



Audit relations among the Executive Government, Parliament, Government departments and other public bodies in the Swiss public sector

**EURORAI Seminar on the Status of Public Sector Audit Institutions
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Agenda

Discussion of some aspects relating to the Swiss Audit Offices in the public sector with examples from the three institutional levels: federal, cantonal and communal (municipal):

- *Swiss Confederation (CH)*

- *Canton Geneva (GE)*
- *Canton Vaud (VD)*
- *Canton Zurich (ZH)*
- *Canton St. Gallen (SG)*
- *Canton Ticino (TI)*
- *Canton Valais (VS)*

- *City of Zurich*
- *City of Lausanne*

The Swiss Confederation

Switzerland is a multi-ethnic, multilingual and multi-confessional nation shaped by the will of its people. It has been a federal State since 1848 (founded in 1291). Switzerland has a federal structure with three different political levels: the Confederation, the Cantons (23) and the Communes (2740).

The Swiss government (the executive authority) is made up of the 7 members of the Federal Council who are elected by the Federal Assembly for a four-year term of office. The Federal Assembly, which is the Swiss parliament, is made up of two chambers, namely the National Council (representing the People, with 200 members) and the Council of States (representing the Cantons, with 46 members) which have the same powers. It is the supreme authority of the Confederation subject to the rights of the people and the cantons.

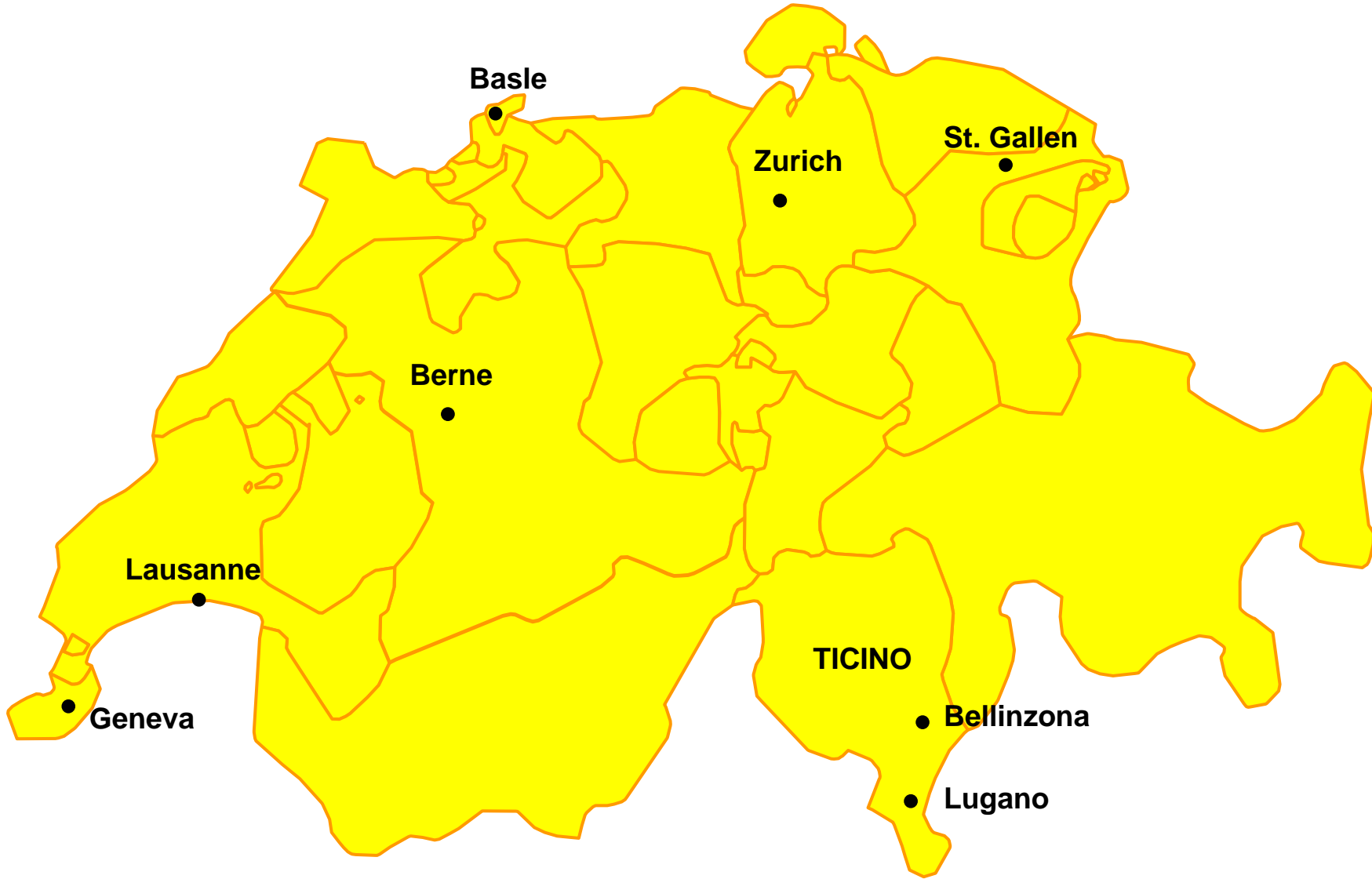
The Swiss Confederation is basically responsible for social security, defence, transportation, agriculture, education and research, finance and federal taxation.

The 26 Cantons and the Communes/Municipalities

The 26 Cantons have their own State Governments and Parliaments and can make laws in areas not covered by Federal laws (p. es. cantonal taxes).

The cities and the communes (municipalities) have their Executive councils and Town councils and can regulate areas not covered by Federal and Cantonal laws (p. es. local taxes).

Map of Switzerland



Financial surveillance in Switzerland

- *In general, the financial supervision is carried out at the Federal, Cantonal and Communal level, from the political and administrative point of view.*
 - *the political supervision is carried out by the People, Parliament and Government*
 - *the administrative supervision is carried out by the Federal, Cantonal and Communal Audit Offices. Their reports serve the respective Governments and Parliaments*
 - *in audit activities the decisive criteria are performance and efficacy, as well as compliance.*

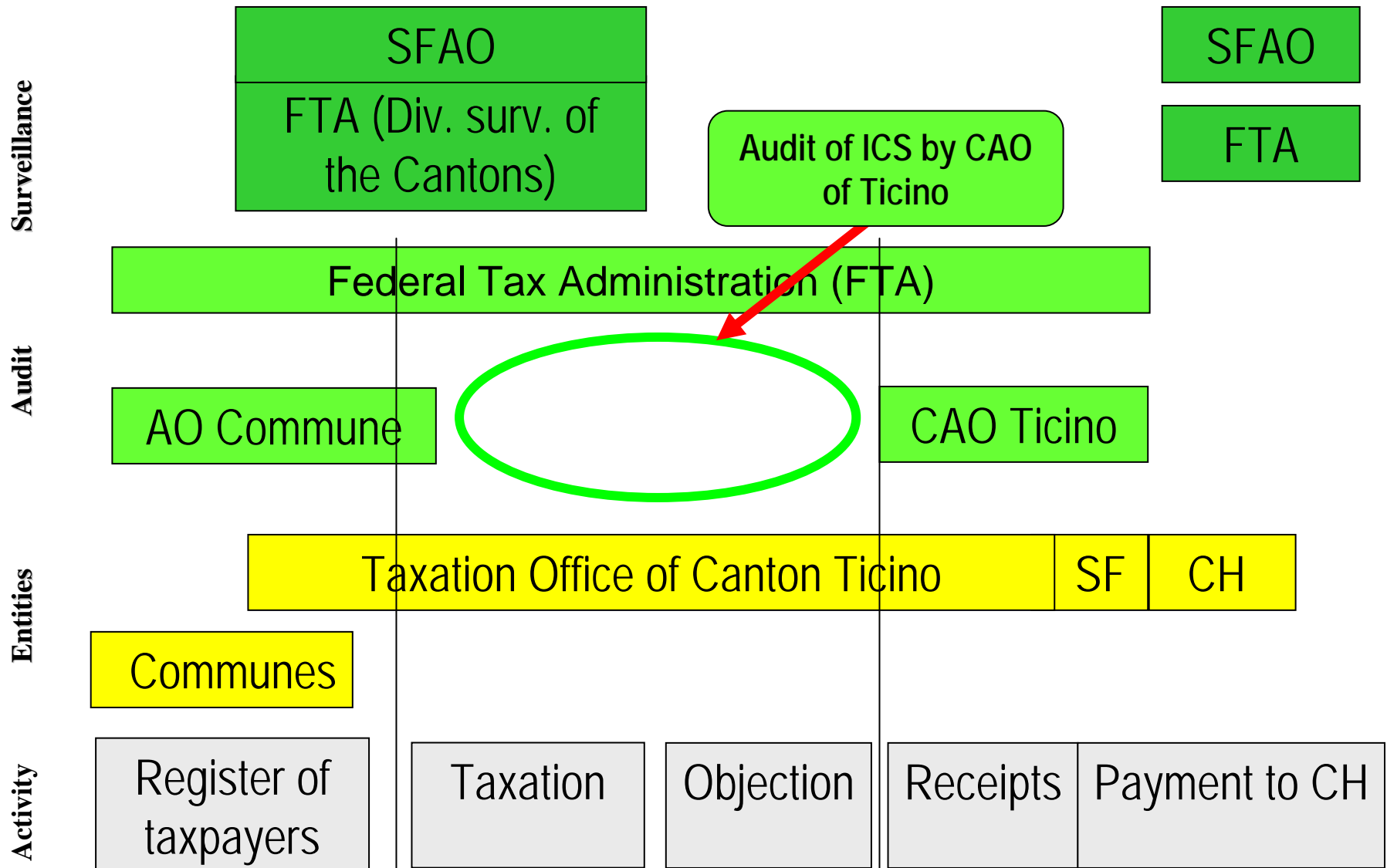
Duties of the financial surveillance bodies

- *At the Federal level, the Swiss Federal Audit Office (SFAO) is the supreme supervisory organ of the Confederation and scrutinises the financial conduct of the Federal Administration and that of numerous semi-government bodies and international organisations.*
- *At the Cantonal level, the Cantonal Audit Office (CAO) audits the financial statement of the Canton and Cantonal departments, and on the basis of specific laws, public sector organisations, universities and private institutions that perform public duties. Due to the Federal structure, each Canton regulates differently the duties and the bounds of its Audit Office (for ex. audits in the Communes). In most Cantons exist entities charged with the surveillance of the Communes (for ex. Sezione enti locali in Ticino)*
- *At the Communal level, it is the Cantons that provide the regulatory framework for the financial surveillance in the Communes. The rules and regulations are somewhat different. In the cities (for ex. Zurich, Geneva, Lausanne) exist Audit Offices organised on the basis of the respective cantonal bodies. Often the Communes charge external audit firms for the certification of the financial statement.*

Interaction among Swiss audit offices in the public sector

- *Coordination in order to avoid duplications of controls or lack of controls in other areas*
- *Collaboration in the execution of audits of mutual interest*
- *Clear definition of the regulatory framework (accountability, know-how ecc.)*

Example: State of controls regarding Federal tax in 2001 on the basis of the activity in most Cantons, the FTA and the SFAO



Legal basis of Audit Offices

- CH: Legge sul controllo federale delle finanze*
- GE: Loi sur la surveillance de la gestion administrative et financière et l'évaluation des politiques publiques.*
- VD: Loi sur les finances
Règlement sur le Contrôle cantonal des finances*
- ZH: Verordnung über die Finanzverwaltung
Finanzkontrollgesetz*
- SG: Staatsverwaltungsgesetz
Kantonsratreglement*
- Tl: Legge sulla gestione e sul controllo finanziario dello Stato
Regolamento del CCF*
- VS: Loi sur la gestion et le contrôle administratifs et financiers
du canton*
- City of Zurich: Gemeindegesetz Kanton Zürich*
- City of Lausanne: Recueil d'organisation comptable et financière*

Responsibilities of Swiss public Audit Offices

Examples

- CH: The SFAO is the supreme supervisory organ of the Confederation. It assists:*
- a. the Federal Assembly in the execution of its constitutional financial duties and the surveillance of the Federal Supreme Court;*
 - b. the Federal Council in overseeing the Federal Administration.*

Responsibilities of Swiss public Audit Offices

Examples

- GE:*
- *surveillance of the financial and administrative management of the Canton*
 - *the CAO assists the State government and the Parliament and its Commissions in overseeing the performance of the Executive government*
- VD:*
- *the CAO audits the financial statement of the State and provides assurance and recommendations to Parliament*
 - *the CAO performs internal audits and the certification of the financial statement, and also performs financial and performance audit for individual entities of the Administration*
 - *the CAO is also available to the Executive government for special tasks*
 - *the CAO is also available to Parliament. Parliament provides the resources necessary for the execution of such mandates.*

Responsibilities of Swiss public Audit Offices

Examples

- ZH:
- *the CAO is the supreme administrative body of the Canton concerning financial surveillance*
 - *the CAO assists the Government in its tasks of high surveillance*
 - *the CAO assists the Government, the Departments and the Chancellery in overseeing the Administration*
- SG:
- *the CAO is the supreme administrative body of the Canton concerning financial surveillance*
 - *the CAO assists Parliament in overseeing the Cantonal Administration and the Judiciary authorities*
 - *the CAO assists the Government, the Departments and the Chancellery in overseeing the Administration.*

Responsibilities of Swiss public Audit Offices

Examples

- TI: • *the CAO is the supreme administrative body of the Canton concerning financial surveillance. It assists the Government for the financial and administrative surveillance and the Parliament in overseeing the operations of the Canton.*
- VS: • *the CAO is the highest administrative body of the canton for financial management control and performance of service mandates. It assists the Government and the Parliament in its exercise of control activities.*

Responsibilities of Swiss public Audit Offices

Examples

City of Zurich: the AO supports the Town's Executive Council and the Town Council concerning the financial surveillance.

*City of Lausanne: the AO is charged with internal and external control and reports to the Town's Executive Council.
The audits cover all departments and entities of the Communal Administration, and also other private organisations that perform public duties.*

Independence

Examples

CH: The SFAO is independent and is bound only by the Federal Constitution and the law.

GE: The CAO is autonomous and independent.

VD: The CAO executes its activity autonomously and independently, in compliance with the legal provisions and following the principles generally accepted in the audit profession.

ZH: The CAO is independent and autonomous

SG: The CAO is independent and autonomous

TI: The CAO is independent and autonomous

VS: The CAO is independent and autonomous. It has full investigative powers and can carry out its audits on its own initiative, anytime and without warning, or by mandate assigned by the Government or the finance and management committees of the Parliament

City of Zurich The City's AO is independent

Information

Examples

- *Audit reports*
- *Half-yearly or yearly reports with highlights only*
- *Distribution of the reports:*
 - *generally only for internal use*
 - *distribution according to a fixed set of rules (for ex. Executive Council, Parliament's Commissions, Town Council, specific entities)*
 - *distribution to the public under certain conditions (for ex. the report is made anonymous)*
- *Distribution channels of reports:*
 - *paper and internal mail office / delivery in own hands*
 - *via Internet*

Information

Examples

CH: Delivery of the report; the report may be made public

GE: Delivery of the report to the entity that has been analyzed, to the president of the Government, to the Finance department, to the Finance Commission of the Parliament and to the president of the Court of Audit. The report is for internal use only. An anonymous version of the report may be made public

VD: Delivery of the report to the entity and department concerned, to the president of the Government, to the Finance department, to the Finance Commission of the Parliament and to the president of the Court of Audit. Under certain conditions the report may be made public

ZH: Delivery of the report to the entity and department concerned, and to the Chancellery. Report for internal use only

Information

Examples

- VS:** *Delivery of the report to the entity and department concerned, to the Finance department, to the Government, to the chairmans of the Finance Commission and the Management Commission of the Parliament. The annual report is also delivered to all the members of Parliament which publishes it on its homepage*
- TI:** *Delivery of the report to the entity and department concerned, to the Finance department and to the Representative of the CAO in the Government. The report is for internal use only*
- City of Lausanne** *Delivery of the report to the entity concerned, (Lord) Mayor and Finance Director*

Implementation of recommendations

Examples

- CH: The entity concerned must respond to the report with a position paper commenting the recommendations to the SFAO and to the Finance Delegation of the Federal Assembly*
- GE: The entity concerned has one month's time to respond with a position paper that will be attached to the report delivered by the CAO*
- VD: The CAO agrees an expiry date for the presentation of comments from the entity concerned*
- ZH: The entity concernd has three months' time to indicate how it will proceed to correct the shortcomings reported*

Implementation of recommendations

Examples

VS: The CAO fixes an expiry date to answer to the report (usually one month) and to indicate how it will proceed to correct. In special cases, the position paper is attached to the report delivered by the CAO.

TI: The entity concerned has two months' time to respond with a position paper

City of Lausanne: The entity concerned has two months' time to respond with a position paper

Resolution of disagreements

Examples

- CH: The Department concerned, respectively, the Federal Council settle any disagreements between the entity and the SFAO*
- GE: In case of disagreement between the entity and the CAO, it is the Government that decides. The decision is communicated to the Finance & Management Commissions of Parliament*
- VD: In case of disagreement between the entity and the CAO, it is the Government that decides*
- ZH: In case of disagreement between the entity and the CAO, it is the Government that decides*

Resolution of disagreements

Examples

VS: In case of disagreement between the entity and the CAO, it is the Government that decides.

TI: In case of disagreements the CAO can inform the Government that will settle the matter

Conclusion

- *The SFAO and most of the CAO are autonomous and independent*
- *Evolution of the SFAO / CAO, today basically dependent from the Government, towards more independence*
- *More independence means:*
 - *garantee of fulfillment of the planned activites without interference*
 - *financial autonomy*
 - *appointment of the CAO Director by the Government with approval from Parliament (already done by the Confederation and some Cantons)*
- *Setting up of a Court of Audit in some Cantons (GE, VD) in addition to the CAO*
- *More transparency with a broader distribution of the audit reports (implemented fully by the Court of Audit and partially by the SFCO and some CAO)*

The end

