

# Data analyses in unemployment insurance

## State Secretariat for Economic Affairs

### Key facts

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The Swiss Federal Audit Office (SFAO) is the supervisory body for the compensation fund in accordance with Article 118 of the Ordinance on Compulsory Unemployment Insurance and Benefits on Insolvency. In this role, and given the large volume of payments made by the unemployment insurance office (UI), the SFAO decided in 2017 to develop a range of data analyses. These analyses provide additional audit security for all the benefits paid out and reported in the consolidated annual financial statements for the compensation fund. They are also intended to identify those benefits that are at risk of being unlawful. The aim of this is to prevent payments being made in improper circumstances.

The transfer of the data analyses to the TCRD Audit Service of the State Secretariat for Economic Affairs (SECO) has not yet been fully completed due to the delayed roll-out of the ASALfutur project (ASAL 2.0 roll-out). The remaining analysis components will be taken over by SECO TCRD once ASAL 2.0 is in operation. As part of this audit, the TCRD Audit Service and the SFAO have defined monitoring indicators and clearly differentiated them. On this basis, the TCRD Audit Service is in a position to implement both periodic reviews and the continuous development of the analysis applications with direct reference to compensation in the areas of unemployment, short-time working and insolvency, as well as induction allowances. This will significantly help to ensure efficient and effective supervision.

#### **Data analyses are useful and effective tools for detecting misuse, especially in times of crisis**

The SFAO started creating data analyses in 2017. The analysis applications it produced also proved to be key tools for reviewing the support measures awarded during the COVID-19 pandemic. They have been continuously developed since then. Following the implementation of detailed evaluations for insolvency benefits, the SFAO held workshops on combating bankruptcy fraud with the federal offices, social insurance funds and criminal prosecution authorities involved. It used the findings obtained from these workshops to analyse the procedures followed in cases of fraud or abuse. The SFAO has continually expanded its data analysis applications on this basis, thus enabling any unlawful transactions involving unemployment or insolvency benefits, short-time working compensation or induction allowances to be identified and followed up. One of the key aspects of this is the system support for the retrieval of current and historic commercial register data.

#### **The TCRD Audit Service should continue to develop the analysis applications itself in order to support the governance of unemployment insurance funds**

In the course of 2023, the SFAO handed over the data analyses it had developed to the TCRD Audit Service. With support from the SFAO, the TCRD Audit Service has established a governance framework in which the data evaluation programs are used to prepare the defined indicators. In future, the TCRD Audit Service intends to handle indications of suspected fraudulent transactions identified in this way as part of its audit work.

Of course, this governance framework needs to be continuously developed and adapted to the changing circumstances. To this end, the TCRD Audit Service will also train its staff in the development of applications with artificial intelligence. It will also commission a legal analysis to identify any restrictions under data protection law when procuring data for its analyses from third parties, and initiate the appropriate follow-up measures.

The SFAO recommends that the TCRD Audit Service should generate its governance reporting periodically using the analysis applications and based on the defined indicators, and investigate the identified indications of abuse during its audit work. The governance framework should also be developed further in line with requirements.

The SFAO also recommends that the TCRD Audit Service carry out the necessary clarifications regarding the transactions identified as being potentially fraudulent as part of this audit work by 31 December 2024 and report the results to the SFAO.

**Original text in German**