

Peer review 2020 of the Swiss Federal Audit Office by the Cour des comptes

Summary

On 23 September 2019, a Memorandum of Understanding entrusted the French Cour des comptes with the peer review of the Swiss Federal Audit Office (SFAO). The Swiss Supreme Audit Institution (SAI) was last reviewed in 2015 by the European Court of Auditors (ECA). The review examined strategy, programming and quality control, and all recommendations were implemented in full. As a follow-up to this audit, the SFAO decided to undergo a new peer review according to the International Standards of Supreme Audit Institutions (ISSAIs)¹ in order to assess its strengths and weaknesses. More specifically, the review covered the following topics, which were determined jointly by the SFAO and the Cour des comptes:

- independence;
- communication and relations with stakeholders;
- ethics, transparency, accountability and good governance;
- approach to audits.

The Cour des comptes carried out its analysis in an independent and objective manner, in accordance with recognised professional standards. Its report is based on a series of interviews with SFAO managers, reviews of key strategic, methodological and operational documents, an analysis of data on the programming, execution and follow-up of its audits, and interviews with the SFAO's main stakeholders.

Independence

The SFAO's status is enshrined in the Federal Audit Office Act of 28 June 1967 and not in the Swiss Federal Constitution. Although the SFAO occupies a position equidistant from the legislature and the executive, it remains administratively attached to the Federal Department of Finance. In practice, the SFAO is recognised for its legitimacy. In addition, the Director of the SFAO has been pursuing an active strategy in recent years to strengthen the institution's status.

Several operational issues were analysed by the Cour in relation to independence: the management of the SAI, provisions concerning its mandate and working conditions, discretion in the performance of the SAI's functions and missions, access to information, the content and timing of audit reports, independent monitoring of audit results, financial and administrative independence, and the organisational structure.

A general reflection on the SFAO's level of affiliation and on the legislative provisions defining its missions could lead to formalising its management autonomy and its freedom of planning, and to recognising its general power to audit public finances and inform citizens.

¹ ISSAI 5600 Peer Review Guide and Annex to ISSAI 5600 Peer Review Areas and Questions

Communication and relations with stakeholders

The SFAO's doctrine on the publication of reports has evolved considerably over the past twenty years, particularly since the entry into force of the Freedom of Information Act on 1 July 2006. The SFAO has implemented an extensive reporting policy and now publishes all reports of public interest. There are now nearly fifty publications per year.

The SFAO's communication has been developed and professionalised since 2014, and its media presence has been strengthened. This report highlights the nature and development of communication and the SFAO's relations with the main stakeholders, i.e. Parliament, the Federal Council and the Federal Administration, the audited parties, the media and the general public.

A few ideas, such as diversifying media coverage or making better use of past publications and their follow-up reports, could further enhance the SFAO's role and work vis-à-vis public opinion.

Ethics, transparency, accountability and good governance

Although the SFAO does not have its own ethical framework, internal information tools on the subject do exist. The interviews conducted with stakeholders showed a high level of credibility, independence and seriousness from the SFAO in this area, although some elements could be improved.

With regard to accountability and good governance, the SFAO is required to publish an annual report on its activities. Overall, stakeholders reported a constructive dialogue and a respectful discord with the Swiss SAI. Finally, the SFAO also undergoes regular peer reviews in order to gain an external view of ways to improve how it works.

Formalising a code of ethics for the SFAO in the form of professional standards would correspond to the requirements of ISSAI 30.

Approach to audits

When selecting and scheduling an audit, the SFAO follows a particularly standardised and sophisticated methodology based on a risk-based approach. The precision in this approach ensures that high-stake risks are not overlooked. In recent years, the SFAO has sought to reduce the number of mandatory audits, particularly those of financial statements, while at the same time broadening the scope and coverage of its other audits. This sometimes gives rise to debate among the audited organisations, which want the SFAO to strictly limit itself to analysing only technical and management-related aspects. However, the Cour des comptes encourages the SFAO to continue to develop its programming strategy along these lines. It also encourages the SFAO to continue its collaboration with the various financial audit institutions at the local level in order to gain a comprehensive understanding of public policies.

In its review, the Cour des comptes also analysed the SFAO's use of its knowledge to encourage and support reforms in the public sector (strategic planning, division of work between the different types of audit, evaluation of the SFAO's performance and support for public sector reforms), as well as the monitoring and evaluation of the impact of audits on the entities concerned (monitoring of corrective measures by the audited bodies, reports to Parliament and assessments of the quality and timeliness of the corrective measures taken).

This report highlights the elements of analysis and the recommendations addressed to the SFAO in relation to the topics defined.

General position of the Swiss Federal Audit Office

The SFAO would like to thank the French Cour des comptes for all the work it carried out as part of this peer review. It commends the very good cooperation and professionalism of the review team, which carried out its work as planned under the difficult conditions we experienced in 2020. The discussions between the two institutions were very instructive.

The topics discussed focused on the core principles of the SFAO. The results are an important milestone in its development and its constant desire to improve. They support the directions chosen and encourage the SFAO to continue its development. The findings and recommendations will provide food for thought. Ultimately, they will help to strengthen the credibility and relevance of its work.

Original text in French

Summary of recommendations

Recommendation 1

Consider the following points in the context of a possible revision of the Federal Audit Office Act:

- the level of affiliation of the SFAO, in particular with regard to the selection of candidates for appointing the director, in order to better establish its management autonomy;
- the provisions defining the SFAO's tasks in order to grant it general powers in the area of federal public financial auditing and the task of informing the general public;
- the listing of sanctions applicable in the event of refusal to provide information, to cooperate or to give access to data to the SFAO;
- the requirement of a code of ethics specific to the SFAO in the form of professional standards in accordance with ISSAI 30.

SFAO's position

The recommendation is accepted. This recommendation will be addressed when the report is examined by the Finance Delegation in February 2021.

Recommendation 2

Translate the strategy adopted in 2016 and its multi-year thrusts into an operational roadmap in terms of communication and relations with stakeholders.

SFAO's position

The recommendation is accepted. It will be implemented by June 2021.

Recommendation 3

Make better use of past publications and of the follow-up to recommendations and, to this end, include in the medium-term strategic reflection the organisation of events or the implementation of projects aimed at bringing the general public closer to the SFAO.

SFAO's position

The recommendation is accepted. It will be implemented by September 2021.

Recommendation 4

Organise regular awareness campaigns on ethical rules in relation to the implementation of ISSAI 30.

SFAO's position

The recommendation is accepted. As planned, the existing workshops will be expanded as of 2021.

Recommendation 5

Extend the effort to focus investigative resources on audits which have a strong strategic dimension for the country and a significant resonance with the public.

SFAO's position

The recommendation is accepted. It will be implemented with the 2022 programme.

The principle of risk orientation remains unchanged.

Recommendation 6

Continue the effort to reduce the proportion of audits of financial statements to retain only those that present significant challenges or are necessary to maintain professional expertise, and correspondingly increase the proportion of performance and evaluation audits.

SFAO's position

The recommendation is accepted. It will be implemented with the planned allocation of new resources by Parliament.

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