

Management Accounting

Some free insights on management accounting and business.

HOME FREE ONLINE BOOK RESOURCES OUR DAILY PAPER BUY THE BOOK CONTACT

RSS

Home » [Ch 13 - Relevant Costs & Revenues](#) » Costs and compensation in a crime sentence

Search blog

Search...



Translate

Seleccionar idioma

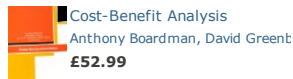
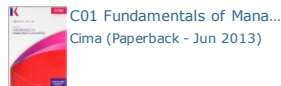


Tecnologia do [Google Tradutor](#)

Some ads from Google

Search amazon.co.uk

Search



Get Widget

[« Prev](#)

Costs and compensation in a crime sentence

By [João](#) on December 22, 2014 at 9:00 am

Posted In: [Ch 13 - Relevant Costs & Revenues](#), [Ch 4 - Job Costing](#), [Ch 5 - Accounting For Overheads](#), [Ch 6 - Activity-Based Costing](#)

Buy our book [here](#).



Recently, in Portugal, a man was sentenced to three months in jail and pay a fine for making a fake phone call to the emergency number 112, claiming to have suffered an accident in an unknown location. The fake alarm triggered searches by 18 policemen in 8 cars, one helicopter, firemen of 5 stations, doctors and nurses of a first responder ambulance and another medical car.

While the sentence was clearly tougher than in other similar situations, it can be argued that the convicted man was still quite lucky regarding the compensation he had to: pay 398,11Eur to the police force. The Medical Emergency National Institute (INEM) claimed a compensation of 235,96 euros, which was not granted because it could not provide evidence of the expenses incurred.

Let's leave aside the Institute's possible administrative embarrassment of not being able to provide evidence of the expenses incurred, and let's think of service costing in a slightly more sophisticated way. I imagine that only 'very direct and variable', documented costs were considered in this compensation. But suppose that costs were allocated regarding all mobilised resources - and ignore the (interesting) discussion of how this allocation could be done, whether with more traditional or more contemporary, ABC-type of cost drivers. Simply consider (fixed) salaries and resources depreciation. What would the final bill amount to? Clearly, to a lot more than a few hundred euros.

Finally, consider potential "social opportunity costs", which may exist in this and in the thousands of fake requests for help every year, which mobilise resources and make them unavailable to assist real assistance requests. This less quantifiable aspect is particularly relevant in the legal classification of these cases as a crime against "public peace", according to Portuguese legislation.

The fine is a good example of how a very narrow, legal definition of costs ends up by clearly underestimating the real economic and social costs. Hopefully, the 3 months in prison, a tougher than usual punishment, sends a clear message to reduce this widespread, but unacceptable prank.

Share this:

[LinkedIn](#) 3

[Twitter](#) 2

[Facebook](#)

[More](#)

Priv