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FRAUD AND ERROR REPORT

ESTONIAN VOUCHER PROGRAM

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FRAUD AND ERROR REPORT
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I. Executive Summary

1. Introduction

This report on fraud and error in the Estonian voucher scheme is the result of a study undertaken by the Deloitte & Touche privatization team in Estonia, funded by USAID, during the period 22 March to 23 April, 1993. The findings of the study, and the analysis of threats and counter-measures to the voucher scheme, are based on interviews with Estonian officials during that period. In addition to the interviews, this report builds on the "Implementation Assessment" study undertaken by the team during February and early March. That study involved an even broader series of interviews with Estonian officials, during which the subject of fraud and error were frequently discussed.

At the time of this study, only two sets of laws regarding vouchers had actually been passed by Parliament, signed by the President, and put into practice. One set consisted of Decrees 225 and 226 of August 5, 1992. These defined the Popular Capital Vouchers and specified how they were to be credited and used; and it provided one use for them, namely housing privatization. At the time of this report, a new law modifying Decrees 225 and 226 had been passed by Parliament but had not yet been signed by the President.

The second law about vouchers that already exists is the Agricultural Implementation Decree of March 25, 1992. That law defines the vouchers for workers on State and Collective farms, how they are calculated and how they are used. Up to now, the implementation of these agricultural vouchers has been strictly local, and they have not been included in the Automated Voucher System. Therefore this present study does not address them.

Other laws were being prepared at the time of this report. The new laws are planned to define a new type of voucher, for compensation of restitution claims, and new uses for both Popular Capital Vouchers and Compensation vouchers. Under the new plan, the vouchers will also be used for buying shares in privatized enterprises, for buying shares in investment funds, and for buying compensation securities issued by the government. Since these new vouchers and uses for vouchers are not yet defined in law, this study does not address them either.

This study focused on two main areas: first, identifying threats to the voucher scheme, that is, potential sources of fraud or error; and second, suggesting counter-measures that might minimize the threats.

It is normal in any computerized administrative system that a study of fraud and error should be carried out, since all systems are subject to them. However, such a study is normally more intensive than this one, and is undertaken by a team of specialists with broader capabilities than the author of

this study. The team should be composed of Estonian officials with expertise in the use of the vouchers, and in auditing and accounting. A team with those broad-based views could unearth many more potential sources of cheating, and could suggest more and better ways to counter them.

It is important to note again that this is a normal, standard type of study, a type of study that should always be undertaken for large systems like this one. The fact that it is being undertaken in no way implies a special distrust of the system, or of any administrative officials, nor of the Estonian public. All systems may be defrauded, and it is simple prudence to look into the subject of fraud and try to find ways to prevent it. It is perfectly normal for a system to have weaker spots, where fraud is more likely; and it is better to be aware of them and take precautions against them than to ignore them.

2. Summary of Findings

There were a great many findings uncovered by this study, some important and some less so. They are listed in detail in the next chapter of this report. But they may be compressed and summarized into four main points, as follows:

First of all, there are sources of fraud at every step in the process of issuing and using the vouchers. This includes initial issue of the card; filling in the years worked; receiving vouchers as a gift; inheriting vouchers; and using the vouchers to buy a housing unit. If agricultural vouchers and compensation vouchers are added to the system, and new uses for the vouchers, those additions will certainly add new possibilities for fraud and error. And as other major changes are made to the system -- for example, bringing the Savings Banks into the administration of the vouchers -- these changes, too, will mean new sources of fraud and error.

Second, it was found that the greatest opportunities for fraud in the system exist in the calculation and crediting of vouchers to an individual. There are many ways in which a dishonest individual can fraudulently or erroneously receive credit for more vouchers than he or she is really entitled to. They range from bribing or tricking a personnel officer to certify extra years of work; all the way to simply forging the certification signature and seal.

These frauds in calculating and crediting vouchers are particularly hard to detect, because local officials cannot take the time to check back to every personnel officer, or look carefully for all the documentation the personnel officer relied on. In some cases, the only way to detect such fraud will be an audit of the individual voucher card, in which the auditor goes back to the enterprise and actually checks the card against the individual's grey work booklet.

A third finding was that the present decentralized administration of vouchers makes it easier to defraud than a more centralized system. Right now, local officials issue vouchers and sell apartments based on their local information. This makes it easy for a dishonest individual to receive a voucher card from two different districts, get duplicate vouchers credited, and buy two apartments with them. Even if the fraud is later detected when the data is consolidated at the central register in the Estonian State Computing Center (ESCC), it may be too late to do much about it.

A fourth important finding was that the voucher system unfortunately will not be able to rely yet on the National Register of personal identification numbers as part of the countermeasures against fraud. If every individual did have a unique personal identification number, it would make it possible to control the system and detect some types of duplication and fraud quite easily. However, it was found that only a minority of Estonians have yet received their identification numbers, and new ones are being issued quite slowly. As a result, it will be a year or more before enough Estonians have numbers to do any good, and then it will probably be too late.

3. Summary of Threats and Counter-Measures

The study identified a great many threats to the system, ways in which dishonest persons could attempt to cheat it. It is hard to summarize the threats, each one of which is quite specific, and really needs its own explanation to be clear. Furthermore, a good team of analysts with broader expertise could doubtless think of more. And a really clever thief may be able to devise still more and better threats than even the best team of administrative specialists. However, following is a list of seven common types of threats which need to be guarded against:

- Duplicate voucher cards. A person receives two cards, and gets credit for years worked on both. Or s/he receives agricultural vouchers and Popular Capital Vouchers for the same work years.
- Credit for too many years of work. A person has more work years entered on his or her voucher card than s/he is entitled to, through any of several kinds of fraud or error.
- Credit for too many years of child rearing. A person receives credit for raising children s/he did not in fact raise, through any of several kinds of fraud or error.
- False inheritance. A person, by one of several kinds of fraud, gets credit for the vouchers of a deceased person, whose vouchers he or she is not properly entitled to.

- Illegal sale. A person sells his or her vouchers to a non-relative, and gets the transfer credited by fraud.
- Using vouchers twice. A person uses the same vouchers twice to buy two different properties.

This summary of threats gives some idea of the range of possible frauds against the present system. Against these threats, five possible counter-measures have been devised. Again, the proper group of Estonian specialists, with user and auditing expertise, could doubtless think of more and better possible counter-measures. These are merely presented as a first listing of possibilities, and many more should be added to the list by future studies. The five counter-measures are:

- Centralize the voucher administer. This means not merely keeping a central register, but requiring local offices to check the central register before completing a transaction.
- Add a sub-program to the Automated Voucher System to check if a person's claim for vouchers is reasonable. This would flag exorbitant voucher claims before they are entered into the computer data base.
- Check the computerized data base regularly for duplicate names. The computer program itself can detect exact duplicates, but not duplicates where the name or date of birth varies slightly.
- Define fraud against the voucher scheme, and impose penalties for it. This would require an act of Parliament.
- Audit the entire voucher system from time to time. This means checking not only the computerized program and data base, but the manual parts of the system, and the sources of information.

Each of these counter-measures may be useful in preventing or detecting several of the threats. In the body of this report, Chapter III, a matrix is presented to show which counter-measures address which threats.

4. Conclusions and Recommendations

The Estonian voucher scheme, like all large, complicated administrative systems, is vulnerable to many kinds of fraud and error. This study has identified some of these threats, and suggests a variety of counter-measures which might be taken to detect, prevent and correct the frauds and errors.

However, this can only be considered a pilot study for the voucher scheme. It cannot be complete and final for two reasons: first, the author lacks the user knowledge and auditing

expertise needed to make a complete study. Second, there will be important changes to the system in the near future which will create new opportunities for fraud and error.

It is therefore the first recommendation of this report that a group should be assembled to undertake a more complete study of fraud and error in vouchers. Such a group could doubtless recommend some good new counter-measures.

In spite of the fact that this is only a pilot study, a number of valuable counter-measures have been identified here. It is the second recommendation of this report that these counter-measures should be carefully considered and adopted to counteract the threats that have been identified.

II. Findings

The findings in this report largely consist of a listing of sources of fraud and error in the voucher scheme. As such, it may appear that the findings are criticisms of the planners and administrators of the scheme; that Estonian officials have made mistakes, are not to be trusted, and can be expected to cheat.

But on the contrary, the officials interviewed for this study all seemed to be honest and conscientious, and sincerely interested in preventing fraud. These findings are merely meant to identify the weakest points in the voucher scheme, points where it is worth putting in effort to prevent fraud or error. This list of findings in no way presumes that officials, or the general public, intend to cheat the system; it merely identifies points where a dishonest person might find it relatively easy to do so.

The main findings of the study are the following:

1. There are three major steps in voucher administration: issuing the card; filling in years worked; and using the vouchers to buy a housing unit. Under existing procedures, the easiest step for cheating, the most likely place for fraud, is the second step, filling in years worked.

2. Certain types of enterprises may be particularly prone to filling in years worked incorrectly. Several sources mentioned that military offices might be particularly willing to provide certificates valid for vouchers based simply on the individual's say-so. For example, they might certify that a military unit was stationed in Estonia during years when it actually was in Russia (vouchers are only credited for years worked in Estonia, not in Russia).

3. Small private enterprises are less directly controlled by government officials. Therefore, they might also be prone to fill in more years than an individual is entitled to, due to ignorance or cheating.

4. One particular type of individual will find it especially easy to falsely claim extra vouchers on the card: the enterprise personnel officers themselves, who presumably fill in their own cards. Since there are over 40,000 registered enterprises, there could be 40,000 individuals who fill in their own cards, with no one to check them.

5. It is possible, and perhaps even easy, to forge a personnel officer's signature and an enterprise seal on the section of the voucher card where years worked are filled in. Thus, a dishonest individual could fill in his own card with however many years he wants, and then forge a signature for authorization.

6. It is also possible to cheat at the first step, in issuing the card. There are several ways to do this: it might be possible to get two cards from one housing office by going on different days to different clerks. Such situations have already been discovered by chance in some housing offices.

7. Another way to receive two cards is less likely to be discovered. Some people have two apartments, in two different districts; they could get one card from each of them.

8. Receiving two different cards would not in itself make it possible to cheat; but in combination with fraud in filling in years worked, and in using the cards, it would make it possible to defraud the system. For example, a pensioner might be both collecting a pension and working at a new job. If he could get two cards, he might be able to have one filled in with years worked at the pension office, the other filled in with duplicate years worked at the enterprise personnel office where he works. He could then use one card to buy his apartment, and save the vouchers on the other for future uses.

9. Since vouchers are not yet being widely used for buying housing units, the possibilities for fraud at this stage are not entirely clear yet.

10. At the present time it is planned that the purchase of a housing unit will take place at the local level based on locally available information. This means that a completed voucher card will be sufficient evidence for finalizing a sales contract, without any reference to the central data base in the Estonian State Computing Center (ESCC). This fact makes it possible, if one has received voucher cards from two different locations, to use them separately without any possibility of catching the duplication until after the event. If the duplication is detected at the central data base, it might be months later, by which time it might be too late to correct the duplication.

11. Another feature of the voucher scheme is that if a person with vouchers dies, his or her children or other heirs inherit the vouchers. There are possibilities of fraud in this area, too. For example, one child might claim his parents' vouchers at one housing office, another child might claim them elsewhere, resulting in duplicate vouchers.

12. People receive vouchers for raising children and taking care of the elderly as well as years worked. There can be fraud or error in this area, too. For example, it is the mother who normally receives the vouchers for raising children. But it is possible that she was divorced, and her husband actually raised them. In this case, he can claim credit for the children; but it is likely that she could claim them as well, and the duplication would go undetected. Fraud in claiming vouchers for the care of the disabled or elderly is probably even easier.

13. It may be easy, too, to claim vouchers for raising more children than one actually has.

14. The introduction of compensation vouchers, and new uses for vouchers (for buying shares of privatized enterprises, compensation bonds, etc.) will mean new possibilities for fraud and error. It is impossible to analyze these possibilities yet, because the new schemes are not yet finally defined.

15. Penalties for fraud against the voucher scheme are either ill-defined or non-existent. It is not clear whether a person who was detected in cheating the system could be prosecuted and punished for doing so.

16. Some respondents expressed hope that the national identification number in the new Estonian passports will provide a unique personal identification that will help control fraud and error in the voucher scheme. But only about 20% of Estonians have received their passport numbers. And under present procedures only 3,000-4,000 new ones can be issued per day. So it will take more than a year before enough people have passport numbers to make this a worthwhile check on fraud and error -- probably too late to do any good. Furthermore, pensioners are least likely to take out new passports, yet pensioners will get the most vouchers.

17. A particular source of error in the voucher program lies in transliteration from names spelled with Cyrillic characters into Latin characters. The same name could be transliterated in several different ways, e.g. Ivanov and Ivanoff, possibly resulting in duplicate entries or errors.

18. Even Estonian names, spelled with Latin characters, may be spelled in several different ways. A person present at one interview mentioned that she spelled her name "Vörk" while her husband spelled his name "Work". This too could lead to error or perhaps some kind of fraud.

19. Many of the people who administer the Popular Capital Vouchers scheme believe that the Automated Voucher System computer program will prevent cheating and fraud. For example, they believe that the computer program will not allow the same person to be entered into the data base twice. This is true if the spelling of the name, the date of living in Estonia, and the date of birth are exactly the same on both cards. But if there is even one letter different in the spelling of the name, or a slight difference in dates, the program will not catch the duplicate.

20. Many people also assume that the computer program checks if the number of vouchers claimed is reasonable, for example they think it would prevent a 20-year-old man from claiming 50 vouchers. But the present version of the program does not check for reasonableness, although it could be changed to do so.

21. People not experienced in large computer programs may also imagine that there may be some other protection against fraud built into the computer system. In fact, various kinds of fraud detection and prevention can be built into the computer program, but they must be planned and implemented thoughtfully and carefully. Computer experts alone cannot build sufficient safeguards.

III. Specific Threats and Recommended Counter-measures

This section of the report presents in as much detail as possible the threats to the voucher scheme that were identified during the study, and suggests some possible counter-measures.

A threat is any event that will result in a loss or erroneous cost to the system. It can be deliberate or accidental, caused by human or machine action, and it can arise from a myriad of different sources.

A counter-measure is any type of control that can help to deal with a threat. It can be a manual procedure or a computer sub-program. It can be designed to prevent a threat, detect a threat, or correct a threat. Some counter-measures might be useful against several threats.

In the following pages, threats are listed first, then counter-measures. Afterwards a matrix is presented, where threats are listed down the side, and counter-measures are across the top. The matrix is explained later.

The following list of threats and counter-measures is emphatically not complete and final. To make a thorough analysis of threats and counter-measures requires the work of a complete team; a team that includes specialists from at least three different organizations: data-processing; the user; and some auditing organization. For example, for the voucher scheme, the team members could be from the ESCC; the Department of State Property and National Housing Board; and the government inspector general or an outside accounting firm. The author of this report only brings data-processing expertise to the task, not the user's knowledge, nor the auditor's expertise.

1. Threats

- a. A person receives two vouchers card, either from two different issuing offices, or at different times from the same office. Both cards get filled in with years worked, then the person has duplicate vouchers.
- b. A person who has worked on a collective farm claims agriculture vouchers; and then claims popular capital vouchers for the same time period without canceling the agricultural vouchers. He or she then has two kinds of vouchers for the same work period.
- c. A person goes to his or her personnel officer, who is a personal friend, and persuades the officer to certify extra years on his or her voucher card.
- d. A person fills in his or her own voucher card, puts down more years or more children than s/he is entitled

to, and then forges the signature of a personnel officer and the seal of an enterprise.

e. A personnel officer of an enterprise fills out his or her own card; and gives him- or herself credit for years of work when s/he was outside Estonia, and for raising extra children.

f. A person falsely claims that s/he is older than s/he really is, and worked more years. Based on this claim, more vouchers are given than the person is entitled to.

g. A person falsely claims to be heir to some recently deceased person, and claims the dead person's vouchers. The responsible office erroneously accepts the claim and gives the person credit for the vouchers.

h. Several brothers and sisters each claim to be sole heir to their deceased parent, each at a different housing office. Each one gets credit for all of the parent's vouchers.

i. A person who lived outside Estonia during a certain period claims to have lived and worked in Estonia during the period, and gets vouchers for those years.

j. A person sells his or her vouchers to another person, and then pretends they are related to each other so that the transfer will be allowed.

k. Both a husband and wife on their separate forms claim credit for raising their children or taking care of a disabled parent. Because they are divorced and live in different areas, they both get vouchers for the children or elderly person.

l. A person with two cards uses one to buy an apartment in Tallinn, the other to buy an apartment in Tartu. Both sales are notarized and registered. Months later, the two transactions are finally entered into the central Automated Voucher System, and the duplication is discovered. The person still officially owns both apartments.

m. A person has two voucher cards, one with his name spelled "Ivanov", the other with the name spelled "Ivanoff". He uses one card to buy an apartment in Tartu, the other to buy an apartment in Tallinn. When the transactions go into the central Automated Voucher System, the duplication is not discovered because the names are spelled differently.

n. A person with vouchers uses them first to purchase his or her housing unit. The officer making the sale, through ignorance, gives the voucher card back to the person. Then s/he uses the same vouchers again to pur-

chase compensation bonds, shares in a fund or some other investment.

2. Countermeasures

a. Under present procedures, vouchers are issued and used at the local level. The central computer program merely registers what has already happened at local levels. This makes it impossible to apply uniform controls over the whole system. In particular, it allows a person to get and use vouchers in two different locations.

The counter-measure to this is to centralize the vouchers to a certain extent. Do not allow any use of vouchers, whether purchase of housing or other uses, until the central Automated Voucher System at the ESCC accepts the transaction. This will allow many other checks and controls to be installed at the central registry.

This counter-measure will add time to transactions; they cannot be completed until the ESCC acts. And it will require extra personnel at the ESCC to administer. But it will be the best possible way to control the system and prevent fraud and error.

It may help to think of the vouchers as something like money, and the voucher system as a whole as a sort of bank. The bank accepts checks for deposit, but only gives the customers credit for them when the checks clear. And the customer cannot withdraw cash until some central data base verifies that he does legitimately have money in his account.

Likewise, people should not get credit for vouchers until the validity of the vouchers can be checked, which can only be done at the central data base. And they should not be allowed to use their vouchers until the central data base verifies that they are legitimate.

Note that this countermeasure does not require a data communications link between ESCC and local offices. The request for a transaction from the local office, and ESCC's approval, can be transmitted just as easily by mail or messenger as by telecommunications, albeit more slowly.

b. Change the Automated Voucher System computer program so that it estimates the maximum number of vouchers possible for an individual. One formula for such a check would be to multiple the number of children by five, and add the person's age minus 15. For a person 30 years old with one child, this formula would calculate that the person ought to receive a maximum of 20 vouchers.

If the person claims more vouchers than the formula calculates, then a clerk should check the voucher card care-

fully to see why. In some cases, it would be legitimate, in others the clerk would discover error or fraud.

The formula and the clerical checking could be applied both at the local level, and again at the ESCC. The vouchers should not be entered into the system, nor should they be allowed to be used, until they pass the test.

c. The Automated Voucher System computer program already compares names being entered into it with those already in the data base, and flags them before accepting them. But it cannot catch all duplications because of variations in spelling and dates.

Therefore, there should be manual, human checks of the data base from time to time. A complete list of all names, and corresponding birth dates, should be printed out for a trained person to go through. A human will be able to find duplicates that the computer cannot.

d. Parliament should pass a law specifically forbidding fraud against the voucher scheme, and providing penalties for such fraud. While this will not detect or correct frauds, it should serve to prevent them from occurring in the first place, by discouraging dishonest persons from taking advantage of the system.

e. There should be a periodic audit of the entire voucher system, especially spot checks of input documents such as filled-in yellow cards. Trained clerks could detect some obvious fraud during an audit, and might spot some patterns of abuse.

An audit can be designed to detect almost any threat to the system, including all those mentioned above. If it is conscientiously carried out, the extent of cheating to the system should be reduced. In addition, audits may discover patterns of fraud, or unforeseen types of fraud. This would help in the design of more counter-measures.

3. Matrix

In the matrix on the next page, the threats are listed down the left side, while the counter-measures are listed across the top. Because of space limitations, the counter-measures are listed only by their letters. The meaning of the letters is listed below the matrix. For example, "d" means passing a law against fraud in the voucher system. See the section above for a complete description of each counter-measure that goes with each letter.

An "X" in the matrix identifies a counter-measure which is helpful against a particular threat. All the threats have counter-measures against them, but this should not be grounds for complacency, because a counter-measure may not be a com-

plete response to the threat. The threats whose only counter-measures are "d" and "e" are particularly worrisome. This is because counter-measure "d" is only preventative, and may be feeble at that. Counter-measure "e" is potentially very powerful, and in principle could detect any fraud or error. But it may be excessively expensive to do audits on a large scale.

THREATS	COUNTERMEASURES				
	a	b	c	d	e
a. Duplicate cards	x		x	x	x
b. Duplicate agricultural & popular capital vouchers	x			x	x
c. Personnel officer adds extra years		x		x	x
d. Person forges signature and seal		x		x	x
e. Personnel officer fills out own card falsely		x		x	x
f. Person claims to be older, have more work years				x	x
g. Person falsely claims to be heir of deceased person	x			x	x
h. Brothers & sisters claim dead parent's vouchers	x			x	x
i. Person claims work in Estonia when really outside				x	x
j. Person sells vouchers to unrelated person				x	x
k. Husband & wife both claim vouchers for children	x	x		x	x
l. Buys two apartments, discovery later	x			x	x
m. Buys two apartments, name spelled differently	x			x	x
n. Buys both housing & shares with same vouchers	x			x	x

Key to counter-measures:

- a. = Check transactions at the central data base first
- b. = Have the computer program test voucher claims for reasonableness
- c. = Periodic manual checks for duplicates in data base
- d. = Forbid fraud against voucher scheme, impose penalties
- e. = Periodic audits of entire voucher system

IV. Methodology

Housing privatization is the most visible aspect of the government of Estonia's overall privatization program. It is the aspect that affects the most people, and it thus has the most potential for giving the reform program either a good or a bad name. If it is perceived as unfair and discriminatory, it will give reform a bad name. If it is perceived as fair and well-administered, it will make reform and the new democratic government more acceptable to the public at large.

One of the things that could make the scheme seem unfair is if it is perceived as being prone to abuse and fraud, so that some people are seen as getting away with cheating the system. It is therefore clearly important to prevent fraud in the popular privatization program.

This study is meant to be a step in preventing fraud and error, by first identifying the sources of error, the threats; and then suggesting ways to overcome those sources of error, the counter-measures.

To identify the threats, and generate ideas for counter-measures, the author prepared a standard questionnaire to use as a framework for interviews with responsible officials. The questionnaire was translated into Estonian, and given to persons to be interviewed.

The questionnaire was designed not to elicit any particular preconceived details, but to serve as a stimulus to discussion. And in fact, the interviews were quite wide-ranging, and were not hemmed in by preconceptions.

The study also drew on information collected for the study entitled "Implementation Assessment", which was conducted just prior to this one. During that study, an even larger number of interviews were conducted, in a broader geographic range than these interviews. Many respondents in that study made suggestions which contributed to this study, both by suggesting areas for questioning and by giving insights into actual conditions in local offices.

It should be noted again that this study is only a pilot, and cannot be taken as a definitive work on fraud in the voucher scheme. This is because a definitive study requires a team with broader expertise and responsibility than the author; and because the voucher scheme will undergo important changes in the near future. Fraud is an important area to study, and the government of Estonia should undertake a complete study of it in the near future.

V. Conclusions & Recommendations

There will be some fraud and abuse of the voucher system during the privatization process, as well as much simple error. If these become too prevalent, they could threaten the whole process, and shake public confidence. It is impossible to avoid all fraud; but every effort should be made to minimize it.

There are so many possible sources of fraud and error, that a broad approach is needed to deal with it. This study recommends that a small group should be set up to consider the question and recommend actions. It should include three types of expertise: information systems; the user (that is, the voucher administrators); and auditing. Such a group might include representatives of the Department of State Property, the State Computing Center, the National Housing Office, local governments, and a governmental or private auditing firm.

A second recommendation is that the counter-measures discussed in this study should be carefully evaluated by the government of Estonia. They should be put into practice to prevent or detect the kinds of fraud and error that have already been identified by this study. The most important of the counter-measures would be to change the rules about buying property so that the central data base must be checked before a purchase can be final.

VI. Appendices:

Appendix A. List of Interviewees

Mrs. Tiiu Strauss
Project Manager
Estonian State Computing Center

Peeter K  uts
Project Manager
Statistical Information Center

Mrs. Liidia M  lder
Deputy Chairman
Housing Privatization Committee
Tallinn Property Board

Mrs. Rutt Lumi
Manager
Tallinn Pension Office

Ruslan Dontsov
Chairman of the Board
Estonian Savings Bank

Jaan Jaremtshuk
MIS Manager
Estonian Savings Bank

Mrs. Kaljuma  e
Head of Retail Operations
Estonian Savings Bank

Uku H  nni
Consultant
Ministry of Finance

August Koppel
Manager
Oisma  e Housing board

Mrs. Revjagin
Clerk
Oisma  e Housing Board

Endel Kaljusmaa
Economic Director
National Housing Board

Appendix B. Questionnaires Used in Interviews

QUESTIONS ABOUT FRAUD & ERROR

The following questions do not in any way reflect suspicion that any official is dishonest or incompetent. They are meant simply to identify possible future problems so that the problems may be prevented.

Please respond with your mind open to any possibility of fraud or error, even possibilities that might ordinarily seem absurd or far-fetched. Later in the study, we will take a more critical approach and eliminate unlikely and unrealistic possibilities. But for now we want to stimulate all sorts of ideas and thoughts about possible frauds and errors in the system.

Issuing the card

1. Exactly what officials issue cards? Housing office clerks and who else? (please mention especially those who may issue only a few cards)
2. How is it possible for an individual to get one card from one official, such as a housing officer, and another from one of the other officials issuing cards? Or even two cards from one official?
3. How many people have two or more apartments, in their own or their spouse or family's name, where they are registered with the housing office?

Filling in years worked

4. What officials fill in years worked? Enterprise personnel officers, pension officers, and who else? (please mention especially those who may fill in only a few cards)
5. How can a person get one card filled in by one official, another card filled in by a second official?
6. How can an individual get more years than they are entitled to added to the voucher card by a responsible official?
7. How can an individual get credit for more children than they actually have in order to claim extra vouchers?
8. Can signatures and seals of officials who fill in years worked be forged easily? How can such forgery be detected?

Buying a housing unit

9. What officials make the final contracts to buy a housing unit with vouchers?
10. How can such officials be deceived into selling the housing unit to someone who has fewer vouchers than they claim?

Errors

11. What kinds of errors can be, and have been, made in filling out voucher cards? (One error that is easy to make is mis-spelling names due to transcribing from Cyrillic to Latin alphabets.) Discuss.

General

12. What are the penalties at present for fraudulently obtaining or using vouchers and voucher cards?
13. Do present identification records -- Soviet passport, Estonian passport, and housing office records -- all include uniquely identifying information, that is both name and birth date or other distinguishing datum?
14. How many people have two or more passports? Is there any way that duplicate passports can be used to defraud the voucher program? How?

Suggestions for counter-measures

15. Please try to think of, and suggest, ways to prevent any of the possible frauds or errors in issuing cards.
16. Please try to think of, and suggest, ways to prevent any of the possible frauds or errors in filling in years worked.
17. Please try to think of, and suggest, ways to prevent any of the possible frauds or errors in buying a housing unit.
18. Please try to think of, and suggest, ways to prevent any other possible frauds or errors you can think of.

Questions for Statistical Office

19. How many people have been issued their national identity number, the new passport number?
20. Are all those who are eligible for vouchers also eligible for a national identity number? Popular Capital Vouchers? Compensation vouchers?