

# Conclusions and recommendations of the National Audit Office

## Programmes for combating the grey economy and coordinating the work

The audit covered the programmes for combating the grey economy and coordination of the efforts. The aim of the audit was to determine how effectively the grey economy can be combated at cross-administrative level. In this context, effectiveness is defined as meaning that a programme for combating the grey economy is based on extensive expertise and experience and that the impacts of the projects included in the programmes are assessed, monitored and reported.

Since 1996, the Government has introduced a total of six programmes for combating economic crime and the grey economy in the form of Government resolutions. The programmes have provided a framework for consistent efforts to combat the grey economy. The early programmes in particular have been of great importance in the tactical and methodological development of the control system.

Coordination of the efforts to combat the grey economy means the cooperation between eight administrative branches and more than 20 different authorities aimed at reducing the harmful societal impacts of the grey economy. The coordination has been the responsibility of the ministerial working group on the fight against the grey economy and the management group for combating the grey economy, which is coordinated by the Ministry of the Interior and in which different authorities are represented.

## Strategy extending over programme periods would ensure continuity of the efforts

The programmes for combating the grey economy have been laid out as Government resolutions in order to ensure the political commitment required for carrying out the projects contained in the programmes. Government resolutions are policy statements that are binding on the Government in office. For this reason, they are always on a fixed-term basis.

Earlier efforts to combat the grey economy have been considered in the preparation of the fixed-term programmes. In fact, the project activities have been developed in accordance with a project cycle and on the basis of the lessons learned from the projects.

At the same time, however, the fixed-term nature of the programmes to combat the grey economy has become a risk from the perspective of the knowledge base of the combating efforts and the quality of the legislation. In many cases, a programme period has proved to be too short a time for drafting demanding legislative projects and assessing their impacts.

The fixed-term nature of the resources involved in the grey economy programmes has also increased the risk of losing the expertise of the key personnel. Fixed-term nature of the investigation resources has been one reason why the police have been facing problems in the recruitment of economic crime investigators.

### The Government should have a joint process for forming a situational picture of the grey economy and for reporting on it

At the moment, different authorities do not have a joint situational picture of the manner in which the grey economy is combated. The monitoring information steering the operational aspects of the combating of the grey economy is sectoral in nature. In the monitoring systems, ministries have focused on their own steering needs and there has been little consideration of the effectiveness of the efforts to combat the grey economy. There are also differences between the ministries in the degree of commitment of the administrative branches, the concept of the situational picture, processing of information and communications.

Usability of the monitoring information collected in individual administrative branches has been poor. This is mainly because of shortcomings in the flow of information within ministries and between administrative branches. At the same time, as there has been little analysis of the monitoring information, it has been impossible to draw adequate attention to essential observations.

The collection and analysis of the monitoring information by the administration coming under individual ministries and the use of the information can be made more effective with the help of good ICT-based practices.

Another problem is that there have been no up-to-date reporting channels between the administration and Parliament. As a result, it has been difficult for Parliament to form an overall situational picture of the grey economy, the efforts to combat it and the effectiveness of the efforts.

Cross-administrative cooperation has not provided an adequate basis for ensuring a joint situational picture on the grey economy. For this reason, the practices governing the monitoring of the efforts to combat the grey economy and the manner in which the efforts are analysed and reported should be developed into a joint Government situational picture process.

### The targets set out in the combating programmes should determine the manner in which the projects are selected

According to the targets set out in the two programmes for combating the grey economy in the periods 2010-2011 and 2012-2015, the grey economy should be reduced so that the programme projects will generate benefits of between 300 and 400 million euros for general government.

Based on the material used in the preparation of the programmes, it has not been possible to determine in the audit that the projects contained in the programmes would provide a basis for such impacts.

There is no description in the programme material of how the targets have been determined and how the implementation of the projects will make the achievement of the targets possible. Based on the programme preparation material available to the auditors, the targets set out for the projects have not steered the project selection process and have thus not defined the methods used for achieving the targets.

The targets set out for the projects should, when assessed objectively, be achievable and should, at least in principle, be measurable. If it is not possible to measure or otherwise assess the achievement of the targets in a reliable manner, the connection between the project implementation and the achievement of the

targets should be described and assessed separately during the preparatory stage. In this respect, there have been inadequacies in the preparation of the programmes.

Most of the projects contained in the programme covering the period 2012-2015 will probably be concluded during the programme period. Thus, the assessment of the feasibility of the projects, which was carried out during the preparation of the programmes, has been carried out in a proper manner.

#### Effectiveness of the efforts to combat the grey economy should be more extensively monitored

The management group for combating the grey economy has monitored the implementation of the programme aimed at combating the grey economy within its powers and in an appropriate manner. The management group is also responsible for preparing the matters discussed in the ministerial working group on the fight against the grey economy.

At the moment, the coordination of the combating of the economic crime does not allow comprehensive monitoring of the effectiveness of the efforts. The establishment of the ministerial working group at the start of the 2011-2015 parliamentary term and the consolidation of its activities have provided a basis for developing the combating of the grey economy into a joint Government effort. As part of this process, the management group for combating economic crime should be able to initiate assessment reports on the effectiveness of the combating projects carried out in different administrative branches.

#### Police have been able to use the extra funding allocated for the combating of economic crime in an effective manner

The extra funding for economic crime investigation has strengthened crime investigation by enabling the police to conclude investigations in a larger number of cases of economic crime than before. Research on the economics of crime has shown that additional inputs into economic crime investigation are, by strengthening the general preventive impact of the controlling of economic crime, also justified from the perspective of overall economics.

The supplementary appropriation granted to the police for more effective combating of economic crime and the grey economy has been used to reduce the number of open cases of economic crime. According to the monitoring information, the target has only been partially achieved.

The indicators used in the monitoring of the manner in which the appropriation has been used have, however, not described the effectiveness of the work of the police. Effectiveness of the police work has been measured, for example, by the number of open cases even though the police have only limited chances of influencing the number of new cases reported to it.

#### Resources of the control authorities should also be focused on the combating of hidden crime and economic offences

In the most recent programmes for combating the grey economy, the emphasis has been on legislative improvements. The programmes for combating economic crime have not been strategic documents laying out objectives steering the work of the control authorities. For example,

allocating more police resources for reducing hidden crime has not been set out as an objective in the programmes.

The core tasks of the police will be laid out by the Ministry of the Interior during 2015. At the moment, the emphasis in the system used by the police for monitoring the combating of economic crime is on criminal investigation performances. The monitoring of both preventive and investigation performances and compiling statistics of them would strengthen the role of the anticipatory crime combating measures in the work of the police.

#### Recommendations of the National Audit Office

Based on the audit, the National Audit Office issues the following recommendations:

1. In the preparation of the programmes for combating the grey economy, the strategy for combating the phenomenon should not be limited to a single programme period. This is necessary so that the quality of the most important legislative projects as well as the effective utilisation and development of expertise can be ensured.
2. In the preparation of the programmes, consideration should be given to the effects of the projects and it should be detailed how the anticipated impacts are related to the achievement of the targets set. The relation between the anticipated impacts and the achievement of the targets should be presented in a manner that allows the assessment of the effectiveness of the projects even if the measuring of the targets would be difficult.
3. The problems faced by the police in the recruitment of economic crime investigators should be solved in a manner that will ensure effective use of the existing expertise. For example, the National Police Board could examine how the expertise of the civilian staff could be used more extensively in auxiliary tasks in economic crime investigation.