreme audit institutions (Van Solk and Tesliuc 2010).

Lack of auditing capacity, controls and inadequate monitoring or reporting procedures can lead to a breakdown or override of internal controls, low detection rates and ineffective punishment of corrupt officials (RAND 2014).

In the Eastern Cape region of South Africa, for example, a 2006 report revealed that the Department of Social Development was faced with severe problems of poor record-keeping and a weak internal control environment. Activities were not adequately monitored, supervised or authorised, leading to poor reporting, especially in the area of social grants. Many of these challenges were generated by a corrupt leadership: many top people in the department were suspended on corruption and fraud charges (Reddy and Sokoman 2008).

Complexity and opacity of the regulations

The complexity of the benefit system is considered to be a major driver of fraud and corruption, providing opportunities and incentives for corrupt and fraudulent behaviour. The multitude of benefits and rules, the number of eligibility requirements, the lack of clarity and possibility for cross-jurisdictional claims and confusion among administrative staff and claimants are associated with high levels of fraud and potential risks for corruption (RAND Europe 2014).

Complex and vague eligibility requirements, frequent changes in eligibility requirements and administrative procedures of programmes, lack of transparency and vagueness of operating procedures introduce some discretion in the interpretation of the rules, making it easier to circumvent and exploit them (Van Stolk and Tesliuc 2010).

Institutional design of social security administrations

In some countries, the design of the social security institution leaves room for government's undue interference in the management and decisions of the institution. This is especially true when the institution does not enjoy budgetary independence. In such cases, there is a risk that financial decisions are taken for political or strategic goals other than managing risks and maximising the net return, as the government is in a better position to coerce the board or governing body to follow its directives (Bebczuck, Musalem, Streb 2011).

Lack of technical and administrative capacity

In many countries, especially in the developing world, social security institutions have limited administrative capacity to verify eligibility or detect fraudulent or corrupt behaviour (RAND Europe 2014).

Staff can be either inadequate in number or inadequately trained and remunerated. In addition, the wage structure and guidelines of the civil service may not attract and retain qualified staff. Lack of support and training, inadequate or obsolete IT systems, problematic information management combined with excessive caseloads exacerbate error, fraud and corruption challenges (RAND Europe 2014).

In the United States for example, in a context of a severe backlog of cases, some allegations of fraud and "case fixing" of disability appeal claims with the Office of Disability review were made public in 2012. More than 100 people were arrested in 2014. The social security agency steered a large volume of cases to a handful of judges that would process more than 1000 of cases annually to clear the backlog, leading judges to circumvent disability procedures and approve cases with no proper court hearings, thorough review of medical evidence and proper judicial consideration. In one case, a judge and a disability lawyer are facing criminal charges for working together in an elaborate appeal claims scam (Washington Wire 2014; West Virginia News 2012).

Forms of fraud and corruption in social security services

While corruption is reported to be a lesser problem than fraud and error in OECD countries, there are a number of corrupt practices that have been observed in countries such as Kyrgyzstan, Ukraine and Bangladesh (Van Stolk and Tesliuc 2010).

Political patronage and clientelism in social security schemes

Social benefits can be used by politicians to gain political support from selected segments of society. There are a wide variety of practices covered by the concept of patronage which makes it difficult to fully comprehend the concept or measure its prevalence in social programmes. In an effort to truly reach the masses and gain political support, patronage often works through fairly impersonal means, such as the passage of laws or implementation of measures that favour entire categories of people (Lynch 2003).

At one end of the spectrum, politicians can enact policies that arguably benefit all, with a relatively low level of selectivity of beneficiaries (entire classes, rather than particular industries, neighbourhoods, or ethnic groups). At the other end of the spectrum, politicians and parties can design policies aimed at benefiting selective groups with a range of patronage-oriented practices, from log-rolling, constituency-service, and intensive interest group involvement in policymaking, whereby politicians offer benefits to selective groups of voters in return for their votes. In such patronage politics, a politician might offer, for example, to introduce favourable public pension legislation affecting workers in a single industry in the expectation that the beneficiaries of the proposed policies will reward the politician with their votes (Lynch 2003).

As in other public institutions, political patronage can also be manifested in the appointment of political allies and openly partisan individuals to top positions in the social security agency for substantial salaries, regardless of whether or not they are qualified for such positions (Bebczuck, Musalem, Streb 2011).

Clientelism and patronage can also undermine the transparency and efficiency of public procurements. In Turkey, for example, a Turkish daily newspaper has reported that the social security institution (SGK) had purchased new computer equipment worth 33 million Turkish lira (US$11.36 million) from a company that is partly owned by a former ruling party parliamentary candidate (Today's Zaman 2015).

Fraud and corruption in defining eligibility

Targeting the beneficiaries of social programmes should be non-discriminatory, according to fair and transparent criteria and processes. In many countries, lax eligibility rules and absence of independent monitoring makes it possible for staff administering the social protection programme to exploit the design aspects of the programme for their own benefit or in exchange for bribes or other favours (Van Stolk and Tesliuc 2010).

There are many forms of corrupt and fraudulent behaviour in assessing eligibility, including the payment and receipt of social grants and benefits to deceased, fictitious persons or persons who do not qualify for the receipt of such grants/benefits. In some countries, staff may be taking bribes or favours to enrol individuals in the social protection programme.

In South Africa, for example, it was found that in the period 2000 to 2003, approximately 12,000 people were not eligible for the disability grant they received, indicating a relatively high prevalence of fraud and/or maladministration. A significant number of public servants who were not legitimately entitled to social grants across various government departments in different provinces were also receiving both salaries and social grant benefits from the government (Reddy and Sokomani 2008).

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In some countries, there are major challenges with "ghost pensioners" whereby deceased retired people claim benefits from the pension funds. In Armenia, for example, the chamber of control inspected 14 out of 51 territorial centres of the state social security service in 2010, checking randomly 15 per cent of all cases. Numerous infringements were revealed, including cases of money paid to dead pensioners. In some cases, the late pensioners sent an application for pension benefits several years after dying (Gasparyan 2011).

Collusion

There are also possibilities of collusion between staff administering social protection programmes and the claimants as well as between staff processing benefit claims and those paying out benefits (Van Stolk and Tesliuc 2010). Other stakeholders can also collude for professional or monetary benefits. As already mentioned, in the United States for example, there were also examples of collusion between law firms and judges handling the appeals of disability claims. A report revealed that between 2005 and 2013, over 1.3 million people were placed on the programme by the firm with an overall allowance rate of 65.8 per cent, a seemingly high average allowance rate for cases that had already been denied, while the judge involved approved 94 per cent of his cases and awarded around $2.5 billion in lifetime benefits in the period (US Committee on Oversight and Government Reform 2014).

Corruption in public pension funds

Driven by the financial deficit of many social security systems worldwide, many countries have established national public pension funds (PPFs) and public pension reserve funds in recent years (OECD 2008; Bebczuck, Musalem, Streb 2011). The financing of such pension plans involves financial investments that need to ensure the security of the assets for the insured beneficiaries. There are a number of challenges and risks of conflict of interest and undue political interference associated with these government managed funds. Government may be tempted to interfere in the management of the funds to divert accumulated resources for other uses, allocate funds to investments that are socially strategic without proper regard to return-risk considerations or appoint managers based on political affiliation rather than skills. As funds are managed by the public sector, the wage structure may also prevent attracting qualified human resources and providing them with productivity-linked incentives. In addition, the funds are simultaneously sponsored and regulated by the state, which might lower the standards of control and punishment for misconduct (Bebczuck, Musalem, Streb 2011).

These risks are confirmed by recent evidence suggesting that PPFs regularly underperform private funds, largely due to political influence. Biased investment decisions based on political connections or considerations rather than performance lead to lower investment returns for the state's pension funds. In New York State, investment firms were allowed to manage pension funds in exchange for fees paid to associates of the state treasurer (Wald and Zhang 2015). Recent research shows that pension funds in more corrupt jurisdictions perform less well. Findings also reveal that corruption is significantly related to pension fund allocations, with public pensions in states with greater corruption more likely to hold more risky but poorly performing assets (Wald and Zhang 2015). The authors conclude that "to maintain high quality pension performance and benefits, the effects of state corruption on pension plans need to be better controlled".

Embezzlement and mismanagement

Massive fraud was uncovered in the Honduran social security system in 2015, involving high ranking officials that allegedly embezzled hundreds of millions from the social security system using a network of sham companies. This scandal shook the legitimacy of the government as politicians are accused of using the funds for political campaigns while depriving the healthcare system of necessary drugs, equipment and staff. In neighbouring Guatemala, a similar scandal led to the fall of the vice-president and several ministers (Lakhani 2015). In Costa Rica, the former president was sentenced to five years for embezzling funds from the social security system in 2009 (World Bank no date).

In many cases, fraud and corruption challenges are intertwined with poor administration and/or maladministration, including fraud or misuse of grant, investment and contracting funds.

Fraud

In many developed countries, corruption is believed to represent a lower risk to the system than fraud and error, due to the built-in integrity measures, use of IT systems for processing and paying benefits, adequate training of staff, and so on. Fraud refers to "intentional behaviours of the benefit claimant to defraud the benefit system" (Van Stolk and Tesliuc 2010).

Fraudulent behaviour in social security programmes is typically associated with customer dishonesty and intentionally seeking to exploit the system and the complexity of the social protection system for their own benefit. Such dishonest behaviour can take a wide variety of forms, such as making false statements on claims, misrepresenting or failing to report changes in material circumstances, identity fraud, concealing facts or events that may affect the eligibility for social security benefits, buying or selling counterfeit or legitimate social security cards, and so on (US Social Security Administration's Office of the Inspector General website; Van Stolk and Tesliuc 2010).

2 GOOD GOVERNANCE PRINCIPLES FOR PREVENTING CORRUPTION IN SOCIAL SECUTRITY SERVICES

There is a growing recognition that well-governed social security systems that limit corruption risks share a number of broad characteristics, including (Musalem and Ortiz 2011):

- benefits are secure and non-discriminatory
- programmes are managed in a sound and transparent manner
- financial risks are contained through the use of "prudent person rule[1]"
- operational risks are minimised
- proper systems of checks and balances are in place

Guidelines for social security institutions

To achieve greater administrative and operational efficiency, the International Social Security Association (ISSA) – the world's leading association bringing together national social security administrations and agencies – developed good governance guidelines in 2011 that provide a broad framework for anti-corruption safeguards. Good governance of social security is framed around principles of accountability, transparency, predictability, participation and dynamism. The good governance guidelines for social security institutions can be accessed here.

[1] "A standard that requires that a fiduciary entrusted with funds for investment may invest such funds only in securities that any reasonable individual interested in receiving a good return of income while preserving his or her capital would purchase." (Taken from Legal dictionary: http://legal-dictionary.thefreedictionary.com/Prudent+Person+Rule)

Accountability

Given the amount of money involved and the sheer number of beneficiaries, it is essential to exercise adequate oversight over the administrators and trustees of the programme and enforce adequate sanctions. The accountability guidelines outline powers and responsibilities of the board/governing body and management, their legal liability, independence from political interference, internal and external controls, among others.

Managing security systems and funds is extremely complex and requires specific skills, experience and integrity. It is therefore of crucial importance that it is administered by committed and competent professionals, and that processes and structures are in place to promote careful and transparent decision making.

The board and management should be granted independence from political interference to implement the institution's mandate. This can be done by providing the agency with budgetary independence and by prescribing the selection process by law or decree, clearly defining the grounds for removal from office solely for just cause. Their respective roles and responsibilities should be clarified, ensuring an appropriate separation between operations and oversight functions. The nomination, appointment and dismissal of management should be conducted on a transparent and merit-based manner (Bebczuck, Musalem, Streb 2011). The selection and removal processes should be clear, documented and made public knowledge.

Internal and external controls should be established by law, including an internal auditor, an external auditor and an independent, external custodian to hold and ensure the safety of the assets of the social security scheme. The audited statement should be disclosed.

Some authors further recommend that the board (or the relevant governing body) should report to the legislature on a regular basis as a means to establishing proper checks and balances against undue political influence from the executive (Bebczuck, Musalem, Streb 2011)

Transparency

Members have the right to be regularly and promptly informed about the benefits due to them under the social security programme. The guidelines also recommend to regularly, accurately and promptly inform the stakeholders and the general public on the status of the social security institution and its operations. Information should be complete, timely and accurate and not only consist of basic facts and figures but also rules, plans and processes and actions within the organisations (Bebczuck, Musalem, Streb 2011).

The board should establish a policy on disclosure of information that clearly defines the grounds when discretion in providing information to stakeholders may be exercised by the board or management. The board and management should establish and abide by a workable code of conduct, which should include a policy on the disclosure and management of conflicts of interest.

When the organisation manages several security programmes, separate accounts should be kept for each of them to avoid co-mingling the funds and respecting the structure of incentives for contributors. Clarity and transparency in the financial and actuarial rules of social security programmes is important to prevent policy makers from subsidising a programme by drawing funds from another (Musalem and Ortiz 2011).

Predictability

The rights and obligations of members and beneficiaries must be well defined and protected by law or by decree, and members should be regularly informed about their rights and obligations and any changes affecting them. Sudden change in coverage, eligibility, contribution rates, can undermine public support and confidence in the system and an effective communication can strengthen the credibility of the programmes (Musalem and Ortiz 2011).

Participation

The board and management can maintain direct channels of communication to enable effective involvement of stakeholders in the governance of the programme and to encourage exchange and suggestions on how the institution can be more responsive to their needs and concerns through a dedicated unit in the organisation. In addition, the law often provides for representation of stakeholders' interests at the board level, making it possible for beneficiaries to participate in the governance of the social security system through their representatives (Musalem and Ortiz 2011).

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Dynamism

Dynamism refers to the capacity of the organisation to continuously improve on the status quo, motivate and inspire innovations that would increase operational efficiency and improve the implementation of the mandate of the social security programme (Musalem and Ortiz 2011).

Prevention and control of corruption and fraud in contributions and benefits

The guidelines provide specific guidance to prevent and control fraud and corruption and recommends that a unit of the internal audit office may be dedicated to implement control activities against corruption and fraud, both within the institution and in coordination with entities external to the institution. The following mechanisms may be established:

- a tamper-proof system of member identification
- checks and balances at key points in the collection and benefit payment processes
- simplified and documented procedures to minimise areas of staff discretion
- automation of the collection process as well as of the benefit distribution process to minimise human intervention
- publicity of payment procedures to increase the vigilance of paying members against fraudulent practices
- regular statements of account sent to members/beneficiaries to verify the correctness of their contribution records and of their benefit entitlements
- prosecution of entities who engage in fraudulent activities
- enforcement of compliance through strengthened inspection
- cross-checking of contribution records with data from other authorities
- reconciliation of bank accounts in charge of benefits payments, regarding resources received from the social security institution and payments made
- regular verification of the prevalence of the beneficiary's condition on which the benefit entitlement is based
- access to an ombudsman or a similar authority to assist members and beneficiaries in the filing and resolution of complaints against the institution

Guidelines on investment of social security funds

For the management of pension funds, ISSA has also developed specific guidelines to provide guidance to members in the implementation and monitoring of an appropriate investment policy, from setting up the appropriate structures and assigning responsibilities to the investment process itself. These guidelines are relevant to social security institutions that carry out investment management internally as well as for those who use the services of external managers.

The guidelines emphasise the critical importance of a continual monitoring process which includes assessing the appropriateness of investment strategies to take into account changes to the underlying liabilities, appropriate methods and assumptions to use in the valuation of assets, the monitoring of the performance of external managers and reporting and disclosure requirements. These guidelines can be accessed here.

3 EXAMPLES OF GOOD PRACTICES AND TOOLS

Institutional requirements for fighting fraud and corruption in social protection programmes

As already mentioned, in OECD countries, corruption in social security programmes is not perceived to be a major issue, due to a number of factors (Van Stolk and Tesliuc 2010):

- clear and transparent eligibility criteria
- separation between assessment and payment functions

- separation between processing/decision making and investigations or review functions
- integrity of the system of processing payments
- staff training and management
- investigators/reviewers not assigned cases where familiarity is suspected
- strength and independence of internal audits

The social security institutions also need to have sufficient administrative capacity to prevent and detect fraud and corruption. Administration needs to have the right number of trained staff and make adequate office, equipment and IT capacity available to effectively manage and control fraud and corruption challenges. Result-based management can also incentivise managers to address fraud and corruption risks (Van Stolk and Tesliuc 2010).

Tools to control error, fraud and corruption in social security systems

A number of measures and tools are available to control error, fraud and corruption in social protection programmes. A comprehensive strategy to combat error, fraud and corruption usually consist of three elements: prevention, detection and deterrence.

Prevention

Prevention typically consists of five categories of initiative: 1) consideration of error, fraud and corruption at the programme design and each stage of programme implementation; 2) ensuring that payments of benefits is as secure as possible, preferably by making direct payments to the claimant; 3) ensuring that appropriate administrative procedures and capacity are in place; 4) checks undertaken at the outset of the claim and; 5) awareness raising and education. Many countries have tightened control at the outset as fraud tends to be more difficult to identify when the claim has been processed (Van Stolk and Tesliuc 2010).

Information campaigns and training in Canada

In Canada, information sessions are organised with groups at high risk of committing benefit fraud to inform them of their rights, obligations and control measures. Canada also embarked on staff training and introduced result-based management. Through these measures, Canada claims to have reduced the prevalence of fraud and error in certain high-risk groups (RAND 2006).

Cost-effectiveness analysis of control measures in the Netherlands

In addition to information campaigns, the Netherlands requires claimants to sign a contract with their rights and obligations when claiming benefits. The Netherlands also conducted random surveys of claimants in 2000, 2002 and 2004 to understand the motivations behind fraudulent behaviour and the types of fraudulent behaviour associated with certain types of benefits to establish a risk profile and target control measures accordingly. In addition, the country also performs cost-benefit analyses of new control programmes to ensure that the savings induced by the controls outweigh the administrative costs (RAND 2006).

Spot checks or sample-based site monitoring in Colombia

Spot checks are a mechanism of supervision of operational procedures for programme implementation with the view to build capacity, investigate areas of concern and make recommendations to correct identified problems. The process consists of monitoring the application of procedures of the programme in different localities to check if operations and procedures work in practice, including reviewing procedures, manuals, organisational responsibilities, documentation, and so on. This approach was implemented in a conditional cash transfer programme in Colombia and included the review of various procedures, such as the inscription of eligible families, verification of fulfilment of conditionalities, payments, handling of change in beneficiary data, participation in education activities (World Bank 2011).

Detection

Detecting fraud and corruption can be done by generating information through telephone or online tip-offs from the public on fraudulent cases. Intelligence can also be provided by staff of the social security administration and data matching (Van Stolk and Tesliuc 2010). A number of governments have set up portals for citizens to report suspicions of fraud and abuse, employed investigators or trained task forces to detect fraud and error. Using publicly available information disseminated through social networks can also help detect and document cases of fraud (ISSA 2013).

Reviews of benefit claims

In addition, reviews of benefit claims can help detect cases of fraud or corruption. Reviews can be random, time-based – especially useful when the benefit has a time component – or risk-based, allowing the targeting of scarce resources on claims with the highest risk of fraud.

Data matching

Data matching consists of comparing personal data from two or more different sources in a search for anomalous conditions. Unique identifiers for claimants are also part of data matching strategies to allow analysts to more effectively match data on claimants from different databases. In France, for example, a number of measures have been launched in recent years to improve data management, develop a national database of customer records and use of national reference numbers to identify claimants across various benefit schemes and insurance funds (RAND 2006).

Hotline call centre in Argentina "head of household programme"

In Argentina, in a large scale workfare programme set up in the wake of the economic crisis, a complaint mechanism was established as a social accountability tool for citizens to report complaints, ineligible beneficiaries as well as provide information to beneficiaries on their rights and obligations. It is a cost free hotline manned by a call centre. A commission in Ministry of Labour was in charge of handling allegations of programme abuse or complaints. Criminal offences were referred to the federal prosecutor of the social security system (World Bank 2011).

Brazil's *Bolsa Familia* programme

To manage and mitigate fraud and corruption risks in a conditional cash transfer programme, the government established several mechanisms, including: 1) oversight and control by the supreme audit institution that conducts regular random sample operational audits (also known as quality control reviews); 2) the Ministry of Social Development's own controls including internal and external cross-checks of the registry, monitoring municipal implementation quality, and monitoring registry and payment operations by the operating agent using performance-based contract and financial penalties; 3) municipal controls with municipalities serving as the first point of contact for complaints and appeals; 4) centralised hotlines to handle enquiries from the public, beneficiaries and local programme managers (Van Stolk and Tesliuc 2010).

Deterrence

Several countries, such as the UK, Ireland and the United States, have strengthened sanctions and increased prosecution against fraudsters and corrupt individuals as a deterrent.

The UK and Australia also launched information campaigns aimed at alerting claimants to the risks of committing benefit fraud (Van Stolk and Tesliuc 2010).

Country examples

The UK experience with tackling errors and fraud

The UK is often referred to in the literature as a country that has been successful in controlling the prevalence of error, fraud and corruption, and managed to cut by half the level of fraud in social protection programmes. Since 1997, the UK engaged on a comprehensive's plan to reduce the level of fraud. The strategy was based on four underlying principles (World Bank 2011):

- getting it right: aiming at getting the benefit payments correct from the start
- keeping it right: ensuring that payments are adjusted as circumstances change
- putting it right: detecting wrong payments and taking prompt action to correct them, with appropriate penalties to prevent recurrence
- making sure the strategy works: monitoring progress

Based on these four principles, actions taken included:

Prevention: actions taken included tighter checks at the outset of a claim, direct payments to bank accounts rather than cheques, and the fraud-proofing of new policy and operational developments.

Detection: data matching on benefits and other data was introduced, gathering intelligence, conducting investigations, risk profiling, establishing a telephone hotline to report fraud and conducting joint operations with other agencies.

Deterrence: the sanctions for fraud were extended, Confiscation of assets was introduced, and measures to influence public attitudes taken, such as a public awareness campaign entitled “targeting the thieves”.

United States' approach to address fraud and corruption

As mentioned, in 2011, the USA uncovered evidence that an administrative law judge was conspiring with an attorney to grant favourable decisions to disability claimants who were potentially ineligible for benefits, while in 2013, a conspiracy involving third party facilitators and claimants submitting documentation that fabricated or exaggerated disabilities came to light in Puerto Rico.

To address such challenges, the social security administration took a number of measures, including among others (Office of the Inspector general Social Security Administration 2015):

- the establishment of fraud prevention units mandated to review, identify and handle suspicious disability claims
- the expansion of the Cooperative Disability Investigations to investigate fraud allegations focussing on third party facilitators, such as medical providers, claimant representatives engaging in fraudulent schemes
- strengthening oversight of judges involved in appeal processes, looking at allowance rates, review of evidence, use of medical and vocational experts, and so on
- development of predictive analytical tools to identify claims more likely to be fraudulent

In addition, the agency reinstituted the National Anti-Fraud Committee, expanded anti-fraud training to all employees and strengthened the administrative sanction process.

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