

AUDIT

Follow-up audit of key recommendations – effectiveness of precious metals control

Federal Office for Customs and Border Security

KEY FACTS

The Swiss Federal Audit Office (SFAO) conducted a follow-up audit at the Federal Office for Customs and Border Security (FOCBS) on the implementation of the key recommendations dating back to 2019.⁴ The report featured four recommendations related to statistics, risk analysis and the monitoring of assayers/melters by the Central Office for Precious Metals Control. The FOCBS accepted all of these.

Precious Metals Control (PMC) checks the trade in precious metals (gold, silver, platinum and palladium) and hallmarks precious metal articles (jewellery and watches). The Operations Directorate's customs offices and PMC monitor precious metals imports. Together, they ensure compliance with customs tariffs and the Federal Precious Metals Control Act (PMCA). In 2023, imports of "raw gold" (i.e. unwrought gold) reached CHF 91.9 billion, accounting for 28% of the total value of goods imports. This gold coming into Switzerland is exempt from customs duties and VAT. PMC's checks focus on precious metal articles, whose import value totalled CHF 8.5 billion in 2023.

PMC monitoring of assayers/melters is carried out when issuing and renewing their authorisations and when performing on-site inspections. The Central Office has been monitoring financial intermediaries trading in precious metals since 2023, under the Anti-Money Laundering Act (AMLA). The project for digitalising the FOCBS's processes, called DaziT, started in 2020. It involves a revision of the Customs Act, which aims to simplify and standardise the execution of other legislative acts such as the PMCA.

Detailed statistics but risk-oriented approach to checks still incomplete

The FOCBS has implemented the recommendation on distinguishing in the statistics between gold ore ("mining gold") for recasting in Switzerland and gold for banking purposes by introducing a sub-classification for raw/unwrought gold. The FOCBS has submitted a proposal for revision of the international tariff heading for gold to the World Customs Organization in order to improve its transparency.

The recommendation to establish a comprehensive, coordinated and risk-oriented approach to checks between customs functions and precious metals control functions has not been implemented. The Geneva Airport PMC Office conducted a pilot project between 2021 and 2022. The FOCBS's Operations Directorate approved this and rolled it out to all customs offices in the "Customs West" region in October 2022. Building on this initial experience, the FOCBS launched a second pilot project at the Zurich-Basel PMC Office in September 2023. This has not yet been approved by the FOCBS's Operations Directorate. The customs offices' roles are still to be determined. The general approach excludes the raw gold tariff heading and temporary imports.

A beefed-up and more clearly defined monitoring framework

The recommendation on specifying the scope and criteria for monitoring assayers/melters has been implemented. A guideline relating to the application of the PMCA details their duty of care. The concepts of doubt about the origin of goods and of meticulous clarification of certificates are set out there. The Central

⁴ The audit report "Audit of the effectiveness of the precious metals control" (audit mandate 19476) can be found on the SFAO website

Office has compiled a manual on global risk analysis for its monitoring relating to the PMCA and the AMLA. It has implemented this in its planning and roll-out of examinations with trade assayers.

The SFAO notes the strong potential for synergies and savings for those audited entities that are subject to AMLA and PMCA monitoring.

The recommendation on strengthening the skills, resources and independence of monitoring at the Central Office has been implemented. Since 1 January 2023, a three-person unit has been responsible for AMLA and PMCA monitoring, thus ensuring independence from PMC's operational tasks.