



Audit of Financial Support for Welfare Services and its Management Conditions

Disclosed on September 27, 2017

1. Audit Background

From March 8 to April 18, 2017, the Board of Audit and Inspection of Korea (hereinafter referred to as the BAI) carried out an audit of the financial support for welfare services and its management conditions. The BAI audited three entities, including the Ministry of Health and Welfare (MOHW), with a focus on 1) whether determining eligibility for the beneficiaries was appropriate, 2) whether the control system of central administrative agencies were functioning properly, and 3) what the areas of improvement were in government policies to reduce blind spots in welfare services.

2. Audit Findings

2.1 Improper investigation on income of beneficiaries

The MOHW provides information related to the income, property, and employment status of the beneficiaries to the livelihood security agencies (local governments, such as -Si, -Gun, -Gu) twice a year for the agencies to verify the eligibility of the social security benefit recipients.

However, there is a gap of time between when the MOHW reports the above-mentioned information to the agencies to when the agencies decide on the eligibility of the social security benefits recipients. It was found that MOHW failed to deliver, in time, updated information to the livelihood security agencies on the employment status of the recipients, resulting in people fraudulently claiming that they were eligible to receive benefits, as they had become unemployed during the time gap of MOHW's delayed information delivery.

As a result, it was discovered that 14.3 billion KRW in benefits was disbursed from July 2015 to June 2016 to 23,937 ineligible beneficiaries who had maintained their eligibility through false claims.

2.2 Insufficient information provided for vulnerable persons eligible to receive social security benefits

The MOHW identifies and supports social security benefits recipients by using information, such as households that have lost access to water and electricity due to unpaid bills, in an

effort to track and inform those who may be unaware of their potential eligibility to collect welfare benefits.

However, the Ministry did not properly make use of the information in the social security information system, demonstrating that the efforts were not sufficient in removing blind spots for the vulnerable, as it was discovered that an estimated 750 thousand (19.6%) of 3.85 million people, who were actually eligible to receive social security benefits, had been excluded.

3. Recommendations

The BAI recommended the Minister of MOHW to prepare measures to verify the claims of eligibility by providing additional updated information to the livelihood security agencies.

The BAI also recommended the MOHW to provide a list of those unaware and may be entitled to receive social security benefits to the livelihood security agencies so that the agencies can guide the eligible candidates to apply for the social welfare programs.