

Social Benefits Fraud Czech Case Study

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Abstract: The battle against social security benefit fraud has become a priority in a number of countries given that expenditure on social benefits accounts for a significant portion of public expenditure as a whole. The aim of this article was to quantify irregular payments of all sixteen non-insurance social benefits paid out in the Czech Republic and to determine how they are settled and the recovery rate for the national budget and. The study works with a unique set of data from the years 2016-2020, collected by summarizing information from the application programs of the Labour Office of the Czech Republic. The following benefits were identified as those accounting for the highest claims: childcare allowance, subsistence allowance, housing benefit, care allowance, and supplementary housing benefit. The claim recovery rate for the national budget stands at 71%, whereby a progressive and continuous decline in the aggregate amount of claims was proven.

Keywords: social benefit; claim; settlement; expert interview; recovery rate

JEL Classification: H39; H53; H55

1. Introduction

The social security system provides the citizens of a particular state with security (social benefits) if social situations should arise. Social security is identified as an important component of social policy in the socio-economic development strategy of a country (Hieu, 2021). Social security contributions are part of the tax burden on labour. Krajňák et al. (2022) evaluates the relationship between the tax burden on labor and magic quadrangle indicators. Social security benefits account for a considerable portion of public expenditure in a number of countries. Blanco (2021), for example, focuses on the general issue of public income and expenditure in relation to social security. Mertl (2018), meanwhile, considers in his paper the fiscal significance of insurance benefits and non-insurance benefits within the Czech social security system. In their paper, Romer and Romer (2016) analyse the macroeconomic impacts that raising social security benefits had between 1952 and 1991.

Most countries also have to continually deal with their social security policy and how the level of benefits is set within the social security system. Perez et al. (2021) state that several political alternatives can theoretically be implemented in order to secure the long-term sustainability of the social security system in the USA. The political stability of funded social security is analysed in a study by Beetsma et al. (2021). Maritnez et al. (2021) carried out an analysis of scientific literature to concern the sustainability of welfare systems. Increased

expenditure and the sustainability of social systems were also manifested in connection with the Covid-19 pandemic. Peeters (2021) looks in more detail at the extent to which EU law impacts on the freedom of Member States to choose (additional) taxes or social contributions as a means of funding deficits in their social security systems. As Orton et al. (2021) have said, Covid-19 revealed the deficiency of British social security and a lack of consensus among progressive stakeholders over what kind of system would be better.

The provision of benefits comes with the risk of fraud, abuse, or overuse. Cullis et al. (2015) claimed, the decision to evade tax or abuse social benefits depends on the net expected benefit that the individual in question gains. Social benefit abuse is a problem with which all countries with advanced social systems have to contend. Overuse (abuse, fraud) is perceived by the public as the Achilles heel of welfare state legitimacy (Roosma et al., 2016). Moro-Egido and Solano-García (2020) tested whether the perception about benefit fraud may produce different effects on preferences over the size of the welfare state. The results of the study suggest that social policies targeting the deterrence of benefit fraud (such as higher penalties and more frequent benefit investigations) increase the high earners' willingness to pay taxes, and subsequently support broader social security. On the other side, a social security system might also have an impact on education, birth rate, or the growth of GDP (Chen & Miyazaki, 2021). Considering the abuse of social security systems, a number of countries are dealing with methods and procedures in the battle against social benefit fraudsters. Three general types of intervention are recommended all over the world: prevention, detection, and deterrence.

Prevention is linked to effective administration and control by the public administration. Effective public administration and control reduces the risk of abuse of social systems. Information technologies play a highly important role in the process of improving the quality and increasing the effectiveness of the public service (Pribil et al., 2005). Hornyák Gregánová and Országhová (2019) assess the success of implementing effective public administration. According to Okhotsky et al. (2019) public administration reforms must be accompanied by measures for their effective implementation. The measures should be politically, legally, and economically well-grounded, should be targeted, implemented systematically and continuously (Okhotsky et al., 2019).

The aim of this article was to quantify irregular payments of all sixteen non-insurance social benefits paid out in the Czech Republic and to determine how they are settled and the recovery rate for the national budget and. The aim is to stimulate authors from other countries to carry out similar investigations and in doing so open up space for comparative analyses, assessment of the effectiveness of individual solutions, and as the case may be further research.

2. Methodology

The authors, taking the findings presented into consideration, decided to deal with the issue of social benefit abuse in case studies in the Czech Republic, the aim of which is to quantify unduly paid benefits, determine how they are settled, and the recovery rate for the national budget. The social benefits for which the value of claims is the highest were also considered from the perspective of how such claims arise.

Data for the period 2016 to 2020 was used (available on 31.12.2021). The study works with a unique data set obtained by summarizing information from the application programs used by the Labour Office of the Czech Republic and its branches, since, when collecting data, there was no comprehensive program in place at those offices that would monitor the volume of quantified claims for the entire authority, or any onward processing according to the method of settlement and the type of benefits. The actual processing of benefits (submitting applications, accepting, or rejecting a claim for benefit, the payment of benefits, and the quantification of claims) was divided into two application programs. One of them (connected nationwide) was the "Okcentrum" program, which processed foster care benefits, state social support, and benefits for disabled people. The second was the "OKnouze/OKslužby", in which benefits provided to people in material distress and care allowances are registered. According to internal service regulations, the claims themselves are monitored and thereafter settled only at the regional workplace at which they arose, resulting in the need for synthesis of data from the fourteen regional branches of the Labour Office in the Czech Republic. In order to identify the reasons behind undue payments, the authors conducted a field survey, choosing the method of expert interviews of a systematic nature. Expert interviews focused on the uniqueness of the knowledge of experts and when being conducted the emphasis was placed on the comparability and connectivity of information. All interviews proceeded the same way based on a pre-defined structure. A field survey was conducted in the Czech Republic in 2020 and 2021, specifically at the 14 regional branches of the Labour Office. Two to four experts were interviewed at each regional branch, by a single interviewer. The interviews revealed the reasons for undue payments having arisen and how often they arose at the workplaces of the experts.

It is impossible to undertake a direct comparison with the results of other authors in light of the fact that no similar studies of the size, structure, and development of unduly drawn social benefits have been carried out in the Czech Republic or in surrounding countries.

3. Results

All 16 non-insurance social benefits provided in the Czech Republic were analysed in the reference period, and the level of claims arising from the issue of undue payment decisions by individual specialised divisions was ascertained.

3.1. Structure of Claims and Their Development

The values of unduly drawn benefits are shown in the Table 1 which follows, which orders benefits by the size of unduly drawn benefits (altogether for the entire reference period) in descending order.

The total claims of unduly drawn benefits are CZK 1,336,472,103 (in the period 2016-2020), a very significant amount that could evidently contribute to the budget of the Czech Republic, in particular the major deficit budget of the final year of the analysed period (Table 1). The highest number of quantified claims during the reference period fell to childcare allowance (the sum of CZK 332,759,041), one element in the system of state social support benefits. Next in line, 16% lower in volume in terms of quantified undue payments, is subsistence allowance from the system of benefits provided to persons in material distress

Table 1. Volume of unduly drawn amounts – non-insurance social benefits – 2016 to 2020 (in CZK)
(own processing according to data from the Labour Office of the Czech Republic application
database, 2021)

Reference period	2016	2017	2018	2019	2020
Type of benefit/size of benefit	CZK/ in %	CZK/ in %	CZK/ in %	CZK/ in %	CZK/ in %
Childcare allowance	81,383,740 25.34	75,008,585 23.62	71,409,756 24.99	60,180,461 25.25	44,776,499 25.80
Subsistence allowance	27,622,567 8.60	92,149,640 29.02	70,136,100 24.54	61,294,767 25.72	29,884,613 17.22
Housing benefit	56,140,189 17.48	51,158,220 16.11	43,216,748 15.12	40,449,985 16.97	36,100,439 20.80
Care allowance	24,450,456 7.61	36,675,684 11.55	27,506,764 9.63	33,619,380 14.11	30,563,072 17.61
Supplementary housing benefit	69,798,667 21.73	8,108,307 2.55	18,608,513 6.51	8,124,307 3.41	9,390,460 5.41
Contribution toward a special aid	20,851,852 6.49	24,788,444 7.81	27,812,132 9.73	11,381,048 4.78	5,135,365 2.96
Child benefit	12,090,060 3.76	11,161,682 3.51	9,912,588 3.47	9,377,938 3.93	8,427,631 4.86
Immediate emergency aid	19,580,920 6.10	8,813,540 2.78	8,633,847 3.02	3,180,513 1.33	358,973 0.21
Benefit to cover the needs of a child	4,042,563 1.26	4,089,671 1.29	3,445,560 1.21	4,429,805 1.86	3,434,557 1.98
Remuneration of a foster parent	1,714,756 0.53	1,998,679 0.63	1,359,223 0.48	2,149,065 0.90	2,076,559 1.20
Contribution toward the purchase of a car	1,637,807 0.51	1,812,696 0.57	1,715,935 0.60	1,979,258 0.83	1,591,091 0.92
Mobility allowance	1,190,560 0.37	1,092,000 0.34	1,583,300 0.55	1,662,300 0.70	1,489,266 0.86
Maternity benefit	686,000 0.21	662,000 0.21	428,000 0.15	466,000 0.20	353,000 0.20
Benefit when taking a child into care	37,000 0.01	8,000 0.00	8,000 0.00	0 0.00	0 0.00
Benefit when ending foster care	0 0.00	25,000 0.01	0 0.00	25,000 0.01	0 0.00
Funeral benefit	0 0.00	5,000 0.00	0 0.00	10,000 0.00	0 0.00
Total claims	321,227,137 100	317,557,148 100	285,776,466 100	238,329,827 100	173,581,525 100
Basal index	100	98.86	88.96	74.19	54.04
Chain index	100	98.86	89.99	83.40	72.83

(CZK 281,087,687). The third benefit in question, with 32% fewer claims than in the case of childcare allowance, is housing benefit (CZK 227,065,581), again from the system of state social support benefits. Care allowance is another significant claim (aggregate value of more than CZK 100 million over the five-year reference period), with the total size of the claim standing at CZK 152,815,356 for the reference period, as is supplementary housing benefit (claim of CZK 114,030,254). These are therefore the five core benefits whose settlement should come under stricter investigation. For this reason, they will be analysed in more depth.

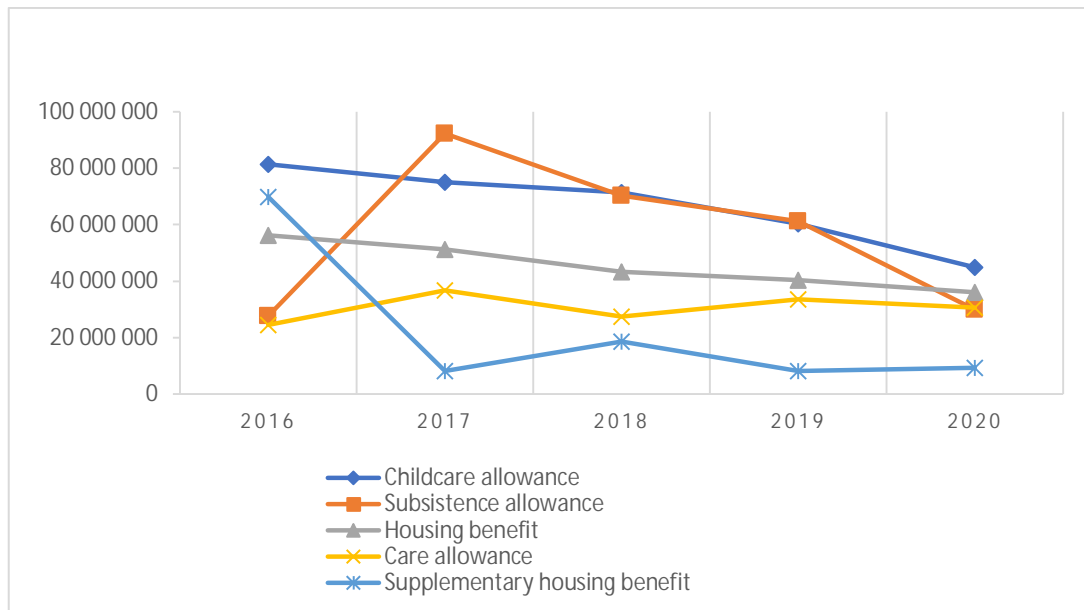


Figure 1. Development of claims in relation to core benefits and development of the total level of unduly drawn benefits during the analysed period (in CZK)

A comparison of the total volume of quantified claims for the individual reference years brings us to the conclusion that undue payments were quantified most in the year 2016, with the total level of undue payments standing at CZK 321,227,137. The years that followed showed a declining trend in terms of the volume of quantified claims, as shown by the results of the basal and chain index. The figure for the final year of the reference period stood at CZK 173,581,525, which is 54% lower than in 2016 (Figure 1).

The aggregate level of unduly drawn benefits shows a continual decline in the reference period (Figure 1). For individual benefits, however (of the five benefits identified as the core benefits), this trend can be identified for childcare allowance and housing benefit. Claims for supplementary housing benefit oscillate considerably in their development (there is always an increase in value after a decrease during the reference period).

3.2. Reasons for the Existence of Claims and the Ways in Which They Are Settled, for Core Benefits

All non-insurance social benefits have the same set limitation period (time-barring), three years from the date of payment. An undue payment must be quantified and must be paid within this period (after identification and proving intent to unduly collect a benefit). This time limit is interrupted if steps are taken to pay the claim (the benefit is deducted, criminal proceedings are ongoing, succession procedure, etc.). After quantifying the undue payment, the Labour Office monitors whether the undue payment is paid by the debtor and how much of the debt remains outstanding. If the debt is not paid (after the payment term for voluntary payment has passed), other methods of recovering the claims are employed, at least for certain benefits - for example, enforcement, permission of instalments (according to the Tax Code of the Czech Republic), or refunding (according to EC No. 883/2004), so that the debt is paid. The Labour office, however, is unable to recover certain claims, but these also need to be properly settled in application programs. These are claims that are passed on to the Customs Authority for recovery. Claims which are written off on account of "uncollectibility" or because the limitation period has passed must also be

settled in the application programs. Below we analyse the reasons for the occurrence of and the methods of settling the five benefits identified as the core benefits in relation to the level of claims.

Childcare allowance is intended for parents who care for the youngest child in the family all day. Expert interviews revealed two reasons for undue drawing. The prevailing reason for an undue payment to occur is the fact that the parents stop caring for the child because the child is taken from them and entrusted to another carer or institute. The second reason is the fact that the mother or the child does not satisfy the condition of having his/her place of residence within the territory of the Czech Republic, and there is no employment tie to the Czech Republic. In such case there is no right to benefit at all. These undue payments often arise because a parent collecting the benefit in the Czech Republic moves, does not have the right to benefit in the new country of residence (does not meet the conditions), and assumes that the Czech Republic will therefore continue to pay him or her the benefit. The Labour Office collects and recovers outstanding claims. Table 2 provides an overview of the method of settling unduly drawn payments in relation to this benefit.

Table 2. Level of unduly drawn “Childcare allowance” benefit and the settlement thereof (in CZK) (own processing according to Labour Office of the Czech Republic application database, 2021)

Settlement/Year	2016	2017	2018	2019	2020
	CZK/ in %	CZK/ in %	CZK/ in %	CZK/ in %	CZK/ in %
claims	81,383,740 100	75,008,585 100	71,409,756 100	60,180,461 100	44,776,499 100
paid	73,361,141 90.14	68,488,509 91.308	64,927,867 90.923	51,936,357 86.30	35,283,300 78.80
remaining to be paid	4,263,085 5.24	4,445,846 5.93	5,328,952 7.46	7,791,606 12.95	9,327,799 20.83
written off	576,972 0.71	306,344 0.41	116,974 0.16	253,067 0.42	131,600 0.29
time-barred	3,182,542 3.91	1,767,886 2.36	1,035,963 1.45	199,431 0.33	33,800 0.08
passed on for recovery	0 0.00	0 0.00	0 0.00	0 0.00	0 0.00

Table 3. Unduly drawn “Subsistence allowance” benefit and the settlement thereof (in CZK) (own processing according to Labour Office of the Czech Republic application database, 2021)

Settlement/Year	2016	2017	2018	2019	2020
	CZK/ in %	CZK/ in %	CZK/ in %	CZK/ in %	CZK/ in %
claims	27,622,567 100	92,149,640 100	70,136,100 100	61,294,767 100	29,884,613 100
paid	15,753,540 57.03	46,321,530 50.27	26,659,280 38.01	44,558,153 72.69	15,739,900 52.67
remaining to be paid	0 0.00	0 0.00	0 0.00	2,378,567 3.88	8,629,433 28.88
written off	0 0.00	0 0.00	6,710,985 9.57	0 0.00	0 0.00
time-barred	0 0.00	1,241,027 1.35	0 0.00	326,053 0.53	0 0.00
passed on for recovery	11,869,027 42.97	44,587,083 48.39	36,765,835 52.67	14,031,994 22.89	5,515,280 18.46

According to experts, the main reason for quantifying undue payment is failure to document crucial incomes (incomes from employment, incomes in accounts, failure to report other people in the household with an income, the sale of a collection, maintenance payments, income from insurance indemnity, the payment of benefits from abroad). Second is a change in the circle of persons assessed together, and third is starting a business. The Labour Office does not recover outstanding claims, instead passing them on to the Customs Authority for recovery.

The number of benefits handed over for recovery for the years 2019 and 2020 might rise given the fact that there are still outstanding claims that fall within the payment term, which if left unpaid will be passed on to the Customs Office.

Housing benefit (Table 4) is intended for the partial coverage of the costs of housing. It is a recurring benefit that is tested against the family income.

Table 4. Unduly drawn "Housing benefit" and the settlement thereof (in CZK) (own processing according to Labour Office of the Czech Republic application database, 2021)

Settlement/Year	2016	2017	2018	2019	2020
	CZK/ in %	CZK/ in %	CZK/ in %	CZK/ in %	CZK/ in %
claims	56,140,189 100	51,158,220 100	43,216,748 100	40,449,985 100	36,100,439 100
paid	41,353,093 73.66	37,163,412 72.64	30,093,946 69.64	26,893,751 66.49	20,735,734 57.44
remaining to be paid	7,160,538 12.75	9,188,198 17.96	10,159,793 23.51	12,447,460 30.77	15,188,487 42.07
written off	1,132,301 2.02	599,757 1.17	175,412 0.41	213,305 0.53	39,886 0.11
time-barred	6,494,257 11.57	4,206,853 8.22	2,787,597 6.45	895,469 2.21	136,332 0.38
passed on for recovery	0 0.00	0 0.00	0 0.00	0 0.00	0 0.00

A great many reasons for the quantification of undue payments were identified for this benefit in expert interviews, with none really prevailing over the others. Failure to document all incomes having an influence on the award and size of the benefit and failure to report the fact that children are no longer dependent are joined by other common reasons for the quantification of undue payment, such as failure to announce the expiration of a contract of lease, the client submitting an amended lease contract (landlord-tenant relationship extended by the client), or payment of the costs of housing (the client does not pay the costs, but rewrites or otherwise modifies confirmation of having paid costs). Local investigations were initiated in 2020, the aim being to identify whether the housing for which a benefit application has been submitted is actually occupied by the circle of jointly assessed persons specified in the application and whether the actual incomes of all persons living together have therefore been documented. The Labour Office recovers outstanding claims within the payment term.

The largest volume of claims was quantified in 2016 (Table 4). The number of claims then gradually decreased in subsequent years. The recovery rate of claims also showed a declining trend during the reference period, while on the contrary undue payments which are as yet outstanding showed a rising trend, meaning that the recovery rate might be higher once these

have been paid. The highest volume of time-barred claims came in 2016, at 11.57% (Table 4). The number of time-barred claims fell in the years that followed, but the number of as yet unpaid claims means that this figure need not be final.

Care allowance (Table 5) is a recurring benefit intended for persons who need the assistance of another person because they are unable to carry out normal life activities as a result of their medical condition.

Table 5. Unduly drawn "Care allowance" and the settlement thereof (in CZK) (own processing according to Labour Office of the Czech Republic application database, 2021)

Settlement/Year	2016	2017	2018	2019	2020
	CZK/ in %	CZK/ in %	CZK/ in %	CZK/ in %	CZK/ in %
claims	24,450,456 100	36,675,684 100	27,506,764 100	33,619,380 100	30,563,072 100
paid	17,529,696 71.69	26,294,545 71.70	19,720,911 71.70	22,504,040 66.94	20,458,218 66.94
remaining to be paid	581,559 2.38	260,985 0.71	654,257 2.38	3,998,238 11.89	3,634,762 11.89
written off	79,592 0.33	119,388 0.33	89,541 0.33	109,439 0.33	99,490 0.33
time-barred	1,365,654 5.59	2,659,833 7.25	1,536,358 5.59	1,877,772 5.59	1,138,043 3.72
passed on for recovery	4,893,955 20.02	7,340,933 20.02	5,505,697 20.02	5,129,891 15.26	5,232,559 17.12

Experts contend that undue payments arise for two reasons, each as common as the other. The first is the situation in which such persons die and the other, if the person is provided medical care during hospitalisation for an entire calendar month, that the carer fails to report this to the Labour Office within the statutory time limit. The Labour Office may collect undue payments relating to benefits but cannot recover them. Claims that are not paid within the payment term are transferred to the Customs Authority of the Czech Republic for recovery.

Table 6. Unduly drawn "Supplementary housing benefit" and the settlement thereof (in CZK) (own processing according to Labour Office of the Czech Republic application database, 2021)

Settlement/Year	2016	2017	2018	2019	2020
	CZK/ in %	CZK/ in %	CZK/ in %	CZK/ in %	CZK/ in %
claims	69,798,667 100	8,108,307 100	18,608,513 100	8,124,307 100	9,390,460 100
paid	56,985,847 81.64	5,411,280 66.74	11,132,333 59.82	5,376,307 66.18	7,660,147 81.57
remaining to be paid	0 0.00	0 0.00	0 0.00	0 0.00	520,156 5.54
written off	0 0.00	0 0.00	4,813,127 25.87	0 0.00	0 0.00
time-barred	0 0.00	0 0.00	0 0.00	0 0.00	0 0.00
passed on for recovery	12,812,820 18.36	2,697,027 33.26	2,663,053 14.31	2,748,000 33.82	1,210,157 12.89

Supplementary housing benefit (Table 6) is intended for people who, despite living as economical a way of life as possible, are unable to pay legitimate costs for housing from their own resources. Legitimate costs include rent, payment for the necessary use of energy, and basic services associated with the use of housing. For the benefit to be paid, the person must be in a situation of material distress and collect subsistence allowance.

According to the results of expert interviews, undue payments arise for multiple reasons (ordered from most frequent to least frequent): failure to document all applicable incomes in the family, failure to specify all persons living in the household in the application (and failure to document their incomes), leaving housing or lodgings and failing to report this fact (in other words, not using the benefit for the purpose for which it was provided). The Labour Office collects undue payments on benefit but claims past their payment term are passed on to the Customs Authority.

The highest volume of quantified claims for supplementary housing benefit came in 2016 (Table 6). The volume of quantified undue payments on this benefit in subsequent years dropped dramatically, by 88% in 2017 and 2019, by 73% in 2018 (the lowest decrease), and by 87% in comparison with 2016 in 2020.

3.3. Evaluation of the Method of Settling All Analysed Benefits

The analysis of the methods of settlement provided above was also carried out for all sixteen non-insurance social benefits in the Czech Republic. It was ascertained, by comparing the total volume of quantified claims and the total volume of paid claims, that the recovery rate of claims is 71%. 9.4% of quantified claims are still outstanding, however, meaning that the recovery rate might rise further. The largest volume of claims was paid in 2016, with the volume of paid claims dropping in subsequent years, even taking account of claims which have not yet been paid but could have been. A recovery rate of 100 per cent was only shown for funeral benefit and benefit when ending foster care. The fact that generally low claims were quantified for these benefits cannot, however, unambiguously lead to the conclusion that this is the reason for the full payment of claims, since a similar volume of claims was quantified for benefit when taking a child into care and that was only paid back in 95.8% of cases, with 4.2% remaining unpaid, whereby if this remaining sum is not paid, it might be settled by write-off, time-barring, or transfer to the Customs Authority for recovery.

One way of settling quantified, but outstanding claims is writing-off claims (most commonly as a result of uncollectibility). By comparing the total volume of quantified claims for the reference period and the total volume of claims that were written off (following the internal administrative process set by the Labour Office), a total of CZK 41,454,625 was written off for the reference period, meaning 3.1% of claims. The highest volume of claims was written off in 2018 – 1.5%, CZK 19,883,643. The number of written-off claims in other years did not exceed one per cent. An analysis of individual benefits showed that, in total, the highest volume of write-offs of quantified claims was found for contributions toward a special aid, at 26.3% and a value of CZK 23,691,754, meaning that the financial value of write-offs is the highest here of all write-offs for individual benefits. It was ascertained from inside

sources that the cause lies in the fact that individual undue payments quantified for this benefit are financially high because the awarded benefit itself is high (up to CZK 400,000). If the debtors do not pay the debt, it is recovered by the Labour Office, which, in the case of lack of means, the non-existence of a sanctionable account or salary, or the enforcement of the sanctionable benefit, does not have many recovery options available to it. The lowest percentage of write-offs was identified for care allowance and the lowest write-offs expressed as a value for mobility allowance. No write-offs were made for funeral benefit and benefit when ending foster care, since they were fully paid, or for benefit when taking a child into care, maternity benefit, and immediate emergency aid, since it is still likely that these will be paid or settled in some other way.

Another form of settling outstanding claims is time-barring. Comparison of the total volume of quantified claims for the reference period and the total volume of claims which were time-barrred revealed that a total of 2.7% of total claims were settled in this way during the whole of the reference period. The highest financial volume of time-barrred benefits was shown for housing benefit, followed (from the financial and the percentage perspective) by care allowance. By contrast, the lowest percentage of time-barrred benefits was shown for subsistence allowance. There was no settlement by time-barring for funeral benefit, benefit when ending foster care, benefit when taking a child into care, and supplementary housing benefit.

By comparing the total volume of quantified claims and the total volume of claims transferred to the Customs Authority for recovery, we discovered that 13.8% of claims were passed on for recovery, accounting for CZK 183,719,400. When evaluating the total number of claims transferred for recovery, however, it is important to be aware that the Labour Office does not transfer certain benefits to the Customs Authority for recovery, specifically-speaking, benefits according to the Act on State Social Support and according to the Act on the Provision of Benefits to Disabled People. The highest volume of claims transferred for recovery was found for subsistence allowance (40.1%), which is at the same time the benefit with the second highest number of quantified claims. In second place was immediate emergency aid (30.9%), which also falls within the system of benefits provided to people in material distress. By contrast, the lowest percentage in terms of the volume of quantified claims (a mere 18.4%) was identified for care allowance, this although it shows the third highest amount transferred for recovery.

4. Discussion

The results of the case study carried out in the Czech Republic confirm the conclusions drawn by Halla and Schneider (2014) and Halla et al. (2010), in that it was proven that there was a noticeable, progressive, and continual decline in the aggregate level of unduly drawn benefits, testifying to the ability of labour offices to recover undue payments more effectively. The reasons for undue payments, ascertained from expert interviews at Labour offices in individual regions of the Czech Republic, partly correlate to the reasons stated by Tunley (2011), although the level of greed is debatable, or differs depending on the social situation in which the benefit recipient finds him/herself.

5. Conclusions

The battle against social security benefit fraud has become a priority in a number of countries given that expenditure on social benefits accounts for a significant portion of public expenditure as a whole. The main problem is detecting fraud in social security systems. This article has sufficiently proven that abuse of non-insurance social benefits by clients is a serious problem, whereby the most conclusive evidence for this comes from the values of the claims quantified in undue payment decisions. The total value of unduly paid benefits during the reference period was more than CZK 1.3 billion, which is an amount that could evidently have contributed to the budget of the Czech Republic (in particular the major deficit budget of the final year of the reference period).

The five most significant benefits, with the highest claims in terms of value, were identified in a case study of non-insurance social benefits: childcare allowance, subsistence allowance, housing benefit, care allowance, and supplementary housing benefit. The reasons for claims were identified for each of these five core claims in expert interviews, in which experts ordered those reasons according to the frequency at which they occur based on their practical experience.

It was ascertained, by comparing the total volume of quantified claims and the total volume of paid claims, that the recovery rate of claims is 71%. 9.4% of quantified claims are still outstanding, however, meaning that the recovery rate might rise further. The article also analyses the size of the claims that are thereafter enforced for the purpose of increasing the recovery rate of money for the national budget and documents the significant level of claims that are written off or time-barred.

The progressive and continual decline in the aggregate level of unduly drawn benefits within the analysed period is clear from a graphic depiction of development, testifying to the opportunities that authorities have to recover benefits more effectively, and in doing so take care of taxpayers' money in the Czech Republic (current or future).

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