



RIKSREVISIONEN

*Summary:*

What happened with  
suspected benefit crimes?

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# What happened with suspected benefit crimes?

## Summary

The Swedish National Audit Office has audited State initiatives to counteract benefit crime following the introduction of the Swedish Benefit Crime Act in 2007. Our overarching conclusion is that the work of agencies on benefit crime is not effective and that there has not been any clear improvement since the Swedish Benefit Crime Act was introduced in 2007.

## Background to the audit

*Motive:* The Swedish Benefit Crime Act (2007:612) was introduced on 1 August 2007 with the aim of reducing the extent of incorrect payments from the welfare systems. In its bill, the Government claimed that there is much to suggest that crimes against the welfare systems may be extensive and result in large, incorrect payments.

*Purpose:* In connection with the introduction of the Swedish Benefit Crime Act, the Swedish National Audit Office believes that it is important to examine whether the work of agencies on benefit crime is effective and whether this work has improved since the Act was introduced. In order to assess whether work on benefit crime cases is effective, the Swedish National Audit Office has examined the chain of agencies that handle these cases, from a suspected crime occurring in a benefit agency until a prosecutor makes a decision in a prosecution case.

*Implementation:* The Swedish National Audit Office conducted a questionnaire-based survey targeted at administrators at benefit agencies, municipalities and unemployment insurance funds, and at criminal investigators and prosecutors. The purpose of the questionnaire-based survey was to build up a picture of how work on benefit crime functions today. To build up a picture of how work on benefit crime has developed over time, the Swedish National Audit Office obtained and processed statistics from the various agencies in respect of the period 2007-2010. Finally, interviews were conducted with representatives of the various agencies in order to find out the causes of the shortcomings.

## The results of the audit

The audit has resulted in the following central conclusions and observations:

*Long throughput times risk obstructing the preventive effects of the Act.* A review of the agencies' statistics on benefit crimes reveals that many benefit crime cases remain pending at the various agencies in the investigation chain, which means that it takes a long time from a suspicion being aroused until a decision is made in a prosecution case. The total average time that it takes for the agencies to investigate a benefit crime case against the Swedish Social Insurance Agency is currently approximately one year and eight months. The audit also reveals that the average time that it takes for a benefit crime case from a suspicion being aroused until a decision is made in a prosecution case has increased since the Act was introduced in 2007. Long throughput times lead to a risk of falling under the statute of limitations, and also to a risk that the preventive effect is limited. Until recently, the Swedish Pensions Agency did not have any perception of what the agency's indications of benefit crime contain or how old they are, which has led to a risk of falling under the statute of limitations.

*There is no process of learning in the investigation chain.* If a benefit crime case is to be investigated effectively by the police and the prosecutor, it is important that documentation in the case and the police reports from benefit agencies, municipalities and unemployment insurance funds are of high quality. This requires, however, that administrators at benefit agencies, unemployment insurance funds and municipalities have good knowledge of the regulations and receive feedback from the criminal investigation agencies on which judgment has been passed or why the case was closed. The Swedish National Audit Office's questionnaire-based survey indicates that there are shortcomings not only in the training of administrators, but also in feedback from the criminal investigation agencies. The Swedish National Audit Office believes that a better process of learning in the investigation chain should result in increased quality in police reports and better documentation of cases, which in turn may result in a higher level of legal proceedings and better resource utilisation.

*Difficulties in proving intent are leading to many benefit crime cases being closed.* The audit reveals that the proportion of suspicions of benefit crime that are ultimately resolved is negligibly small. Many cases are closed, and this happens in many parts of the investigation chain. The most important explanation why many cases are closed is the difficulty in proving intent or gross negligence. The proportion of benefit crime cases closed by criminal investigation agencies has increased since the Act was introduced in 2007. It continues to be as difficult as it was before to prove intent, and gross negligence appears to have become equally difficult to prove.

*Incorrect prioritisation has resulted in lower profitability.* The Swedish National Audit Office's estimate of the income and expenses resulting from the agencies' work on benefit crime shows that work on benefit crime is less profitable in some agencies than in others. Work on benefit crime at the Swedish Social Insurance Agency and the Swedish National Board of Student Aid is profitable and has become more profitable since 2007. For the Swedish Migration Board and the Swedish Pensions Agency, work on benefit crime has essentially not generated any income at all, while at the same time agencies have incurred total costs of around SEK 1 million for work on incorrect payments in the form of, among others, participation in the Swedish National Financial Management Authority's collaborative assignment, of which benefit crime is one element. The Swedish National Audit Office considers that the Government made an incorrect prioritisation in obliging agencies that do not in principle receive any income from work on benefit crime to become involved, indeed with major investments, in the collaborative assignment.

*Agencies have been given different preconditions under which to apply the Act and to comply with the requirements for cost-efficiency.* The audit indicates that the State agencies have been given different preconditions for working effectively on benefit crime. For example, the Swedish Migration Board has no recovery provision in the Swedish Act (1994:137) Reception of Asylum-seekers, etc., which makes it more difficult for the Swedish Migration Board to recover incorrect payments made. Nor is there any obligation under law or ordinance for asylum-seekers to submit information about changed circumstances to the Swedish Migration Board, which means that the Swedish Benefit

Crime Act cannot be applied and it is not clear whether such failure to act is punishable. Furthermore, daily benefits paid out by the Swedish Migration Board to asylum-seekers are small, which means that suspicions of benefit crime rarely amount to sums that are considered punishable.

*The number of suspected benefit crimes is not in line with the Government's assessment of the scale of criminality.* It is not possible for benefit agencies to discover all benefit crimes. The number of unrecorded cases may even be quite considerable. The audit does indicate, however, that the assessments of intentional fraud that were previously conducted, and on which the Government bases its governance of work against benefit crime, are remarkably far away from the proportion of the benefit agencies' recovery amounts that are based on suspicion of benefit crime. This means that there is a risk that the Government's governance is based on an assumption that the scope of benefit crime is greater than it really is, which may result in incorrect prioritisation and far too high a level of ambition in work on benefit crime.

*No clear improvement in effectiveness since the introduction of the Swedish Benefit Crime Act.* The audit reveals that there are a number of shortcomings in the effectiveness of the investigation chain of agencies that deal with benefit crime. There are, however, examples of areas where work on benefit crime has been improved, in particular in the Swedish Social Insurance Agency and the Swedish National Board of Student Aid, where the quality of police reports has improved and the profitability of the work has increased. At the same time there are examples where work on benefit crime has become less effective since the Act was introduced. For example, throughput times for benefit crime cases at the Swedish Social Insurance Agency have doubled, and the time it takes for police and prosecutors to investigate suspected benefit crime has also increased. Furthermore, the proportion of cases that the Swedish Social Insurance Agency checks and that are subsequently cleared up<sup>1</sup> by the criminal investigation agencies remains negligibly small.

## **The Swedish National Audit Office's recommendations**

### *To the Government*

The Swedish National Audit Office recommends that the Government

- review the level of ambition and refine its governance in terms of each benefit agency's work on benefit crime
- review the conditions under which agencies must apply the Swedish Benefit Crime Act. The Government should follow up and review how legislation works for the various agencies.
- clarify whether asylum-seekers should be obliged to report changes in circumstances, and if this is the case the Government should clarify which penal provision should apply. Such clarification is also necessary in terms of individuals who receive benefits that are covered by the Swedish Benefit Crime Act and are paid by the Employment Service, unemployment insurance funds and municipalities. If the Government intends to differentiate between the various benefits in this respect, it should be specified and motivated.
- in its governance of work against benefit crime, look first at the progress of the case throughout the whole chain and analyse the consequences for the police and prosecutors of strengthening resources at the benefit agency.

### *To the benefit agencies*

The Swedish National Audit Office recommends that benefit agencies

- make sure that benefit administrators are familiar with the Swedish Benefit Crime Act.
- document the information about regulations that the agency gives to individuals who apply for benefits.

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<sup>1</sup> The estimates also include cases that do not lead to prosecution and the summary imposition of penalties.

- guarantee that the quality of police reports of benefit crime is high.
- guarantee that benefit crime cases are dealt with on an ongoing basis so that large case loads are avoided and there is no falling under the statute of limitations.
- as a minimum, maintain basic statistics on benefit crime cases in the form of, for example, the number of police reports and recoveries that resulted in police reports.

The Swedish National Audit Office recommends that the Swedish Pensions agency guarantee that there is a control function within the Agency, so that existing benefit crime cases are investigated, and police reports are submitted in cases where it is believed that there is intent or gross negligence.

#### *To the criminal investigation agencies*

- The Swedish National Audit Office recommends that the police authorities improve the feedback in benefit crime cases to the benefit agencies, unemployment insurance funds and municipalities, in order to provide them with better knowledge of what kind of information a report of suspected crime should contain in order that the police are able to investigate the suspected crime and report the case to the prosecutor.
- The Swedish National Audit Office recommends that the Swedish National Police Board ensure that crime investigators have the necessary knowledge to be able to investigate benefit crime.
- The Swedish National Audit Office recommends that the criminal investigation agencies guarantee that benefit crime cases are dealt with on an ongoing basis so that large case loads are avoided and there is no falling under the statute of limitations.
- The Swedish National Audit Office recommends that the Swedish Prosecution Authority improve the feedback in benefit crime cases to the police authorities and to benefit agencies, unemployment insurance funds and municipalities, in order to provide them with better knowledge of what kind of information a report of suspected crime should contain, and also what is required for a suspected crime ultimately to result in prosecution.

#### **Facts**

The Swedish Benefit Crime Act (2007:612) was introduced on 1 August 2007 and covers financial benefits that are paid for personal purposes and are decided by:

- Swedish Social Insurance Agency
- Swedish Pensions Agency
- Swedish National Board of Student Aid
- Swedish Migration Board
- Employment Service
- Unemployment funds
- Municipalities.

The items of expenditure covered by the audit are therefore items 8, 9, 10-12 and 15.

Put briefly, the Swedish Benefit Crime Act means that anyone who provides incorrect information or who fails to report a change in circumstances that he or she is obliged to report, and this causes a financial benefit to be paid incorrectly or to be paid at too high an amount, has committed a benefit crime. It is sufficient that there is a risk of such a payment for the action to be considered to be criminal.