

# COVID-19: Audit of monitoring activities with regard to recipients of hardship assistance

## State Secretariat for Economic Affairs

### Key facts

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With its hardship assistance, the Confederation and the cantons supported businesses that suffered a significant loss of revenue during the COVID-19 pandemic. In total, CHF 5.3 billion of public funds were distributed to some 35,000 companies.

The State Secretariat for Economic Affairs (SECO) commissioned a third party – BDO AG – with making spot checks to see whether the companies that received the hardship assistance were entitled to do so.

The Swiss Federal Audit Office (SFAO) carried out an audit at SECO on the monitoring activities assigned to the third party as a quality assurance measure. It welcomed SECO's approach, which was aimed at identifying errors and misuse in the area of COVID-19 hardship assistance, and reclaiming these funds.

The SFAO came to the conclusion that the third party needs to focus more on identifying errors and misuse.

### Focus the review approach on the risks of hardship assistance misuse

The third party appointed focused on the question of whether the companies had met the formal requirements. However, it should gear its approach more to the risks of the hardship assistance programme being misused. On the basis of the reviews undertaken, it should also confirm to SECO either that the company has acted improperly, or that this can almost certainly be ruled out. The ban on dividends and loans stipulated in the COVID-19 Hardship Assistance Ordinance, in particular, and the ban on investment in foreign group companies are prone to misuse through hidden profit distributions.

The objectives set out by SECO in the third party's mandate were to ensure that the hardship assistance was granted to the right recipients in the right amounts, and to verify whether the companies had complied with the rules to which they were subject.

Against this backdrop, SECO needs to receive clear answers on the respective cases in order to have the necessary basis for following up cases of misuse.

**Original text in German**