

CLP Voucher Schemes: Reducing the risk of fraud

Summary:

The CLP operates six voucher schemes:

- Cattle vaccination and deworming
- Artificial insemination (AI) of cattle
- Feed concentrate for AI calves
- Poultry vaccination and deworming
- Feed concentrate for poultry
- Primary Health Care and Family Planning vouchers

CLP core participants (CPs) receive vouchers in exchange for services and / or inputs. In the case of the health voucher scheme for example, core participants receive vouchers valued at Tk 1,002 (GBP 8.14; \$13.18) in exchange for medicines, other health commodities and contraceptives from paramedics and char health workers.

Many organisations and hundreds of staff are responsible for managing and implementing CLP's voucher schemes. The risk of fraud is significant.

The CLP has been operating voucher schemes on the *chars* for several years and has developed systems, procedures and assurance measures to mitigate fraud risks. The Programme does however recognise that systems can be compromised and new risks can emerge. The Programme therefore organised a one-day workshop in Bogra on 30th September '14 to review fraud risks and mitigation measures associated with the voucher schemes.

Staff from the IMO's, District Offices and Secretariat attended. The workshop was an important exercise in reinforcing awareness of the risk of fraud for all staff (IMO, District and Secretariat). The workshop also helped to identify new potential risks.

Background



A CLP participant exchanges a voucher for services provided by a Livestock Services Provider.

The Chars Livelihoods Programme (CLP) operates six voucher schemes. This is where programme core participants (CPs) receive vouchers which represent money that can be exchanged for services and inputs from CLP service providers such as paramedics.

CLP has many years of experience managing voucher schemes and has systems, procedures and assurance measures in place to counter the risk of fraud. Systems can, however, be ignored or poorly implemented.

On 30 September 2014 CLP held a workshop in Bogra with staff responsible for implementing and managing the voucher schemes. The objective was to revisit the risks associated with the voucher schemes, identify weaknesses in the system and consider countermeasures.

CLP's voucher schemes

CLP uses voucher schemes for the following reasons:

- To promote the use of a service / or inputs on offer e.g. health advice and contraceptives
- To increase livestock production and income, thereby strengthening the livelihoods of the extreme poor
- If money was provided instead of vouchers the recipients could possibly spend some or all of the money on other items
- There is relatively less fraud risk involved with voucher schemes compared to the direct transfer of cash.

The six voucher schemes are outlined in the following table:

Voucher scheme	Who receives?	Value of vouchers received
Primary Health Care and Family Planning	All Core Participant Households (CPHHs)	Tk 1,002 in two separate instalments (GBP 8.14; \$ 13.18)
Cattle vaccination and de-worming	All CPHHs that have purchased cattle as an IGA	Tk 445 through 18 vouchers of varying value (GBP 3.61; \$ 5.85)
Artificial insemination (AI) of cattle	30% of CPHHs	Tk 350 through 1 voucher (GBP 2.84; \$ 4.60)
Concentrate feed for AI calves	10% of CPHHs	Tk 750 through 3 vouchers of varying value (GBP 6.09; \$ 9.86)
Poultry vaccination and de-worming	75% of CPHHs	Tk 250 through 45 vouchers of varying value (GBP 2.21; \$ 3.28)
Concentrate feed for poultry	75% of CPHHs	Taka 650 through 13 vouchers of varying value (GBP 5.28; \$ 8.55)

How do CLP's voucher schemes actually work? Each one is different, but the table below uses the health voucher to illustrate the key steps involved, from the identification of eligible households through to the voucher's encashment.

Step	Description
1	The IMO prepares a final list of CPs and sends it to CLP Secretariat (Human Development Unit) after verification
2	The HDU prints voucher books and sends them to the IMO
3	The IMO writes each CP's identity number on each voucher and distributes to CPs. CPs receive training on how to use the vouchers beforehand.
4	Paramedics and Char health workers (<i>Char Shastya Karmis</i> - CSKs) provide services to CPs in return for vouchers
5	Paramedics and CSKs submit their vouchers to IMO's Documentation and Finance Assistant (DFA). After checking, the DFA enters both the Paramedic's and the CSK's prescriptions onto an Online Management Information System (OMIS)
6	DFA submits the vouchers to IMO's Accounts and Finance Section for cross-checking and verification. Once satisfied, accounts/finance process and pay the profit amount to CSKs
7	Real-time monitoring is done by Partners in Health and Development (PHD) (Specialist Service Provider to CLP).

The risk of fraud

The Programme operates the voucher schemes through many partners and with hundreds of staff. There is a risk of fraud but CLP recognises this and has developed systems, procedures and assurance measures to reduce the risk.

Some examples of the risk of fraud possible are shown in the table of below:

Fraud risk	Mitigation measures
Service provider demands more vouchers from CPHHs than required	CLP staff such as the Livestock Officers attend pre-arranged events e.g. vaccination and de-worming camps. These staff check that the correct procedures are being followed and the correct number of vouchers are being transferred.
In the case of AI vouchers, after natural insemination, AI vouchers are still collected by the AI technician and encashed	CLP Livestock Officers cross- check documents provided by the AI technician to prove AI took place with entries made in the CPHH passbook.
CPHHs sell their vouchers to relatives or neighbours	Every service that a CPHH receives is recorded in their own passbook. Each month, an independent company verifies the quality and quantity of services received by CPHHs and records contained in the pass books.
Service provider offers low(er) quality inputs in exchange for vouchers	IMO and CLP staff check the quality of inputs/ services received by the CPHH and provided by the supplier.

The workshop and its findings

To enhance CLPs learning, understanding and management of the fraud risks of the six voucher schemes, the workshop had the specific objectives to:

- identify strengths and potential new risks / weaknesses within the voucher schemes;
- identify solutions to any weaknesses found;
- reinforce to staff the risks associated with the voucher schemes (and how to reduce these risks).

Staff (from the IMOs, Districts and the Secretariat) responsible for managing and implementing the voucher schemes attended. With 97 attendees the discussions were rich.

After initial presentations about the voucher schemes, participants were formed into six



Staff responsible for managing and implementing voucher schemes discuss fraud risks and solutions.

groups, one for each scheme. Each group used their field experience to identify weaknesses, risk areas, and mitigation strategies or actions.

The workshop proved to be extremely useful. It helped to reinforce awareness of the risk of fraud for all staff. It also helped to identify potential new risks, for example:

- Poultry vaccinators could “extract” vouchers from CPHHs without providing a service;
- CPHHs could sell their vouchers to Poultry Vaccinators at below their value which could then be encashed at their full value
- IMO staff may print false vouchers.

The next steps

The findings of the workshop have been shared with all relevant staff. More importantly, for the voucher schemes which they manage, Unit Managers and their Coordinators have now been tasked with:

- putting in place measures to counter the risk of newly identified fraud risks; and
- exploring ways to tighten up the existing risk mitigation measures.

If you wish to learn more about the CLP, the voucher schemes or the workshop please send an email to the following address: info@clp-bangladesh.org