

Audit of monitoring of labour market measures

Compensation funds of unemployment insurance and selected cantons

Key facts

Labour market measures are unemployment insurance benefits aimed at preventing looming unemployment and combating existing unemployment. In 2015, unemployment insurance financed cantonal labour market measures amounting to around CHF 600 million. The Unemployment Insurance Compensation Office is part of the State Secretariat for Economic Affairs (SECO). The cantons and the social partners are involved in implementation. The Confederation is responsible for supervision.

The Labour Market/Unemployment Insurance performance area was reorganised effective from March 2015 and the supervision of labour market measures was also revised. A supervision concept draft exists. However, the envisaged measures have not yet been implemented by the Labour Market/Unemployment Insurance performance area.

The Swiss Federal Audit Office (SFAO) assessed the effectiveness of the supervision by the Unemployment Insurance Compensation Office and the financial management of the cantonal labour market measures. The primary focus here was on fund allocation and award practice when procuring measures. On this basis, it was to be assessed whether or not the concepts and planning of the Unemployment Insurance Compensation Office are structured in a risk-based and impact-oriented manner.

Big differences in supervision and controls observed

The Unemployment Insurance Compensation Office deems all payments to labour market measure providers to be subsidy payments. The ordinances and directives are structured accordingly. Consequently, a non-profit rule is stipulated. This largely prevents competing offers and would, if implemented correctly, lead to a large supervision and control burden. Such controls are required by the Unemployment Insurance Compensation Office of the cantons and the providers. However, there were big differences in terms of the scope and quality of the supervision and controls effectively carried out in the four cantons visited.

The SFAO considers these requirements to be uneconomical and expedient only to a limited degree. The cantons are responsible for the implementation of labour market measures, they are compensated for the costs of the measures. It remains to be seen to what extent this is a subsidy payment and it is not consistent for all business transactions. A distinction of this nature is also not usually imperative for further assessment. So long as cantons procure their labour market measures under competitive conditions and take account of the most advantageous tender in economical terms, the composition of the tender price is irrelevant. The SFAO therefore recommended ensuring as much competition as possible when awarding contracts for labour market measures and distinguishing between competitive calls for tender and direct awards of contracts. This distinction should also be reflected in the supervision concept. Eligibility checks are mandatory only when there is a lack of competition. The normative bases must be adapted accordingly. Parallel to the conceptual work, the Unemployment Insurance Compensation Office should finish by taking stock of implementation in the cantons.



Provide for impact-dependent compensation

In contrast to the implementation costs, no impact-dependent compensation is envisaged for labour market measures. The SFAO recommends extending impact-dependent compensation to these measures. The cantons are to a large extent free to structure their labour market measures. The motivation to focus on impact is thus to be enhanced with a negative financial incentive. In the case of insufficient impact, part of the financial responsibility should be transferred to the cantons with the responsibility for structuring. Currently, fund allocation to the cantons is based on lump sums, capped and without incentives.

Original text in German