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INTERNATIONAL SOCIAL SECURITY ASSOCIATION

ISSA Recognition Programme

Case study

Social Security Organisation, Malaysia

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Introduction to the Malaysian Social Security Organisation (PERKESO)

The Malaysian Social Security Organisation (*Pertubuhan Keselamatan Sosial – PERKESO*), was formed under the Employees' Social Security Act 1969 as a government department of the Ministry of Labour and Manpower on 1 January 1971. It is entrusted with the administration of two social security schemes, namely the Employment Injury Scheme and the Invalidity Scheme.

The Employment Injury Scheme provides protection for employees against contingencies, including occupational disease and accidents that occur while travelling in the course of employment. The Invalidity Scheme, on the other hand, provides 24-hour coverage against invalidity or death due to any cause.

After PERKESO's participation in the ISSA Recognition Programme in 2016 and receipt of the Certificates of Excellence for the successful application of *the ISSA Guidelines on Contribution Collection and Compliance*, the institution replied to the following questions:

What motivated your institution to carry out the recognition process?

PERKESO wanted to gauge the extent of the overall compliance of its contribution, collection and compliance mechanisms to the ISSA Guidelines and to ascertain whether its current practices were in line with the requirements of the Guidelines.

We hoped to validate some of our current practices. Could these practices be implemented on an ongoing basis whilst satisfying the existing internal control processes as well as the check and balance procedures? Additionally, we wanted to identify any of PERKESO's current business processes which provided an opportunity for improvement with reference to the requirements of the ISSA Guidelines.

Another key motivation was to better understand measures and factors to be considered for the implementation of an appropriate risk-based approach, the objective being to reduce the risk of non-compliance and to mitigate the risk of fraud.

Lastly, we wanted to ensure that the collection, contribution and compliance business transformation system which is currently used by PERKESO would be able to satisfy and accommodate the CCC Guidelines and requirements.

What have been the benefits to PERKESO of the recognition process?

The value of the recognition process to PERKESO was as follows:

- It further motivated PERKESO to ensure better and continuous compliance with the CCC Guidelines at all times.
- The current business practises of PERKESO, which have been regarded as in compliance with the CCC Guidelines, will be used as a reference for the development of business rules related to its CCC business transformation processes, the extension of new social security coverage to the

self-employed and the unemployment and no fault accident schemes expected in 2017 and 2018.

- The recognition process drove PERKESO to be more focused on strengthening operational processes that may add value to its existing business process, such as strengthening its enforcement and compliance team towards mitigating the risks of non-compliance and fraudulent activities; a better take-up rate for online payments in support of government e-payment initiatives; and improving system and infrastructure integration.
- It assisted PERKESO to move towards realizing its strategies as documented in its five-year corporate strategic plan. These strategies are critical to ensuring that the targets set year on year are achievable, and that appropriate strategies are implemented as planned towards realizing the corporate goals.

Would you recommend the Recognition Programme to other ISSA members?

PERKESO strongly recommends ISSA members to undertake the ISSA Recognition Programme. By undergoing the ISSA recognition processes, ISSA members will be able to evaluate the extent of their overall compliance with ISSA Guidelines in their current practices, and whether they are in line with the requirements of the Guidelines.

Since these requirements are addressed in a comprehensive manner and cover many areas of concern, the Recognition Programme is a good tool and reference to assess ISSA members' existing business processes that could benefit from further improvement or re-engineering. Areas of concern are often related to governance matters; strengthening enforcement and compliance teams with a view to mitigating risk of non-compliance; collaboration with external agencies and managing systematic and standardized data exchange within formal mandates or on an informal basis; managing prosecution activities through a systematic approach; and managing publicity and campaigns to increase public awareness. The ISSA Guidelines help to address all these issues.

The Recognition Programme also helps ISSA members to ensure that the strategies they implement in relation to CCC are in line with their medium- to long-term corporate strategic planning. The Guidelines also **assist to better guide** ISSA members in charting their corporate strategic planning towards ensuring that the targets set year on year are achievable, and that appropriate strategies are implemented in order to realize their corporate goals.