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## Information exchange between government agencies responsible for social security systems

– *Have streamlining possibilities been utilised?*

### Summary

The Swedish National Audit Office (SNAO) has audited whether government agencies have made use of the possibilities for increased electronic information exchange offered by legislation and technology.

### **Background**

#### *Grounds*

A smoothly functioning information exchange between government agencies is part of an efficient system of transfers. Without it, there is an increased risk that individuals will incorrectly receive benefits from several systems at the same time, that service towards the individual will be adversely affected and that the administration of the system will become needlessly expensive.

#### *Purpose*

The intention of the audit is to examine how information exchange works between government agencies within the transfers area. The audit further aims to establish whether the government and its agencies make use of the potential that information exchange offers in terms of increased cost-effectiveness, improved service and a reduction in the number of incorrect payments. The audit focuses on the efficiency gains that better information exchange can provide. However, SNAO has not measured

efficiency against integrity or other aspects that could perhaps support the case against electronic information exchange.

### *Implementation*

SNAO has used process analyses to map information flows between government agencies prior to decisions about payments to individuals. The audit focuses on the following types of transfers: activity support (financial support during labour-market programmes), sickness and activity compensation, and financial aid from municipalities. The audit is based on the results of work seminars with participants from the government agencies and operators involved in the processing of the respective transfer.

SNAO has not carried out systematic analyses of secrecy legislation nor analysed any possible arguments against permitting electronic information exchange in the proposals presented during the work seminars. If there are such arguments, they have to be weighed against the expected efficiency gains.

### **Result of the audit**

#### *Electronic information exchange can be improved*

Government agencies have worked with developing electronic information exchanges, but the audit shows that several desirable electronic information exchanges do not happen. There is also scope for improvement in many existing electronic information exchanges. It is SNAO's assessment that government agencies have not made use of all the possibilities offered by legislation and technology. There is thus scope for making processing more efficient, reducing incorrect payments and increasing service levels for citizens. It is furthermore SNAO's assessment that the undeveloped electronic information exchanges make government agencies' administration unnecessarily costly. The fact that government agencies do not exchange information with each other electronically also has negative consequences for citizens, who have to wait unnecessarily long for their benefits and may be obliged to provide the same information to several operators. The insufficient information exchange further leads to an increased risk of incorrect payments, since the manual control procedure is so time-consuming for officials that they sometimes choose not to carry it out.

The audit shows that the introduction of electronic information exchange between municipalities and government agencies can result in annual net savings on the order of SEK 150 million.

Another example is that abolishing the attendance guarantee in activity support would lead to a reduction in administrative costs on the order of SEK 286 million. However, the net savings of abolishing the attendance guarantee are difficult to calculate, since some other form of control would likely have to be introduced. Abolishing the attendance guarantee might also lead to an increase in incorrect payments.

*The government has done a lot, but needs to do more*

SNAO notes that the government has been clear in its ambition to develop government agencies' electronic information exchange. The audit shows that there is still ample scope for development in the information exchange between agencies, and that the government's efforts have not gone all the way.

The regulatory framework that makes electronic information exchange between different systems of transfers possible is comprehensive. The regulations behind each individual information exchange are based on a combination of stipulations from e.g. the Public Access to Information and Secrecy Act, the Personal Data Act and substantive legislation. The complex structure of the legislation constitutes an obstacle to information exchange as it creates uncertainty at the agencies about what information may be exchanged. Agencies further have difficulties assessing whether there are legislative restrictions on the manner of the electronic information exchange.

SNAO notes that in certain respects the Swedish model of public administration makes it more difficult for the government and its agencies to maintain a global perspective, and see to the greater good of the state and the economy as a whole. It is SNAO's assessment that the model of public administration agencies subordinate to the government coupled with municipal autonomy requires that the government becomes better at coordinating resources and creating financial incentives for the agencies. Proactive measures are needed from the government in those cases where development comes to a standstill. It is SNAO's view that the government should use economic instruments to a greater extent in order to guarantee that information exchanges beneficial to the national economy are realised. The government should take initiatives to effect increased coordination between government agencies, municipalities and unemployment benefit funds. Introducing formal agreements between the affected parties might be one way of increasing coordination. Another way might be to appoint a municipal coordinator within the Government

Offices. The main responsibility for each instance of information exchange should be entrusted to one government agency. Electronic information exchange should be done according to a common standard so that security, and thereby the protection of integrity, is guaranteed in the information transfer. Additionally, any standardised communication model should be based on modern and cost-effective technology.

*Government agencies need to improve their reporting and prioritise information exchange*

The audit shows that government agencies have worked with developing electronic information exchanges, but that several desirable electronic information exchanges do not happen. There are examples of information exchanges failing to happen because agencies have problems interpreting the legislation on how information may be transferred. SNAO notes that agencies have not informed the government about substantial problems regarding legislation and resources.

Another cause of information exchange failing to happen is insufficient coordination between municipalities. SNAO's view is that municipal coordination on issues relating to electronic information exchanges with government agencies and unemployment benefit funds would be desirable.

SNAO notes that in the three transfers studied in the audit there are suggestions for how problems might be solved, but that these measures have been given a low priority within the agencies.

It is SNAO's view that agencies have a joint responsibility for ensuring that important information exchanges happen. They should introduce direct access to make electronic exchanges more efficient in those cases where this is economically beneficial.

It is SNAO's view that agencies should create a forum where officials can discuss issues relating to information exchange. It would be a good idea to invite municipalities and unemployment benefit funds to participate in such a forum.

### **SNAO's recommendations**

Based on the observations and conclusions of the audit, SNAO recommends the government to

- ensure that information exchanges beneficial to the national economy are carried out

- ensure that technology solutions are coordinated and based on secure and modern technology
- ensure that the main responsibility for each information exchange is entrusted to one government agency
- review legislation with the purpose of achieving a regulation which facilitates electronic information exchange
- take initiatives for increased coordination between government agencies and municipalities.

SNAO recommends the Public Employment Service, the Board for Study Support, the Social Insurance Office, the Migration Board and the Tax Agency to

- create a forum where officials can discuss issues relating to information exchange as well as create communication paths that allow concrete problems to be highlighted
- inform the government about substantial problems which have been identified
- secure the competence needed to run or order development projects related to information exchange.