

EUROSAI Survey

Municipal supervision in Switzerland

Summary prepared by the Financial Inspectorate of the Canton of Valais (Switzerland) on the basis of the EUROSAI questionnaires sent to the Cantonal Financial Controls and the survey of the Conference of Cantonal Municipal Financial Supervisory Authorities on the tasks and competences of the Cantonal Municipal Financial Supervisory Bodies, 10 June 2016

Switzerland is a country that is organised with a federal structure. It had 26 cantons and 2,222 municipalities on 1st January 2018. In 2000, there were as many as 2,896 municipalities.

The municipalities have legal personality. Under federalism, each canton has its own municipal legislation. Despite the specific characteristics of each canton, the common points can be summarised as follows:

- The municipalities are autonomous for all tasks they undertake on their own initiative and in the public interest.
- They are also autonomous within the limits of the legal provisions for the performance of delegated tasks.
- Each municipality has the following bodies:
 - The primary assembly (deliberative body)
 - The municipal council (executive body, between 3 and 15 members)
 - Depending on the size of the municipality, the primary assembly may be replaced by a general council. In Valais, municipalities with a population of more than 700 inhabitants can appoint a general council (with between 20 and 80 members) instead of the primary assembly.
 - In 22 cantons, the municipal accounts are audited physically or formally by an audit committee. More than half of the cantons also require municipalities to have their annual accounts audited by an external auditor.
 - The audit committees report to the primary assembly or the general council. They must recommend that the annual account be approved with or without reservations or that it be rejected.
 - In the Canton of Valais, the accounts of a municipality are audited annually by one or more specially qualified auditors (auditing body). They are appointed by the primary assembly or the general council for four years on the proposal of the municipal council. The auditors are independent of the municipal authorities. This body must be an audit firm within the meaning of the Federal Audit Supervision Act (*loi fédérale sur la surveillance de la revision-LSR, Revisionsaufsichtsgesetz-RAG*).
- With the exception of two cantons (Appenzell Innerrhoden and Basel-Stadt), the municipalities are subject to the supervision of the cantons.
- This supervision is carried out in most cantons by a municipal service. In two small cantons (Obwald and Uri), financial supervision is the responsibility of the cantonal financial inspectorate. In Valais, supervision is the responsibility of the Department in charge of institutions. However, the control and monitoring of the measures taken by the Valais Cantonal Council of State (the executive body) is the responsibility of the Cantonal Financial Inspectorate. In the other cantons, the cantonal financial inspectorates are not involved in the supervision of the municipalities.

- The supervisory authorities can take action against municipalities that do not comply with the law.
- In the canton of Geneva, supervision is exercised by the Municipal Supervision Service. It reviews municipal resolutions, including those relating to the budget and ensures that the laws are applied by the municipality. In addition, the Court of Audit can audit the legality of the activities, the regularity of the accounts and the sound use of public funds by the municipalities and the bodies attached to them. The Court of Audit regularly conducts compliance audits, usually linked to performance audits, at the municipal level. Some audits are "horizontal" and compare the practices of different municipalities. Since its creation in 2007, the Court of Audit has published an average of four reports per year at the municipal level, which corresponds to 30% of its activity.
- In the Canton of Vaud, the Court of Audit conducts performance audits which include the control of subsidies, mainly ensuring compliance with the principles of economy, effectiveness, efficiency and sustainability and, secondarily, compliance with the principles of legality and regularity. It also conducts risk management verification and assessment audits.
- In the Canton of Valais, a specific task in the area of tourism has been assigned to the Cantonal Financial Inspectorate. Under the Tourism Act, municipalities are responsible for collecting tourist taxes. The collection, receipt and allocation of taxes are periodically reviewed by the Canton. The cantonal financial inspectorate is responsible for this review.

Annex: Public Sector Audit at Cantonal Level in Switzerland

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