

# COVID-19 – Audit of emergency measures relating to short-time working compensation: findings from the audit of the implementation agencies for unemployment insurance in five cantons (AG, FR, LU, TI, ZH)

## State Secretariat for Economic Affairs

### Key facts

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As at the end of September 2020, over CHF 7.5 billion in emergency measures had been paid out for short-time working compensation. These payments were authorised under the COVID-19 Ordinance on unemployment insurance. The State Secretariat for Economic Affairs (SECO) has the task of monitoring these payments jointly with the implementation agencies.

The Swiss Federal Audit Office (SFAO) audited the risk of non-compliant payments in the most significant cases of short-time working compensation. It accompanied SECO's unemployment insurance audit team on visits to the public implementation agencies – the cantonal employment authority and the cantonal unemployment office – in the cantons of Aargau (AG), Fribourg (FR), Lucerne (LU), Ticino (TI) and Zurich (ZH).

The SFAO considers that the monitoring by SECO and the cantons' implementation agencies needs to be further strengthened.

### Risky extension of summary procedure usage

Initially, the summary procedure envisaged in Arts. 7 and 8i of the COVID-19 Ordinance on unemployment insurance (RS 837.033) was limited to 31 August 2020. This exceptional measure, which carries major risks of error, abuse and fraud, was extended to the end of 2020.

In the SFAO's view, this four-month extension of the summary procedure was unnecessary, as in the meantime the majority of cantons had made their own arrangements for dealing with the high volume of claims. The SFAO recommends that, as soon as possible, the Department propose changes to the legal framework which would require companies, as a minimum, to draw up and retain the requisite supporting documents for verification purposes. The Department considers that the existing legal framework is sufficient. The discussion will be continued outside the context of this audit.

### Compliance checks are working, more or less

The SFAO observed rigorous compliance checks on short-time working compensation claims in the five cantons visited. It found a broad consensus on the need to reinforce checks at the level of the cantonal unemployment offices.

A number of companies did not adhere to the legal deadline for submitting short-time working compensation claims, yet the compensation was still paid out. According to the SFAO's projections, the amounts wrongly paid out on claims between March and

May 2020 could amount to CHF 140 million across all cantons. SECO must ensure that corrective measures are taken.

The SFAO has observed differences in the referencing of companies in the unemployment insurance IT systems. The use of a unique reference would ensure that the cantonal employment authorities are better able to monitor company groups.

### **Treatment of public sector organisations in the cantons is normalising**

Do public authorities have access to short-time working compensation or not? This question is still being clarified. Of the 603 requests to which SECO lodged an objection with the cantons, around 100 still await a final decision by the canton. It cannot be ruled out that there are other cases not identified by SECO.

The Fribourg cantonal employment agency, which is involved in a quarter of the cases, made over 100 decisions between July and September. Most of these were in line with SECO rules. The canton rigorously applied the legal criteria. In Fribourg, some advance decisions had resulted in payments that still need to be recovered. SECO will monitor all repayments.

### **Increased risk of abuse but not many double payments**

The SFAO has observed that, of the 25 companies examined in the five cantons, four paid COVID-19 loss of earnings compensation to their employees concurrently with the short-time working compensation. The implementation agencies are unable to carry out this kind of check as they do not have access to data on COVID-19 loss of earnings compensation. SECO should take the measures necessary to verify the accuracy of the four companies' data and then recover the incorrect payments.

### **Inspections at companies should be stepped up**

The SFAO noted that SECO has received hundreds of reports of irregularities from the cantonal unemployment offices. This is in addition to those received via the SFAO platform ([www.whistleblowing.admin.ch](http://www.whistleblowing.admin.ch)), which amounted to 213 at the end of September 2020 and related to 178 companies that had obtained some CHF 145 million in short-time working compensation.

Between July and September, SECO's audit team carried out 36 inspections at companies affected by reports of irregularities. These resulted in CHF 1 million being recovered and criminal charges being filed in six cases. The SFAO applauds SECO's transparency on its activities to combat abuse but thinks that they should be stepped up.

Finally, over the course of this year, three of the five cantons have set up platforms for the electronic transfer of data between employers and the cantonal unemployment office. Originally planned for September, a standardised solution has not yet been rolled out by all cantons. The SFAO recommends that SECO ensures implementation by the end of 2020.

**Original text in French**