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Unjustified payments due to shortcomings in the system for the administration and payment of social protection benefits

Weaknesses in system controls and data exchange between institutions, as well as insufficient timeliness and verification of beneficiary data, have contributed to the payment of social benefits without full compliance with legal requirements



The State Audit Office, in accordance with its 2025 Annual Work Program, conducted a compliance audit on the topic **“Payment of social protection cash benefits.”**

The audit covered the period from 2022 through June 2025; however, certain matters, events, and analyses were also included up to the date of the audit report to assess the manner in which activities related to the administration of cash assistance benefits under social protection in the Republic of North Macedonia are carried out, as well as their payment, which is implemented through the Ministry of Labor and Social Policy (MLSP).

The auditors determined that the system and activities for the administration, payment, and control of social protection benefits are not, in all material respects, in compliance with the relevant laws and bylaws.

The procedure for administering social protection benefits is carried out through public institutions, the Centers for Social Work (CSWs), which issue decisions on the granting of these benefits.

The audit covers social protection cash benefits relevant to the subject of this audit, including Guaranteed Minimum Assistance, Disability Allowance, Care and Assistance Allowance, Compensation for Reduced Working Hours, Housing Allowance, Permanent Financial Assistance, One-off Financial Assistance, Social Security Benefit for Older Persons, Civil Disability Benefit, and Social Protection Benefits for Asylum Seekers.

The analysis of the social protection **legal framework** identified ambiguities and several inconsistencies between the adopted bylaws and the eligibility requirements for accessing social protection benefits, particularly regarding documentation that should be obtained ex officio. These shortcomings create administrative inconsistencies and increase the risk of inconsistent application in practice.

The National Social Protection Development Program 2022–2032 establishes a medium- and long-term framework of planned activities and measures in the field of social protection. However, its implementation has been limited, and the envisaged coordination mechanism for monitoring and evaluation has not been established. The annual programs and strategic plans of the Ministry of Social Policy, Demography and Youth are predominantly budget-oriented and lack a systematic analytical basis, measurable performance indicators, and impact assessments, thereby limiting their effectiveness as instruments for managing reforms.

Of the total social protection cash benefits, including health protection-related payments, **10.003.289.000 denars were disbursed in 2024**, representing 15% of the expenditures of the Ministry of Social Policy, Demography and Youth. These funds were paid to an **average of 113.666 beneficiaries of social protection benefits**. Disbursements increased by approximately 30% over the 2022–2024 period, indicating a growing share of budgetary resources allocated to social protection benefits.

Weaknesses have been identified in the **procedures for granting and administering social protection benefits, related to incomplete documentation and non-compliance with legal eligibility criteria**. Some benefits were granted without fulfilment of the prescribed conditions and without mandatory supporting documentation. Procedural deficiencies were also identified, including failure to conduct on-site household visits, insufficient or inconsistent annual reassessments of eligibility, delayed issuance of decisions, and incomplete official records. These deficiencies affect the accurate determination of the factual situation, reduce legal certainty, lead to unequal treatment, increase the risk of unjustified use of public funds, and diminish the overall efficiency of the social protection system.

In the procedure for granting social protection benefits, the Centers for Social Work (CSW) obtain most of the documentation ex officio through the integrated information system SPIL and through data exchange with other institutions. Although memoranda of cooperation have been concluded to facilitate these procedures, the collection of such data remains challenging. The identified weaknesses in information exchange affect the timely and proper granting of benefits.

Due to **weaknesses in system controls and in the ex officio exchange/collection of data**, auditors identified **235 beneficiaries in 2024 who simultaneously received both social protection benefits and pensions**. As a result, unjustified payments amounting to 14.536.000 denars (approximately 236.000 euros) were made, including: 10.763.000 denars to 190 beneficiaries under the Guaranteed Minimum Assistance scheme, 426.000 denars for Permanent Financial Assistance to 5 beneficiaries, and 3.347.000 denars for the Social Security for Older Persons benefit to 40 beneficiaries.

Regarding the Social Security for Older Persons benefit, it was established that **11 beneficiaries had obtained the right without meeting the age requirement**, resulting in unjustified payments amounting to 3.211.000 denars (52.000 euros). In addition, for 12 unemployed beneficiaries, the integrated information system did not contain any data showing that they were receiving unemployment cash benefits. Consequently, decisions to terminate or reduce the amount of Guaranteed Minimum Assistance were not issued, resulting in unjustified payments of 740.000 denars (12.000 euros).

Additionally, auditors found that the Centers for Social Work (CSW) and the Employment Service Agency of the Republic of North Macedonia (ESARNM) do not effectively implement the legal obligation to develop and monitor individual activation plans for unemployed beneficiaries of Guaranteed Minimum Assistance (GMA). These plans are prepared to a very limited extent, completed mostly manually rather than electronically, and not supported by effective institutional cooperation, designated coordinators, or regular inter-institutional meetings. Due to limited human resources and insufficient coordination, insufficient action is taken to support labor activation and integration of GMA beneficiaries into the labor market. This contributes to long-term dependence on social assistance and reduces the overall efficiency of the social protection system.

Auditors also identified weaknesses and inconsistencies in the recovery process of unduly paid social protection benefits. The Ministry of Social Policy, Demography and Youth (MSPDY) has not established clear guidelines and procedures for concluding and monitoring repayment agreements, resulting in different approaches being applied by Centers for Social Work (CSW) in determining repayment periods, the number of instalments, and instalment amounts. Most CSWs have not established proper records of receivables and collections.

There is also no systematic monitoring of payments and recovered amounts, nor coordination between the Ministry of Social Policy, Demography and Youth (MSPDY) and the Centers for Social Work (CSW), which creates a risk of delayed and incomplete collection. Although court proceedings for recovery are initiated, in practice, receivables are difficult to collect because social protection benefits are exempt from enforcement. As a result, beneficiaries may (after a certain period) re-qualify for social assistance, while outstanding debts remain uncollected.

The Department for Social Protection within the Ministry of Social Policy, Demography and Youth (MSPDY) does not analyze the data received from the Centers for Social Work (CSW) and does not fully perform its role in designing and monitoring social policies, thereby affecting the quality and efficiency of the system.

Furthermore, auditors identified inadequate conditions for storing and safeguarding documentation in the cash benefits offices of the Inter-Municipal Centre for Social Work (IMCSW) in Skopje. Most of the offices are in prefabricated buildings with poor working conditions and inadequate premises for receiving beneficiaries. Documentation is stored in corridors and offices, in cardboard boxes and filing folders, without appropriate protection. This situation is not in compliance with the Law on Archival Material and creates a risk of damage, loss, or destruction of documentation. It also reflects inadequate working conditions and unsuitable facilities for receiving citizens.

Working conditions and documentation storage in the Centres for Social Work (CSW)



Inspection activities within the Ministry of Social Policy, Demography and Youth (MSPDY) are not carried out based on a comprehensive risk assessment record and do not cover all social protection benefits through regular inspections. In addition, reducing

regular inspections in favor of ad hoc inspections may reduce their effectiveness in detecting and preventing irregularities.

Under the **Emphasis of Matter** section, auditors report uneven caseload distribution and staff workload across the Centers for Social Work (CSW), as well as proceedings initiated before the competent authorities regarding irregularities and suspected unjustified payments associated with the granting of the Social Security for Older Persons benefit.

Under the **Other Matters** section, auditors report a lack of clarity in the Social Protection Law regarding the conduct of on-site household visits, which may lead to inconsistent application and delays in administrative procedures. In addition, the Law on Social Security for Older Persons does not contain a clear provision governing the recovery of unduly received funds, creating legal ambiguity and a risk of improper use of budgetary resources. Auditors also reported overlaps in the beneficiary population for disability benefits, care and assistance benefits, and in-home care services. In addition, there is no systematic data exchange or ex officio data collection concerning persons engaged in work without a formal employment relationship or residing abroad.

To address the identified shortcomings, recommendations have been made to improve the legal framework, program planning, and procedures for granting cash social protection benefits, as well as oversight of their payment, to ensure more efficient and effective use of budgetary resources and reduce pressure on the social protection system.

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