

Federal Finance Administration

Comprehensive report on the audit of the 2014 federal financial statements

Key points

The Swiss Federal Audit Office (SFAO) delivered the auditors' report to the Finance Committees of the National Council and Council of States on 20 April 2015. In the report, it recommended approving Switzerland's state financial statements (federal financial statements) for 2014. The SFAO used addenda to highlight various facts that are of key importance for the federal financial statements:

Direct federal tax is assessed and collected by the cantons and transmitted to the Confederation. This amounted to approximately CHF 18 billion in 2014. Because of an amendment to the Federal Act on Direct Federal Taxation (DFTA, SR 642.11), the cantonal audit offices have been responsible for conducting annual audits in this area and reporting the findings to the Federal Tax Administration (FTA) and the SFAO since 1 January 2014. The SFAO is obliged by law to rely on these reports and has no authority to check them. The cantonal audit offices' reports on 2013 receipts contained no negative observations deemed significant for the federal financial statements.

The loss carried forward by the FinPT fund amounted to approximately CHF 8.3 billion at the end of 2014 and corresponds to the Confederation's receivables from the FinPT fund. In keeping with the statutory provisions, the Confederation recognises the advance to the fund as a loan without a value adjustment. At least 50% of the restricted receipts (namely shares of VAT and the mileage-related heavy vehicle charge) is to be used to repay this advance no later than two years after the Gotthard base tunnel is put into operation, i.e. probably from 2019. It should be possible to repay the loan in full by 2031, subject to the significant uncertainty regarding the underlying revenue estimates.

Loans receivable from the unemployment insurance fund (ALV) worth CHF 3.3 billion (previous year: CHF 4.2 billion) are shown under the Confederation's non-administrative assets. According to the ALV fund's statement of financial position, the fund's "negative" net assets amounted to CHF 2.1 billion at the end of December 2014. The Confederation's loans are not fully covered and can thus be repaid only with future fund surpluses.

The SFAO confirmed the existence of an internal control system (ICS) for the 2014 financial year. However, the SFAO also used an addendum in the report to draw attention to the fact that it identified vulnerabilities in the area of user and authorisation administration in numerous administrative units. The FFA's programme to ensure ICS-compliant authorisation administration should make a considerable contribution to eliminating the existing vulnerabilities in 2015. The FFA is laying the foundations for this within the framework of the aforementioned programme. The individual administrative units are responsible for effective implementation. It is to be treated as a high priority.

During its audits of the 2014 financial statements, the SFAO found possibilities for improving and optimising accounting and financial reporting in various areas. Detailed information on this can be found in chapter 3 (Important findings on accounting), chapter 4 (Important findings on financial reporting) and chapter 6 (Transactions not recorded). It is worth noting that the ordinary fiscal



balance of minus 124 million francs was CHF 88 million lower than it should have been. Moreover, a contingent liability of CHF 300 to 900 million was not recorded. The contingent liability arose from possible obligations of the Confederation towards closed pension funds which will probably be unable to meet their payment obligation towards those insured in the future.

The FFA consistently processes the SFAO's recommendations from previous audits. Only two recommendations could not yet be considered finished when auditing the 2014 financial statements. However, the FFA has already commenced the necessary work.

Original text in German