

Annual Report 2025

Impressum

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In order to improve readability, separate male and female terms are not used in this report. The relevant terms apply to both men and women in accordance with the principle of gender equality.



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Foreword

Mounting geopolitical tensions, frequent changes in political course abroad and the rapid advancement of artificial intelligence (AI) are causing uncertainty and declining trust in information. This only underscores the importance of institutions that ensure credibility and stability. This includes the audit industry and audit oversight.

This Annual Report highlights the ways the FAOA responded to these challenges in the previous year, the steps it took to bolster trust and the methods it used to ensure the quality of audit services.

Inspections at audit firms under state oversight

Last year, the FAOA conducted 15 financial audit inspections for a total of 42 audit engagements. Following the introduction of the new Standards on Quality Management (ISQM 1 and 2), quality awareness among audit firms under state oversight (AFSO) is high and audit quality continues to be satisfactory in principle. The average number of findings per file increased slightly compared to the previous year (from 0.6 to 0.8). The increase is primarily due to the inspection of smaller AFSOs, where appropriate measures were taken. The trend towards the use of automated tools and techniques (ATT) and the adoption of AI continued unabated: in the last three years, the five largest AFSOs increased the number of available ATT by a total of 39%. Furthermore, the FAOA paid close attention to the increased investment by private equity companies in audit firms. The FAOA introduced a detailed reporting obligation for AFSOs for this purpose.

In regulatory audit, inspections took place at nine audit firms for a total of 34 audit engagements. The average number of findings per file also increased slightly compared to the previous year (from 0.7 to 0.9). This increase is also associated with inspections at smaller audit firms where the FAOA has made appropriate interventions.

Reorganisation and MoU with FINMA

The FAOA has decided to reconfigure its supervisory organisation. The previous Financial Audit (FA) and Regulatory Audit (RA) departments were merged into a joint Oversight department on 1 January 2026. The new department encompasses the two specialised divisions of «Trade, Industry, Services» (TIS) and «Financial Services» (FS). By undertaking this reorganisation, the FAOA's aim is to increase the efficiency of its processes and to more effectively achieve its supervisory goals.

Furthermore the FAOA and FINMA signed a memorandum of understanding (MoU) for collaboration and information sharing within the scope of financial market oversight on 10 December 2025. This supersedes the previous exchange of letters from 2015 and, in particular, provides more in-depth detail on information sharing on high-risk financial institutions and how to proceed in the event of a crisis.

Slight reduction in licensed audit firms

The number of licensed audit firms fell to 1,670 due to the ongoing wave of renewals of time-limited licences (previous year: 1,738). By contrast, the number of licensed natural persons rose to 10,277 (previous year: 10,016).

Whistleblowing and enforcement

The FAOA continues to receive important information via whistleblower disclosures in connection with oversight law. A total of 78 notifications (previous year: 63) regarding potential breaches of the law or regulations of the profession were received during the reporting year. 38 notifications (previous year: 22) concerned AFSOs. The FAOA opened enforcement proceedings in six cases based on whistleblower disclosures. In addition, the FAOA issued a total of 112 reprimands (previous year: 80) and five licence withdrawals (previous year: two), and rejected 10 licence applications (previous year: two) in 2025. Furthermore, 13 licence renewals were issued on conditional terms (previous year: four). In 2025, no reports were submitted to the Swiss Exchange Regulation (previous year: two) and no criminal charges were filed (previous year: zero).

ESG (Environment, Social and Governance) and «Too Big to Fail» bill for the financial sector

On 26 June 2024, the Federal Council submitted a bill for consultation which is designed to increase the transparency of sustainability practices within companies. The preliminary draft provides that the FAOA will assume the role of licensing and oversight authority for sustainability auditors. After acknowledging the results of the consultation, the Federal Council passed a resolution on 21 March 2025 that it would decide how to further proceed once there is clarity on the general thrust of future EU regulations (Omnibus), but no later than spring 2026. Furthermore, the Federal Council voted on 3 September 2025 to put forward an indirect counter-proposal against the Corporate Responsibility Initiative 2.0 (Konzernverantwortlichkeitsinitiative (KVI 2.0) at the statutory level. The



corresponding consultation draft is expected to be adopted in late March 2026. The FAOA continues to play an active role in debates surrounding these topics.

In addition, the Federal Council published main points of the «Too Big to Fail» bill for the financial sector on 6 June 2025, with a view to prevent events such as the Credit Suisse crisis in future. Among other things, the bill provides for a range of far-reaching measures for the field of regulatory audit. The FAOA also closely monitors this legislative process and actively contributes to audit-related matters.

Berne, 3 February 2026

Wanda Eriksen
Chair of the Board of Directors

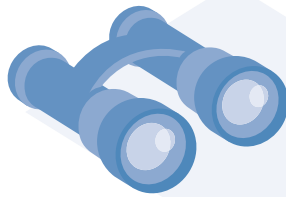
Dr. Reto Sanwald
Chief Executive Officer

A thank you to FAOA staff

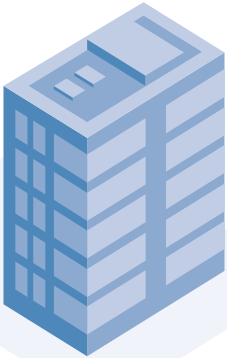
In 2025, the FAOA achieved its ambitious goals. We would like to thank all employees for making this possible with their great willingness, flexibility and creativity.



The FAOA in numbers



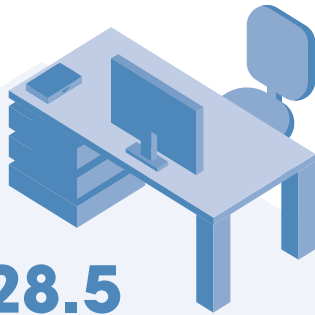
5 annual inspections of
PwC | EY | KPMG | Deloitte | BDO



15 total inspections 2025



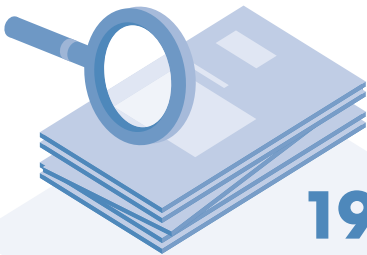
1,670
licensed audit firms



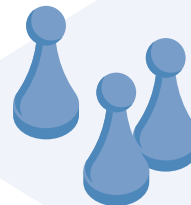
28.5
employees (FTE)



8.1 Mio.
total expenditure in CHF



19
audit firms under
state oversight



10,277
licensed individuals



171
enforcement orders



Vision

The FAOA is committed to ensuring the quality, credibility and relevance of auditing.

High-quality and credible auditing is key to the reputation and success of the Swiss capital and financial market. Audit stakeholders (investors, creditors, the companies being audited and their bodies as well as the authorities) use audited figures to make economic decisions.

Mission

Those reading financial reports can rely on the audited figures.

The FAOA has a legal mandate to ensure the proper fulfilment and quality of audit and regulatory audit services. It is the Swiss federal government's audit licensing and oversight authority. The FAOA operates a licensing office and maintains a public register of individuals and companies that perform statutory audit services. Oversight of the audit firms under state oversight is carried out in a risk-oriented way and is based on oversight concepts. The FAOA does not perform «secondary audits» on the audited companies. It is primarily a law-applying and not a law-making authority.

Goals

strategy period 2024-2027



Audit quality

The FAOA's licensing and oversight activities ensure that Swiss audit and regulatory audit services are of a high quality in international terms. In doing so, the FAOA fosters a culture of quality within the audit firms with the aim of continually improving audit quality.



Sustainability

The FAOA contributes to the sustainable functioning of the capital and financial markets by making itself available for any legal quality assurance of statutory non-financial reporting (ESG) audit services.



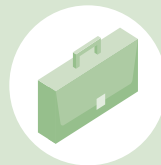
Efficiency and technology

The FAOA improves its processes on an ongoing basis, making use of new technologies as it does so. The result is an efficient, secure, innovative and cooperative working environment.



Enforcement

The FAOA also enforces applicable law by coercive means where necessary, increasing the preventative impact of its work. It regularly reviews the tools it has at its disposal.

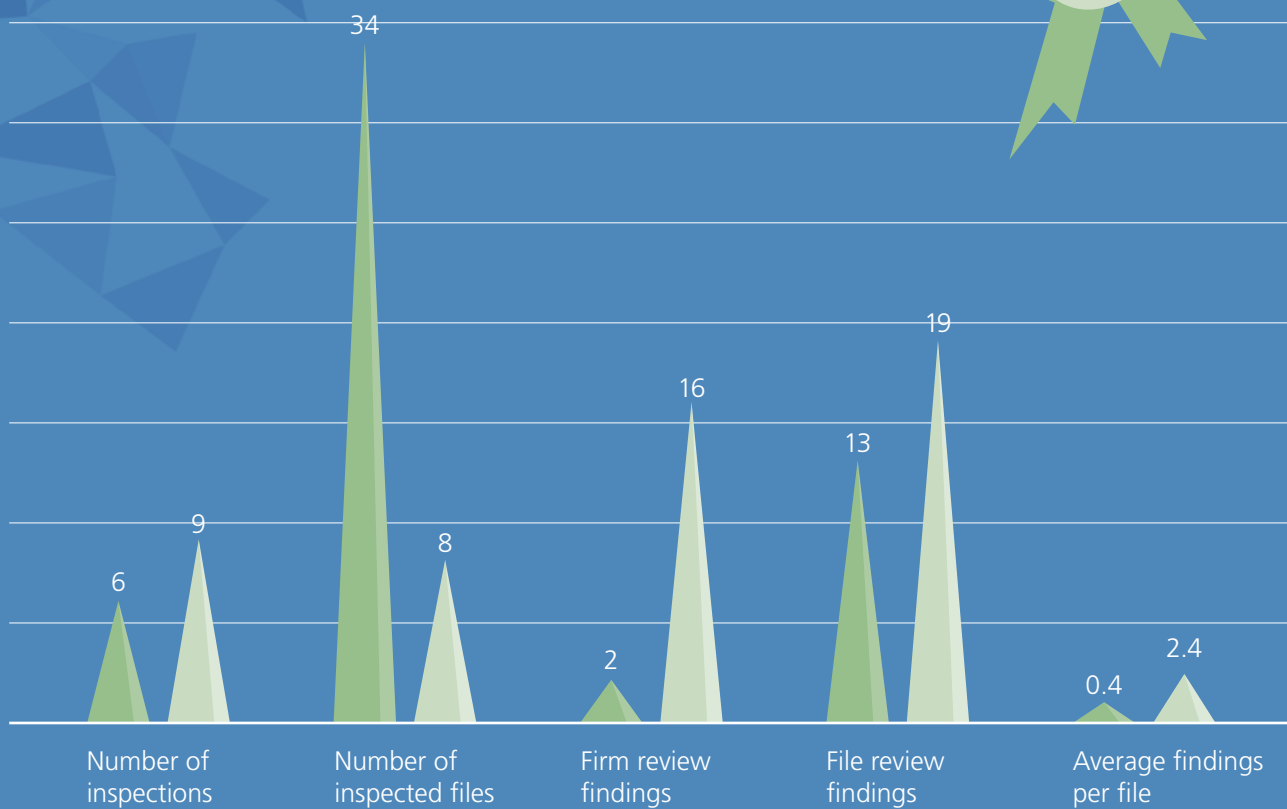


Personnel

The FAOA creates attractive and competitive working conditions, which enables it to attract and retain the staff it needs as an expert organisation, and to offer employees an appropriate and future-oriented pathway for further development.

Financial Audit

Key figures



■ five largest AFSOs
■ other AFSOs

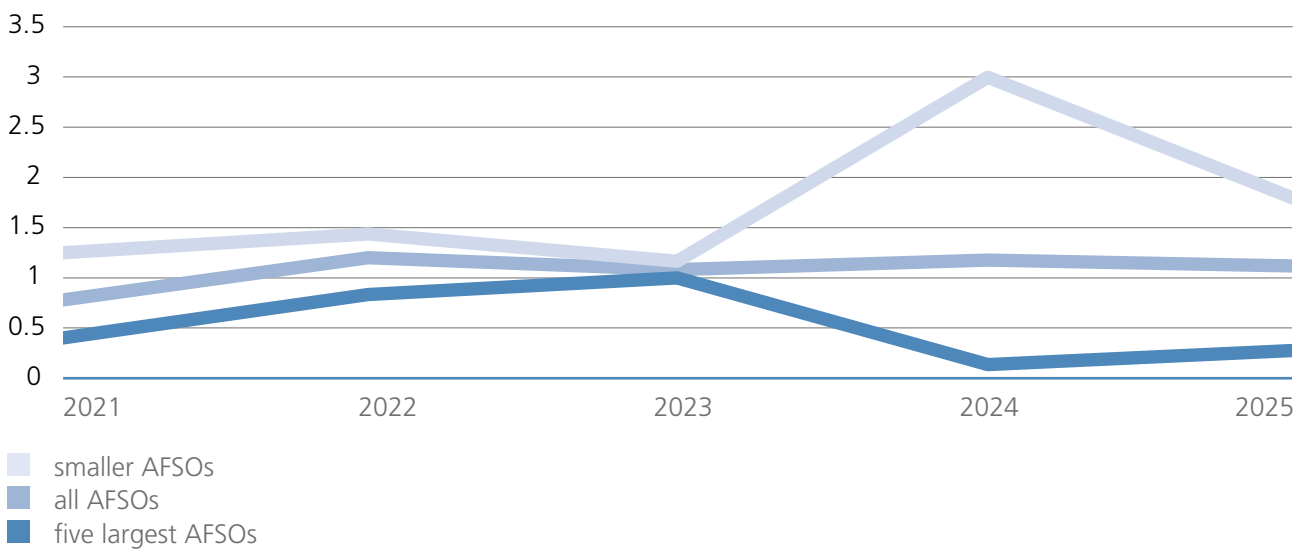
2025 inspections

The FAOA conducted 15 inspections at AFSOs during the reporting year. The six inspections of the five largest AFSOs also included one ad hoc inspection. As part of these inspections, audits of annual and consolidated financial statements of 42 companies were assessed through file reviews. Rather than being «second audits», file reviews restrict themselves to items and issues that harbour particular risks in the FAOA's view.

Firm review

The inspected audit firms' internal quality control or quality management systems can generally be categorised as adequate in each case.

Figure 1 Trend in the average number of findings from firm reviews



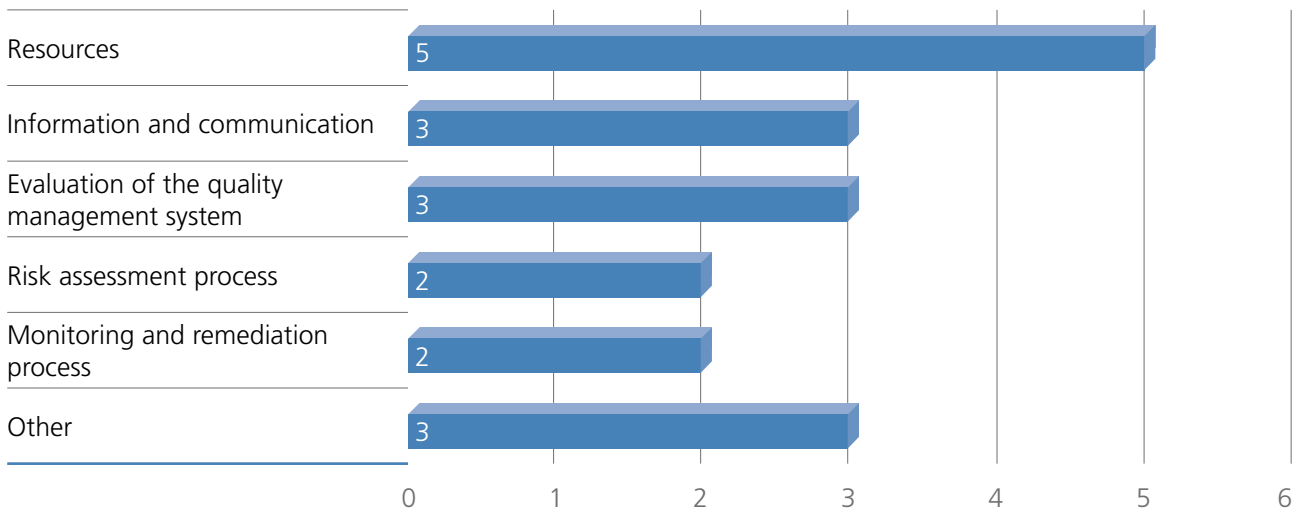
The FAOA identified a total of 18 findings at firm level in 2025. This gives an average of 1.2 findings per inspection from the individual firm reviews. Compared to the previous year, this figure (1.2) has remained consistent. The average number of findings has always been significantly lower at the five largest AFSOs than at the smaller AFSOs. In 2025, this disparity showed a heartening and significant reduction. Regarding the smaller AFSOs, it must be noted that the FAOA usually carries out inspections in two- or three-year cycles based on risk and it is therefore not possible to make a direct comparison to the previous year.

Since the 2024 inspections, the FAOA has started collecting statistical information from the five largest AFSOs about the design of their respective quality management systems (QMS). As expected, the number of quality objectives and quality risks did not change significantly compared to the previous period. Significant changes in the number of controls to counteract quality risks were reported by two AFSOs. More QMS

adjustments can be expected in future, as the AFSOs must carry out an annual risk assessment, as part of which the internal and external monitoring results must be taken into consideration. The FAOA welcomes the endeavours of the AFSOs to improve their QMSs on an ongoing basis.

The five largest AFSOs rely on the controls executed by their global networks. These must be inspected for design and operating effectiveness as part of the monitoring and remediation process. Several AFSOs use controls review reports by network firms for this purpose. As these do not always enable the FAOA to gain a detailed impression of the objectivity and competence of the testers, the audit procedures carried out and the results of the review, the FAOA has arranged with the AFSOs concerned to improve the reporting accordingly.

Figure 2 Type and number of firm review findings



In three cases, the performance assessment for the individual(s) assigned ultimate responsibility for the QMS was insufficiently carried out in the «resources» component, as the quality aspects were not clearly evaluated in one case and the quality of the QMS was not taken into consideration at all as part of the performance assessment in two cases. In the «information and communication» component, communication of FAOA findings in the comprehensive report for the attention of the Board of Directors was inadequate in two cases. At one smaller AFSO, three findings that were still based on ISQC-CH 1 were made in the «quality assurance system evaluation» component. The findings concerned the lack of a risk and control matrix, the lack of qualification on the part of the persons responsible for internal monitoring at the file review level and unsatisfactory design of the reporting process for appeals and allegations. In the «risk assessment process» component, the risk assessment was incomplete in two cases due to a lack of responses in some areas, as well as responsibilities, scope, frequency and basis for documentation of the risk assessment. Similarly, in the «monitoring and remediation process», two cases were incomplete as the internal monitoring did not cover the operating effectiveness of the responses implemented.

Corporate Governance

General

Based on the survey carried out in 2022 and 2023, the FAOA has since been monitoring this issue as part of a multi-year audit strategy. In 2025, individual aspects of corporate governance were discussed with the AFSOs in the course of the annual inspection. Individual AFSOs refine their corporate governance on a continuous basis and also implement recommendations by the

FAOA in doing so. Taking international good practices into account, the FAOA has highlighted the following points of focus in particular:

- Governance structure: clear responsibilities and decision-making procedures between the highest leadership/management body, the Executive Board and other organs and committees
- Control and quality systems: robust and clear control and reporting processes, and effective quality and risk management
- Incentive systems: Transparency and adequate configuration of reimbursement and incentives, with a focus on audit quality and independence
- Transparency and stakeholder dialogue: refined reporting and structured dialogue with relevant stakeholder groups

Private equity investments in AFSOs

As early as 2024, there was already a noticeable international trend towards audit firms increasingly integrating private equity investment into their business model. This brings with it potential advantages, but also risks in terms of audit quality (an objective that conflicts with the expectation for higher profitability) and independence (expanded scope for firms and people subject to the independence regime). In light of these international developments, it is to be expected that transactions of this kind are also on the rise in Switzerland.

The FAOA has been paying very close attention to this trend. The ad hoc reporting obligations for AFSOs

have therefore been expanded to require that details about the following topics in particular be provided to the FAOA where financing (borrowed capital or equity) is expected to be obtained from a private equity company (margin note 22 letter f FAOA circular 1/2010):

- Description of the planned investment (in particular conveying the firm’s structure before and after the transaction)
- Conditions and prerequisites subject to which the AFSO is permitted to conclude such an agreement with the private equity company (in particular minimum quorum of partners, requirements of the network)
- Effects of the transaction on: (a) the partner model (incl. salary and bonus regulations), (b) the composition of the Board of Directors and Executive

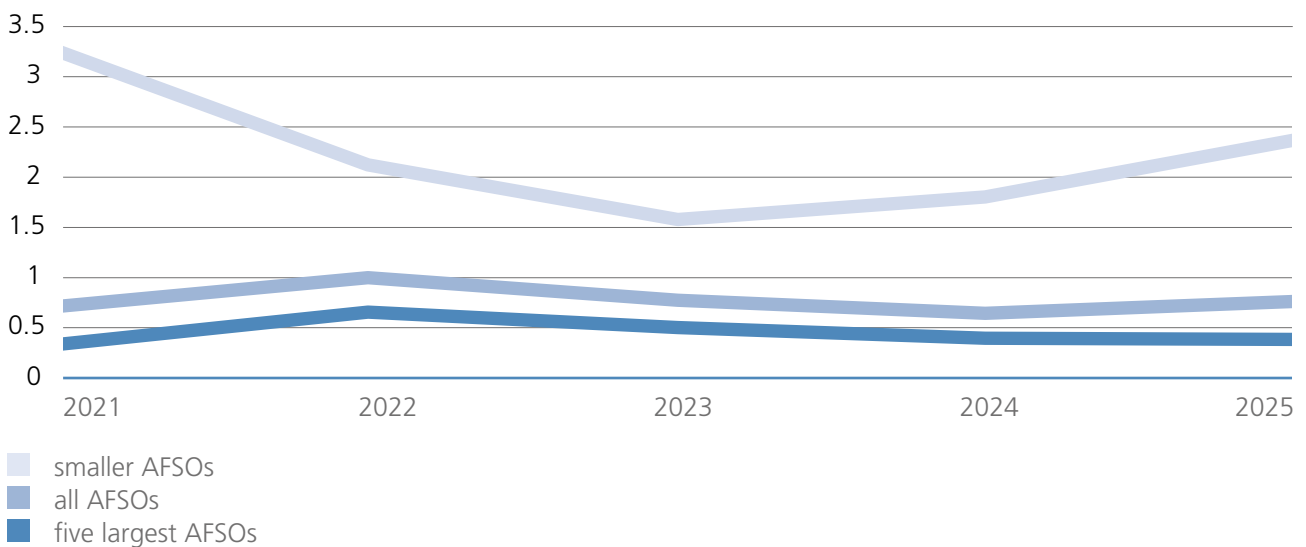
Board in compliance with statutory quora, (c) the audit department (incl. budget and resources), (d) quality and risk management, (e) the firm’s strategy and values, (f) the targets and measurement criteria for audit quality used in the annual performance assessment, (g) the measures for ensuring independence (in particular regarding mandates in which the private equity company is a direct or indirect participant), (h) the acceptance process for new client relationships and audit mandates, (i) the audit methodology, internal instructions, guidelines or other documents relevant to quality, and (j) collaboration with the network, if necessary.

File review

General

Audit quality at individual audit engagement level depends heavily on the partners and staff involved, as well as the external environment of the engagement.

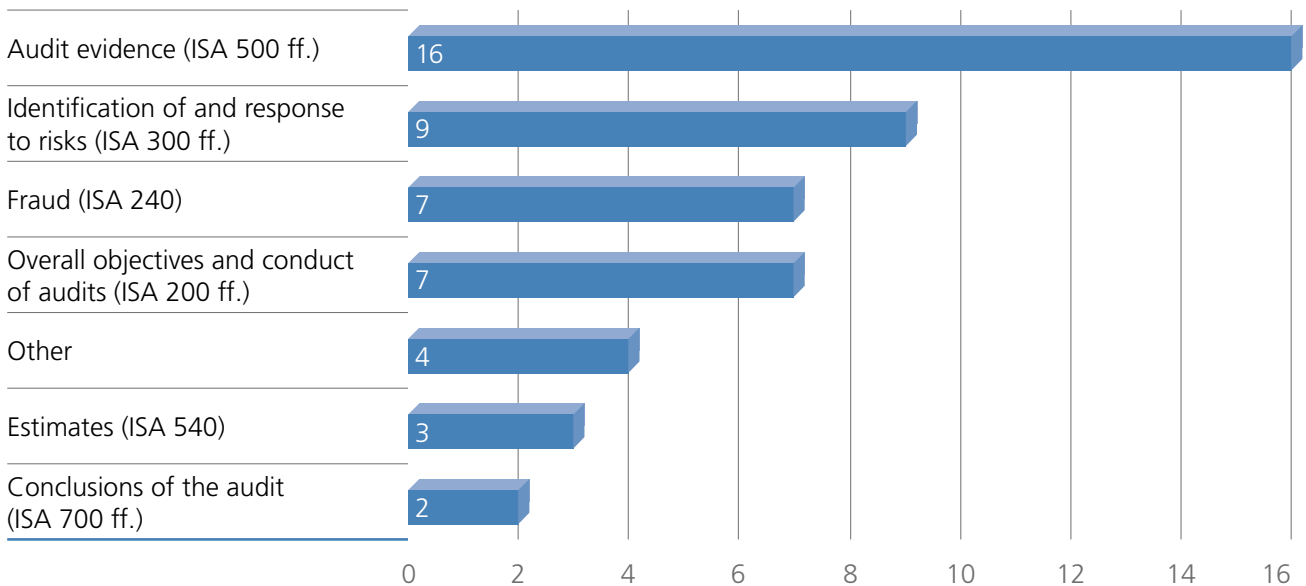
Figure 3 Trend in the average number of findings from file reviews



The trend is relatively constant both among the five largest AFSOs and on average among all AFSOs. The average number of findings per file for the smaller AFSOs is considerably higher than that of the five largest AFSOs and has been trending downwards since 2023. The increase in financial year 2025 is primarily the result of four files with a total of 15 findings. But interpreting this as a trend must be put into perspective, as the smaller AFSOs inspected in 2025 are not the same as those in previous years. Furthermore, due to the law of small numbers, an outlier might have a large immediate impact. Nevertheless, the FAOA expects that the average number of findings per file

among the smaller AFSOs will approach the key figure of the five largest AFSOs due to the measures being implemented to improve audit quality. In the reporting year, a total of 42 file reviews were carried out, resulting in 32 findings. The number of findings per file review (0.8) increased slightly on the previous year (0.6).

Figure 4 Type and number of file review findings (total of 32 findings of non-compliance with auditing standards)¹



The following must be noted regarding the individual categories of finding:

- The category «audit evidence» encompasses shortcomings relating to a range of auditing standards. As with the previous year, the auditing standard on audit sampling (ISA 530) was most frequently the subject of non-compliance. The design and size of the sample, as well as the selection of elements to be audited, proved unsatisfactory at times. The selection of certain elements does not represent audit sampling. Thus, it is not possible to make assertions about the total population when auditing on a case-by-case basis. In addition, for audit sampling, each sampling unit in the population has an equal chance of being selected.
- ISA 315 and 330 contain requirements for risk assessment and responses to identified risks. If audit planning is not of sufficient quality, there is a high risk that the subsequent performance of the audit will be inadequate. In this way, the conclusions drawn about the individual audit objective, which form the basis of the audit opinion set out in the audit report, may not be based on audit evidence to a sufficient degree. This concerned audit objectives such as intangible assets (including goodwill), funds, bonds and revenue in particular. In another

case, the general IT controls were not tested for efficacy. Nonetheless, the audit team audited the operating effectiveness of the automated controls using only one sample element.

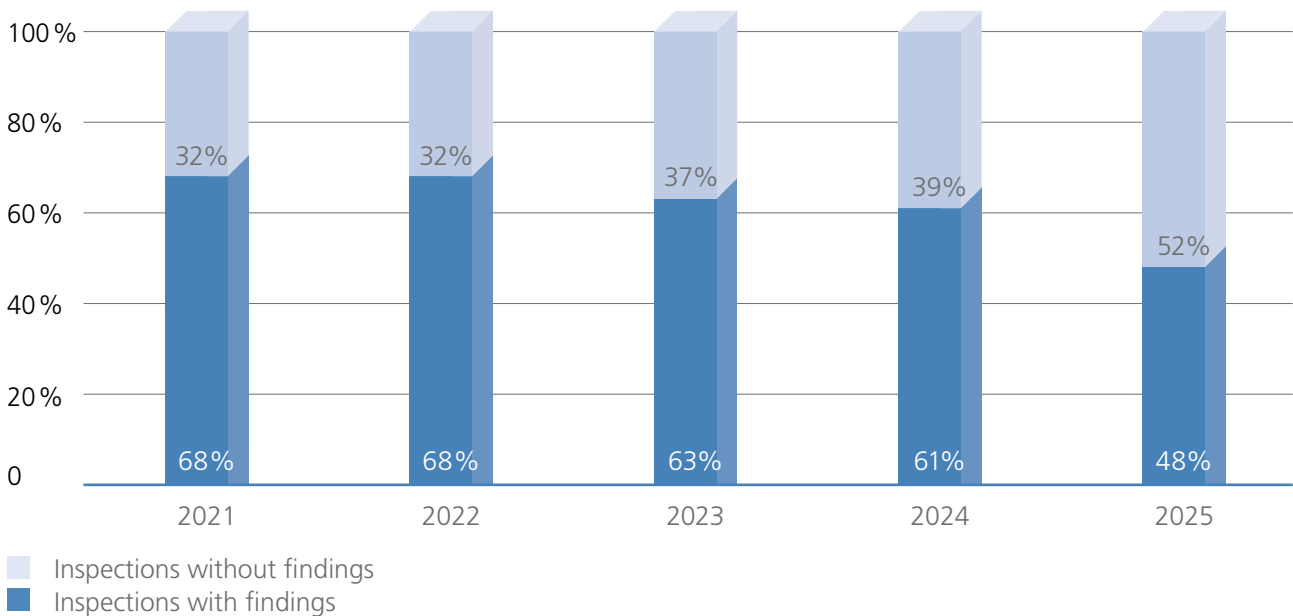
- In the area of fraud (ISA 240), the findings are diverse. The FAOA encountered one audit of financial statements this year, where relevant warning signals for the identification and assessment of the risk of material misstatement due to fraud were not taken into account either at all or only to an unsatisfactory extent. The matter concerned a complex corporate network engaging in a multitude of convoluted and difficult-to-understand transactions and with a lack of pertinent documentation. These warning signals ought to have led to fraud risks being identified. Complex corporate networks that engage in difficult-to-understand transactions and which lack pertinent documentation are liable to facilitate the concealment of misappropriated assets. Only the identification and careful assessment of fraud risks make it possible to plan audit procedures strategically so as to ensure that only fully conclusive audit evidence is accepted.

In several cases, interviews with members of the Board of Directors and the Executive Board were not carried out at all or only to an inadequate standard.

¹ Multiple auditing standards may have been breached per finding. Therefore, the number of findings does not accord with the number of auditing standards. For comparability purposes, findings that relate to breaches of Swiss or US auditing standards have been allocated to the identical or comparable International Standard on Auditing (ISA).

Furthermore, the journal entries to be audited were not always selected based on the identified fraud risks or only entries above a minimum amount were selected without documenting the deliberations made to determine the amount.

Figure 5 Inspections with and without findings



The proportion of file inspections yielding no findings exhibits a significant positive trend over the reporting period.

Audit work outsourced to service centres

The FAOA set the outsourcing of audit work to foreign service centres as one of its points of focus, among others, for its 2025 inspections. The absolute sum of outsourced hours and the relative average proportion of outsourced audit hours have increased compared to the previous period. All five of the largest AFSOs now use services of this kind. Four of these AFSOs procure services from India, two from Romania and a further two from Poland². The extent of this outsourcing is likely to continue to increase in the coming years.

² The AFSOs may procure services from multiple different countries.

Figure 6 Trend in outsourcing of audit work to foreign service centres among the five largest AFSOs for public-interest entities

Figure	Two-year period	
	2025	2024 ³
Outsourced hours (absolute)	160 – 196,557	8,652 – 164,315
Outsourced hours as percentage	6.9% – 23.4%	7.0% – 21.4%
Total outsourced hours (sum)	330,400	239,956

Although case-by-case differences are apparent in both the organisational form and the nature of the outsourced work, the service centres have the following characteristics in common: The staff located abroad are regarded as integrated members of the respective Swiss audit team⁴. The staff employed abroad serve as an extension of the core audit team which continues to bear overall responsibility for the audit of the annual and consolidated financial statements. They are in principle subject to exactly the same processes regarding guidance, monitoring and review as the other members of the audit team.

The outsourced audit work still primarily consists of routine audit procedures and administrative tasks. Increasingly, however, more complex audit procedures are being delegated. In individual cases, direct contact between the foreign service centre staff and the audited companies is also possible. The quality of the outsourced work is ensured by a combination of review processes internally within the service centres and reviews by the responsible audit team in Switzerland.

The FAOA reviewed the procedures for outsourcing audit work to foreign service centres based on 14 audit engagements in the reporting year. In particular, the following aspects were evaluated: the presence of clear guidelines on the nature and scope of the tasks that can be delegated and the responsibilities of the Swiss audit team (regarding, among other things, the obligation to perform a final review), the presence of confirmations of independence, the formal consent of the audited company and appropriate disclosure of the outsourcing in the comprehensive report to the Board of Directors of the audited company. The FAOA also reviewed the quality of a selection of work performed by foreign service centre staff. No material findings were made in the course of this review work.

³ In 2024, only four of the five largest AFSOs were taken into consideration for reasons of materiality.

⁴ Known as the «integrated team model» or «evolved delivery model».

Use of ATT and AI

The use of ATT and AI was another point of focus of 2025. The FAOA carried out eight thematic reviews in the financial year. In particular, the focus was on the use of tools for auditing journal entries, risk analysis and auditing revenue transactions. One file proved to be an exception, as in this case only the use of an AI tool for the audit of revenue was the main issue. In a first step, the FAOA evaluated how the audit teams ensured the completeness and accuracy of the data analysed. In 71% of engagements inspected, the audit teams relied on general IT controls of the companies being audited in connection with the ATT and, in this way, reduced the extent of the substantive audit procedures with regard to data integrity. In the course of auditing journal entries, the FAOA identified one finding in relation to testing the completeness of analysed data. Furthermore, the FAOA assessed whether the tools were being used appropriately, the interpretation of the results of the analyses and the extent of auditing outliers. No further findings were identified in the process.

Findings from the monitoring procedures of the five largest AFSOs

In the period 2020 to 2024, the five largest AFSOs subjected a total of 280 audit engagements of public-interest entities (PIEs) to internal monitoring procedures and made findings on various auditing standards in the process. The number of PIE engagements inspected as part of the annual reviews remained broadly consistent during the data collection period (2024: 295). However, there are considerable differences in the average number of PIE engagements reviewed each year among the five largest AFSOs. These vary between three and 19 engagements per year. This broad range is chiefly attributable to the different parameters within which the five largest AFSOs operate regarding the number of PIE engagements, the number of auditors-in-charge, the risk profile of the PIE. Furthermore, the AFSOs also consider engagements that do not fall under the PIE category as part of their reviews.

Figure 7 Overview of the most common findings from the review of PIE engagements (financial audit) at the five largest AFSOs⁵

Standard	2020	2021	2022	2023	2024	Total	Proportion in %
ISA 315/330⁶ (Risk assessment and response to identified risks)	27	31	10	11	20	99	24%
Control testing	11	6	3	5	4	29	
Identification and assessment of risks	5	9	3	1	3	21	
Substantive audit procedures	4	7	0	1	3	15	
IT audit	4	4	3	2	2	15	
Understanding of the entity and its environment	2	2	1	1	4	10	
Other	1	3	0	1	4	9	
ISA 220 (Quality management for an audit of financial statements)	24	23	8	4	12	71	17%
Engagement quality control	10	7	2	1	1	21	
Guidance, monitoring and review	5	3	3	1	1	13	
Independence	3	4	0	1	5	13	
Other	6	9	3	1	5	24	
ISA 500 (Audit evidence)	12	14	5	6	6	43	11%
Integrity of the information used by the auditor	5	9	4	4	5	27	
Management expert	1	1	0	1	0	3	
Other	6	4	1	1	1	13	
ISA 240 (Fraud)	10	7	9	4	10	40	10%
Audit of journal entries	7	4	5	4	7	27	
Assessment of the risks of fraud including interviews	3	2	4	0	3	12	
Other	0	1	0	0	0	1	
ISA 530 (Audit sampling)	4	3	5	2	4	18	4%
Sample design, size and selection of items for testing	3	3	3	2	4	15	
Other	1	0	2	0	0	3	
ISA 540 (Auditing accounting estimates)	6	1	4	2	5	18	4%
Substantive audit procedures	4	0	2	0	3	9	
Risk assessment	2	0	2	1	2	7	
Other	0	1	0	1	0	2	
ISA 550 (Related parties)	2	7	3	0	3	15	4%
ISA 600 (Audits of group financial statements)	0	4	3	7	0	14	3%
Communication with component auditors	0	1	1	5	0	7	
Other	0	3	2	2	0	7	
Other Standards⁷	22	33	11	14	10	90	23%
Total findings⁸	107	123	58	50	70	408	100%

⁵ Multiple auditing standards may have been breached per finding. Therefore, the number of findings does not accord with the number of auditing standards.

⁶ The categorisation of findings within ISA 315/330 has been revised. For the sake of comparability, some of the previous year's figures have been adapted.

⁷ To maintain clarity, a list of all impacted standards has not been included.

⁸ The number of findings is based on the details reported by the AFSO and is not checked by the FAOA. Figures from the previous year published in the current reporting year do not have to match the values published in the previous year.

After reaching a peak in 2021, the number of findings exhibited a heartening decline. As mentioned, the number of inspected engagements remained broadly consistent and, in the FAOA's view, there are no indications that the assessment standard for findings had been diluted during this period. This points to a sustained improvement in quality for a variety of relevant audit issues. Since 2024, however, an increase in the number of findings made in the course of monitoring can be noted. This is attributable in particular to higher rates of findings in the ISA 315/330, ISA 220 and ISA 240 standards.

The majority of findings made under the ISA 315/330, ISA 220, ISA 500 and ISA 240 standards remain unchanged. Taken together, these four standards make

up around two thirds of all findings. In the other standards, the order of the most frequently breached standards has shifted slightly: ISA 530 and ISA 550 have increased, while ISA 600 and ISA 700 ff. have declined in significance.

The aspects of the standards that are breached have not significantly changed. In the case of ISA 315/330, the findings overwhelmingly concern control testing. The FAOA has designated this topic an audit point of focus for 2026. In the case of ISA 220, findings related to independence saw an increase. This is mainly in connection with EXPERTsuisse independence guidelines, which contain specific requirements for PIE engagements concerning communication with the boards of directors of PIEs (Art. 29 Guidelines on Independence).

Figure 8 Overview of the ratings for PIE engagements (financial audit) reviewed as part of monitoring at the five largest AFSOs

	2020			2021			2022			2023			2024		
Number of PIE mandates inspected	34	19	4	31	17	7	34	10	7	45	13	2	41	14	2
Rating	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
Relative proportion (in %)	60	33	7	56	31	13	67	20	14	75	22	3	72	25	4

Rating 1: adequate audit quality (no material findings)

Rating 2: partially satisfactory audit quality

Rating 3: unsatisfactory audit quality

The quality of the engagements reviewed as part of the monitoring is evaluated by means of a rating in each case. This is based on the number and severity of the shortcomings identified and has an influence on the performance assessment of the auditors-in-charge. Engagements rated «adequate» have increased in number considerably since 2021 and engagements classified as «unsatisfactory» have significantly decreased in number since 2023. Within this system, engagements rated «unsatisfactory» are not necessarily to be interpreted as QMS shortcomings. On the contrary, they might be a sign of effective internal monitoring and a functioning culture of «no blame» and improvement. Furthermore, an unsatisfactory rating does not automatically equate to a material misrepresentation in the audited annual and consolidated financial statements. Rather, it is usually attributable to the auditor's failure to request sufficient audit evidence to support their audit opinion.

The proportion of different ratings is within the expected range. However, there are differences in the assessment of the engagements reviewed at the five largest AFSOs. The FAOA regularly reviews the efficacy of monitoring processes. There is currently no indication that the processes in place are ineffective. Developments in this area will continue to be monitored.

Audit of group financial statements (ISA 600 Revised)

The revised standard for the audit of group financial statements (ISA-CH 600 Revised), which applies to financial years commencing on or after 15 December 2023, was chosen as a final point of focus for the 2025 inspections.

ISA-CH 600 Revised introduces additional flexibility to group audit strategy, in particular with regard to audit coverage, while also expanding the remit of the group auditor. Above all, this affects the guidance, monitoring and review of component auditors. A component is now defined in a wider sense and may include business units, functions, business activities or a combination of these. A full scope audit is no longer a mandatory requirement for «economically significant components». At the same time, reviewing the financial information of components for the purpose of requesting additional audit evidence is no longer permitted. In addition, the component auditor must now report all shortcomings in controls to the group auditor regardless of severity.

In 2025, the FAOA verified that the new standard was being applied correctly in the course of its inspections. At the firm level, audit methodologies were assessed in particular. These contain all of the audit standard's requirements, but are also supplemented by extensive elucidations and manuals. For example, some AFSOs still stipulate that a full scope audit must be carried out for financially significant components. These are defined based on a certain minimum percentage of the group's revenue or the group's balance sheet total.

As the items of a consolidated financial statement usually consist of a large number of components and a full scope audit cannot be carried out for all components, the audit methodologies of the five largest AFSOs specify how the remaining unaudited portion of the item (residual item) is to be evaluated. It is a regular occurrence that the materiality of the residual item exceeds group materiality several times over. The methodologies include a range of qualitative and quantitative factors that the group auditor must take into consideration when evaluating the residual item. The group auditor must exercise their best judgement when deciding whether additional audit procedures

are required for the residual item. As a general rule, the higher the proportion of the residual item, the greater the risk of aggregation. Accordingly, either additional audit evidence must be requested (e.g. by selecting additional components) or a coherent justification must be given as to why no further audit procedures are required for the residual item (e.g. due to effective group-wide controls being in place). At one of the five largest AFSOs, the FAOA concluded that the methodology used for evaluating the residual item left too great a scope for discretion and thus did not ensure a consistent approach that would be transparent to an independent auditor.

At the SMI companies, the FAOA analysed the development of audit coverage of key items, more specifically the key audit matters (KAM) highlighted in the audit report, items classified as presenting significant risks and revenues. Generally, the FAOA determined that the audit coverage remained broadly constant, even after the new standard was applied. By contrast, the nature and scope of the work has changed: on the whole, fewer full scope audits of components were carried out, with more audits of particular items being carried out at the component level. There is also an increasing tendency towards centralised audit procedures, especially in the case of heavily harmonised IT systems and centralised accounting.

When reviewing the working papers of component auditors, the FAOA expects clear documentation on the part of the group auditor. In the FAOA's view, the group auditor must document the following points in particular when conducting a review:

- Selection criteria used to determine the components and items in the annual financial statements to be inspected, including the reason for the documentation reviewed
- Reference and title of the working papers reviewed
- Date and type of inspection
- Name and function of the reviewer
- Description of the audit results and conclusions drawn by the component auditor and
- Assessment of the adequacy of the evidence requested by the group auditor

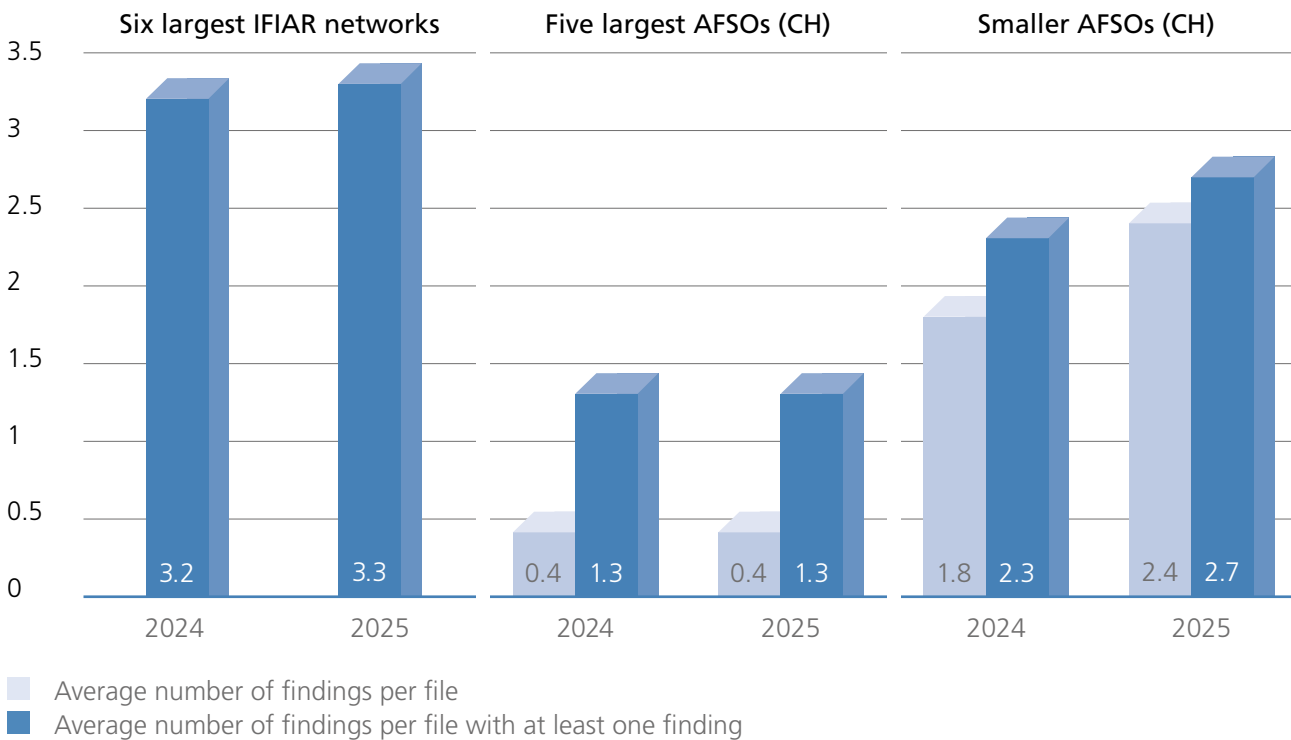
The FAOA will carry out inspections at the AFSOs based on the aforementioned requirements.

Evaluation of the IFIAR survey

On 1 April 2026, the IFIAR published the results of its broad-based study of its member authorities on the inspection results from the six largest global audit networks⁹. In 2025, the key figure for audit engagements

for listed companies with at least one finding was 35% (2024: 34%). The IFIAR expects that this key figure will fall to 24% by 2027. The FAOA is a member of the GAQWG and is contributing to the initiative.

Figure 9 Comparison of the average number of findings



Since 2024, the IFIAR has been publishing the key figure «average number of findings per file with at least one finding», but not the key figure «average number of findings per file» (i.e. all files inspected, including those in which no findings were made). In 2025, the international key figure was 3.3 (2024: 3.2). In Switzerland, this key figure was 1.3 for the five largest AFSOs (2024: 1.3) and 2.7 at the smaller AFSOs (2024: 2.3). While the national figures therefore proved stronger than the international ones, Switzerland nevertheless exhibited a slightly negative trend.

In the reporting year, the «Average number of findings per file» was 0.4 at the five largest Swiss AFSOs (2024: 0.4) and 2.4 at the smaller AFSOs (2024: 1.8).

To put the Swiss figures into context, please see the commentary at the start of the «File review» section.

⁹ The largest audit networks are BDO International Limited, Deloitte Touche Tohmatsu Limited, Ernst & Young Global Limited, Grant Thornton International Limited, KPMG International Cooperative and Pricewaterhouse-Coopers International Limited.

Root cause analysis and measures

The AFSOs concerned must remedy the FAOA's findings relating to the individual audit engagements inspected in a sustainable way by adopting suitable measures. The basis for this is a root cause analysis to be undertaken by the AFSO. The root cause analysis processes at the five largest AFSOs are supported by the respective global networks, which stipulate rules and tools in response to both findings from internal monitoring procedures and those identified by external audit oversight authorities. The root cause analysis is carried out by the respective responsible officers in

the quality and risk management department of the AFSO. These analyses are carried out in accordance with detailed action plans in each case.

The FAOA undertakes a critical review of the action plans and generally requests more precise details or improvements to their content. Although the final plans for implementing the measures are typically reported to the global network of audit firms by the AFSO, the implementation is primarily monitored at local level.

In 2025, the FAOA agreed a total of 94 improvement measures with the AFSOs inspected.

Figure 10 Chart showing the number of inspections, files and measures

Number of inspections (incl. inspections without findings) ¹⁰	16
Number of files (incl. files without findings)	40
Number of measures agreed	94

The measures agreed relate to the following topic areas:

Figure 11 Improvement measures by topic area

Adjustment to audit approach (File)	27
Adjustment to methodology/regulations	25
Training	23
Communication of findings/measures to all partners and employees of the financial audit department	16
Adjustment to processes and/or controls (Firm)	16
Adjustment to resources	9
Disciplinary measures imposed by the AFSO on auditors-in-charge or the EQCR	4
Other (withdrawal from engagement + other)	3
Ban on functions	1

(Note: a measure may relate to multiple topic areas)

¹⁰ In one inspection, the findings process is still at an early stage, meaning that its measures are not included in the table. Conversely, two inspections are included that had not yet made it into the 2024 Annual Report.

In particular, internal processes and controls, firm-wide methodology, regulations and tools were adjusted as measures in response to shortcomings identified in the firm review, and training sessions on the relevant standards for auditing and accounting were arranged.

The measures in response to shortcomings identified in the file review were, of course, dependent on the topic and related in particular to adjustments to audit approach and scope, as well as to the adequacy of audit evidence. Furthermore, in one case a prohibition was issued against exercising the roles of auditor-in-charge at PIEs and as individual ultimately responsible for the QMS for a certain number of years. In addition, on the basis of three file reviews, disciplinary action (reduction of bonuses) was taken against four people (auditors-in-charge and engagement quality reviewer).

Preliminary fact-finding and proceedings

Alongside routine inspections, event-driven preliminary fact-finding and proceedings are also conducted at AFSo. Particular account is taken of credible third-party notifications. In 2025, 20 notifications in connection with the work of AFSo were received. In 16 cases, preliminary fact-finding was carried out¹¹.

Cooperation with stock exchanges

The FAOA coordinates its oversight activities with the SIX Exchange Regulation (SER) to avoid duplication. In the reporting year, the FAOA submitted no reports to the SER.

Cooperation with audit committees

Audit committees and the FAOA have a mutual interest in high-quality audit services. As part of selected file reviews, a professional exchange of ideas takes place between the respective AC chairs and the Chief Executive Officer of the FAOA.

Standard setting

Swiss Standards on Auditing

The adoption of the revised ISAs in the Swiss Standards on Auditing (SA-CH/ISA-CH) is not an automatic and immediate process. Rather, for the most part, it might be referred to as a dynamic adoption process.

The revised International Standards on Auditing ISA 220 (Revised), 315 (Revised) and 600 (Revised) have now been adopted in the Swiss Standards on Auditing. They apply to the audits of annual and consolidated financial statements for periods commencing on or after 15 December 2024. Early adoption of these standards was only possible if all three standards (ISA-CH 220, 315 and 600) were applied together as a package.

ISQM 1 and 2 were also incorporated into the Swiss Standards on Auditing with staggered application deadlines. Audit firms under state oversight are obliged to design and implement a QMS in accordance with the ISQM-CH 1 and ISQM-CH 2 standards by 15 December 2025. Audit firms that are not under state oversight have been given a transition period up to 15 December 2026.

The International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE), which was ratified on 6 December 2023 by the IAASB and entered into force on 15 December 2025 has not yet been implemented in Switzerland by EXPERTsuisse.

International auditing standards

Together with IFIAR, the FAOA regularly submits comment letters on various IAASB and IESBA drafts. These submissions can be read on the FAOA website.

On 8 July 2025, the IAASB ratified the revised auditing standard ISA 240 «The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements». The revised standard has been issued in response to shortfalls in meeting the public's expectations regarding the role of the auditor in detecting fraud. In

¹¹ Fact-finding for notifications received in the previous year were also carried out during the financial year.

essence, the standard increases the responsibilities of the auditor in detecting fraud, responding appropriately to the assessed risks and ensuring greater transparency in the audit reports of listed companies.

The standard emphasises professional scepticism as a guiding principle throughout. New additions include a structured approach to assessing the fraud risk spectrum, which takes into consideration the interaction between fraud-prone circumstances, incentives and pressure factors. The brainstorming discussions in the audit team have been expanded and are now planned to take place both at the start of and during the audit, as required, in order to take any fraud risks that have since become apparent into consideration. Furthermore, the requirements for audit evidence have been tightened. In response to identified fraud risks, the standard describes specific audit procedures, including the need to discuss potential fraud indicators directly with the management and the Board of Directors of the company being audited. Another central topic concerns timely and transparent communication of fraud risks, causes for suspicion and instances identified to the audit committee, as well as the explicit requirements regarding documentation.

The revisions of ISA 240 are in accordance with ISA 570 (Revised 2024) «Going Concern», published in April 2025, in which it is acknowledged that fraud and financial distress often present overlapping risks that must be addressed in conjunction.

In future, the auditor must systematically evaluate whether events or conditions are grounds for material doubt as to the ability to remain a going concern. If there are indicators of material doubt as to the ability to remain a going concern, the auditor must explicitly document why no significant going concern risk factors were identified. Furthermore, the auditor is under greater obligation to scrutinise the robustness of the assumptions made by the management of the company being audited, as well as the reliability of the information sources regarding the ability to remain a going concern. Additional details must be included in the audit report – regardless of whether material uncertainties are present. In the case of listed companies, the auditor must describe how they evaluated the estimate produced by the management of the audited company. The revised standard also requires explicitly transparent documentation as to how scepticism has been implemented in the audit procedures.

The two revised standards enter into force for audits of annual and consolidated financial statements commencing on or after 15 December 2026.

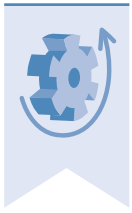
In September 2025, the IAASB published narrow scope amendments to its standards.¹² This adjusts the definition of the terms «listed company» and «public-interest entity» in particular to the corresponding definition in the IESBA's «Code of Ethics for Professional Accountants» (including the «International Independence Standards»). The changes apply to audit and review mandates commencing on or after 15 December 2026.

In the content of introducing the International Standard on Sustainability Assurance (ISSA) 5000¹³ in 2024, the IAASB decided to rescind the International Standard on Assurance Engagements (ISAE) 3410 («Assurance Engagements on Greenhouse Gas Statements») from the date on which ISSA 5000 entered into force. ISSA 5000 is concerned with auditing sustainability information of all kinds, including greenhouse gas emissions, regardless of how this information is presented. It applies to audit mandates for sustainability information reported for periods from 15 December 2026 onwards.

¹² IAASB: Narrow Scope Amendments to the ISQMs, ISAs and ISRE 2400 (Revised) as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code, August 2025.

¹³ International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements.

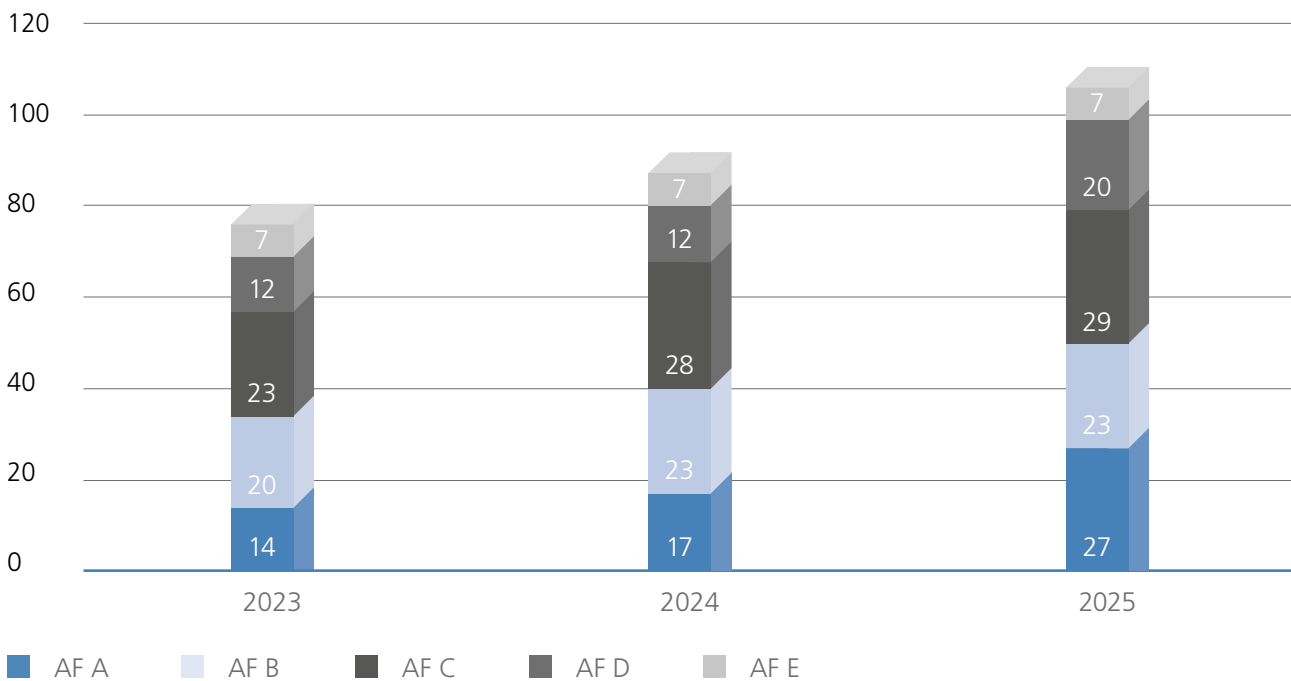
Technological developments



In the current financial year, the use of ATT and AI was a point of focus in reviewing the quality of audit services at the five largest AFSOs. At these firms, technology is playing an increasingly important role, including in the selection of the audit firm. The main focus is on increasing the quality and efficiency of audits: with ATT, data can be analysed in greater depth, patterns and anomalies can be recognised better, and the consistency and efficacy of audit procedures can be increased.

In light of rapid technological progress, AFSOs are developing and acquiring new tools to meet the increasing requirements in auditing. This has meant that in the past, too, some AFSOs had numerous tools at their disposal that audit teams could make use of. But in practice, not all ATT are used by the teams. Over the last three years, the five largest AFSOs have been investing both in the existing ATT and in the development of new tools and have increased the number of ATT available to their audit teams by 39% in total. There are significant differences in the introduction of new tools: where one AFSO almost doubled its number of ATT, another AFSO introduced no new tools whatsoever during the same period.

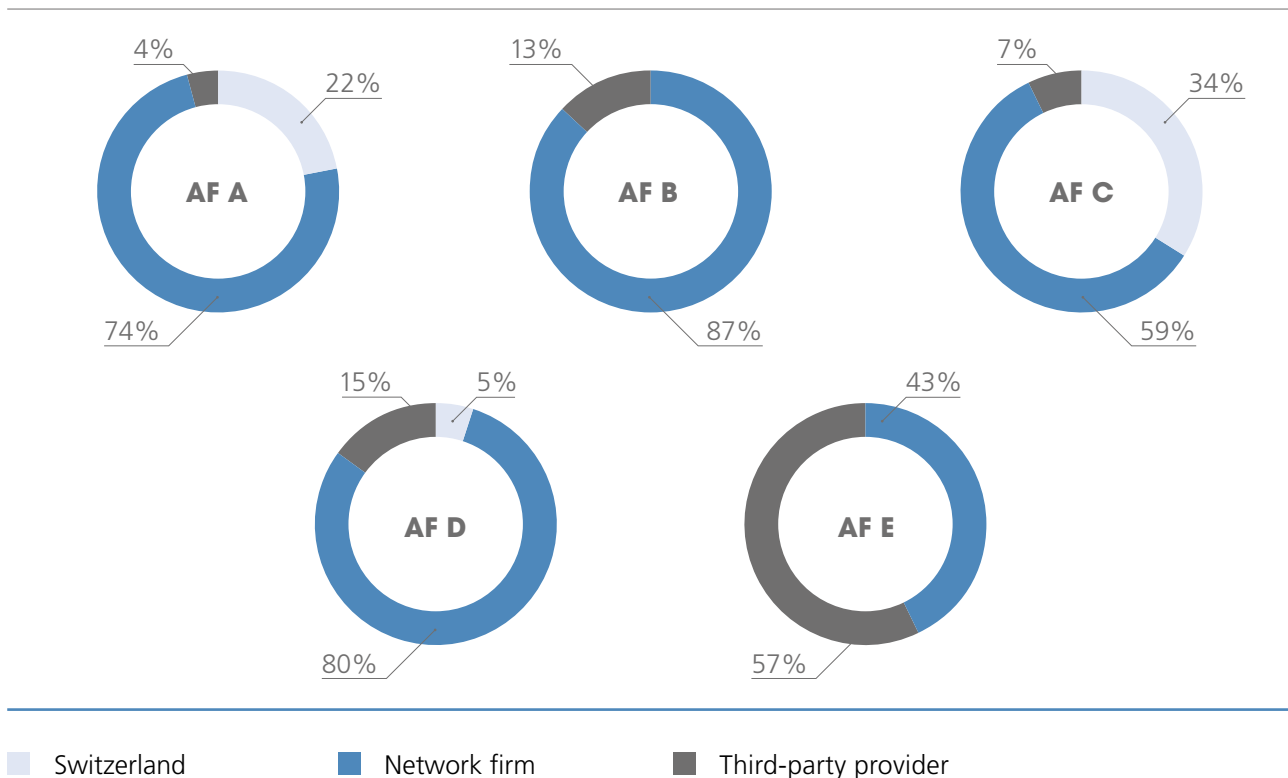
Figure 12 Increase in the number of ATT at the five largest AFSOs over the last three years



The FAOA has observed a variety of different approaches to the development of ATT. Some AFSOs concentrate the development of their technological resources primarily at the global level, while others take a combined approach that factors in both their global networks and their Swiss member firms. In addition, some firms use ATT that were developed by third

parties. The following chart shows the proportion of ATT developed by the network, in Switzerland and by third parties. The majority of ATT are developed and maintained at the network level. There is only one AFSO where the tools used are predominantly procured from third-party providers.

Figure 13 Proportion of ATT developed in Switzerland as compared to network tools and third-party providers



To evaluate the relevant processes and systems as part of the implementation of ISQM 1, it is important that the FAOA understands how the AFSOs monitor their technological resources and at which level the monitoring is performed. There is a need for regulatory clarity as to whether monitoring tasks are performed at the level of the global network that developed the tool or at the AFSO that uses it. Depending on who is responsible, clear global guidelines for monitoring ATT must be laid down in the QMS.

As previously mentioned, the audit teams do not use all of the tools that they are provided with. The current analysis by the FAOA shows that, on average, 75% of these tools are used when auditing PIEs across the five largest AFSOs. For this reason, the FAOA recommends that the AFSOs concentrate on introducing the ATT that are expected to have the biggest impact on improving audit quality.

Sustainability

From 26 June to 17 October 2025, the Federal Council held a consultation on stronger regulations that are better tailored to European legislation on sustainability reporting. In accordance with these regulations, around 3,500 firms – instead of the 300 or so previously – are to be subject to sustainability reporting obligations if they exceed two out of three thresholds (250 employees, a balance sheet total of CHF 25 million, revenue of CHF 50 million) for two consecutive years. Firms subject to reporting obligations must report on risks relating to the environment, human rights and corruption and on the measures taken in response. In addition, the reporting is now to be audited by an audit firm or conformity assessment body.

The consultation has proven controversial: one camp criticises the draft for not being sufficiently far-reaching (in particular, for lacking provisions on due diligence obligations¹⁴). Industry associations, by contrast, find fault in particular with the burden placed on SMEs swept up within its scope and are calling for the regulations to be streamlined.

¹⁴ However, the Federal Council voted on 3 September 2025 to put forward an indirect counter-proposal to the Popular Initiative for Sustainable Corporate Governance (known as the Corporate Responsibility Initiative 2.0) at the legislative level ([see the Federal Council's press release dated 3 September 2025](#)).

Almost in parallel, the European Commission adopted the Omnibus I simplification package on 26 February 2025 with the aim of simplifying the EU's large regulatory frameworks on sustainability (in particular CSRD and ESRS¹⁵) and streamlining their scope of application. This aim is intended, among other things, to ease the burden in the following ways:

- Postponement of application («Stop-the-Clock»)
- Adjustment of scope of application (thresholds)
- Scrapping of industry-specific ESRS
- Reduction of the complexity of reporting obligations and data requirements

The «Stop-the-Clock» Directive¹⁶ provides for the postponement of the reporting obligations for so-called second- and third-wave companies, i.e. for the large and capital-market-oriented small and medium-sized enterprises (SMEs). The new deadlines apply two years later to the financial years starting in 2027 or 2028 respectively.

The EU Parliament and the EU Council reached a provisional political agreement on the further amendments to the contents of the Omnibus package, in particular the simplification of the CSRD requirements, on 9 December 2025.¹⁷ The final text must still be formally ratified by the EU Council and then published in the Official Journal of the EU. The Omnibus I Directive will enter into force 20 days after publication but will only take immediate effect for companies if the member states implement it by the stipulated deadline.¹⁸

In accordance with the final proposal, the applicability threshold for companies has been raised to a minimum of 1,000 employees and sales revenue of € 450 million. Third country companies shall only be subject to reporting obligations if they have a significant presence in the EU.¹⁹

Furthermore, the audit of sustainability information should only be carried out with limited assurance. The deadline for ratifying binding standards for auditing with limited assurance has been pushed back to

1 July 2027. In addition, the Commission is planning to produce targeted assurance guidelines for practical implementation of sustainability information audits.

Other far-reaching amendments concern the qualification and licensing of sustainability auditors. Audit firms that wish to carry out sustainability audits will now have to nominate at least one «key sustainability partner» that meets the specific requirements for sustainability auditing and holds a licence as an auditor. Conversely, the audit firm itself will no longer have to be licensed as an audit firm for sustainability audits. For third-country auditors, simpler registration conditions will apply and, under certain circumstances, exemption from oversight by member states may be granted.

The European Financial Reporting Advisory Group (EFRAG) was tasked with revising the currently applicable European Sustainability Reporting Standard (ESRS)²⁰ and presented the Exposure Drafts for the simplified standards (ESRS ED) on 31 July 2025 for consultation. The EFRAG analysed the statements and feedback submitted in the course of the consultation and passed the revised and simplified ESRS Exposure Drafts over to the European Commission for review on 3 December 2025. The aim of the revision was to model sustainability reporting based on the CSRD in a simpler and more practical form, including by reducing the number of data points by 61% and simplifying the double materiality analysis. Furthermore, the reporting obligations regarding value chains are planned to be capped to information on direct suppliers and limited dated points («value chain cap»).

The Commission is planning to ratify the delegated act on the revised ESRS by summer 2026. Depending on the final legislative process, the amended ESRS is anticipated to enter into force with obligatory application from reporting years commencing from 2027 onwards.

The planned simplifications are expected to significantly reduce the number of companies that fall within the scope of reporting obligations under the CSRD. The adjustment of the thresholds and the scope of

¹⁵ The CSRD establishes requirements for sustainability reporting, while the ESRS provides the framework for implementing these requirements.

¹⁶ The [Directive \(EU\) – 2025/794](#) entered into force on publication in the EU Official Journal on 16 April 2025, with the obligation for member states to implement the Directive in national law by 31 December 2025.

¹⁷ The negotiated Omnibus I proposal was formally approved on 16 December 2025 in the EU Parliament plenary.

¹⁸ The Directive provides for a 12-month implementation period.

¹⁹ From a net revenue of greater than € 450 million in both of the last two consecutive financial years in the EU and an EU subsidiary or branch with a net revenue of greater than € 200 million.

²⁰ See [Delegated Regulation \(EU\) 2023/2772](#) for more information.

reporting will also limit the extraterritoriality effects of the CSRD. Consequently, fewer third-country companies – including Swiss companies – will be subject to the CSRD reporting obligation.

Against the backdrop of developments in the EU, the Federal Council tasked the Federal Administration with developing pragmatic options for amending legislation in a manner closely aligned with EU law. In terms of how to proceed, the Federal Council will make its decision as soon as the EU has finalised its Omnibus regulations for reducing burdens on businesses, but no later than spring 2026.

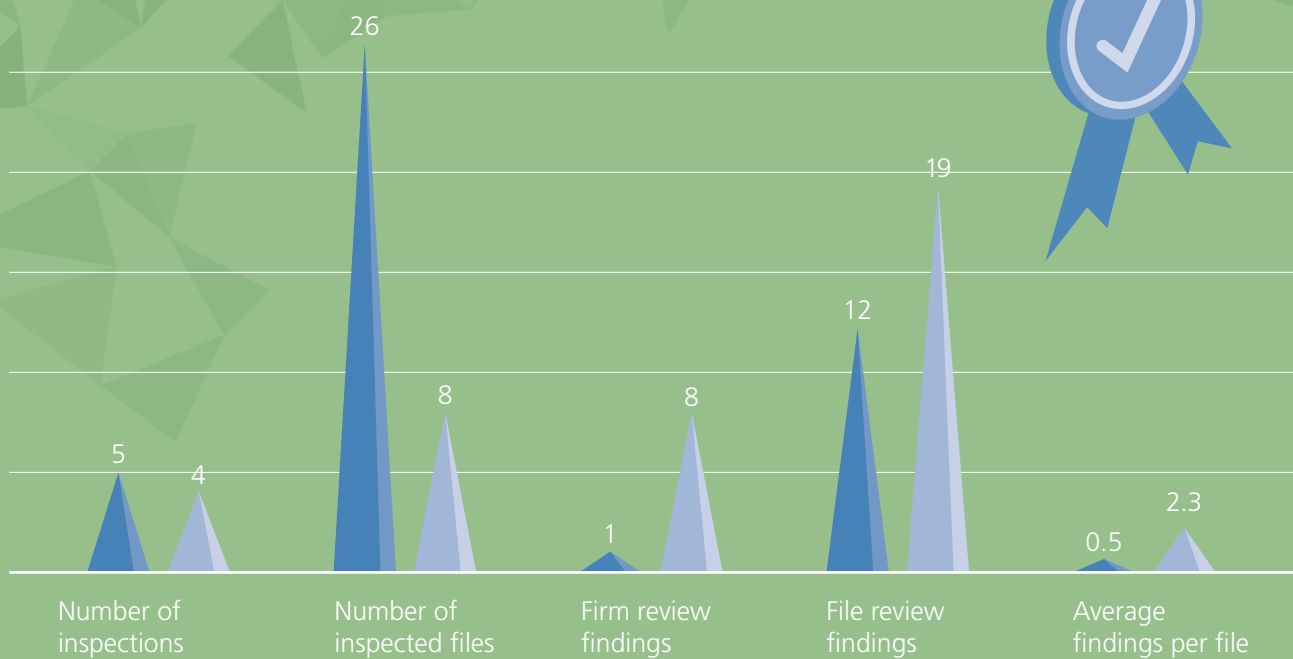
Points of focus of 2026 inspections

In connection with routine inspections carried out at AFSOs, the FAOA has defined the following points of focus regarding oversight for 2026:

- Control testing (including the testing of general IT controls) (ISA 315/ISA 330)
- Auditing accounting estimates and related disclosures (ISA 540)
- The auditor's responsibilities relating to fraud (ISA 240)
- Financial institutions: credit risks at financial institutions from the perspective of audits of financial statements and regulatory audits (in particular ISA 315, 330 and 540, see above)
- Financial institutions: combating money laundering and terrorist financing (in particular new FINMA audit points for compliance with anti-money laundering provisions).

Regulatory Audit

Key figures



- five largest audit companies
- other audit companies

2025 inspections

During the reporting year, inspections were carried out for nine audit companies, of which five are inspected annually (because they audit more than 50 PIEs)²¹, and the rest every three years.

The quality of regulatory audit services was inspected through file reviews. Inspections are based on 34 regulatory audit files from the following financial institutions: 17 banks, nine collective investment scheme institutions, six insurance companies, one financial market infrastructure and one asset manager that was affiliated with a supervisory organisation (SO).

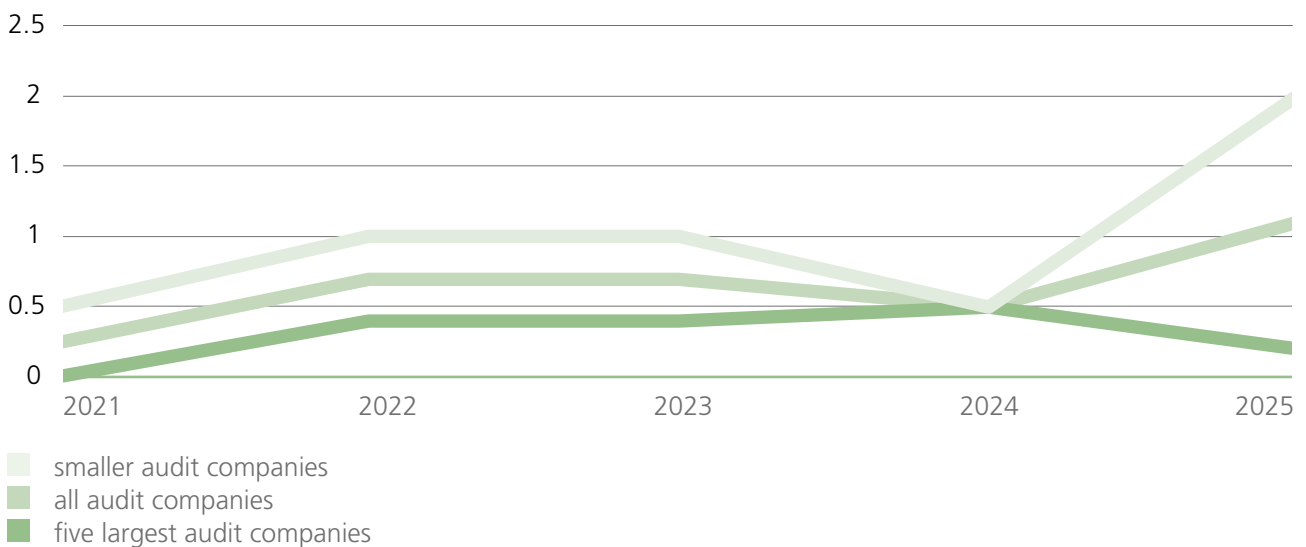
Firm Review

Overall, internal quality assurance/quality management systems at the inspected audit companies are adequate. However, across all audit companies, an

increase in the average number of findings per firm review can be observed. A positive trend can be observed at the five largest audit companies. By contrast, after having improved in recent years, the smaller audit companies have exhibited a significant worsening. This increase is in particular related with the inspection of one smaller audit company and is due to the law of small numbers.

At the smaller audit companies, there are significant differences in the quality of the internal quality assurance/quality management systems. Consequently, the FAOA has agreed appropriate measures with these firms to improve the adequacy of the internal quality assurance/quality management systems.

Figure 14 Trend in the average number of findings in firm reviews



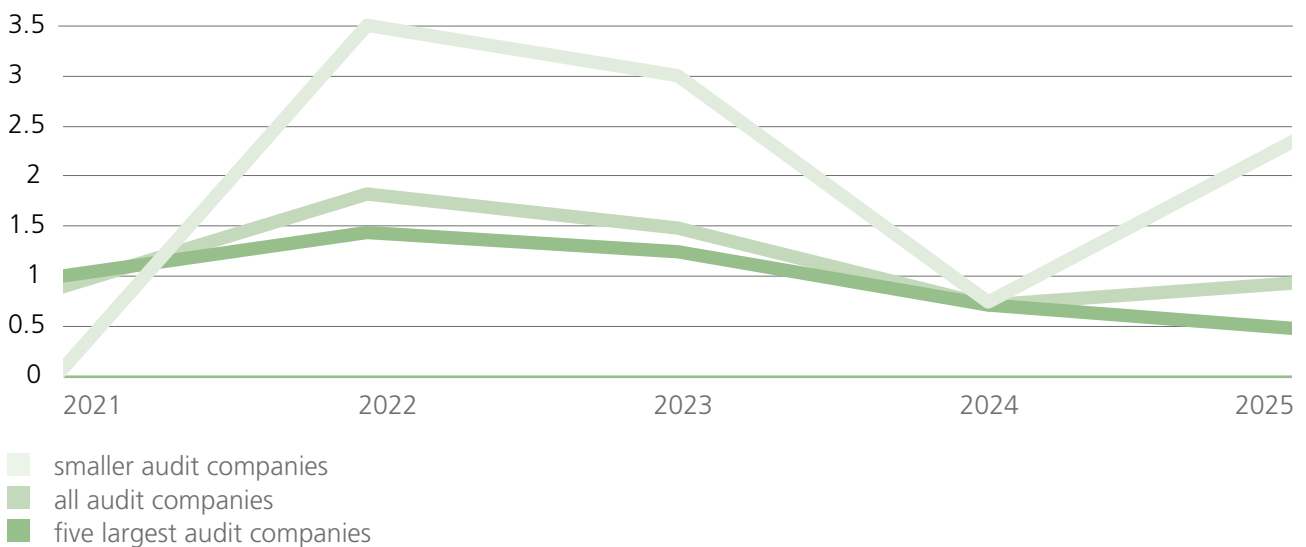
²¹ In the case of one of the five largest audit companies, the actual inspection work was completed in 2025. Since the findings process is still at an early stage, this does not form part of the 2025 Annual Report. Conversely, one inspection that had yet to be completed as of 31 December 2024 is now included.

File Review

As with financial audits, audit quality at individual regulatory audit engagement level depends heavily on the partners and staff involved, as well as the external environment of the engagement. Like the firm reviews, a neutral trend is also discernible regarding the regulatory audit file reviews. This development

has been driven by the positive trend in the five largest audit companies, whereas there was a significant increase at the smaller audit companies in the wake of the heartening improvements in 2023 and 2024.

Figure 15 Trend in the average number of findings per file review



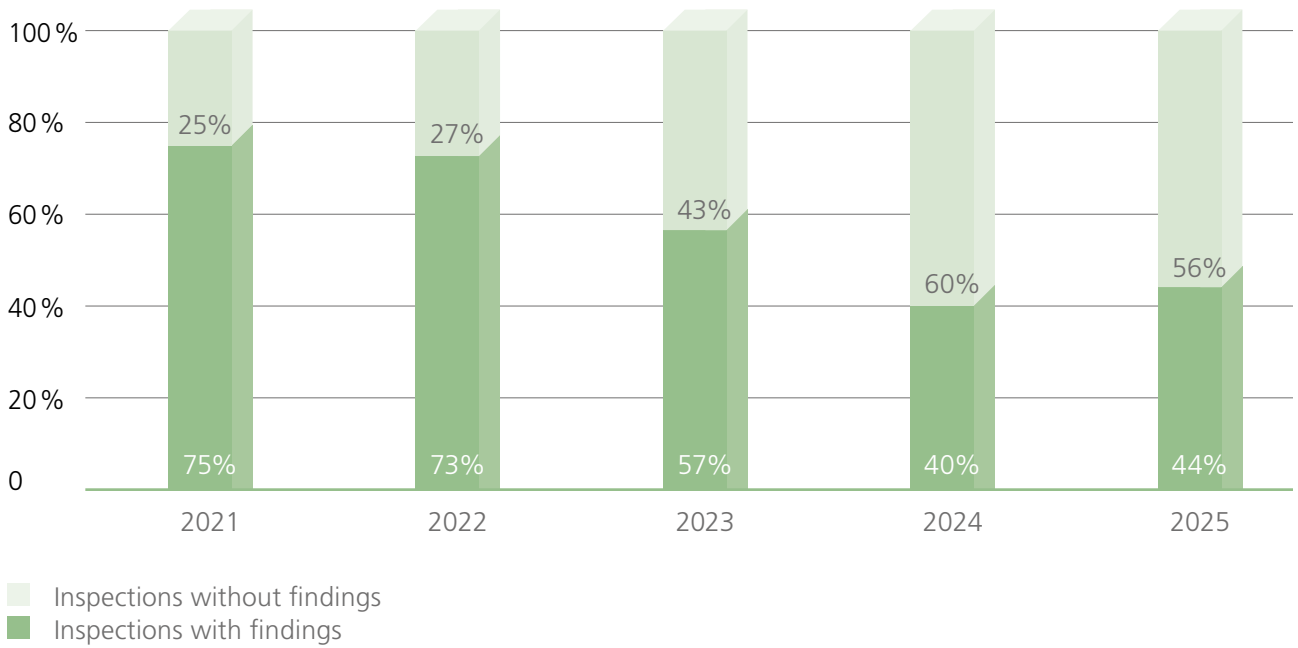
As part of its file reviews, the FAOA identified a total of 31 findings. After having trended downwards (from 1.5 to 0.7) since 2023, the number of findings per file review increased slightly in 2025 from 0.7 to 0.9.

This is attributable to the significant increase in findings at one of the smaller audit companies. Whereas a decrease of around 0.7 to 0.5 can be observed at the largest audit companies, a significant increase of around 0.8 to 2.4 findings per file is apparent at the smaller audit companies. This increase was primarily driven by one outlier and is not a direct reflection of the quality of all of the files inspected at the smaller audit companies.

The proportion of file inspections yielding no findings has proven relatively constant and positive as compared to the period from 2021 to 2023, whereas in 2025 it was only 13% for smaller audit companies and 69% for the five largest audit companies. Specific quality improvement measures were agreed accordingly and further continuous efforts to improve quality are needed in this area, in particular at smaller audit companies.



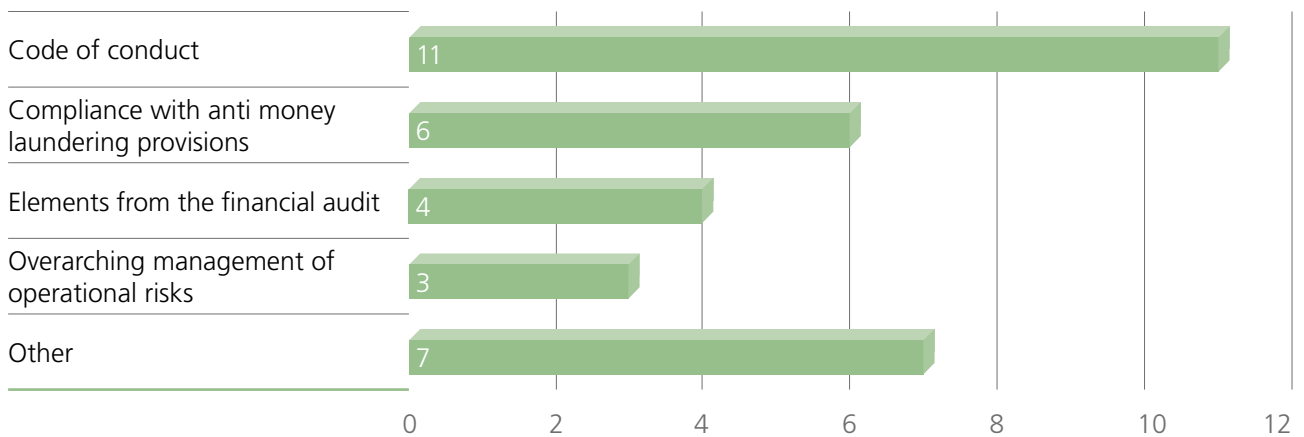
Figure 16 Inspections with and without findings



The coverage of the audit areas in the context of the inspected engagements is primarily determined by the audit frequency agreed between FINMA and the audit companies and the audit strategy parameters that arise as a result of FINMA's auditing guidelines.

In the 2025 financial year, the FAOA's findings were distributed across the following audit areas:

Figure 17 Findings by audit area

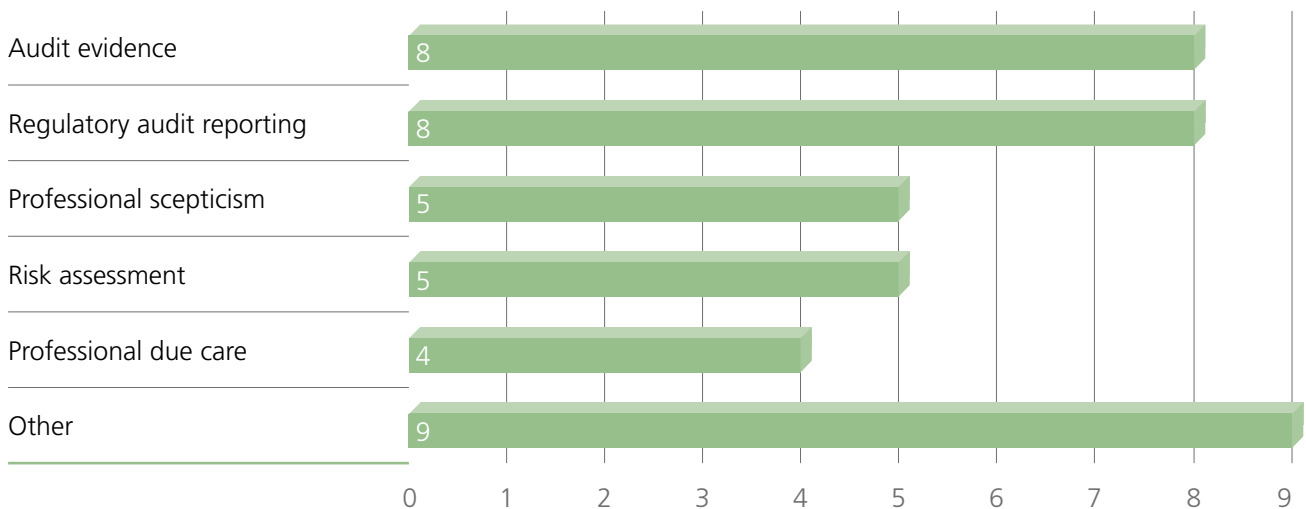


Most findings were recorded in the audit area «code of conduct». An encouraging decrease from 32% in 2024 to 19% can be observed in the audit area «compliance with money laundering provisions (AMLA)». It is important to refine process and audit programmes on a continuous basis in this area in order to ensure quality. This applies in particular against the backdrop of the new audit points on compliance with money

laundering provisions in banking²², which have significantly altered the audit procedure and audit objectives and have placed clearer expectations on the sector. For this reason, the FAOA will continue to pursue this matter in 2026.

With regard to the auditing standards concerned, the FAOA's findings can be categorised as follows:

Figure 18 Findings by audit category



This shows that shortcomings in audit evidence and reporting still make up the largest proportion of findings, followed by a lack of professional scepticism and risk analysis.

Compliance and risk control function (incl. AMLA aspects)

One of the focal points for the FAOA's inspections in 2025 were the audit areas of the risk control function, risk management, compliance function and compliance with money laundering provisions (AMLA). These four audit areas are central, as they contribute directly to the monitoring and management of significant risks faced by financial institutions.

In the course of the inspections, one finding was made relating to the compliance function and six findings were made relating to compliance with money laundering provisions. On average, 0.85 findings were made per AMLA file inspected (previous year: 1.0). This decrease is a positive sign, but the average is still above the figure being aimed for, which is 0.5 findings per file.

FINMA's new AMLA audit programme was discussed at the firm level with the audit companies and evaluated based on samples. No findings were made. To evaluate the practical implementation, the FAOA will make file-level AMLA audits a focal point again in the coming year.

Risk analysis for regulatory audits

The FAOA's second focal point for the reporting year concerned risks analysis as part of regulatory audits.

The processes for creating and inspecting the risk analysis were evaluated at firm level, ensuring that new regulatory developments were adequately taken into account. In addition, the risk analysis was assessed at each regular file review (excluding insurers). The focus was on the evaluation of the inherent risk (scope, extent and probability of occurrence) and on the control risk.

²² Version 11/2024; applicable to audit years commencing on 1 January 2025 or later.

The inspections yielded one finding where the control risk had not been determined correctly and the inherent risk (scope, extent and probability of occurrence) had not been described in terms specific to the institution.

Operational risks and resilience

The third focal point for the FAOA's 2025 inspections concerned the operational risks and resilience of the audited financial institutions. This aligns with the central topics of FINMA's 2024 risk monitor, which highlights cyber risks and outsourcing as material risk factors for the stability of financial institutions in particular.

The FAOA evaluates the audit activity of the audit companies in this area as appropriate and did not identify any findings.

Root cause analysis and measures

In carrying out root cause analyses and defining measures based on the FAOA's findings, the same methodology is typically used as for the findings from the internal quality review process (internal monitoring, see Financial audit section above). The FAOA places particular value on a robust process here too.

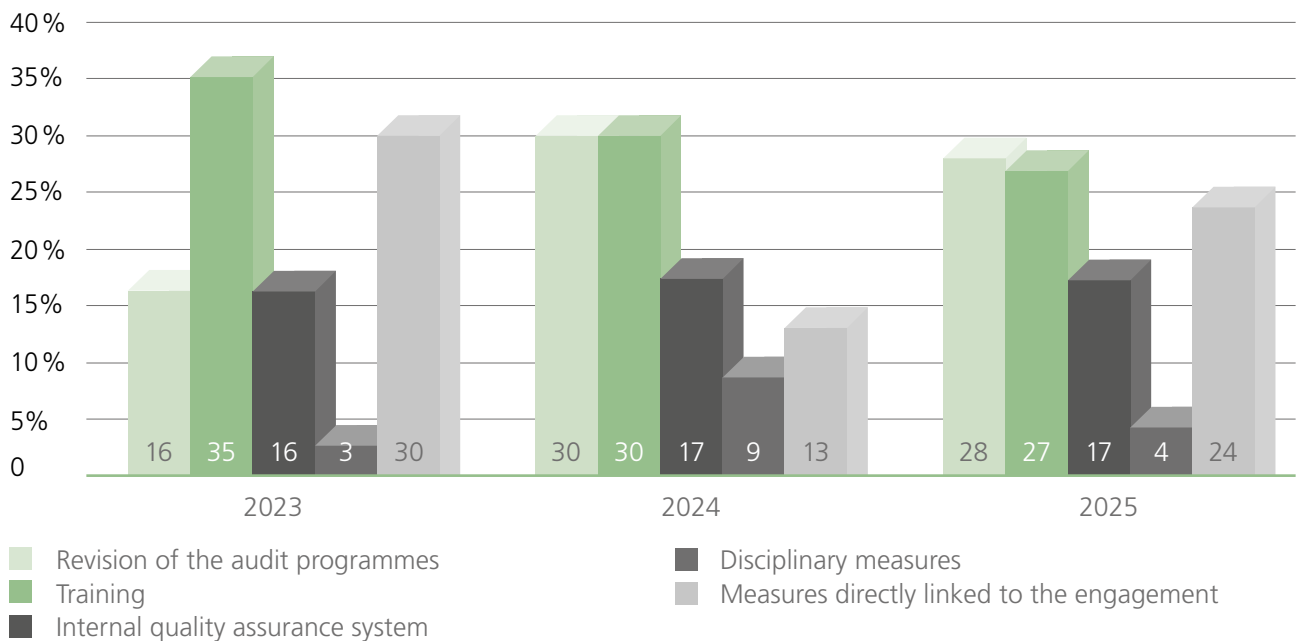
However, the FAOA observes that the quality and depth of root cause analyses vary significantly between the audit companies. Overall, the analyses of the audit companies can be evaluated as adequate. Nevertheless, the FAOA considers regular dialogue with the audit companies as essential to refine the definition of causes and the derivation of specific measures. At times, the measures that have been formulated are still not precise enough.

The audit companies have defined measures accordingly to improve the quality of prudential audits and to take the regulatory requirements into consideration in audit documentation consistently. This often involves revising audit programmes to ensure full coverage of the relevant business areas or to keep appropriate documentation of the manner in which discretion is exercised in accordance with obligations. Risk analyses were systematised, audit strategies were justified and the selection of samples and keeping of documentation were standardised in order to increase the transparency and consistency of audits.

Another focal point was quality control and internal processes. Internal reviews, management meetings, record-keeping and associated controls were bolstered to ensure compliance with auditing standards. In addition, tools and templates were adjusted to enable audit teams to document the evaluation of material weaknesses in a transparent manner and meet deadlines for archiving.

In turn, a key focus is awareness-raising and training of staff. Part of the aim in this regard is to communicate the results of audits and reviews and defined measures systematically, to monitor implementation and to firmly establish it over the long term by means of internal training sessions and cases studies.

In addition, based on the findings of the FAOA, the audit teams were trained by the AFSO in the relevant audit areas, such as «credit risks arising from mortgage business» and «credit risks arising from commercial lending», for the 2025 audit year. Where the audit teams rely on the work of the internal audit function, they communicate their expectations, particularly regarding the scope and design of the work, in order to ensure the quality and consistency of the audits.

Figure 19 Trend in measures (in %)


The revision of audit programmes and the training of staff are still the central focus of the measures agreed with audit companies. Compared to the previous year, measures associated directly with engagement have increased again.

Preliminary fact-finding and proceedings

Alongside routine inspections, event-driven preliminary fact-finding and proceedings are also conducted at the regulatory audit companies. Both third-party notifications and notifications from FINMA are taken into account in the process. In 2025, FINMA submitted 15 notifications, with corresponding clarifications being carried out for twelve of these, resulting in 16 findings.

Cooperation with FINMA

The statutory basis for the cooperation between the FAOA and FINMA is derived from Article 22 of the Auditor Oversight Act (AOA) and Article 28 of the Financial Market Supervision Act (FINMASA). Through cooperation, the FAOA creates transparency with FINMA and supports it in carrying out its supervisory activities. The regular interaction also serves to keep administrative effort as low as possible for both authorities and for the audit companies.

On 10 December 2025, the FAOA and FINMA signed an MoU for collaboration and information sharing within the scope of financial market oversight. This supersedes the previous exchange of letters from 2015 and, in particular, provides more in-depth detail on information sharing on high-risk financial institutions and how to proceed in the event of a crisis.

«Too Big to Fail» bill for the financial sector

Analysis of the Credit Suisse crisis has shown that the «too big to fail» regime is in need of improvement to reduce the risks to the state, taxpayers and national economy²³. For this reason, the Federal Council voted on the parameters for regulatory amendments to this effect on 6 June 2025. Among other things, the bill provides for stricter equity requirements for systemically important banks with foreign subsidiaries, additional provisions for the stabilisation and winding-up of systemically important banks, the introduction of a responsibility regime for banks and stronger powers for the FINMA.

There are also plans to strengthen the system of dual oversight with a variety of different measures²⁴: The FINMA would now be empowered to decide at its discretion whether to audit matters directly itself or delegate the task to an audit company. Furthermore, the choice of audit company would be subject to annual approval. For regulatory audit companies, a maximum length of ten years is stipulated for engagements. In addition, audit companies are to be barred from providing any other services for the same financial institution aside from regulatory audit, financial audit and audit-adjacent services («audit only»). Regulatory auditors-in-charge would now be barred from being a member of a firm's senior management body (e.g. Board of Directors) which exercises a role subject to authorisation under financial market legislation alongside their audit activity. In the AOA, the FAOA – similar to the FINMA in the FINMASA – would be empowered to impose administrative sanctions on audit firms if they have grossly breached their obligations. The FAOA is also lending its attentive support to this legislative process and actively contributing to audit-related matters.

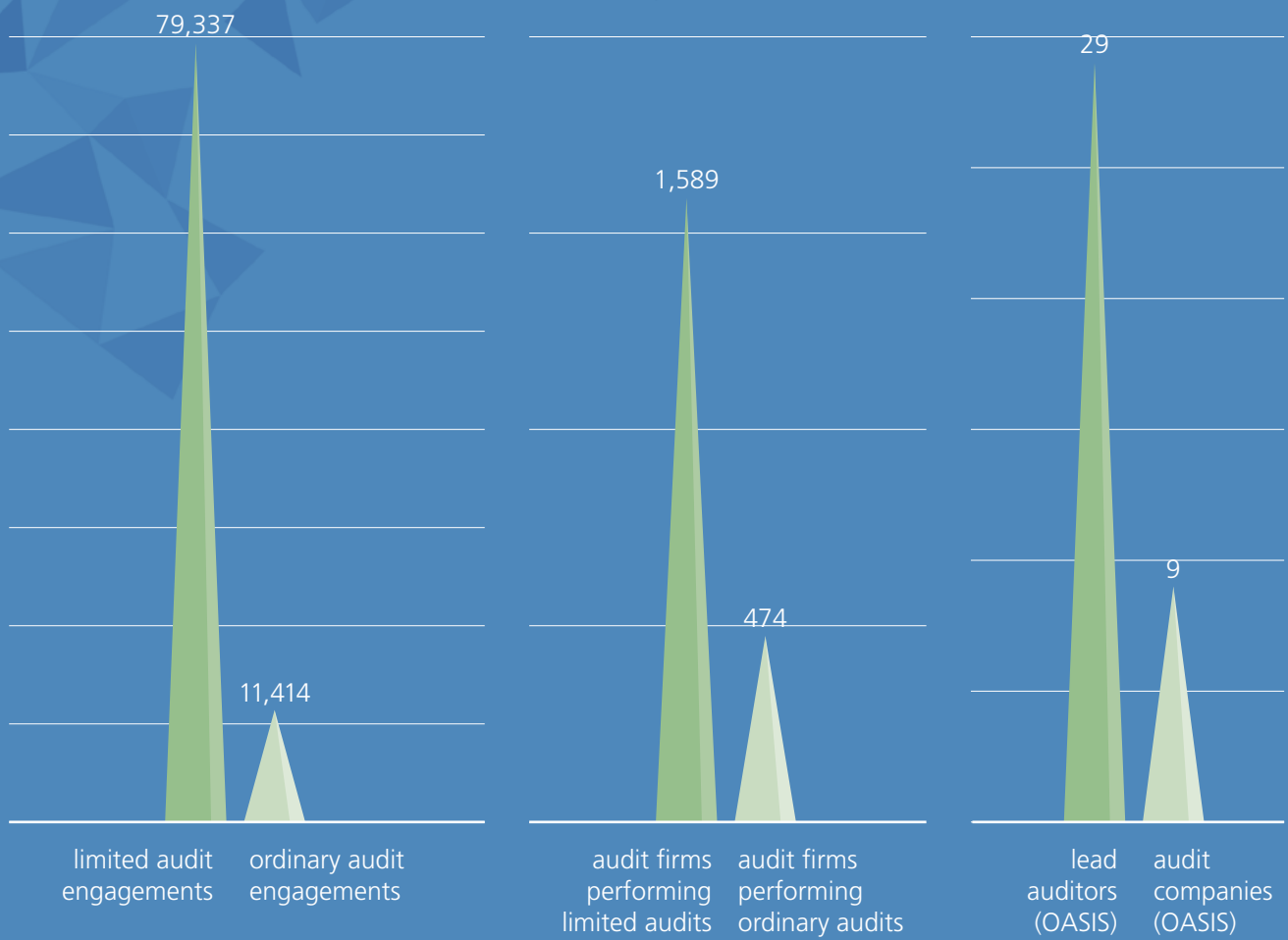
²³ See [Federal Council press release dated 6 June 2025](#).

²⁴ Federal Council parameters dated 6 June 2025, [p. 7](#).

Licensing



Key figures



Statistics

During 2024, the task of managing almost 800 licence renewals of audit firms took priority. But in 2025, the focus was on the new special licence for lead auditors and audit companies for auditing OASI compensation funds and OASI offices. Licensing by the Federal Social Insurance Office (FSIO) under previous legislation was

withdrawn on 1 January 2026 and replaced by special licensing by the FAOA. The FAOA has issued 29 OASIA licences for lead auditors and nine for audit companies.

In 2025, the number of licence holders remained stable overall compared to the previous year. Moderate changes can be observed overall both among audit firms and individuals.

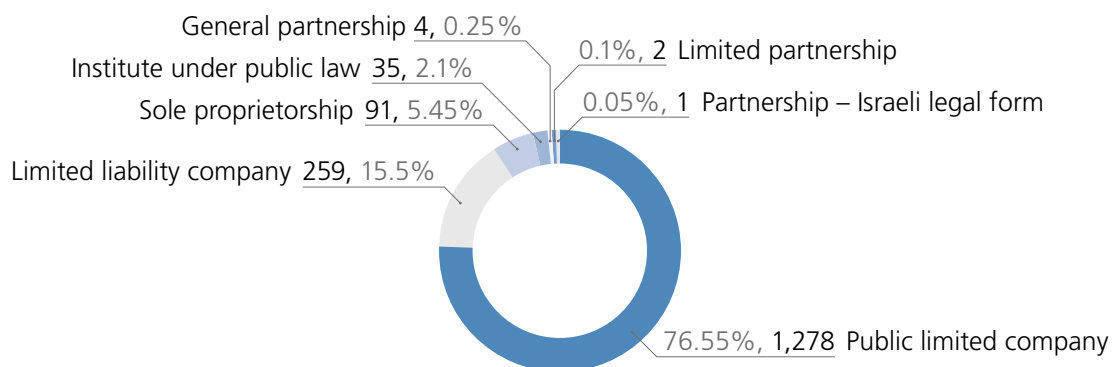
Figure 20 Licensed individuals and audit firms²⁵

Licence type	Auditor	Audit expert	2025	2024
Individuals	2,579	7,698	10,277	10,016
Audit firms	452	1,199	1,651	1,717
AFSOs	–	18	18	20
Foreign AFSOs	–	1	1	1
Total licences	3,031	8,916	11,947	11,754

In 2025, the licences of 294 audit firms were renewed. The renewal process for 287 audit firms was seamless. For seven audit firms, the licence was renewed after a period of interruption and, in some cases, only subject to certain conditions. 25% of all audit firms, whose licence expired in 2025, decided not to renew their licence. This value is moving within the range seen

over the last five years in which between 19% (2021) and 27% (2022) decided not to renew their licence. The reasons for not renewing the licence are not recorded by the FAOA, but are likely to be due to various reasons such as retirement, cessation of business, exiting the audit industry, bankruptcy/liquidation and mergers/cooperations.

Figure 21 Legal forms of licensed audit firms



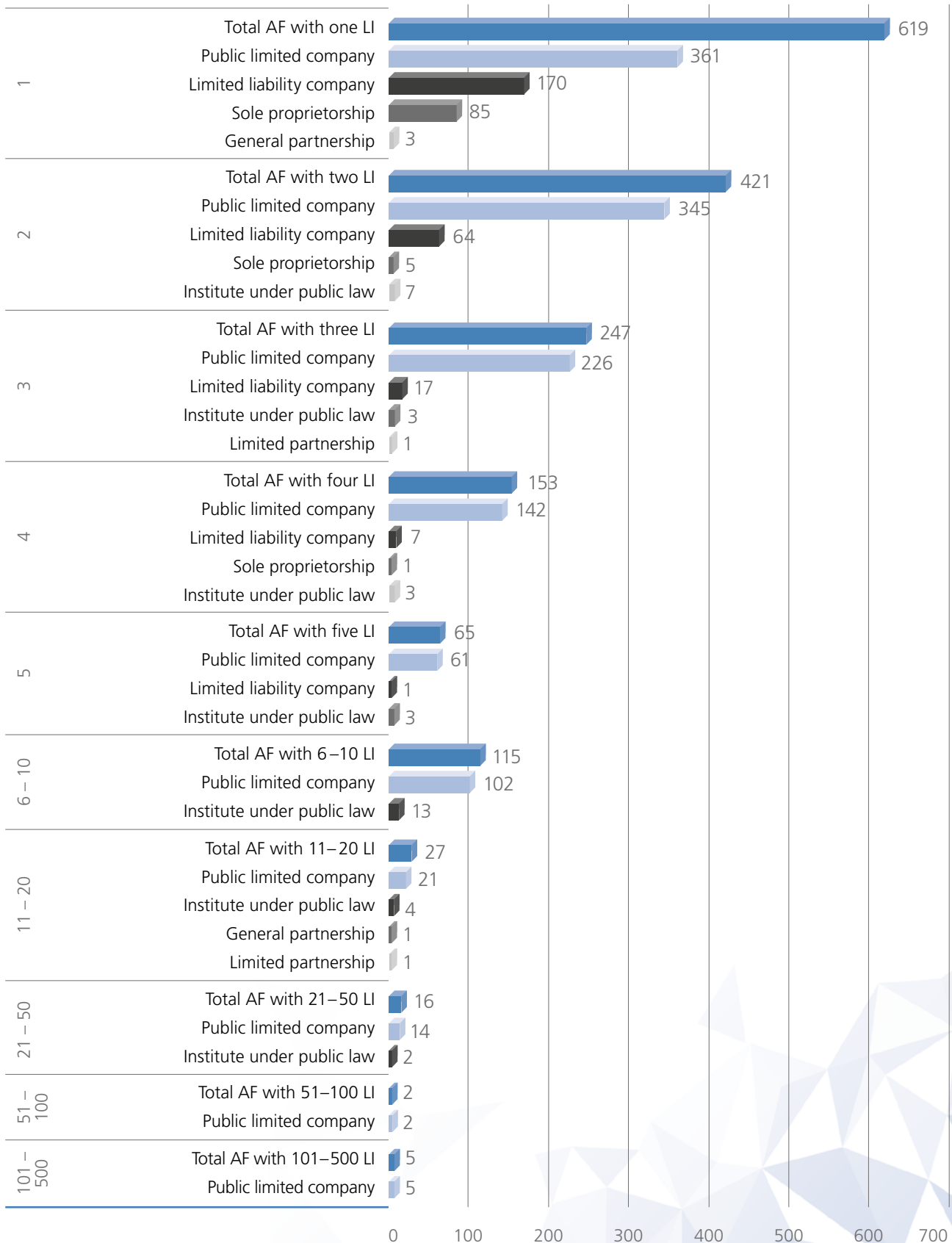
92% of the licensed audit firms are organised as legal entities (public limited company or limited liability company). This high proportion has risen by another two per cent compared to 2022, when the legal forms of

licensed audit firms was first evaluated by the FAOA. In the same stroke, the number of sole proprietorships fell significantly over the course of just three years from 9 to around 5.5%.

²⁵ All figures refer to legally binding completed proceedings. Pending appeals have not been included.



Figure 22 Legal form and company size (number of LI)

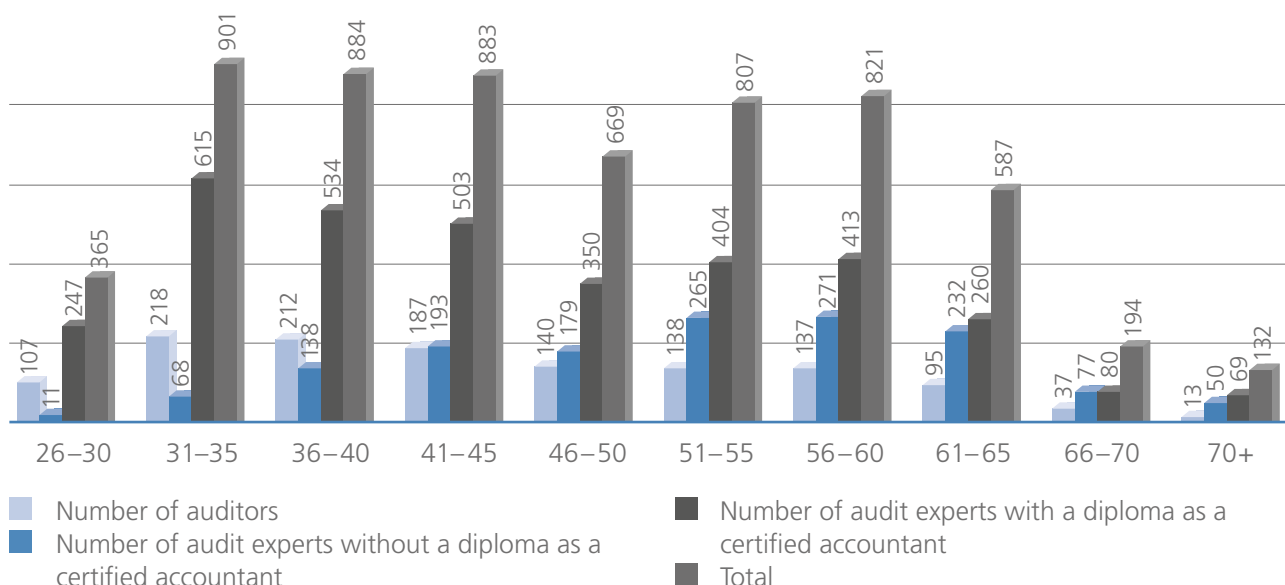


Out of the 1,670 licensed audit firms (AF), 619 have only one licensed auditor (LI) who is permitted to perform statutory audit services. This corresponds to a proportion of 37% (2022: 41%) of all licensed audit firms. The breakdown of legal forms, taking into consideration the number of licensed auditors of an audit firm, shows that audit firms that take the legal form of sole proprietorship are almost exclusively very small or generally speaking single-person audit firms. Only

one of 91 licensed sole proprietorships has more than two licensed auditors who are licensed to perform statutory audit services.

The proportions of the total number of audit firms made up by individual company categories has not significantly changed since 2022. Significantly more than half of the licensed audit firms still have no more than two licensed auditors (2025: 62%; 2022: 64%).

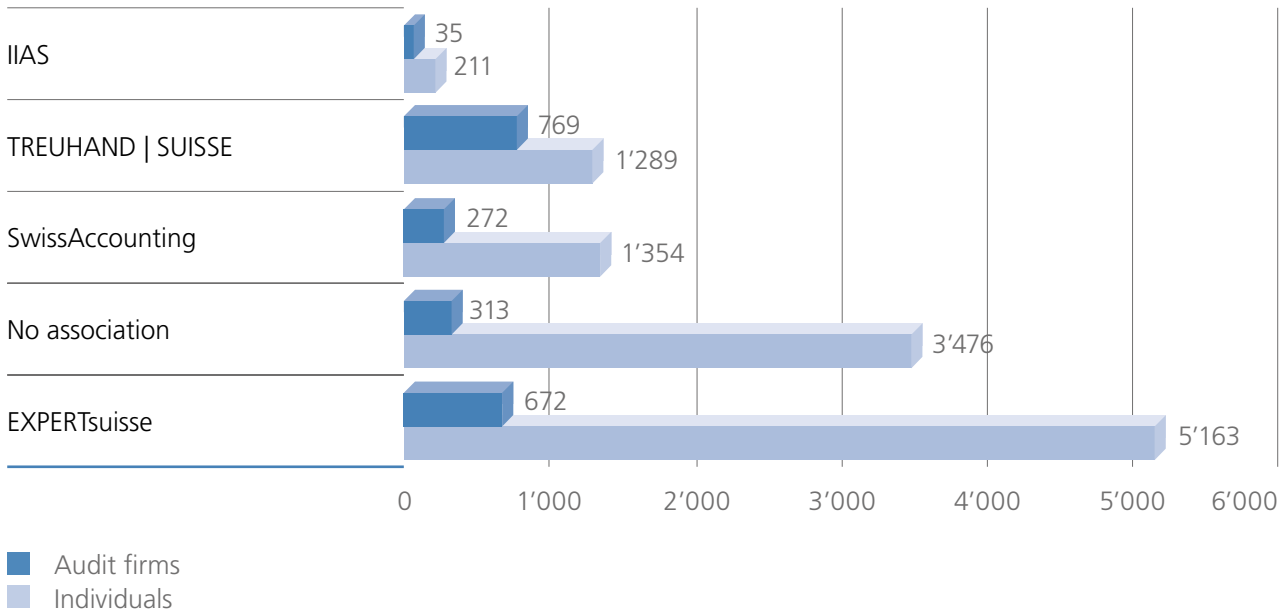
Figure 23 Breakdown of active, licensed individuals by age²⁶



Currently, 10,277 individuals hold an FAOA licence. Of these, 6,252 or 61% (2022: 60%) of the licensed individuals actively engage in the provision of statutory audit services. Overall around 550 more people declared that they are currently actively employed within the audit industry as compared to 2022. This indicates that people who left the audit industry within the last three years were replaced.

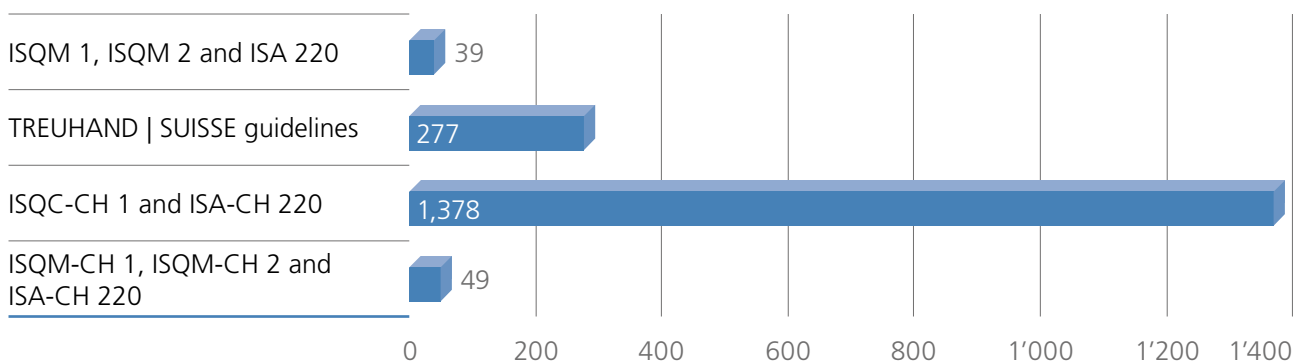
Only nine people under the age of 26 currently hold an FAOA licence. The share of active, licensed individuals in the 26-30 age group within the total market dropped by 1.3% (2025: 5.8%, 2022: 7.1%). By contrast, the share of the total market made up by the 31-35 (+0.7%), 36-40 (+0.6%) and 41-45 (+2.2%) age groups increased as compared to the figures collected three years previously. A downward trend can be observed from the ages of 51 and over, which is also particularly apparent in the 66-70 (-0.7%) and over 70s (-0.6%) age groups.

²⁶ In the category with certified accountants, persons with comparable foreign qualifications were also considered.

Figure 24 Professional association memberships


The number of professional association memberships has remained exceptionally stable for many years. Among individuals a slight increase can be observed (from 11,201 in 2024 to 11,493 in 2025), while among audit firms there has been a slight decrease (from 2,141 in 2024 to 2,061 in 2025). This decrease is primarily associated with the non-renewal of licences. The increase in professional association memberships among individuals is reflected in the higher number of licensed individuals as compared to the previous year. The percentage of individuals and audit firms, who are members of at least one professional association, remained for individuals stable at 66% (previous year: 66%) and for audit firms at 82% (previous year: 80%).

The overall high number of professional association memberships is an indicator of the integration of licensed individuals and audit firms within the professional landscape. Professional association memberships also help to enhance the knowledge of current professional standards and to ensure that these are complied with. In addition, they promote continuing professional development within the industry, which is crucial for the quality of audit services.

Figure 25 Internal quality assurance standards applied ²⁷


²⁷ Audit firms, that have declared multiple QA standards, only the highest QA standard has been taken into consideration in the statistics.

Since 15 December 2025, application of the new Swiss QA standards ISQM-CH 1, ISQM-CH 2 and ISA-CH 220 has been obligatory for all AFSOs. For all other firms, there is a transition period lasting until 15 December 2026. From this point onwards, audit firms that perform ordinary or ad hoc audit services will also have to apply ISQM-CH 1, ISQM-CH 2 and ISA-CH 220. The circular of January 2014 on quality assurance at audit firms will be amended accordingly in 2026.

There is still only a small number of audit firms (predominantly AFSOs) that apply the international QA standards ISQM 1, ISQM 2 and ISA 220. Furthermore, there are currently only very few firms (49) that have already begun implementing the versions of ISQM-CH 1, ISQM-CH 2 and ISA-CH 220 adapted for Switzerland. The majority of firms currently still apply the ISQC-CH 1 and ISA-CH 220 standards, which must be superseded by ISQM-CH 1, ISQM-CH 2 and ISA-CH 220 by 15 December 2026 at the latest.

Figure 26 Frequency of ordinary and limited audits²⁸

	audit firms performing ordinary audits		audit firms performing limited audits	
	2025	2024	2025	2024
1 to 5 audits	310	304	248	242
6 to 10 audits	69	75	221	248
11 to 20 audits	37	37	305	315
21 to 50 audits	43	48	429	453
51 or more audits	15	14	386	387
Total number of audit firms	474	478	1,589	1,645

The number of audit firms performing limited audits fell by 56 firms compared to the previous year. However, this is largely attributable to the same audit firms who chose not to renew their licences in 2025. Based on the first set of data collected by the FAOA on this topic, it can be estimated that 15% of limited audits are likely to be provided in the form of so-called dual mandates²⁹. This means that, in addition to the limited audit, the audit firm also participates in the accounting or performs other services for the company being audited, which can lead to a risk of self-auditing. This is explicitly permitted by law, if appropriate organisational and personnel measures are put in place to ensure a reliable audit (Art. 729 para. 2 CO).

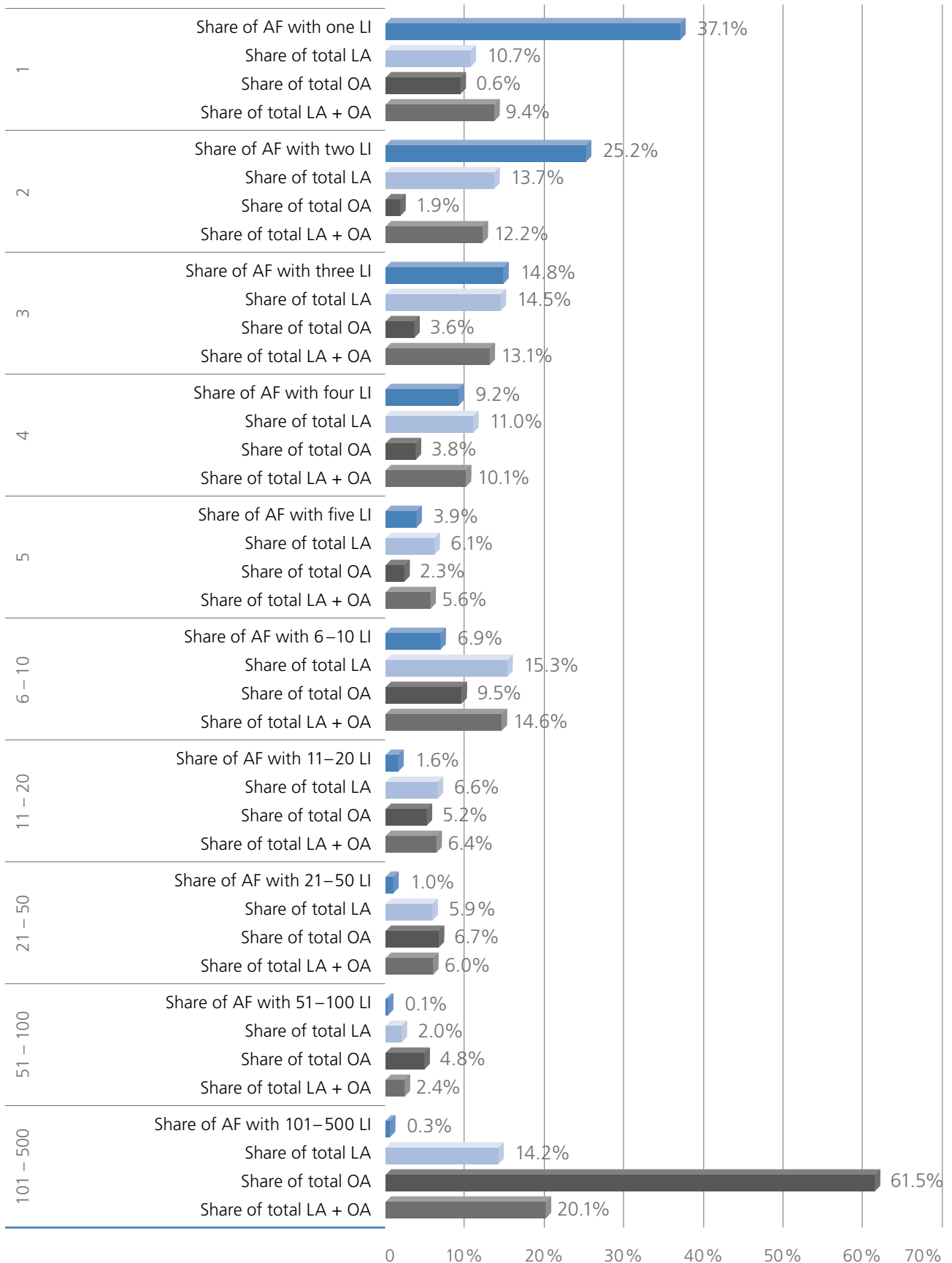
The number of firms, that carry out ordinary audits, which usually have a larger organisational structure and more extensive expertise, has remained stable at a similar level (474) to the previous year (478). The number of audit firms with up to five ordinary audit engagements has even increased on the previous year from 304 to 310. However around two thirds of all audit firms, that carry out ordinary audits, have a maximum of five ordinary engagements.

²⁸ Information based on audit firm self-declarations.

²⁹ Of the audit firms contacted who perform limited audits, 745 declared that they do not carry out dual mandates. 717 indicated that they do carry out dual mandates. 127 audit firms have not (yet) provided an answer.



Figure 27 AF share of the total market of audits (LA/OA) by quantity of licensed individuals (LI)



The above chart shows the shares of size categories within the total statutory audit market, measured by the number of licensed auditors (LI) at the audit firms (AF). The 37% of audit firms with one licensed auditor covers a total of 9.4% of audit engagements within the audit market. By contrast, the 1.4% of audit firms, that have at least 21 licensed auditors, carries out 28.5% of all audit engagements. 61.5% of all ordinary audit (OA) engagements are conducted by one of five firms that employ over 100 licensed auditors. This figure is 2.7% lower than in 2022 (64.2%). At the five largest firms, the share of the total limited (LA) and ordinary audit engagement market remains unchanged compared to 2022 at 20.1%. The

audit firms with a maximum of two auditors make up 62.3% of all licensed audit firms. However, they only account for a total of 2.5% of the overall of the ordinary audit market.

Limited audit engagements paint a different picture. In this area, 24.4% of all audit services are provided by firms with a maximum of two licensed auditors. Thus, the share of the total limited audit market in the category of firms with a maximum of two licensed individuals is in fact slightly higher, than the share of limited audits in the category of audit firms with at least 21 licensed individuals, which accounts for 22.1% of all limited audit services provided.

Figure 28 Total number of limited (LA) and ordinary (OA) audits³⁰

Licence type	Number of LAs	Number of OAs	2025	2024
AFSOs	16,127	8,343	24,470	23,977
Other licensed audit firms	63,210	3,071	66,281	67,025
Total audits performed	79,337	11,414	90,751	91,002

The total number of limited and ordinary audits carried out exhibited a slight decrease from 91,002 to 90,751 engagements during the reporting year.

Figure 29 Special licences

Licence type	Lead auditors		Audit companies	
	2025	2024	2025	2024
Audits under BankA, FinMIA, FinIA and MBA	106	111	8	8
Audits under CISA	75	72	10	10
Audits under IOA	40	43	6	7
Audits under Art. 1b BankA (fintechs)	26	25	9	9
Audits under OASIA	29	4	9	–
Total number of special licences	276	255	42	34

³⁰ Information based on audit firm self-declarations.



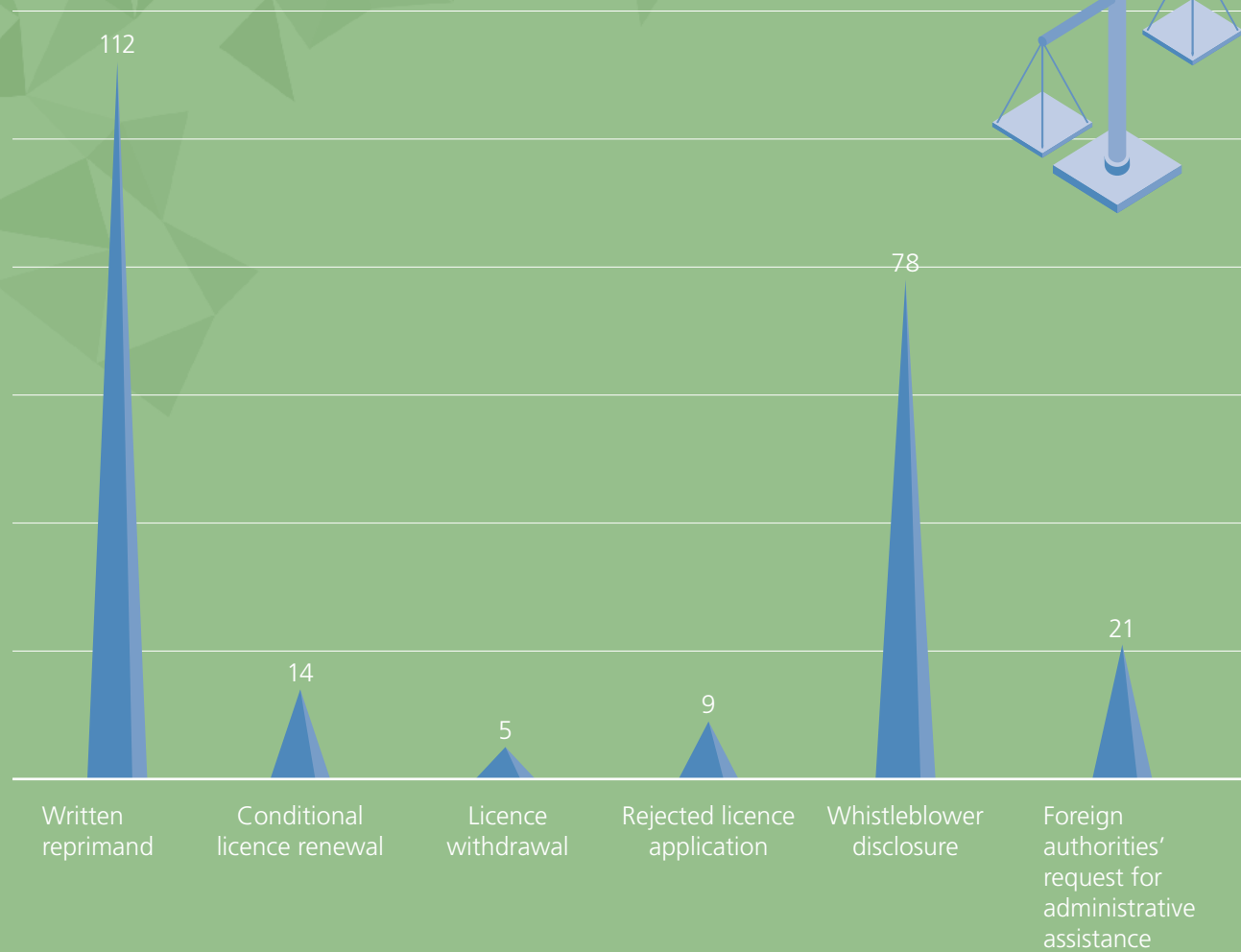
The total number of special licences, both among lead auditors and audit companies, has risen significantly compared to last year, specifically due to the new OASIA special licence. However, within the individual categories, the numbers of licences remained very stable.

Overall, 29 lead auditors and nine audit companies hold an OASIA special licence. As the only type of special licence, the OASIA audit category is also open to non-state-regulated audit companies which hold a basic licence as an audit expert. Four audit firms have taken advantage of this option.

The number of audit companies with at least one special licence thus rose to 17 (previous year: 11). Among lead auditors, the number also rose to 218 (previous year: 197).

Legal & International Affairs

Key figures



Regulatory developments

Current projects

Federal Council's parameters for the «Too Big to Fail» bill for the financial sector

Please refer to the explanations in the section Regulatory Audit above.

Pension fund audits

As part of the in-depth review of recommendations from Peter Ochsner and Daniel Suter's expert report, the Federal Council noted in its [report](#) dated 31 August 2022 that action was needed in the auditing of pension funds in particular. It thus instructed the Federal Department of Home Affairs (FDHA) in cooperation with the FAOA and the Occupational Pension Supervisory Commission (OPSC) to investigate how the stability of the pension system can be improved in the long term by increasing audit quality.

In the FDHA [report](#) to the Federal Council, dated 14 May 2025, oversight of auditors based on the size and risk profile of pension funds was suggested. The distinction between ongoing oversight and ad hoc inspections could be drawn by means of a risk-based segmentation. This involves the consideration of a range of quantitative and qualitative criteria³¹ – individually or in combination. A meaningful criterion should adequately reflect the size or risk profile of a pension fund respectively, be easy to measure and not be subject to significant fluctuations or uncertainties in estimation. For example, a pension fund's balance sheet total could be drawn on as a quantitative criterion. This criterion has the advantage of being simple and unambiguous. Furthermore, it correlates more or less directly to the number of beneficiaries. As an example of a qualitative criterion, it could be considered whether pension funds are in competition with each other, in particular collective and sectoral pension funds³². The OPSC perceives elevated levels of risk for these institutions regarding financial stability due to their business model and complexity³³.

The implementation of these measures requires legislative changes that will be pursued as part of a future legislative project in the area of audit and audit oversight law led by the Federal Department of Justice and Police (FDJP).³⁴

Register of beneficial owners and subordination of advisers under the AMLA

On 15 October 2025, the Federal Council submitted a bill for combating money laundering for consultation, which lasted until 30 January 2026. It specifies at the ordinance level the Act on the Transparency of Legal Entities and the Identification of Beneficial Owners (LETA), adopted by Parliament on 26 September 2025, as well as the revision of the Anti-Money Laundering Act (AMLA). The core component of the bill is a central federal register of beneficial owners managed by the FDJP and monitored by a Control Authority at the FDF.

Of particular relevance to audit firms is on one hand that the aforementioned federal register of beneficial owners also applies to audit firms and on the other hand the expansion of the AMLA to include certain advisory activities. For example, advisory services related to real estate transactions as well as the founding and structuring of legal entities, are now subject to due diligence obligations under anti-money laundering legislation. Audit activities in a narrower sense remain excluded from the new scope of application, meaning that only a limited number of audit firms are expected to be affected. As it stands, entities that already operate as financial intermediaries are already subject to the AMLA. The entire package is expected to enter into force in the second half of 2026 and to take effect in good time before Switzerland's next national exams by the Financial Action Task Force.

³¹ For example, balance sheet total, amount of obligations (pension capital and technical provisions), number of beneficiaries and recipients, degree of coverage, amount of pension and capital payments, nature of the fund (mode of management, risk coverage).

³² See OPSC, List of pension funds that fall within the scope of Directives W – 01/2021 «Transparency and internal control requirements for pension funds in competition» ([version dated 5 August 2024](#)).

³³ OPSC information letter dated 18 February 2021 on the directive «Transparency and internal control requirements for pension funds in competition» (see [para. 2](#)).

³⁴ See [Federal Council press release dated 14 May 2025](#).

Amendment of the Swiss Code of Obligations (transparency regarding sustainability aspects)

Please refer to the explanations in the Financial Audit section above.

Substitute authority for state liability claims relating to matters of significant importance

On 6 September 2023, the Federal Council adopted the dispatch on the introduction of a public liquidity backstop (PLB) for systematically important banks. As part of this proposal, the Federal Department of Finance (FDF) was given powers to make decisions as a substitute authority in the event of state liability actions against FINMA or the FAOA in matters of significant importance if the respective boards of directors of these authorities cannot make impartial decisions due to their involvement in such matters. The parliamentary consultation on the matter remains adjourned until the Federal Council submits a dispatch on the refinement of the «too big to fail» regulation, which is expected for the third quarter of 2026.

Legal framework for international administrative assistance

At its session on 12 September 2025, the Federal Council approved the Dispatch on the Amendment of the Financial Market Supervision Act (FINMASA), the Auditor Oversight Act (AOA) and the National Bank Act (NBA)³⁵.

As regards the FAOA, the bill aims to hone and modernise the international administrative assistance regulations for cooperation between the FAOA and foreign audit oversight authorities and for cross-border audit procedures. A core component of the bill is enshrining in law the option to perform inspections at audit firms under oversight via remote communication (remote inspections), provided the authorities concerned have the reciprocal right. This would give the FAOA an up-to-date legal framework for international oversight cooperation, in particular for coordinated inspections and audits in a cross-border context.

Overindebtedness auditing in dual mandates

Schwander's Parliamentary Initiative 24.434 seeks legislative clarity that overindebtedness auditing by auditors of SMEs is permitted even if the same auditors previously played a role in the SMEs accounting (known as a dual mandate). This would mean that the auditor of an SME would carry out a limited audit of the financial statements as well as an overindebtedness audit even though this amounts to a self-audit due to prior involvement in the accounting.

While there is a clear advantage for the audited company (an efficient «all-in-one service»), there is cause for concern that a regulation of this kind would legitimate the aforementioned self-auditing and be detrimental to independence. Overindebtedness auditing corresponds to statutory auditing in method and aim in that the audit opinion is positive and judgements made are considered to have a high degree of certainty, with self-auditing being absolutely prohibited under all circumstances. By contrast, a limited audit requires a limited degree of audit certainty and a negative audit opinion, for which reason the independence requirements are less stringent. The argument by analogy that the regulations on the audit of financial statements should also apply to overindebtedness falls short as these are two different types of audits. Furthermore, it is decided as part of an overindebtedness audit whether a company can continue to do business at the expense of creditors. The appointment of an auditor with a lower degree of independence in this critically important situation within the life of an entity therefore seems, at least in substance, questionable³⁶.

The Council of States Legal Affairs Committee (LAC-S) supported the initiative in order to clarify this question of interpretation in the law. The Committee is keeping an open mind as to how this question of interpretation is to be clarified³⁷.

³⁵ [BBl 2025 2863](#); see also the [Federal Council press release dated 12 September 2025](#).

³⁶ See [Federal Council's answer dated 3 June 2025 to question 24.7331 from member of the National Council Vietze](#).

³⁷ See [LAC-S press release dated 27 June 2025](#).

Completed projects

Federal enterprises as «public-interest entities»

On 5 November 2025, the Federal Council decided not to introduce statutory regulations qualifying federal enterprises as PIEs. The Federal Council came to the conclusion that standardisation is not necessary, based on the clarifications as part of Postulate 19.4389 of the Council of States Control Committee (CC-S) and the work commenced on this topic because, as it stands, almost all federal enterprises already have their annual and consolidated financial statements audited either by an AFSO or the Swiss Federal Audit Office (SFAO). In the view of the Federal Council, this eliminates the need for statutory regulations. The mandate of drafting a bill for consultation to this effect was therefore withdrawn.

The FAOA was involved in the preparations by the Federal Office of Justice (FOJ) and Federal Department of Finance (FDF) and put forward its assessment. In this context, the FAOA took the view that it would be appropriate for certain federal enterprises to qualify as PIEs in future, as this would introduce a preventative external quality assurance process and may further strengthen the independence of external auditors. However, following the decision of the Federal Council on 5 November 2025, this discussion has become obsolete. As such, the FAOA will continue to refrain from conducting preventative inspection procedures at federal enterprises but will only take action in response to indications of deficiencies in audits by carrying out ad hoc audit procedures.

Amendment of the FAOA Auditor Oversight Ordinance and FAOA circulars 1/2008, 1/2009 and 1/2010

On 19 September 2025, the FAOA decided to amend the FAOA Auditor Oversight Ordinance (OAF0-FAOA) and the circulars 1/2008, 1/2009 and 1/2010 due to the introduction ISQM-CH 1, ISQM-CH 2 and ISA-CH 220 and the amendments of ISA 315 and 600 (Revised). The amendments were implemented on 15 December 2025 and broadly concern the aforementioned standards on the audit of financial statements and quality management. For the sake of simplification and relief of administrative burden, a number of provisions are repealed or (in a small number of cases) amended in the Circulars.

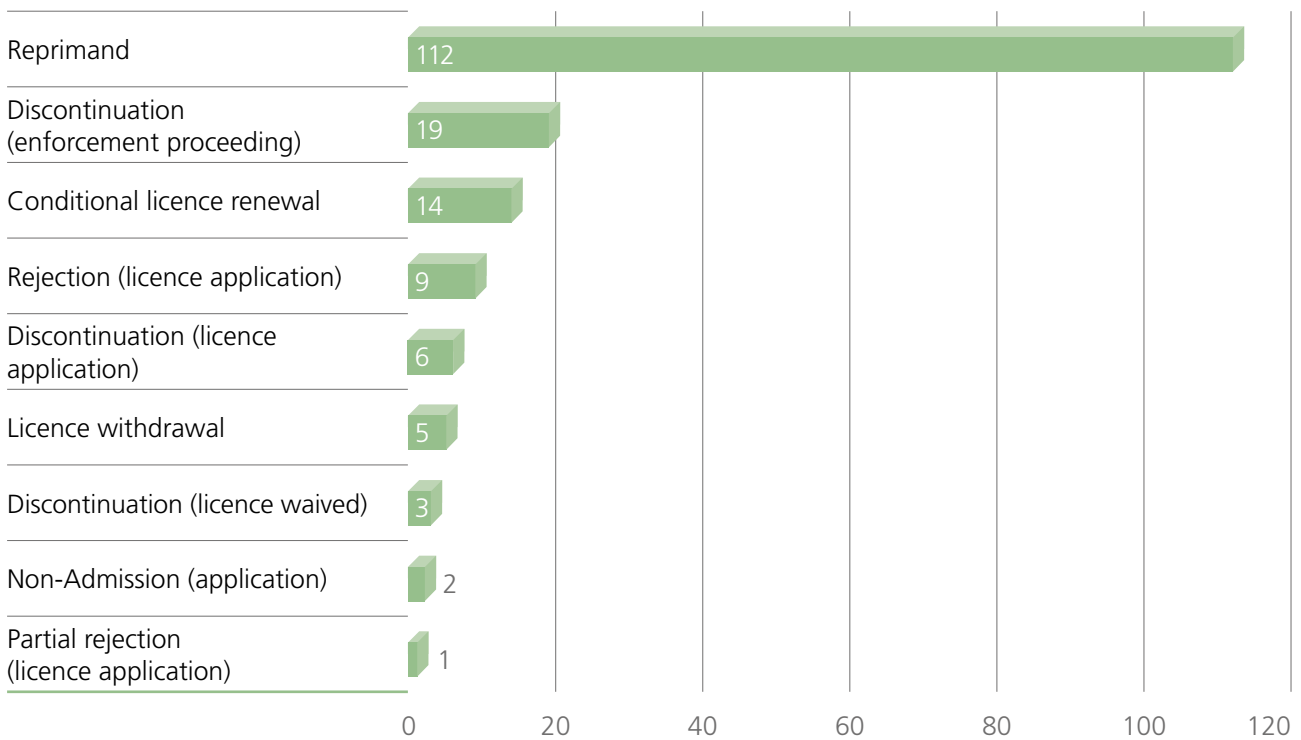


Enforcement

A total of nine licence applications were rejected in the reporting year (previous year: 2). In addition, five licences were withdrawn (previous year: 2) and 112 written reprimands (previous year: 80) were issued. Furthermore, 14 audit firms' licences were only renewed on conditional terms³⁸ (previous year: 4). Three individuals withdrew their licences during ongoing withdrawal proceedings (previous year: 1).

In 2025, the FAOA did not file any criminal charges on suspicion of providing audit services without a licence (previous year: 0). Additionally, six licensing procedures were discontinued due to the applications being withdrawn (previous year: 2) and 19 enforcement procedures were discontinued because the reprimand or licence withdrawal would not have been justified in the context of the final overall assessment, in particular due to newly submitted evidence (previous year: 5).

Figure 30 Number of enforcement proceedings

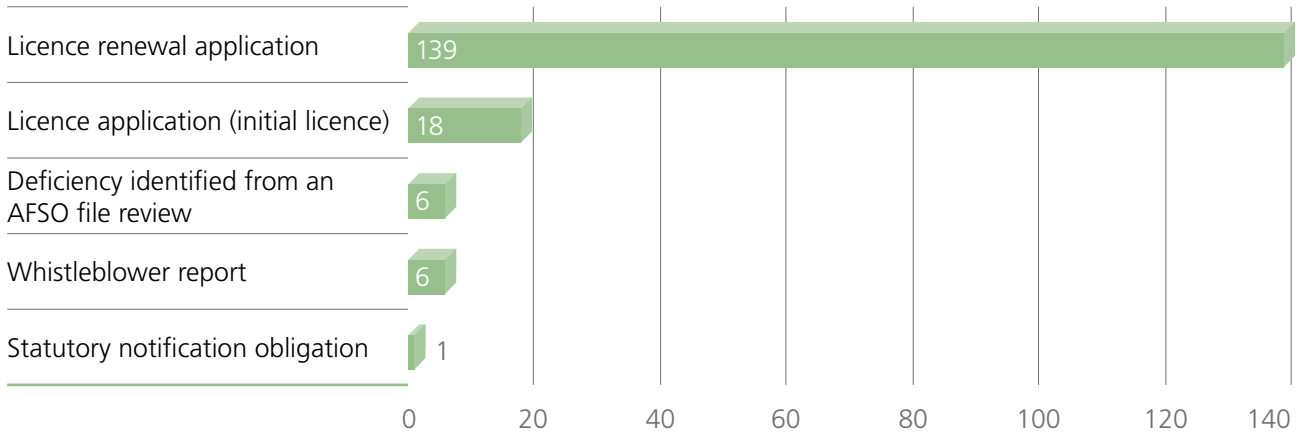


Of the 112 reprimands, five referred to employees of AFSOs.

The graphic below illustrates the sources of the notifications that led to enforcement proceedings.



³⁸ The audit firms holding conditional licences were also issued with a written reprimand due to shortcomings identified in the past.

Figure 31 Enforcement proceedings by source of instigation


The number of reprimands against audit firms (not under state oversight) rose to 99 cases³⁹ in the reporting year, with only 80 reprimands having been issued in 2024. This can be attributed to the high number of licence renewal applications assessed in 2024 and 2025. Significantly fewer reprimands can be expected in 2026. Provided that the deficiencies identified were

rectified, the audit firms in question were relicensed with an accompanying formal reprimand or, in 14 cases, subject to further conditions (previous year: 4).

The table below shows the reasons for which reprimands were issued to audit firms which are not under state oversight.

Figure 32 Number of reprimands against audit firms not under state oversight by case category

Description of deficiency	Number
Deficiency in one area	
Monitoring process	60
Enforcing CPD regulations	15
Breach of statutory quora	6
Deficiencies in two areas	
Monitoring process and enforcement of CPD regulations	11
Breach of statutory quora and monitoring process	5
Breach of statutory quora and enforcing of CPD regulations	1
Documentation of the QA system and the monitoring process	1
Total	99

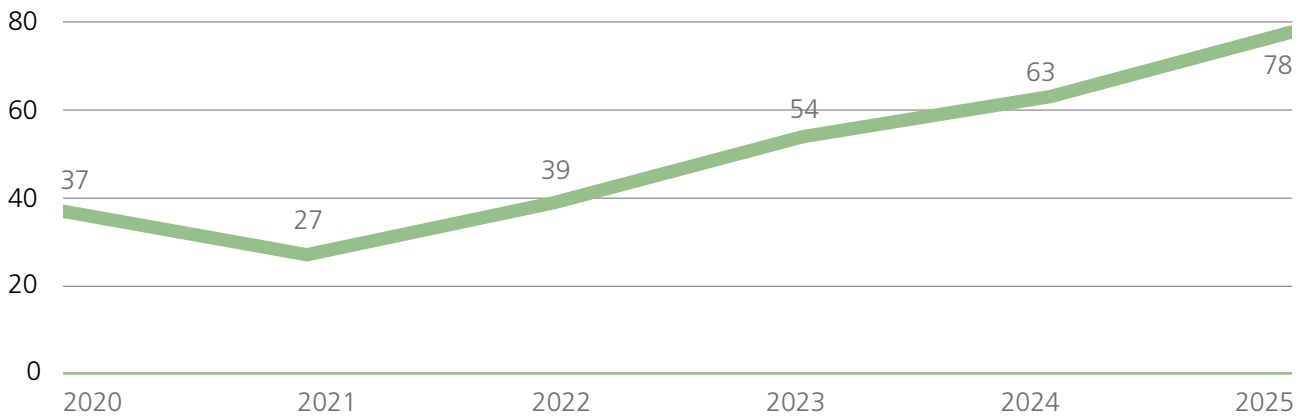
³⁹ 13 reprimands were issued to individuals, which explains the total figure of 112 reprimands.



The experiences made with the [external whistleblowing platform](#) in 2024 and 2025 show that whistleblowers have an increasing need to notify the FAOA of potential misconduct while preserving their anonymity. In 2025, the FAOA received 78 notifications (previous year: 63). Data is shared with the FAOA in en-

rypted form via the secure external platform. It is not technically possible to trace reports. In addition, those submitting notifications can set up a protected mailbox on the external platform. This allows users to communicate with the FAOA, completely anonymously if requested.

Figure 33 Trend in the number of disclosures



Court rulings

In 2025, the Federal Administrative Court (FAC) and the Federal Supreme Court (FSC) issued four rulings on decisions made by the FAOA.

FAC [B-7225/2023](#) of 22 May 2025

The FAC partially upheld an appeal and decreased the duration of the withdrawal of the licence as an audit expert and the licence for auditing banks, financial market infrastructures, financial groups and public takeover offers, securities traders and central mortgage bond issuing bodies from three years to two. The FAOA had originally withdrawn the licences for a duration of four years. The FAC had initially decreased the withdrawal period to three years and the FSC subsequently referred the case back to the FAC. In its second judgment, the FAC ruled that it was appropriate to further decrease the duration of the withdrawal, as the breach of independence now qualified as moderate and not severe, the employer of the appellant had appropriately intervened following the FAOA's intervention and took action by not deploying the developed accounting system at the audited company at all. In the view of the FAC, the actions thus did not amount to a self-audit. The FAOA appealed this judgment to the FSC.

FSC [2C 346/2023](#) and [2C 348/2023](#) of 5 August 2025

In its judgments, the FSC upheld those of the FAC (no. [B-424/2022](#) of 9 May 2023 and no. [B-433/2022](#) of 10 May 2023) and, in the same stroke, the orders of the FAOA. The appellants were trained in the US and were admitted to the British professional association the Institute of Chartered Accountants of Scotland (ICAS) on this basis. However, despite this training and membership, they do not meet the requirements to be licensed as audit experts in Switzerland. They do not hold the required audit qualification in accordance with the UK Companies Act 2006 and are thus not permitted to carry out statutory audit services as auditor-in-charge (known as statutory auditors) in the UK. The requirement for equivalent training is thus not fulfilled. The FSC also clarified that the audit qualification requirement is lawful and does not constitute an unlawful additional requirement. There was further no breach of economic freedom as the intervention was made on a statutory basis, was in the public interest and was proportionate. The FAOA was therefore justified in rejecting the appellants' application.

FAC [B-5210/2023](#) of 23 September 2025

The FAC upheld an appeal against an FAOA order issued to an srFA due to deficiencies in the oversight and management structure and a breach of the

statutory quorum within the management body and overturned a reprimand. The FAC found that the majority of members of the Executive Board (which was made up of multiple committees) held the required licence overall. Furthermore, the Court ruled that the incomplete records kept by the Board of Directors were on their own not sufficient to prove that it had failed to exercise its non-transferable powers to monitor the Executive Board in respect of quality assurance (cf. Art. 716a para. 1 no. 5 CO).

Other rulings of interest

FSC [4A_62/2024/4A_76/2024](#) of 17 December 2024

The Federal Supreme Court has found that, in the civil accountability process, the business judgment rule (BJR) regarding the control and organisational tasks of the Board of Directors is not applicable; these are subject to full judicial review. However, the question of whether the failure to create provisions or the making of prohibited dividend payments qualify as such tasks can be left unaddressed as these decisions were made in the context of a conflict of interests. The obligation to create provisions is breached if there is a 25–50% probability that significant debt will be incurred (in this case, clean-up costs for the polluted cantonal lake) and nevertheless no appropriate provisions are created. A senior staff member at a fiduciary firm bears liability as a de facto corporate body if they have independent decision-making powers, have a significant influence in determining the direction of the company and could have prevented the damage incurred by proper conduct within their role.

FSC [4A_477/2024](#) of 14 July 2025

With judgment no. 4A_477/2024 of 14 July 2025, the FSC imposed the obligation to account for its audit activities at a company and hand over all relevant documents to the assignee of liability for the bankrupt estate on an audit firm. The reason for the legal dispute on accountability was the lack of explicit regulations on accountability in the engagement letters. The Court perceived this as a gap in the contract that must be filled by applying Article 400 CO in an

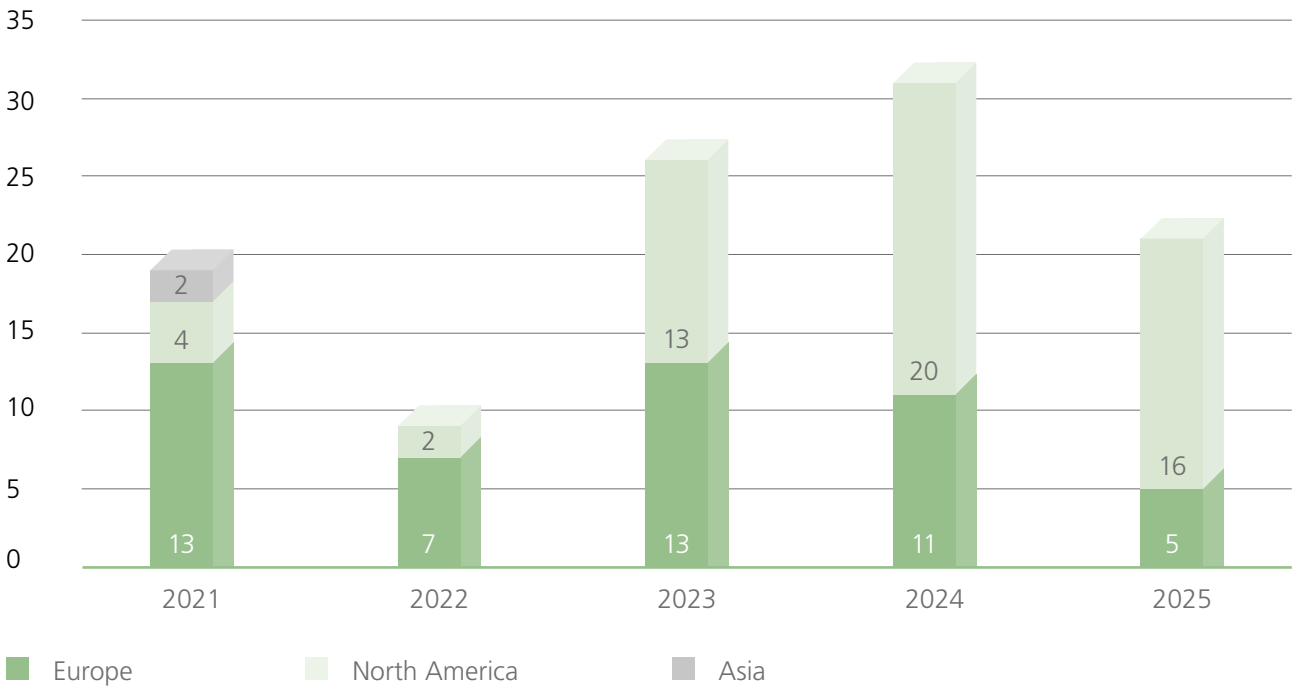
analogous manner, as the audit relationship exhibited the material characteristics of a mandate in spite of its peculiarities. The audit firm invoked Article 730c CO and claimed that the obligation to keep documentation which it imposes is exhaustive. The FSC rejected this argument, noting that Art. 730c CO is designed to secure evidence as well as to serve as a regulatory function; as such, the rule does not preclude additional rights on the part of the company or its creditors. The argument of a threat to independence was also unfounded: while the Court accepted that the external auditor was subject to strict independence requirements in the course of its engagement, after the engagement ended – and, by extension, in particular during bankruptcy – there was no longer any risk that the accountability could impair the external auditor's independence. Finally, the FSC rejected the objection that the assignee's claim amounted to an unlawful «fishing expedition». In the Court's view, the comprehensive accountability serves the very purpose of facilitating the review of any liability or compensation claims and has thus not been invoked in a manner contrary to the spirit of the law. The FSC thereby upheld the judgments of the two lower cantonal courts, finding that the auditor remains obliged to hand over its documentation in full.

International Affairs

General

The number of requests for international administrative assistance remained high in the reporting year, despite the fact that the total figure decreased somewhat compared to the previous year.

Figure 34 Number of requests for administrative assistance from abroad by continent of the authority making the request



Cross-border inspections performed jointly with the PCAOB (joint inspections) at a total of six Swiss audit firms remain a decisive factor for the high number of enquiries from foreign authorities. The joint inspections take place in a three-year cycle per audit firm.

Extra-territorial scope of the AOA

The AOA also has an extra-territorial scope of application: to protect investors on the Swiss capital market and in line with international standards, foreign audit firms are also subject to FAOA oversight, insofar as the firms audit companies that are active on the Swiss capital market.⁴⁰

In view of the international structure of the audit industry as well as the audited companies, cooperation with foreign audit oversight authorities is important. To date, the FAOA has concluded a Memorandum of

Understanding (MoU) regarding international cooperation with twelve foreign audit oversight authorities and cosigned the IFIAR's multilateral MoU (MMoU), meaning it has an indirect MoU with 14 further foreign audit oversight authorities regarding cooperation.

There were no material changes with regard to the cooperation with EU Member States and EU bodies in the reporting year. The bilateral agreement with the United Kingdom will be renewed in the first half of 2026, as the regulatory basis for Swiss training for certified public accountants was renewed on 1 January 2026.

⁴⁰ [Art. 8 para. 1 AOA](#)

IFIAR

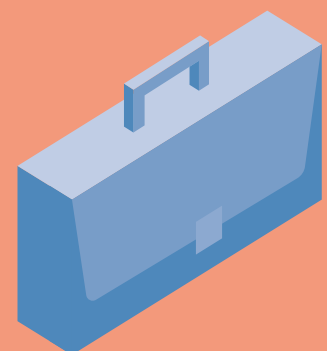
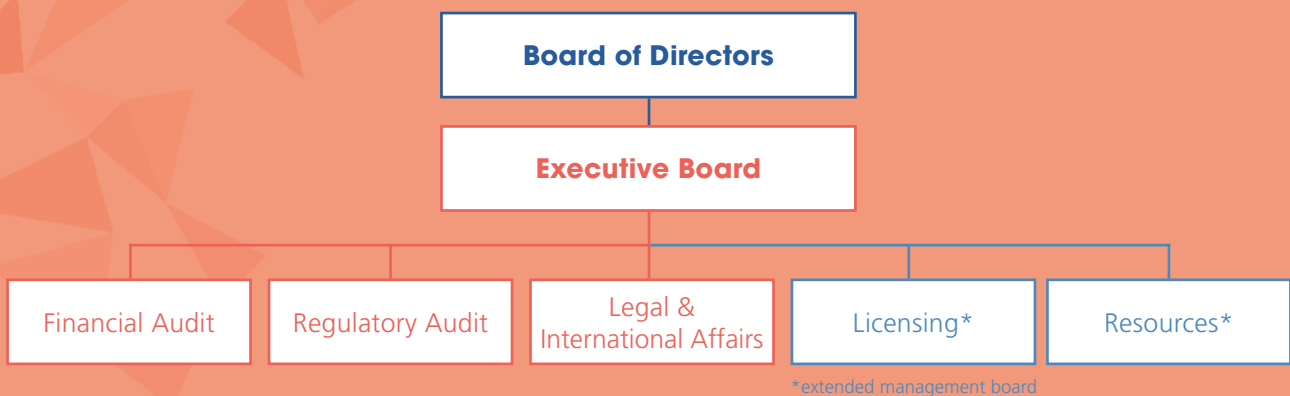
IFIAR continues to represent an exceptionally valuable platform for the sharing of knowledge and experience. The FAOA has held a seat on the Board of IFIAR for a number of years. During the reporting year, the FAOA continued its participation in the activities of the following IFIAR working groups:

- Enforcement Working Group (EWG): This working group promotes the exchange of experiences between authorities in connection with investigation and sanction procedures upon breaches of standard by auditors or audit firms. In the reporting year, the EWG held a workshop for IFIAR members.
- Global Audit Quality Working Group (GAQWG): The reporting year saw two in-person meetings take place in March and October. As part of these meetings and among other things, the outcome of the IFIAR survey on inspection results⁴¹ was assessed and discussed. Furthermore, discussions with the global audit networks on various topical matters took place.
- Technology Taskforce (TTF): The taskforce maintains regular dialogue with the six largest international audit networks with regard to the use of technological resources in auditing. The TTF's main topics in 2025 were the use of AI in auditing and inspection processes and the processing of technology-related findings from internal reviews.

⁴¹ Cf. «Evaluation of the IFIAR survey» above.

Appendices

Organisation chart



Organisation of the FAOA

Legal function	To ensure the proper provision and quality of audit and regulatory audit services.
Responsibilities	The FAOA is responsible for licensing individuals and firms that provide statutory audit services, acting as the oversight authority for audit firms and regulatory audit companies of public interest entities and providing (inter)national administrative assistance in the area of audit oversight.
Legal form	Public-law institution with separate legal identity
Incorporation within the government administration	Independent unit within the decentralised government administration, organisationally attached to the FDJP
Registered office	Berne
Bodies	
<u>Board of Directors</u>	<p>Wanda Eriksen, Masters in Accounting Science, Swiss Certified Accountant, US CPA (Chair)</p> <p>Franca Contratto, Prof. Dr., LL.M., Lawyer (Vice-Chair)</p> <p>Viktor Balli, Chemical Engineer ETH/Economist HSG</p> <p>Stefano Caldoro, Dr., LL.M., Lawyer</p> <p>Stéphane Gard, Master in Economics and Management, Swiss Certified Accountant</p>
<u>Executive Board</u>	<p>Reto Sanwald, Chief Executive Officer, Dr. iur., Lawyer, Executive MBA HSG</p> <p>Martin Hürzeler, Deputy to the Chief Executive Officer, Head of Financial Audit, Graduate in Business Administration, Swiss Certified Accountant</p> <p>Michael Hubacher, Head of Legal and International, Master of Law, Lawyer, Executive MBA</p> <p>Heinz Meier, Head of Regulatory Audit, Swiss Certified Accountant</p>
<u>Auditor</u>	Swiss Federal Audit Office (SFAO) (limited audit)
Number of employees	36 employees (28.5 full-time positions) as of 31 December 2025
Funding	The FAOA finances itself entirely from the fees and oversight charges levied on licensed individuals and audit firms under oversight. No taxes or federal funds are claimed.
Independence/Oversight	The FAOA performs its oversight activities independently but is subject to the oversight of the Federal Council. It reports annually to the Federal Council and the Federal Assembly on its activities. Appeals against rulings of the FAOA can be made to the Federal Administrative Court and, if necessary, the Federal Supreme Court.
Conflicts of interest/vested interests	The Board of Directors makes the necessary organisational arrangements to prevent conflicts of interest, both for itself and for employees. The FAOA's Code of Conduct defines a responsible authority for both employees and members of the Executive Board and the Board of Directors ⁴² . In particular, the Code of Conduct contains provisions on dealing with conflicts of interest. The vested interests of members of the Board of Directors are published on the FAOA's website and on the Federal Portal . Employees received the relevant training on 20 January, 25 August and 22 September 2025 and the Board of Directors on 21 November 2025.

⁴² [Art. 2 letter b FAOA Code of Conduct](#)



Index of abbreviations

OASIA	Old age and survivors' insurance Act of 24 June 1977	ISQM	International Standard on Quality Management
SO	Supervisory organisation	CISA	Collective Investment Schemes Act of 23 June 2006
SOO	Supervisory Organisation Ordinance of 6 November 2019	KAM	Key Audit Matters
ATT	Automated tools and techniques	AI	Artificial intelligence
BankA	Banks and Savings Banks Act of 8 November 1934	MoU	Memorandum of Understanding
FSC	Federal Supreme Court (Lausanne)	OPSC	Occupational Pension Supervisory Commission
FAC	Federal Administrative Court (St. Gallen)	CO	Code of Obligations of 30 March 1911
CSRD	Corporate Sustainability Reporting Directive	PCAOB	US Public Company Accounting Oversight Board
FDf	Federal Department of Finance	MBA	Mortgage Bond Act of 25 June 1930
FDJP	Federal Department of Justice and Police	QMS	Quality management system
EQCR	Engagement Quality Control Reviewer	FAOA	Federal Audit Oversight Authority
ESG	Environmental, Social and Governance	AOA	Auditor Oversight Act of 16 December 2005
ESRS	European Sustainability Reporting Standards	AOO	Auditor Oversight Ordinance of 22 August 2007
EU	European Union	LI	licensed individual/auditor
FinMIA	Financial Market Infrastructure Act of 19 June 2015	AF	Audit firm
FinIA	Financial Institutions Act of 15 June 2018	SA-CH	Swiss Standards on Auditing
FINMA	Federal Financial Market Supervisory Authority	AFSO	Audit firm under state oversight
FINMASA	Financial Market Supervision Act of 22 June 2007	SER	SIX Exchange Regulation
GAQWG	Global Audit Quality Working Group IFIAR	SMI	Swiss Market Index
PIE	Public interest entity	SRO	Self-regulatory organisation
AMLA	Anti-Money Laundering Act of 10 October 1997	TBTF	Too big to fail
AMLO	Anti-Money Laundering Ordinance of 11 November 2015	IOA	Insurance Oversight Act of 17 December 2004
IAASB	International Auditing and Assurance Standards Board		
IESBA	International Ethics Standards Board for Accountants		
IFIAR	International Forum of Independent Audit Regulators		
ISA	International Standards on Audit		
ISQC-CH 1	Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements		

Additional Swiss audit licences

Audit activities in the following areas in particular require a special licence from the FAOA or a licence under special law from another authority based on

a basic licence under the AOA. A basic FAOA licence will suffice in some audit areas⁴³. The following table is not exhaustive (last updated: 31 December 2025).

Financial/regulatory audit in the area of	Basic licence under the AOA: audit firm	Basic licence under the AOA: auditor-in-charge	Responsible for special/special-law licence	Additional requirements
Banks/financial market structures ⁴⁴ , finance groups and public tenders/securities firms/central mortgage bond institutions	AFSO	Audit expert	FAOA	Art. 9a AOA , Art. 11a ff. AOO
Fintech companies ⁴⁵	AFSO	Audit expert	FAOA	Art. 9a AOA , Art. 11a ff. AOO
Insurers	AFSO	Audit expert	FAOA	Art. 9a AOA , Art. 11a ff. AOO
Collective investment schemes ⁴⁶	AFSO	Audit expert	FAOA	Art. 9a AOA , Art. 11a ff. AOO
Financial intermediaries (anti-money laundering)	Auditor	Auditor	SRO	Art. 24a AMLA , Art. 22a ff. AMLO
Asset managers and trustees	Auditor	Auditor	SO	Art. 43k FINMASA , Art. 13 ff. SOO
OASI compensation funds and offices	Audit expert	Audit expert	FAOA	Art. 68 para. 1 OASIA , Art. 11m ff. AOO

⁴³ This applies to audits of casinos and pension funds in particular.

⁴⁴ Comprising stock exchanges, multilateral trading systems, central counterparties, central depositories, trade repositories and payment systems.

⁴⁵ Cf. the definition in the Banking Act ([Art. 1b BankA](#)).

⁴⁶ Comprising fund managers, investment funds, open-ended investment schemes (SICAVs), limited partnerships for collective investment schemes, investment companies with fixed capital (SICAFs), asset managers of collective investment schemes and representatives of foreign collective investment schemes.



Audit firms under state oversight

Data correct as of 31 December 2025

500003	PricewaterhouseCoopers AG	Zurich
500012	T + R AG	Gümligen
500038	Grant Thornton AG	Zurich
500149	OBT AG	St. Gallen
500241	FORVIS MAZARS SA	Vernier
500420	Deloitte AG	Zurich
500505	Treuhand- und Revisionsgesellschaft Mattig-Suter und Partner	Schwyz
500646	Ernst & Young AG	Basel
500705	BDO AG	Zurich
500762	Balmer-Etienne AG	Lucerne
501131	BfB Audit SA	Renens
501382	Berney Associés Audit SA	Geneva
501403	KPMG AG	Zurich
501470	Ferax Treuhand AG	Zurich
504689	SWA Swiss Auditors AG	Pfäffikon
504736	PKF CERTIFICA SA	Lugano
504792	ASMA Asset Management Audit & Compliance SA	Geneva
505290	Avanta Audit AG	Baar
600002	Kost Forer Gabbay & Kasierer	Tel Aviv

Cooperation with foreign authorities

Bilateral agreements

Data correct as of 31 December 2025

Country	Authority	Agreement
UK	Financial Reporting Council (FRC)	2014 (renewed 2023 ⁴⁷)
Germany	Auditor Oversight Body (AOB)	2012 (renewed 2022)
Finland	Patent and Registration Office (PRH)	2014 (renewed 2022)
France	Haute Autorité de l'Audit (H ₂ A)	2013
Ireland	Auditing & Accounting Supervisory Authority (IAASA)	2016
Japan	Financial Services Agency of Japan (JFSA) and Certified Public Accountants and Auditing Oversight Board (CPAFOB)	2021 (RAB, JFSA/CPAFOB)
Canada	Canadian Public Accountability Board (CPAB)	2014
Principality of Liechtenstein	Financial Market Authority (FMA)	2013
Luxembourg	Commission de Surveillance du Secteur Financier (CSSF)	2013
Netherlands	Authority for the Financial Markets (AFM)	2012
Austria	Audit Oversight Body of Austria (AOBA)	2019
USA	Public Company Accounting Oversight Board (PCAOB)	2011 (extended 2014)

Multilateral agreements with IFIAR member organisations

Country	Authority	Signed
Australia	Australia Securities and Investments Commission (ASIC)	2017
Brazil	Comissão de Valores Mobiliários (CVM)	2017
Dubai	Dubai Financial Services Authority (DFSA)	2017
Gibraltar	Gibraltar Financial Services Commission (GFSC)	2017
Cayman Islands	Auditors Oversight Authority (AOA)	2017
Lithuania	The Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania (AAAPVIM)	2017
Malaysia	Audit Oversight Board (AOB)	2017
New Zealand	Financial Markets Authority (FMA)	2017
Norway	Finanstilsynet/Financial Supervisory Authority (FSA)	2019
Slovakia	Auditing Oversight Authority (AOA)	2017
South Korea	Financial Services Commission/Financial Supervisory Service (FSC/FSS)	2017
Taiwan	Financial Supervisory Commission (FSC)	2017
Czechia	Public Audit Oversight Board (RVDA)	2017
Türkiye	Public Oversight Accounting and Auditing Standards Authority (POA)	2017

⁴⁷ Mutual declaration on the recognition of qualifications from certified accountants licensed as audit experts in Switzerland (FRC declaration) and from chartered accountants registered as statutory auditors in the UK (FAOA declaration), cf. above on relations with the United Kingdom (reciprocal rights declaration).



Financial statements of the FAOA

(only available in German and French)

Report of the statutory auditor

(only available in German and French)