

Audit of the use of enforcement cost contributions by the joint commissions

State Secretariat for Economic Affairs

Key facts

A collective employment agreement (CEA) is a contract between employers or employers' associations and employees' associations (social partners for short). They are concluded to regulate working conditions and the relationship between the parties. A CEA can be declared to be generally binding if certain legal requirements are met and is then valid for all, i.e. also for those who are not members of a contracting association in a sector (outsiders). At the time of the audit, there were 46 CEAs that had been declared generally binding, covering an estimated 1 million workers and almost 70,000 employers.¹

The social partners or the joint commissions set up by the social partners are responsible for monitoring the enforcement of the contractual conditions. These commissions are composed of an equal number of representatives from each social partner. The financial and organisational size of the commissions varies from sector to sector. They finance the enforcement/control of salary and employment conditions as well as sector-specific education and training using the enforcement costs and education and training contributions. They also use funds from control costs and contractual penalties paid by organised and non-organised employers and employees. The joint commissions reported total revenue of around over CHF 200 million in 2021.

The State Secretariat for Economic Affairs (SECO) is the decision-making authority in the procedures for declaring collective labour agreements generally binding. It also exercises financial supervision over the joint commissions of CEAs declared generally binding by the Federal Council. As part of its financial supervision, SECO must ensure that the joint commissions are managed properly, that the funds are used for the intended purpose and that the protection of outsiders is maintained.

The Swiss Federal Audit Office (SFAO) conducted an audit at SECO on the use of the enforcement cost contributions by the joint commissions. The formal requirements created by SECO are a detailed set of rules that generally provide targeted support for operational implementation in the joint commissions. There is still a need for action in some areas in order to, in particular, allow a conclusive assessment of the use of the funds for their intended purpose and the protection of outsiders for all CEAs that have been declared generally binding. Cooperation between SECO and the joint commissions is working well.

The SECO directive is generally suitable, but there is still a need for action in certain areas

The joint commissions must implement the general accounting and reporting principles according to the Swiss Code of Obligations. The results of the limited audit give SECO the assurance that the joint commissions are being managed properly.

¹ Source: SECO website, [Collective employment agreements \(admin.ch\)](#).

The operational requirements are defined in a binding directive. SECO sets its own requirements with regard to levels of provisions and net assets/equity. The audit companies have to audit these, depending on the mandate of the individual joint commission. The SFAO recommends that SECO instruct the joint commissions to have their audit companies confirm compliance with the specific requirements in the directive in addition to auditing the annual financial statements.

The joint commissions are required to have an internal control system (ICS). SECO can audit the effectiveness of the ICS. However, the SFAO does not consider it realistic to audit the effectiveness of the ICS within the scope of SECO's supervision at a reasonable cost.

SECO's supervision only requires self-declaration on costs and services

SECO checks the plausibility of the joint commissions' annual accounts on the basis of the risk analysis and supervisory planning. In addition, the social partners must submit their annual report on the provision of services and their costs in the form of a self-declaration. Supporting documentation on costs and services is not required. This procedure does not permit a conclusive assessment of whether the enforcement cost contributions are used for the intended purpose and whether outsiders are on an equal footing with association members.

The SFAO recommends that SECO request that the joint commissions provide supporting documents showing that SECO's recommendations have been implemented by the agreed deadline so that these can be reviewed on an ongoing basis.

The joint commissions rate the cooperation with SECO positively

As part of the audit, the SFAO conducted interviews at various joint commissions. In these, cooperation with SECO and the set of rules provided with the directive were rated positively.

The planning and implementation of the controls differ little between the joint commissions. The training opportunities are evaluated and coordinated between the social partners. As a result, the risk of outsiders being excluded is small.

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