

Audit of the involvement of third parties in the implementation of COVID-19 measures

State Secretariat for Economic Affairs

Key facts

The Confederation adopted various measures to support the economy and mitigate the economic consequences of the COVID-19 pandemic. These include joint and several sureties for bridging credits, hardship measures (mainly non-repayable contributions) and the extension and simplification of short-time working compensation. In all three cases, third parties were also involved in monitoring and implementation. Up to the end of 2021, the Confederation made funds amounting to around CHF 40 million available for this. As part of the audit, the Swiss Federal Audit Office (SFAO) clarified whether the involvement of third parties supported an effective fight against misuse and was justified.

In view of the large number of companies that benefited from a total of more than CHF 45 billion in support as part of the three COVID-19 measures, the resources used by the Confederation to date for the involvement of third parties to assist with processing and checks are justifiable. The figures speak for themselves: according to the published data, confirmed instances of misuse or errors in short-time working compensation have been found in approximately 70% of the cases investigated so far. In the case of joint and several sureties, the rate is 85%. No meaningful figures are yet available for hardship cases. These high rates prove that consistent and rapid action in suspected cases must be a key objective for the Federal Administration.

The involvement of third parties is justified in all three cases examined

The SFAO examined the contracts with external parties with regard to the traceability of how they were awarded, problematic dependency relationships, conflicts of interest, conformity with market prices and contract monitoring; it did not raise any significant objections.

In the case of COVID-19 joint and several sureties, the service providers are commissioned by the loan guarantee cooperatives and not by SECO. As a result, the contracts are not subject to public procurement; SECO approved the contracts in advance. In the case of hardship compensation, on-site checks at companies have been possible since 2022. The SFAO expects SECO to use this control option in a risk-oriented manner.

Approach to combating misuse plausible, but barely feasible for short-time working compensation to the extent planned

For all three COVID-19 measures examined, misuse is combated according to a risk-based audit approach. In the case of the hardship measures, the fight against misuse focuses on the approval process and the ongoing requirements (dividend resolutions and distributions, capital repayments). For short-time working compensation, the number of planned employer checks within the envisaged period is not particularly plausible. SECO must find solutions as to how it can achieve the set objectives within the limitation period.

Insufficient transparency in short-time working compensation and hardship cases with regard to combating misuse

In the case of COVID-19 joint and several sureties, the loan guarantee cooperatives use legal assistance to clarify individual cases. These suspected cases of misuse are handled according to clear guidelines; 71% of the detected cases are settled by restoring legality and without criminal charges being filed. This procedure is compatible with the legal provisions and is having a financial effect. However, there is a risk that the lack of criminal consequences may have a negative impact on compliance with the rules for other COVID-19 measures that are still in place.

In terms of hardship cases, there is currently no complete overview of the total number of cases that have been substantiated and corrected. The SFAO expects SECO to ensure that the cantons process all cases that require clarification according to uniform criteria in the reporting tool, and to inform the public more widely on progress in combating errors and misuse – in the same way as it does with joint and several sureties. This includes not only the outcome of the clarification but also the financial volume.

In the case of short-time working compensation, SECO currently communicates only some of the reports of misuse in the published statistics. The approximately 750 anomalies reported by the unemployment insurance funds are not included. These would increase the current published figures of 1,050 reported cases by 70%. This is coupled with unequal treatment: it is incomprehensible why SECO applies different processing criteria to the suspected cases concerning short-time working compensation reported by unemployment insurance funds than it does to cases received from other sources. The SFAO welcomes the fact that SECO undertakes to clarify all reported cases. However, in the case of low-priority reports of misuse, for example, SECO should examine the use of more economical clarification methods than the time-consuming checks on employers.

Relevant developments following the audit

On 11 March 2022, the Federal Council decided how to implement the Federal Supreme Court ruling of 17 November 2021 on the consideration of holiday and public holiday compensation for employees on a monthly salary during short-time working compensation in the summary settlement procedure.

According to SECO, the effort involved primarily affects the unemployment insurance funds. The SFAO therefore assumes that the implementation of the ruling will not have a significant impact on the audit results in the area of short-time working compensation.

Original text in German