

# Risk profiling – Key instrument for planning inspections of social benefits assignments



**Presenter:**

**Alina Daşcov – Head of department for Inspection of Social Benefits**

**Social Inspectorate**

**2022**

# *SUMMARY:*

## 1. Social Inspectorate:

- mission, purpose and areas of responsibility;
- history;
- actions to increase the efficiency of inspection activities.

## 2. The process for constituting a risk profile:

- premises for developing risk profiles;
- the methodology applied for developing risk profiles;
- description of risk profiles.

## 3. The impact of risk profiling on the efficiency of the inspections

### Accronyms:

AS – Social Assistance Benefit “Ajutorul social”

APRA – Cold Weather Assistance

SI – Social Inspectorate

SIAAS – Information system “Social Assistance Benefit ”

Social Inspectorate (*est. 2011* ) is a public authority subordinated to the Ministry of Labor and Social Protection.

### **Mission**

- ▶ **inspecting the correct and uniform application of laws and other normative acts that regulate the granting of the social assistance benefit (AS), the cold weather assistance (APRA) and social services.**

### **Inspection areas**

- ▶ **Provision of social services;**
- ▶ **Provision of benefits:**
  - **Social assistance benefit**
  - **Cold weather assistance benefit**

The establishment of the Social Inspection was an important step in combating fraud and error, as well as in promoting the responsibility, correctness and transparency of decisions to grant social assistance.

## History: The impact of the inspection activity of social benefits in the first 3 years of activity of the Social Inspection

*The inspection process in the first years of activity was jeopardized by several factors that affected the achievement of performance indicators:*

- Lack of a methodology that would regulate the activities, procedures and techniques to be carried out in the process of inspecting social benefits;
- Planning inspection missions in the absence of an inspection strategy that would ensure the selection of cases with a high risk of fraud and error;
- Lack of an automated information system to support inspection processes;
- The lack of access of the employees of the Social Inspection to the databases that would facilitate the verification of the correctness of the data declared by the beneficiaries of social benefits;
- The involvement of the human factor in the process of calculating the levels of fraudulently and mistakenly provided benefits.

## **Actions carried out in order to make the activity of the Social Inspection more efficient**

**In order to develop tools to prevent, detect and deter fraud and error in the granting of AS and APRA, several actions were carried out with the support of the consulting services offered by the World Bank, such as:**

### **1. Development of the AS and APRA inspection methodology;**

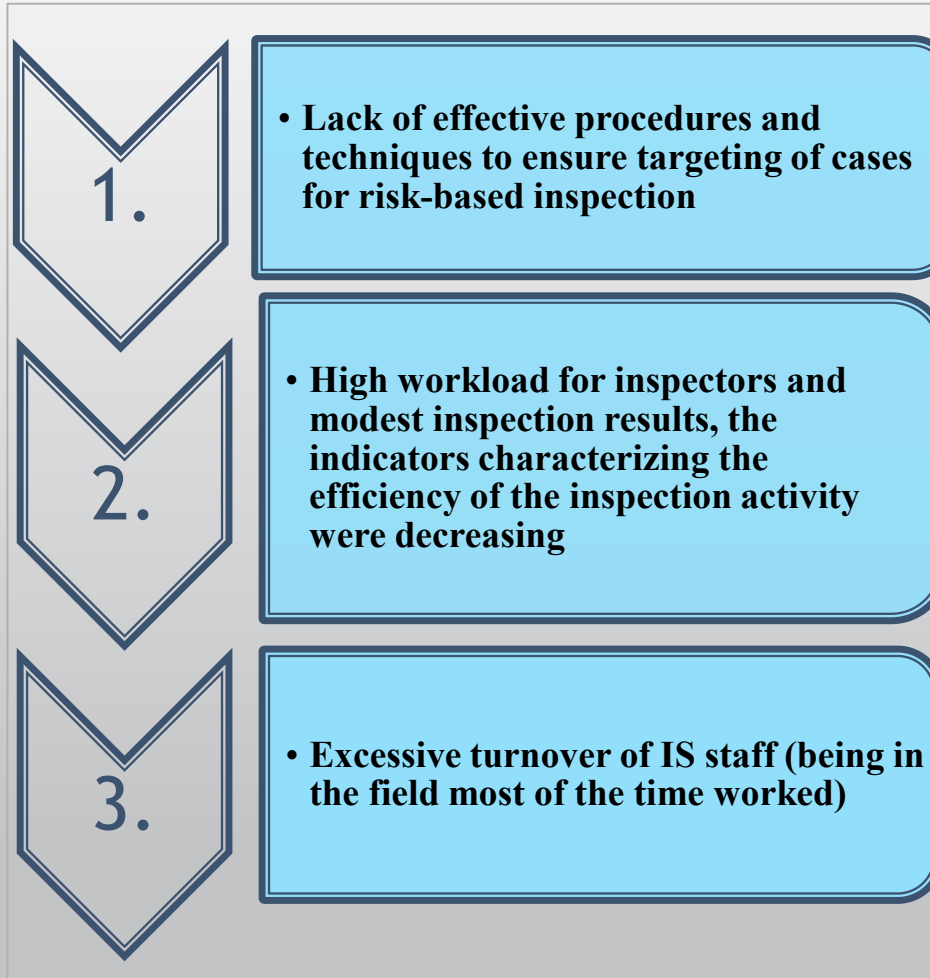
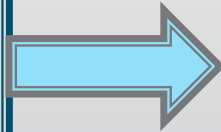
### **2. Implementation of the "Social Inspection" Module with the incorporation of functions related to the inspection of social benefits, which ensured:**

- Automated processing of data regarding the assessment of the legality of the granting of social benefits;
- Establishing and assessing the risks associated with the granting of social benefits with the establishment of inspection targets;
- Automating the reporting of the results of the inspections carried out;
- Communication with inspected entities through SIAAS;
- Automation of information flows provided by verified entities regarding the remediation of violations detected by IS.

### **3. Elaboration of the Risk Profile.**

## The process of establishing the risk profile

**Premises that formed the basis of the development of the Risk Profile:**



## The process of establishing the risk profile

### Actions taken to establish the risk profile

#### ► **What actions did we take in 2015 to establish the risk profile?**

##### **1. Form the statistical sample of cases selected for inspection:**

- ☐ 1138 applications for social assistance:
- ☐ Inspections carried out in all districts of the country;
- ☐ Selected 4 administrative units of the first level and the district centers;
- ☐ Randomly selected 6 applications from each territorial administrative unit, in total 30-31 applications per district.

##### **2. Samples collected and analyzed according to inspection procedures and techniques**

##### **3. Processed the data in the IS module (prepared individual inspection reports)**

### ► **What activities did we carry out in 2016 related to the development of the Risk Profile?**

**In 2016, the continuity of the activities related to establishing the risk profile was ensured, namely:**

1. Analysis of the results of the inspections carried out by IS in 2015 and the formation of the database by types of irregularities.
2. Analysis by WB experts of the SI database and irregularities database.
3. Elaboration of 2 risk profiles and their incorporation into SIAAS.
4. Defining the inspection targets according to the elaborated Risk Profile (selection of 846 AS and APRA applications)
5. Collecting inspection samples, processing them in SIAAS and drawing up individual inspection reports per case.
6. Generalization of inspection results.



## The process of establishing the risk profile

**In 2018, the inspectors carried out the entire process related to the establishment of risk profiles and their application in the AS and APRA inspection, being methodologically and practically supported by the consultants employed by the World Bank. In this process we can define 4 distinct steps taken by the Social Inspection:**

**Step 1**

- **Conducting an inspection campaign based on a simple random sample of 800 inspection cases**

**Step 2**

- **Analyzing the results of the inspection campaign and preparing databases**

**Step 3**

- **Establishing the risk profile (based on the inspection campaign data)**

**Step 4**

- **Carrying out a new inspection campaign on a minimum sample of 300 cases, targeted based on risk profiles, with evaluation and reporting of its results**

## The process of establishing the risk profile



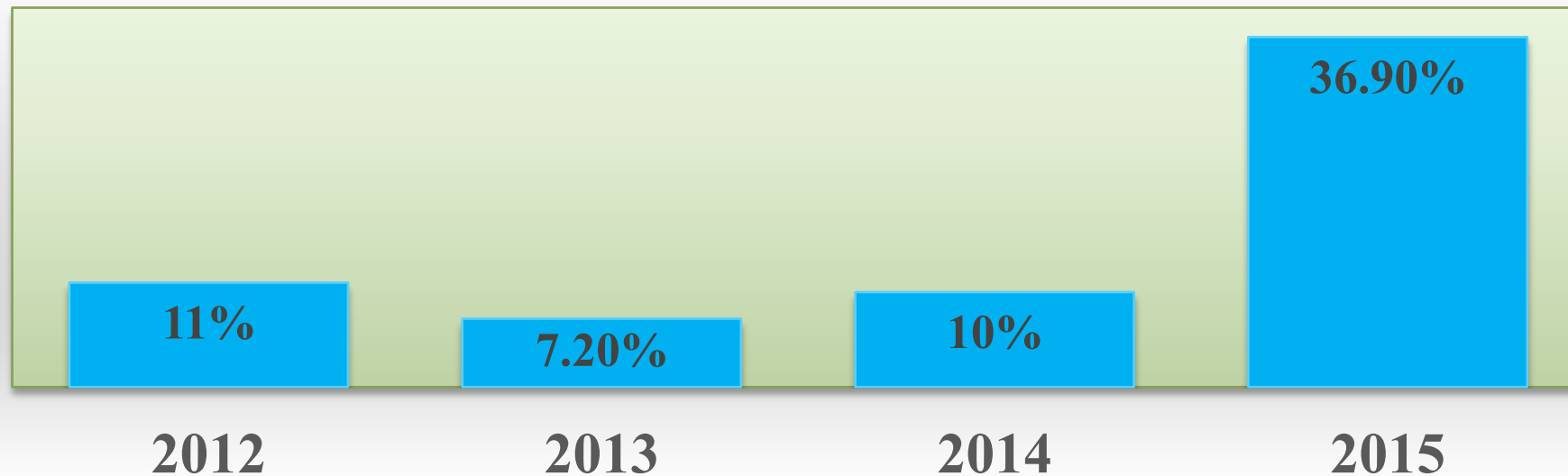
**Risk profiles  
applied by the  
Social  
Inspection  
when selecting  
cases for  
inspection:**

- **Profile no. 1 The risk profile consists of 6 risk criteria/variables** related to the characteristics of families receiving social aid and aid for the cold period of the year, including:
  - the family has at least one member abroad; the family has no other members than the applicant with employee status;
  - the family does not have in its composition member/members with employee status;
  - the family is composed of at least 5 or more members;
  - the case selected to include the payment of social aid and aid for the cold period of the year; the case is active (pending).
- **Profile no. 2 The risk profile, which is based on 6 risk criteria**, as follows:
  - the number of family members in logarithm depending on the probability of errors;
  - to the application for social aid and aid for the cold period of the year, at least 2 documents confirming the status of employee (employee) are attached;
  - the family includes member/ members with disabilities;
  - the family owns farm animals
  - the case selected to include the payment of social aid and aid for the cold period of the year; the case is active (pending).
- **Profile no. 3 The risk profile, which is based on 4 risk criteria:**
  - the family has at least one member abroad; the family income is less than 5000 lei;
  - the case selected to include the payment of social aid and aid for the cold period of the year;
  - the case is active (pending)

## The impact of the social benefits inspection activity following the application of the risk profile

Following the application of the risk profile, the indicators that characterize the inspection activity have increased significantly:

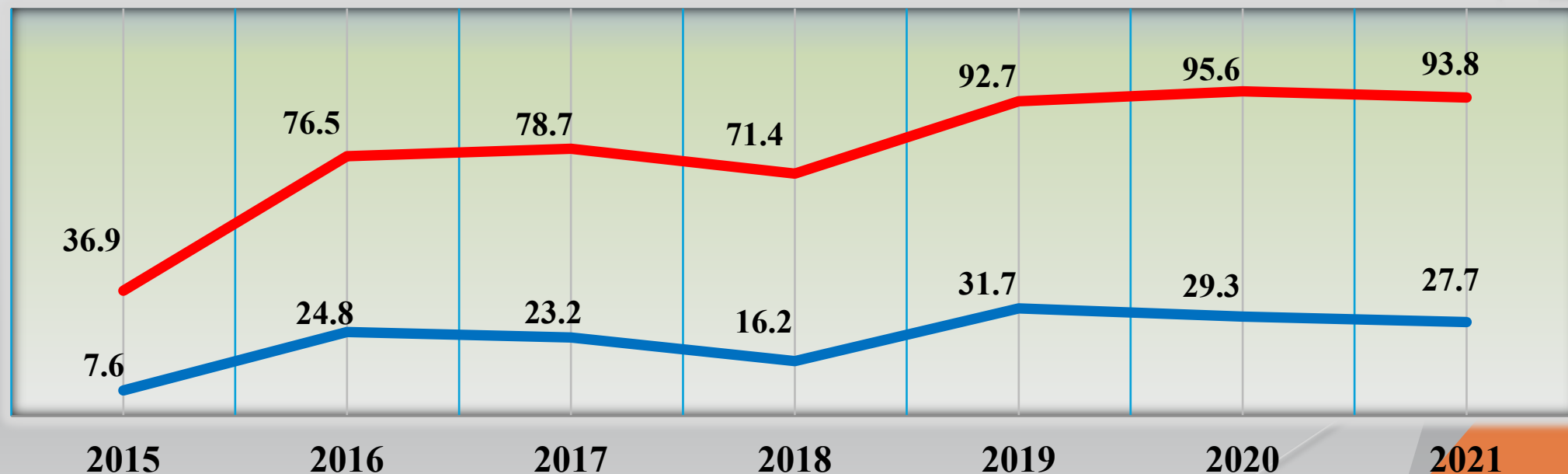
*Detection rate of irregularities associated with social benefits in the period 2012-2014*



## The impact of the social benefits inspection activity following the application of the risk profile

The analysis of the indicators characteristic of the inspection activity of the SA and APRA, resulting from the missions carried out between 2015 and 2021, shows the sustainability of the inspection tools used by the Social Inspection, including the application of the risk profile in targeting cases for inspection.

- Share of the sum of requests with irregularities in the total amount inspected
- Share of requests with irregularities in the total number of requests inspected



**The results of the application of the risk profile in the inspection activity of AS and APRA demonstrate a significant increase in the indicators characteristic of the inspection activity.**

The application of the Risk Profiles had a significant impact on increasing the specific indicators of inspection activities, a fact that also led to an increase in the efficiency of the Social Inspection's activity, **by performing cost-effective inspections.**

Thus, if following the inspection activities of social benefits based on the simple random sample (year 2018), for every lei spent from the budget, approximately - 1.11 lei of irregularities was identified, then based on the application of the risk profile, for every lei used – 4.5 lei irregularities was identified (year 2021).

Following the application of the risk profile, the performance of the inspection activity increased approximately 4 times.

**Thank you for your  
attention!**