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WE BELIEVE IN FEDERALISM!

In its letter to the Federal Council at the start of the 2015 summer break, the Conference of the Cantonal Governments of Switzerland accused the Swiss Federal Audit Office (SFAO) of having a latent mistrust of federalism...

Federalism is of crucial importance in Switzerland, and we take this criticism seriously.

Federalism enables Switzerland to try out different variations, and cantonal approaches stimulate innovation and the search for the best solution. This is true, for instance, in the field of the labour market, as will be shown below in our report.

The Confederation subsidises the controls conducted by the cantons as part of accompanying measures. In Geneva, the subsidised portion of a company control is CHF 44 per person audited, compared with CHF 300 in the two half-cantons of Appenzell. Another example is the question of whether temporary employment programmes help reintegration. Two thirds of the participants in these programmes in the cantons of Bern, Geneva and Aargau said they were. In the other cantons, only about half had a positive opinion, and in Ticino this was less than a third.

Cantonal differences are helpful and result from federalism

However, these differences have to make us think. They help the Confederation and the cantons to identify best practices and to improve the system. This is true for the labour market and also for agriculture, research and environmental protection. Federalism helps to question preconceived ideas, to compare and to advance.

Not in all areas, however. In the 19th century, 150 years before the euro was introduced, cantonal currencies were replaced by the Swiss franc. The various old coins issued by the towns, cantons and bishoprics, all of different values, disappeared. At the same time, the cantonal units of measure were replaced by the metric system, bringing an end to ounces, pints, feet, ells, perches and other cantonal measuring rods. This was a development that even the most fervent federalists probably no longer question today.

More concretely, federalism misunderstood can be dangerous

In the current fight against terrorism, the police and criminal prosecution authorities must cooperate and exchange information beyond cantonal borders. Another relevant area is IT security. »

This year, the SFAO gave a free hand to the cartoonist **Max Spring** to illustrate his annual report.



“FEDERALISM HELPS TO QUESTION PRECONCEIVED IDEAS, TO COMPARE AND TO ADVANCE.”

For the second year in a row, the SFAO has highlighted in this report the risks to which the IT systems of the cantons and the Confederation are exposed. The cantons should conduct regular audits on the security of their IT networks and forward the results to other partners, including the Federal Office of

Information Technology, Systems and Telecommunication. Failing that, and in accordance with the principle of subsidiarity, this office should be able to audit the security of the cantonal IT network concerned. The SFAO made this recommendation in 2009, but it has not yet been implemented.

The SFAO is committed to pragmatic federalism

A form of federalism that evolves in order to address new threats. Together with its partners in the cantons, the SFAO ensures that the public sector is increasingly transparent and effective. Swiss taxpayers should have confidence in their administrations, and the SFAO is committed to this objective.

Michel Huissoud, Director

A SWISS FEDERAL AUDIT OFFICE AUDITED BY ITS PEERS

In 2015, the Swiss Federal Audit Office passed its litmus test. It underwent an audit by its peers at the European Court of Auditors (ECA), which made very positive findings: “The SFAO produces work of high quality, its staff are competent, productive and involved, and its highly professional management is determined to modernise the institution and implement these changes.”* However, the ECA’s audit report also made nine recommendations, which concern the formulation of the SFAO’s strategy, its relations with the Federal Administration’s internal audit services, the development of its methodology, and its audit planning. The SFAO has undertaken to implement the recommendations by the end of 2016.

* The report on this peer review is available on the websites of the ECA and the SFAO.



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PART 1

THE MAIN FINANCIAL SUPERVISION RESULTS FOR 2015



The SFAO audit on the Swissair case,
as seen by Max Spring.



1. FINANCIAL STATEMENTS OF THE CONFEDERATION: ONE LESS RESERVATION

In 2015, the Swiss Federal Audit Office (SFAO) first published its detailed report on the financial statements of the Confederation for 2014. This level of transparency is uncommon in Europe. Above all, that report enabled it to highlight a positive point which is crucial for the quality of the financial statements: the existence of an internal control system (ICS) in key areas of the Federal Administration. Nevertheless, the SFAO also pointed out limitations, particularly in terms of efficiency. Progress still needs to be made here.

A. THE SFAO LIFTS ITS RESERVATION ON THE CONFEDERATION'S FINANCIAL STATEMENTS

Auditing the Confederation's financial statements¹ is one of the SFAO's key tasks². These statements are prepared, but for a few exceptions, in accordance with the International Public Sector Accounting Standards (IPSAS). In 2014, the Confederation had a revenue surplus of CHF 1.2 billion according to the statement of financial performance. Its total assets amounted to CHF 111 billion, which included an accumulated deficit of CHF 29.5 billion. Its expenses amounted to CHF 64 billion.

The SFAO formally certified the compliance of the state financial statements. The 2014 financial statements are in line with the statutory requirements and the provisions of Article 126 of the Federal Constitution concerning budget management (debt brake) and the Financial Budget Act. The SFAO thus recommended that the Finance Committees of both chambers approve them.

Internal control: significant efforts that should be continued

There has been an improvement in the Confederation's financial statements for 2014. In the previous year, various federal administrative units still did not have an ICS in compliance with the directives of the Federal Finance Administration (FFA). The SFAO therefore expressed a reservation regarding the state financial statements. The reservation was lifted this year due to considerable efforts made at the FFA, the Federal Roads Office (FEDRO) and the Federal Office of Information Technology, Systems and Telecommunication (FOITT). The SFAO recommends that these efforts continue, particularly in the management of access rights to the SAP accounting system.

IN THE SPOTLIGHT

SWISSAIR LOAN, A NICE SURPRISE OF CHF 220 MILLION

At the start of October 2001, Swissair's fleet was grounded as the last act in the fiasco of the cash-strapped national airline. A few hours after this grounding, the Confederation decided to grant the company a loan. The aim was to enable the company to continue operating until a buyer was found. In the end, the Confederation granted a loan of CHF 1.15 billion to Swissair.

The SFAO was in charge of verifying the usage breakdown for this loan. Based on the initial calculations, the loan was not enough and the Confederation would have to extend it by another CHF 9 million. The SFAO examined the usage breakdown point by point and noted that several operations were not related to the objective of the loan. Almost 14 years later, the Swissair liquidator finally accepted this assessment and refunded CHF 220 million to the Confederation.

¹ The report for audit mandate 15120 is available on the SFAO's website. In response to a request from the press and in accordance with the Freedom of Information Act (FoIA), the detailed report on the Confederation's financial statements for 2013 was also published in June 2015 (audit mandate 14098). This report is also available on the SFAO's website.

² The SFAO's audit scope is described in the second part of this annual report (page 55).



1. FINANCIAL STATEMENT OF THE CONFEDERATION

In its detailed report on the 2014 state financial statements, the SFAO was also pleased to see that one of its previous recommendations had finally been implemented by the FFA. Direct federal tax relief granted to companies for the purpose of economic development is now included in the Confederation's financial statements. The State Secretariat for Economic Affairs (SECO) has also addressed one of the unwelcome consequences of the direct federal tax relief granted prior to 2008. In order to avoid the relief being concentrated among a limited number of beneficiaries, it has implemented the principle of a tax relief ceiling based on the number of jobs created. A draft ordinance to this effect will be submitted to the Federal Council in 2016.

Finally, it is worth remembering that it is not the SFAO's task to check taxation and the collection of direct federal tax in the cantons. Its examination of these tax receipts (CHF 18 billion in 2014) is based on the reports of the cantonal audit offices for the previous year. Legally, the SFAO cannot verify the accuracy of these.

B. MORE EFFECTIVE AND TARGETED INTERNAL CONTROLLING

All organisations of a certain size have a formal internal control system (ICS). Such a system is vital for ensuring efficient operation, preventing errors and detecting possible fraud. The Confederation laid the foundations for its own control system in 2007. Since then, the FFA has been committed to developing control mechanisms in the Federal Administration with the aim of guaranteeing the reliability of the Confederation's accounts and financial flows.

Nevertheless, an ICS has still not been established throughout the Federal Administration. The SFAO noted this finding in an audit report published in spring 2015³. It based its conclusions on very specific situations.

Less but more effective controlling

Let's consider the following paradox. Nowadays, the director of a federal office can entrust a single person, at any hierarchical level whatsoever, with the task of signing a procurement contract or a subsidy decision worth several million francs. However, in the entire Federal Administration, every invoice for more than CHF 500 has to be signed by two people at least before being paid. The SFAO cannot understand these different approaches to the financial decisions of the Federal Administration. There are, however, other examples that it finds even more puzzling.

³ The report for audit mandate 13407 is available on the SFAO's website.



As a result, the Federal Administration's service providers and banking institutions do not know which federal employees can validly commit the Confederation in the context of a business relationship. Worse still, a bank could even open an account in good faith in the name of a federal office without the FFA being aware.

In short, the Federal Administration's ICS does not give sufficient consideration to the potential risks of mismanagement, non-compliance with the law or fraud. The policy currently pursued by the FFA on this matter is too focused on payment flows and needs to be improved. The SFAO has made several recommendations that should be implemented by the FFA.

IN THE SPOTLIGHT

FISCAL EQUALIZATION: THE FORWARDING AND THE CONFEDERATION'S PROCESSING OF CANTONAL DATA IS RUNNING SMOOTHLY

In 2015, the SFAO submitted its annual audit on the collection and processing of data used to calculate the fiscal equalization between the Confederation and the cantons*. As its first observation, the SFAO noted that the volume of equalization payments related to the division of tasks between the Confederation and the cantons will increase in 2016. It will reach CHF 4,932 million, a 0.45% increase on the previous year (compared with 2.02% between 2014 and 2015). For its part, the Confederation fully funds cost compensation, i.e. CHF 718 million (compared with CHF 726 million in 2015).

The SFAO conducted audits in six cantons to check the collection and processing of fiscal equalization data. It concluded that the cantons submitted high-quality data and that the effectiveness of the checks carried out together with the Federal Tax Administration (FTA) had increased. In this way, a significant error was detected in the reporting to the FTA of taxation for a legal entity with special cantonal tax status. Following the SFAO's intervention, the cantonal tax authority modified its data.

* The report for audit mandate 15111 is available in French and German on the SFAO's website.



The SFAO audit of inspection activities on measures accompanying the free movement of persons, as seen by Max Spring.



2. ECONOMY: A CLOSER LOOK AT THE LABOUR MARKET

In 2015, the SFAO examined the labour market in Switzerland. Two audits were conducted: the first of these concerned SECO's supervision of the accompanying measures for the free movement of persons, and the second assessed part of the policy for the lasting reintegration of jobseekers in the labour market. The SFAO enhanced its work in these two cases by conducting surveys at the federal and cantonal levels.

A. COMBATING WAGE DUMPING

Switzerland has been implementing the regime for the free movement of persons with the member states of the European Union (EU) since 2004. At that time, the Confederation established accompanying measures⁴ that protect Swiss employees and seconded foreign employees in Switzerland from wage dumping and the deterioration of their working conditions. Over 40,000 checks were performed by the authorities in 2013.

The SFAO focused on SECO's supervision in this field⁵. The concept and implementation of this supervision are comprehensive and logical. Their content and form are adapted to the current labour market situation. This is important because the legislative and political environment in which SECO acts is, and will always be, very versatile, particularly after the Swiss electorate's acceptance of the popular initiative against large-scale immigration on 9 February 2014.

SECO and the implementing bodies⁶ took important measures in terms of training the labour inspectors and setting goals and instruments for observing the labour market. However, there is no incentive for them to join forces. The implementing bodies should be grouped together in order to achieve a critical size, and skills and resources should be pooled in order to make checks even more effective. The SFAO recommends finding this incentive and concentrating efforts.

Another area for improvement involves harmonising the supervisory practices in the implementing bodies. These practices have always been fragmented in spite of the more than ten years of free movement. The SFAO recommends a methodical risk-analysis approach in the supervision of companies. It is clear that SECO needs to refocus its efforts in order to guarantee high-quality checks in the future.

Enhanced synergy with the fight against undeclared employment

The cost of checks carried out by tripartite commissions also varies greatly depending on the canton. In the canton of Jura, for example, the subsidised portion of a check at a company amounts to CHF 1,052, compared to CHF 133 in Ticino. Per person audited, this portion subsidised by the Confederation is around CHF 44 in Geneva, compared to CHF 300 in the two half-cantons of Appenzell. These cantonal differences should be analysed in depth. In the canton of Basel Landschaft, a recent case concerning the refunding of labour inspection costs, some of which were not justified, confirms the benefits of switching to a lump-sum system.

⁴ More commonly known as FlaM from the German "flankierende Massnahmen".

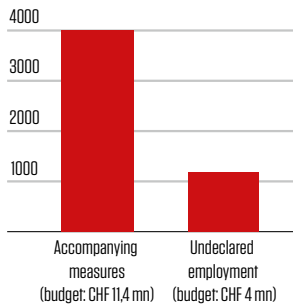
⁵ The report for audit mandate 14321 was published on 21 April 2015 and is available on the SFAO's website.

⁶ Commissions that are joint (trade unions and employers) or tripartite (trade unions, employers and public bodies), depending on whether the sector concerned has a collective employment agreement (CEA).



2. ECONOMY

Number of audits conducted in 2013



SOURCE: SFAO

Nevertheless, the SFAO's analysis highlighted an unexpected problem. The Confederation invests three times more money in its supervision of the free movement of persons than in its audits of undeclared employment (see chart below). However, the impact of undeclared employment on the labour market is potentially as great as, if not greater than, that of the free movement of persons. This difference in resource allocation poorly reflects the risks posed to public finances by undeclared employment. What comes to mind in particular is the considerable impact it has in terms of tax losses and social security fraud.

The SFAO's conclusion calls for greater synergy with regard to checks. Some cantons are already doing this by combining efforts to combat undeclared employment with the supervision of accompanying measures. But the extent of this coordination varies from canton to canton. The SFAO believes that they must continue in this direction and strengthen their checking.

Finally, the SFAO's auditors also examined the question of penalties. They noted that the effectiveness and enforcement of penalties varies considerably from canton to canton and that the rate of fine collection ranges from 20% to 100%. During the course of the audit, the Federal Council decided on 1 April 2015 to raise the upper statutory penalty limit for seconded employees from CHF 5,000 to CHF 30,000 for violations of the provisions governing minimum wages and working conditions. The SFAO is pleased with this decision.

B. REINTEGRATION MEASURES NOT CLOSE ENOUGH TO THE LABOUR MARKET

In 2015, the SFAO finalised an important evaluation⁷. For more than a year, the issue of unemployment insurance reintegration measures was closely scrutinised. Two of the eleven specific measures available to the authorities for promoting job-seekers' return to the labour market were assessed. In 2013, these two measures (temporary employment programmes and internships) cost unemployment insurance almost CHF 190 million.

With a duration of three to four months, the aim of these measures is to reintegrate the beneficiaries into the labour market for the long term as quickly as possible. In 2013, almost 33,000 jobseekers participated in a temporary employment programme and 1,800 completed an internship. Overall, this was almost one fifth of the registered unemployed for that year.

To better cover its field of research, the SFAO examined the implementation and supervision of these reintegration measures at the federal level, i.e. at SECO, and in eight cantons, namely Aargau, Bern, Geneva, Lucerne, Schwyz, St. Gallen, Ticino and Valais. The SFAO concluded its study with a telephone survey of the people who had benefited from these measures – a first in this area – as well as the organisers and host institutions.

⁷ The report for audit mandate 13470 was published on 22 September 2015 and is available on the SFAO's website.



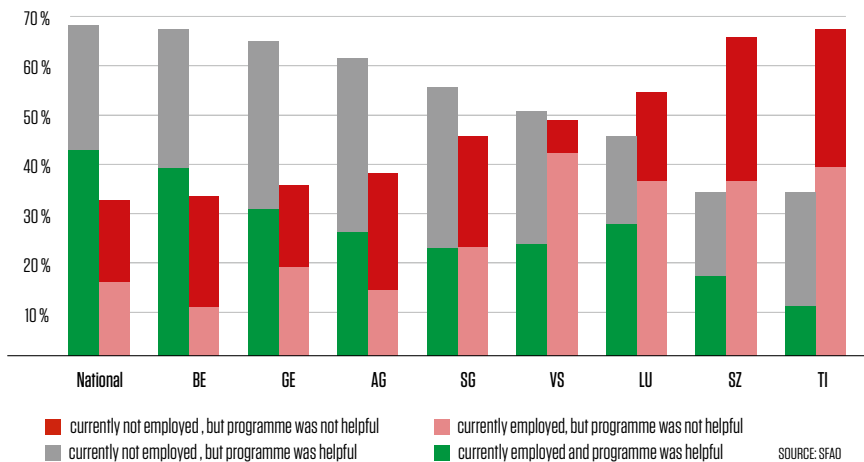
Considerable cantonal variations

What results were observed? With regard to the interns, who are primarily people with a higher level of education than the average registered jobseeker, 90% found a job after their internship and 80% appreciated this reintegration mechanism. For the record, this measure is rare and mainly concerns young people with no previous professional experience. Only 1% of the unemployed can access it and they themselves are responsible for finding the internship.

In this respect, the temporary employment programmes cannot be compared with internships, and the results are more mixed: 64% of the participants secured a job after their employment programme, of whom 34% secured an open-ended contract.

Do they consider this mechanism helpful? The answer varies from canton to canton. Two thirds of people in the cantons of Bern, Geneva and Aargau said it was. In the other cantons, only about half had a positive opinion, and in Ticino this was less than a third (see chart below).

How helpful was the programme for finding current job or a job in the future?



These cantonal variations surprised the SFAO, and its evaluators sought explanations. There is clearly a link between the type of temporary employment programme and the opinions given by the beneficiaries.

It turns out that the “internal” employment programmes, mostly in the form of workshops organised by specialist institutions with the aim of developing the beneficiary’s social skills, are not very convincing. By comparison, the “external” programmes are viewed more favourably. These employment programmes are in a host institution, are geared towards the primary labour market and aim to improve the participant’s professional skills.

In other words, the closer reintegration measures are to the labour market, the better the experience gained by the beneficiaries. This labour market proximity is therefore a very important, even decisive, factor.



2. ECONOMY

The SFAO does not doubt the usefulness of “internal” employment programmes, i.e. employment workshops. They may be expensive, but they are beneficial to the long-term unemployed. This is, and will remain, an important measure for these people. However, the SFAO recommends that the authorities should resort to “internal” employment programmes sparingly and implement internships or temporary employment programmes within the labour market as often as possible.

SECO and the Association of Swiss Employment Offices welcomed the SFAO's recommendations. However, they both expressed their fears concerning an increase in temporary employment programmes in the primary labour market and the impact of this on competition with the private sector.

IN THE SPOTLIGHT

ENVIRONMENTAL ISSUES POORLY TARGETED BY INVESTMENT GRANTS IN AGRICULTURE

At the end of 2015, the SFAO submitted an ambitious evaluation of investment grants in agriculture*. The aim was to gauge the concept, the cost and the effect of these grant measures over their ten-year period of implementation. In 2013 alone, the Confederation invested CHF 139 million in this mechanism, which accounted for 3.75% of the expenditure on agriculture in that year.

These farming grants are in the form of interest-free investment loans and non-repayable contributions. At the macro level, the SFAO's evaluation shows that the investment grants favour a structural shift towards bigger agricultural production units. At a more detailed level, however, there is room for improvement in the concept of these measures and some of their effects. There is a lack of specific definitions and appropriate operational objectives for assessing whether or not the grants truly help to improve the living conditions of farmers and their contribution to environmental objectives. The SFAO believes that the contribution made by these grants should be formalised further and defined more specifically so that they can meet the environmental objectives set by the legislator.

In comparison with other measures, investment loans for the construction and conversion of residential buildings are ill-suited for reducing agricultural production costs. This is an observation made in the SFAO's evaluation. It concludes that this type of investment loan should be examined to see if it should be continued in its current form.

* This evaluation for audit mandate 13649, together with a statistical appendix, is available on the SFAO's website.





The SFAO audit of ETH Domain supervision, as seen by Max Spring.



3. EDUCATION AND RESEARCH: THE LIMITATIONS OF ETH DOMAIN SUPERVISION

Every year, the Confederation provides the Swiss Federal Institutes of Technology Domain (ETH Domain) with funding of some CHF 2.5 billion. In addition to its traditional mandate of auditing the accounts, the SFAO has conducted several audits since 2012 on governance by the Board of the Swiss Federal Institutes of Technology (ETH Board) and certain units of the central Federal Administration over the ETH Domain⁸.

In its 2014 annual report⁹, the SFAO referred to the considerable financial risks that the property boom of the Swiss Federal Institute of Technology Lausanne (EPFL) posed for the Confederation as the owner of the land on which major projects have been built in the past decade. There were shortcomings in the EPFL's launch and management of real estate business (Campus Biotech, for instance). The EPFL failed to comply with the applicable provisions of the ETH Board, the body responsible for supervising the domain.

The SFAO found that the ETH Board had been largely excluded from these real estate developments, which cast doubt on the strategic management and supervision of the ETH Domain. The large increase in the number of EPFL students and its rapid rise in terms of international scientific collaboration and research development also present a challenge for the domain's governance with respect to autonomy and balance between institutions. For this reason, these issues were the subject of an audit report published in December 2015¹⁰.

RETHINKING THE GOVERNANCE OF THE ETH DOMAIN

The SFAO's main finding was that the ETH Board's supervision is limited. Furthermore, it is difficult for the ETH Board to impose its decisions on the research institutions in the domain. The institutes of technology and the research institutions have the right to appeal its decisions before a court, which is a right they actually exercise. In a plagiarism case, the EPFL challenged a decision taken by the ETH Board, albeit in vain, before the Federal Administrative Court in 2013¹¹. To remedy this, the SFAO recommends clearly defining the ETH Board's supervisory function in legislative texts and including provisions for an appeal body at the departmental level.

Still in the legal field, the independence of the ETH Board is restricted by the fact that the presidents of both institutes of technology and a representative of the research institutions are members of the Board. This membership is required by the current legislation. Failing strict separation of the Board and the institutions, the SFAO recommends that compensatory measures be taken to maintain good governance of the sector.

As the ETH buildings are owned by the Confederation, the ETH Board has wide-ranging powers for managing and supervising real estate projects. The Board acts as a type of federal building and real estate authority, which involves increased controlling duties. This situation is characteristic of the ETH Domain, where the autonomy of the institutes of technology and research institutions takes precedence.

⁸ This domain covers the two institutes of technology in Lausanne and Zurich, as well as four research institutions.

⁹ See chapter 3, section B of the SFAO's 2014 annual report, which is available on the SFAO's website.

¹⁰ This report for audit mandate 15520 is available on the SFAO's website.

¹¹ Ruling of the Federal Administrative Court A-5758/2012.



3. EDUCATION AND RESEARCH

As a result, in the real estate area, the ETH Board and the institutions in the domain do not have a clear understanding of their respective roles. These difficulties are illustrated by a recent example. On 24 June 2015, the EPFL publicly announced a loan overrun of CHF 23.76 million on a construction project initially budgeted for CHF 66.25 million¹². The ETH Board had not been informed of the situation for two years and did not become aware of the case until spring 2015. On 8 June, the SFAO informed the Federal Council of the overrun and the opening of an administrative inquiry conducted by the EPFL itself¹³.

Promoting transparency vis-à-vis secondary occupations

There is a need for improvement in two further areas. The first of these concerns the administrative activities of the institutions in the domain, which complain about their ever-increasing administrative burdens. The SFAO outlined a solution in its report: pooling some of these activities currently performed in a decentralised manner in an ETH service centre. To achieve this, the ETH Board should study this option and determine which activities should be pooled.

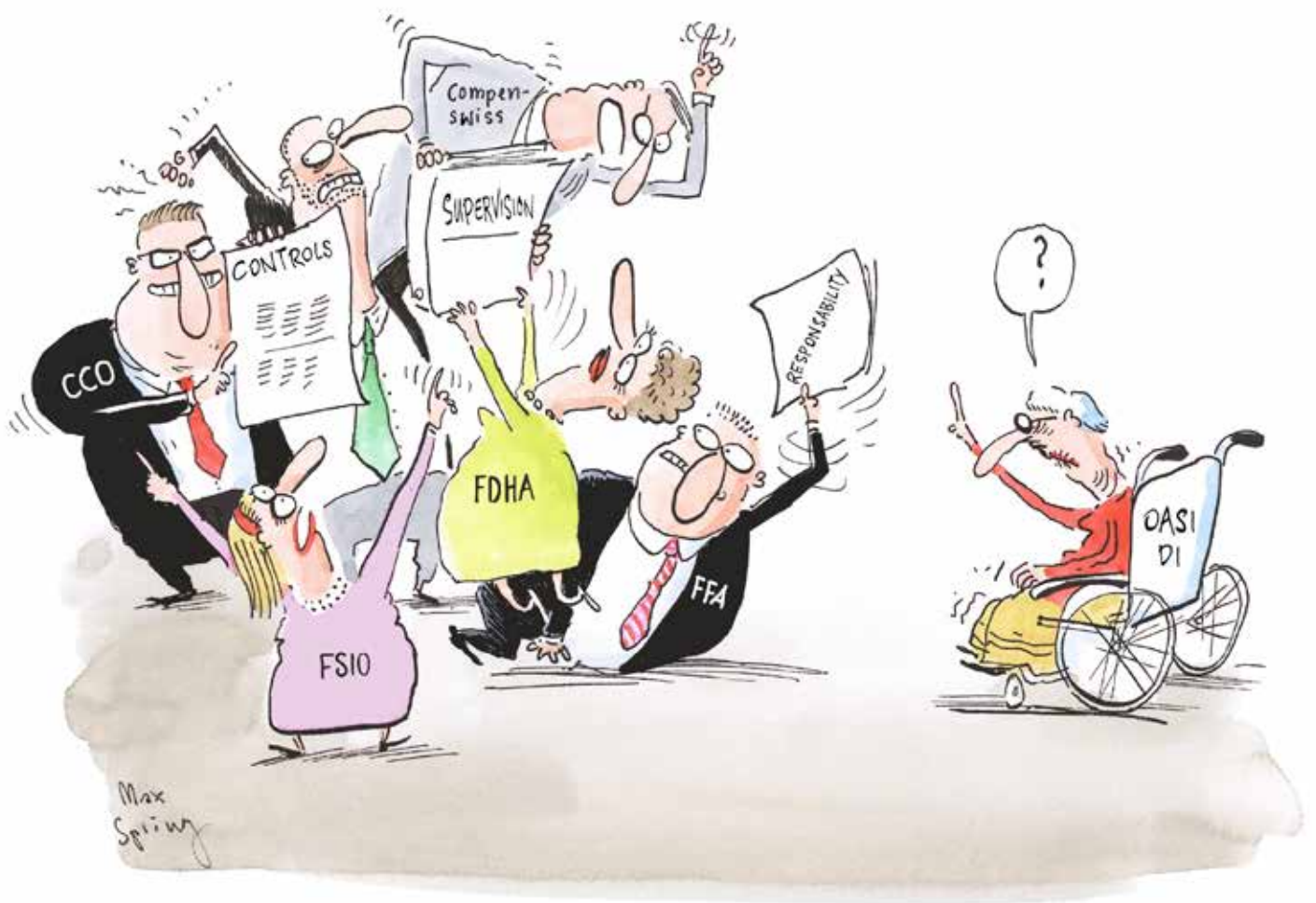
If all of these recommendations were implemented, the SFAO believes the Confederation could begin to consider transferring real estate to the ETH Domain, a measure that would greatly simplify management in this sector.

The second area concerns the secondary occupations of the members of senior management of the institutes of technology and the research institutions. During the audit, the ETH Board analysed these secondary occupations. The SFAO is pleased with this step. It has encouraged the Board to keep a detailed and full inventory of these occupations. In the future, this mandatory reporting regime for secondary occupations should be better implemented and the analysis of potential conflicts of interest should be strengthened.

¹² "EPFL opens an internal administrative inquiry into the construction work on a building conversion", press release, EPFL, Lausanne, 24 June 2015.

¹³ Under Article 15 paragraph 3 of the Federal Audit Office Act (FAOA), the SFAO must inform the head of the federal department concerned and the Head of the Federal Department of Finance if it identifies "anomalies or deficiencies of fundamental significance or considerable financial importance". If the findings concern the Federal Department of Finance, it shall inform the President or, where necessary, the Vice President of the Confederation.





The SFAO assessment of financial supervision in the AHV system, as seen by Max Spring.

4. INSURANCE AND SOCIAL WELFARE: SUPERVISION OF OLD-AGE AND SURVIVORS' INSURANCE IN QUESTION

The area of social welfare is experiencing profound political changes. In November 2014, the Federal Council submitted its dispatch on the "Retirement provision 2020" reform. The aim of the reform is to ensure the maintenance of old-age and survivors' insurance (AHV) and occupational pension benefits. Also in 2014, this area experienced upheavals related to the AHV Central Compensation Office (CCO). These problems drew extensive media coverage, and the SFAO already intervened in the past¹⁴.

Both of these developments naturally resulted in the SFAO's inclusion of the issue of the technical and financial supervision of the AHV in its 2015 audit programme. Its evaluation and recommendations, some of which are unconventional, were submitted in April 2015. Its proposals will be examined as part of the discussions initiated by the Federal Council on the modernisation of AHV supervision.

STRENGTHENING AHV MANAGEMENT AND SUPERVISION

Despite the worrying events at the CCO, the SFAO's auditors did not detect any major shortcomings concerning AHV and its supervision in 2015. This reassuring result was included in the audit report¹⁵.

However, they found that the current structures, largely inherited from the establishment of AHV in 1948, do not help to resolve problems quickly. When faced with difficulties, it would take a long time for the AHV behemoth to find the right solution.

Operational management in disorder

At the federal level, the implementation tasks in the AHV area are disordered. Two bodies are responsible for operations: the CCO, which is a division of the Federal Finance Administration (FFA), and the AHV/IV/EO Compensation Funds Management Office, which is under the AHV/IV/EO Board of Directors (compenswiss).

This situation has resulted from historical circumstances, but establishing modern management would mean reorganising this risky system. The SFAO recommends increasing the CCO's independence from the FFA and proposes combining the CCO and the Compensation Funds Management Office and placing them outside of the Federal Administration. Both of these bodies should be subordinate to the AHV/IV/EO Board of Directors, which should be strengthened and become the equivalent of its counterparts in the private sector.

AHV IN FIGURES

In 2013, over 2.14 million people received an old-age pension and 130,000 people received a widow's/widower's pension. The amount of benefits paid came to CHF 39.8 billion. In parallel, the AHV received contributions of CHF 29.5 billion. The Confederation thus contributed CHF 10.4 billion, including casino tax and the value added tax share.

¹⁴ Details are included in the SFAO's 2014 annual report, which is available on its website.

¹⁵ The report for audit mandate 14260 is available on the SFAO's website.



4. INSURANCE AND SOCIAL WELFARE

AHV supervision still too fragmented

This first recommendation necessitates a second one. Currently, supervision of the AHV area is fragmented and can produce shortcomings. It is divided in two parts: the Federal Department of Finance (FDF) is responsible for supervising the management of its division, the CCO, while the Federal Social Insurance Office (FSIO) supervises the correct application of AHV provisions on behalf of the Federal Department of Home Affairs (FDHA). In the SFAO's opinion, there is no advantage to this attachment to two departments. This supervision should be entrusted to a single body: the FSIO.

The SFAO's proposals were met with scepticism by the FDF and the FDHA. As they see it, the current organisation and supervision of the AHV system have proved their worth. Nevertheless, these recommendations will be examined as part of the project entitled "Modernisation of first pillar supervision". Work is under way at the FDHA, and the public consultation will be initiated at the end of 2016.

IN THE SPOTLIGHT

SOCIAL SECURITY BENEFITS AND COMBATING ABUSES

Over the past ten years, abuse of social security funds has been a topic frequently covered by the media. Cases are regularly uncovered by the press. The risks of abuse do not just concern the beneficiaries, but can be found all the way along a process leading, for instance, from a salary declaration at the compensation offices to the payment of social security benefits, and involving compensation payments that rose from CHF 119 billion to CHF 142 billion between 2007 and 2012. In 2015, the SFAO published an internal discussion paper on combating social security abuses*. Drawn up for the Swiss Conference of Financial Auditors, the paper focuses not only on federal social security funds, but also on social assistance.

The SFAO points out in the paper that there are no reliable figures on actual abuses in the overall field of insurance. At best, private insurance companies provide rough estimates of abuse rates that range between 3% and 10% depending on the insurance category. The SFAO restricted its investigation in the discussion paper to benefit payment processes. It does not deal with the contribution collection process, which itself can be prone to problems (such as false declarations or misappropriation of contributions).

In its findings, the SFAO observed that the social security funds have implemented significant measures to combat these abuses, including the creation of specialist offices. It insisted again on the fact that making resources available for analysing needs, determining the level of benefits and regularly re-examining the beneficiaries' cases is a key prerequisite for preventing abuses. This first discussion paper has paved the way for the SFAO to conduct future audits in this area which will focus on the implementing bodies and their processes.

* The report for audit mandate 14496 is available on the SFAO's website.



PART 1: THE MAIN RESULTS



The SFAO audit on procurement of electrical energy, as seen by Max Spring.



5. ENERGY: FEDERAL PURCHASES OF ELECTRICITY

Since 2009, the Confederation has had the option of benefiting from the partial opening of the electricity market for its supply of electrical energy. However, the Federal Office for Buildings and Logistics (FOBL) did not avail itself of this option until 2013, when market conditions were considered to be more favourable. Since then, the FOBL has bought power on the market twice for some CHF 17 million.

According to the FOBL's estimates, this procurement should cover almost 90% of the energy consumed by its real estate and facilities up to 2016. This electrical energy is generated by hydropower and comes primarily from Switzerland.

PROCUREMENT OF ELECTRICAL ENERGY: ECONOMICAL, BUT NEEDS A FRAMEWORK

An SFAO audit report shows that the power was bought at the right time¹⁶. The Confederation clearly made a sound financial transaction. By anticipating its procurement, it bought the electrical energy at a lower price than through the basic supply.

IN THE SPOTLIGHT

FEDERAL PROCUREMENT: MORE DISCIPLINE AND CONTROLLING

In 2014, the Federal Administration spent more than CHF 5.5 billion on goods and services, as well as on construction services. The SFAO conducted and published several audits on this topic in 2015 that concerned IT mandates, consultancy activities, real estate investments, procurement in the military sector and the hiring of temporary members of staff.

Although there are positive examples, these processes still have shortcomings. The SFAO observed that the Federal Administration often struggles to comply with the four principles of public procurement (cost-effectiveness, competition, transparency and equal treatment). Rather than highlighting specific cases, the SFAO has drawn two general lessons from this set of audits*.

Firstly, the Federal Procurement Conference (FPC) does not fulfil its role. Located at the FOBL, this strategic body does not have sufficient powers. It should be strengthened and should be concerned with key procurement issues. In terms of operations, more intense controlling of the Federal Administration's transactions is needed, and this controlling should become a proper management tool. These main recommendations made by the SFAO were taken into account during the revision of the Ordinance on the Organisation of Federal Public Procurement (OPPO), and the FPC's new organisation will take effect on 1 January 2017.

Secondly, there is the issue of the granting, management and controlling of the procurement delegations granted by the FOBL to Federal Administration units. Restrictive requirements should be defined for the granting of these delegations. Several examples show that the FOBL could ensure that these delegated procurement transactions are subject to more frequent controlling. This controlling should also be disclosed transparently, particularly in the report on federal procurement controlling submitted to the Federal Council annually. Here too, the SFAO's recommendations were included in the revision of the OPPO, which came into force in January 2016.

* The report for audit mandate 15318 is available on the SFAO's website.

¹⁶ The report for audit mandate 14359 is available on the SFAO's website.



5. ENERGY

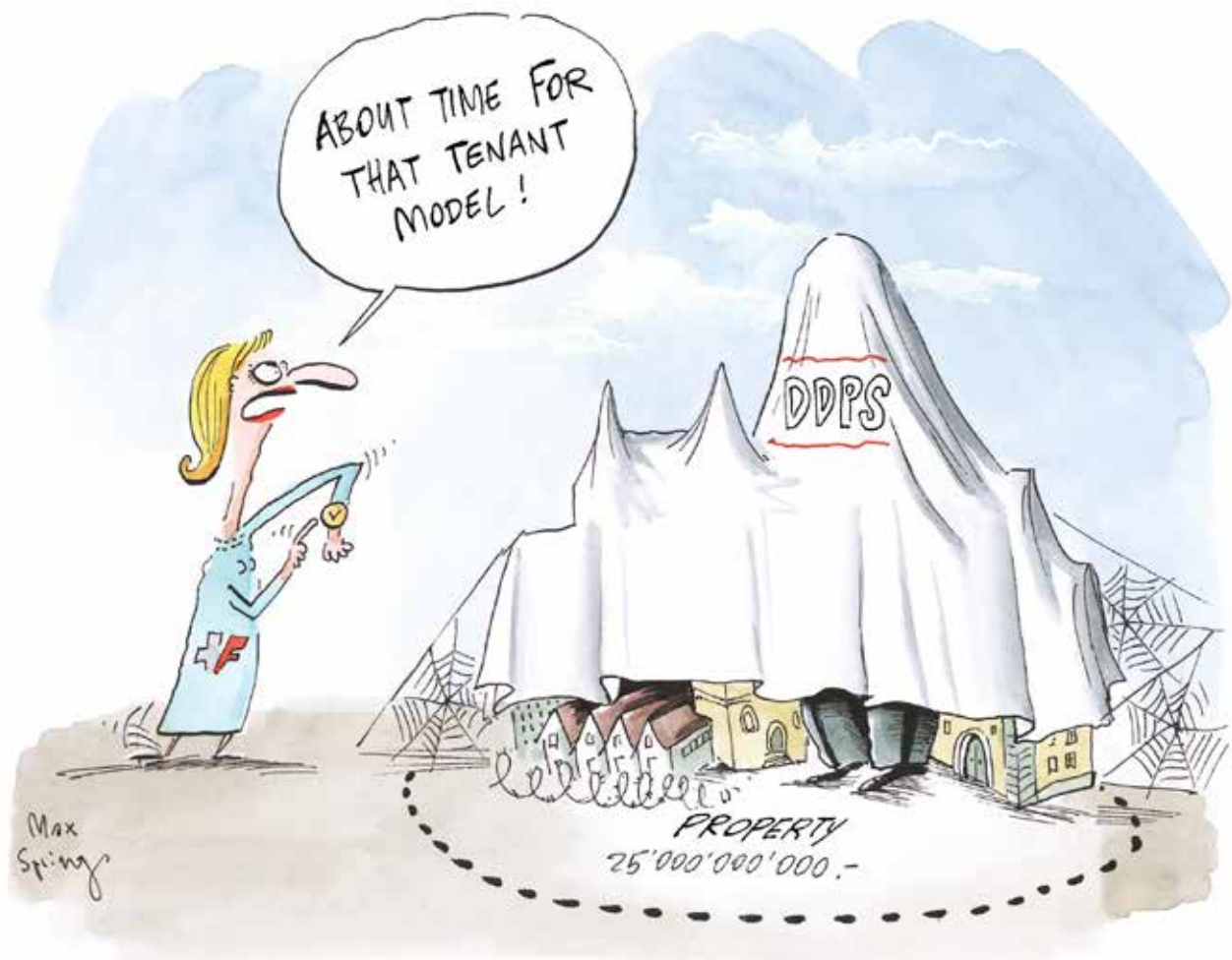
The transaction was favourable to the public finances even though some of the savings were absorbed by the sharply rising costs for grid utilisation and levies. However, the drafting of the procurement contracts did not comply with federal standards in this area. The SFAO believes the suppliers intervened too much in how the contracts were formulated. The FOBL should prepare a clean model contract for future procurements. Steps in this direction have been taken.

A commitment to green energy does not come without formal precautions

It is clear from this audit that the Confederation has confirmed its commitment to renewable energy through its actions. For the remaining 10% of its electricity needs, the FOBL bought green certificates worth some CHF 600,000, which were primarily certificates for photovoltaic and wind energy.

There is uncertainty as to whether the procurement of green certificates is subject to public procurement law. Nevertheless, these purchases should be subject to a public tender in order to ensure the most favourable option is chosen. The SFAO recommended changing this practice, and the FOBL has accepted this proposal.





The SFAO audit on the implementation of the renter model at the Federal Department of Defense, as seen by Max Spring.

6. DEFENCE: AN INSUFFICIENT REAL ESTATE MANAGEMENT

The redemption value of the real estate portfolio of the Department of Defence, Civil Protection and Sport (DDPS) is estimated to be almost CHF 26 billion, making it one of the biggest in the country¹⁷. Its management presents a significant financial challenge for the Confederation. The SFAO audited this real estate management, which is assigned to the DDPS General Secretariat, focusing particularly on its objectives, strategy and implementation.

A TOOL OF LIMITED USEFULNESS

The main focus of this audit was a lease model (*Mietermodell*) specific to the DDPS's real estate property. Introduced in 2007, the model sought to achieve optimal usage of the existing infrastructure, greater investment efficiency and lower costs generated by the department's real estate. Eight years later, the results obtained are far from the original expectations.

Nevertheless, an initial analysis performed by the DDPS had already shown weaknesses in this lease model. For instance, the department discloses the leasing costs calculated for each property to the users. However, in most cases, these costs are considered to be for informational purposes and not for financial management or as part of budget planning.

Furthermore, there is still a lack of key indicators despite the justified decisions taken by the Chief of the Armed Forces in 2009. Unfortunately, these decisions have not been implemented. This is the case for information on the actual occupancy of the infrastructure, which is nevertheless a vital parameter for guiding real estate management.

The SFAO's auditors found that no detailed information was available on this topic at the end of 2014. They also noted that the DDPS General Secretariat still does not have a structured information management system. It is clear that a mechanism for the regular controlling of the status and qualitative development of the department's real estate is still not available.

At least two additional years required to fill the gaps

As already indicated, the DDPS has been aware of these problems for several years. In order to remedy the shortcomings in its real estate management, it set up a working group under the direction of the DDPS General Secretariat in autumn 2014. A new project for optimising its real estate management is due to be launched at the end of 2016. Existing shortcomings should thus be eliminated within two years. This project has a budget of almost CHF 1.4 million.

Nevertheless, the SFAO remains sceptical about this new project even though it welcomes the opportunity to address all of the current shortcomings of the DDPS's lease model. It is particularly apprehensive about the costs being underestimated given the size of the project.

¹⁷ Source: website of the DDPS



The SFAO audit on Swiss biometric passport, as seen by Max Spring.



7. JUSTICE: FROM GAMBLING MONEY TO BIOMETRIC PASSPORTS

In 2015, the SFAO ventured into two sensitive areas. The first concerns the huge funds of over half a billion Swiss francs generated by lotteries and sports betting annually. The cantons are tasked with the redistribution of these funds, while the federal government is responsible for their supreme supervision. The second area is that of biometric passports, where the SFAO relied on the experience of its European counterparts.

A. SUPERVISION OF LOTTERY FUNDS DISTRIBUTION STILL PATCHY

For several years, the press has reported critically on the use of lottery and sports betting funds in the cantons, highlighting aspects such as award criteria that are considered as too opaque. We also read that some cantons are apparently using these funds to finance the tasks and projects of their jurisdiction even though lottery revenue is intended to support charitable or public activities (culture, social, sport). In 2014, the cantons and the Sport-Toto company made a net profit of some CHF 599 million from lotteries and sports betting.

The Commission of Lotteries and Gambling (Comlot) is responsible for supervising the gambling market, particularly the cantons' use of funds. The Federal Office of Justice (FOJ) performs the supreme supervision of this sector. The SFAO audited this system and its conclusions were published at the end of 2015¹⁸.

Confused roles of the cantons

In the current system, the cantons fulfil several roles at the risk of experiencing conflicts of interest. They are in charge of approval and gambling implementation procedures, the distribution of net profits and supervision of the lottery and sports betting market. For example, Comlot issues approvals and ensures market supervision, often in a reactive manner in response to reports in the media of misuse of funds. Currently, it can issue recommendations for the cantons, but it does not have the means to implement them.

For the SFAO, Comlot should be able to assert itself over the cantonal fund distribution bodies. It should have greater powers when verifying the use and calculation of gambling money. It should also have the power to impose penalties. Its independence should be guaranteed by the FOJ's supreme supervision of it. The SFAO currently considers this supervision as still too cautious.

The SFAO takes a stance to strengthen the act being revised

For over a decade, the company Sport-Toto has no longer been organising sports betting. It uses the money it receives from Swisslos and Loterie Romande to finance sports projects and verify the correct use of this money, which amounted to some CHF 36 million in 2014. However, supervision of this company is limited to the supervisory activities of its statutory auditor. The SFAO believes that Sport-Toto should be subject to the same supervision as the cantonal distribution bodies.

¹⁸ The report for audit mandate 15371 is available on the SFAO's website.



7. JUSTICE

Despite the progress made by the cantons in this area since 2010, the SFAO recommends strengthening the supervision of the institutions in charge of funds distribution. For this reason, it shared its observations in June 2015 as part of the consultation procedure on the revision of the Federal Gambling Act¹⁹. This is also why the SFAO's audit report does not contain any recommendations.

B. THE SWISS BIOMETRIC PASSPORT IS ONE OF THE BEST

Occasionally, the SFAO tackles sensitive topics. The case of biometric passports is one such topic for obvious confidentiality reasons. Nevertheless, it exchanged its audit results with five of its European counterparts in order to conduct a parallel audit on this topic²⁰. The aim was to understand and compare the organisation and process for designing and producing a biometric passport. In the case of Switzerland, the SFAO focused on the production of a passport from the citizen's application to passport delivery.

The right system from all viewpoints

The findings made by the SFAO are good. The processes and procedures are appropriate and under control. Similarly pleasing results emerged in the international comparison, with Switzerland being one of the best in the parallel audit. However, the audit did not assess the issue of cost.

Nevertheless, the SFAO has proposed improvements for the current system, namely the IT systems and facilities, particularly in the event of a major incident. Tests for all emergency measures should be planned.

¹⁹ On 21 October 2015, the Federal Department of Justice and Police (FDJP) published a report following this consultation and a bill proposed by the Federal Council, which has since been submitted to Parliament.

²⁰ This parallel audit was conducted in Belgium, Latvia, Lithuania, Norway, Portugal and Switzerland. Its results were published at the same time as the report for audit mandate 14381, which focused specifically on Switzerland, both of which are available on the SFAO's website.

IN THE SPOTLIGHT

FIGHT AGAINST ECONOMIC CRIME: NEW PROJECTS FOR THE FUTURE

At the end of 2015, the SFAO published a summary report on the fight against economic crime in Switzerland. The report is based on four hearings moderated by the former Ticino Prosecutor Paolo Bernasconi, who also drew up an expert report on the legal issues raised during this work*. This process enabled the SFAO to explore leads for future audits. The work will focus on topics where the financial and reputational risks are greatest for the Confederation. An evaluation is currently under way on the federal supervision of foundations, and two audits will be conducted in 2016 on the commercial registry and sequestration management by the federal authorities. Further audits will follow.

* The report for audit mandate 14412 and the report by Professor P. Bernasconi are available on the SFAO's website.





The SFAO audit on Switzerland's contribution to EU enlargement, as seen by Max Spring.



8. INTERNATIONAL RELATIONS: THE ICRC AND SWISS AID FOR EASTERN EUROPE UNDER REVIEW

The Confederation's money flows into Swiss initiatives abroad or actions supported from Switzerland. Between 2014 and 2015, the SFAO conducted two audits in the field of Swiss international relations. To do this, the SFAO went to Geneva to venture into unknown territory. Its employees audited Switzerland's contribution to the headquarters of the International Committee of the Red Cross (ICRC). A second audit concerned Switzerland's contribution to the enlargement of the European Union (EU) since 2004.

A. INTERNATIONAL COMMITTEE OF THE RED CROSS HEADQUARTERS: GOOD RESULTS

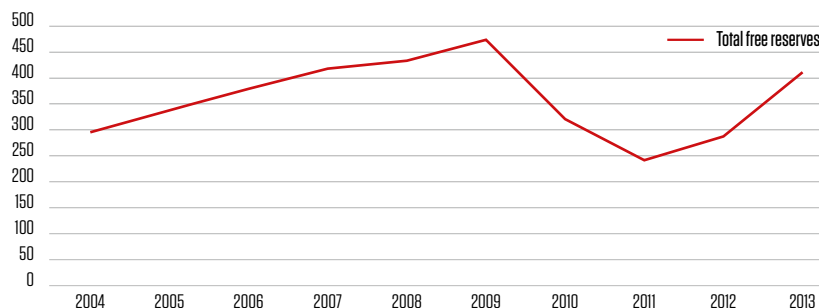
In agreement with the ICRC, the SFAO's auditors focused on Switzerland's contribution to the ICRC headquarters in Geneva²¹. However, the SFAO did not audit the ICRC's field operations.

Since 2014, Switzerland has been paying CHF 80 million to the ICRC headquarters, which corresponds to 40% of the headquarters' budget. In its audit, the SFAO refers to good results. The money is used economically, and no waste was recorded. It also highlighted that considerations and steps for optimising the ICRC headquarters' expenditure are ongoing. Other improvements are still being made, particularly in the area of IT and procurement. At the operational level, the organisation should also eventually have performance indicators for evaluating its headquarters' work.

Understanding the principles governing Swiss aid for the ICRC headquarters

The SFAO was interested in the issue of the ICRC's reserves, which had reached CHF 410 million by the end of 2013. In the event of a crisis, the humanitarian organisation would thus have operational independence without having to rely on the generosity of donors. The SFAO does not question this.

ICRC's financial reserves (2004–2013, in CHF mn)



²¹ The report for audit mandate 14481 is available on the SFAO's website.

However, the SFAO questioned the status of this federal financial contribution to the ICRC headquarters by analogy with the principles of the Subsidies Act (SubA), which indicate that an entity must fulfil self-financing requirements in order to receive support from the Confederation. In this respect, the SFAO raised the question of whether the ICRC's reserves presented an unused possibility for self-financing. It believes that the conditions of Switzerland's contribution to the ICRC should be examined within the scope of the upcoming parliamentary talks on the dispatch on international cooperation for 2017 to 2020.



A VIDEO AUDIT

As part of her dissertation, an SFAO employee involved in this audit made a video summarising the main results of this work. The video is available in German only on the SFAO's website.

B. SWISS FUNDING FOR THE ENLARGEMENT OF THE EUROPEAN UNION: HIGH-QUALITY WORK

Since 2008, Switzerland has contributed financially to reducing the economic and social inequalities in the enlarged EU. With financing of CHF 1.3 billion and intended for some 300 field projects, these bilateral programmes follow on from the transition assistance for the former communist-bloc countries as well as Malta and Cyprus, which have since joined the EU (see box)²². Switzerland's contribution to EU enlargement was developed to supplement the EU Cohesion Fund and Norwegian and EFTA funding mechanisms. While the Federal Act on Cooperation with the States of Eastern Europe is applicable up to May 2017, the question of renewing Switzerland's enlargement contribution has been raised²³. It is in this context that the SFAO assessed Switzerland's contribution to EU enlargement.

Its audit stems from a long process dating from 2009²⁴ that involved site visits in Poland, Hungary and Bulgaria. Prior to this, the SFAO had already had the opportunity to examine other Swiss contribution projects in Romania (2012) and the Czech Republic (2013)²⁵. Published in May 2015, the new audit report can be seen as the result of lengthy reflection on the conception, organisation and effectiveness of Switzerland's contribution. What should be learnt from this?

Simplify, and keep simplifying

First of all, a pleasing result: Switzerland's contribution has proved its worth thanks to the work carried out by the State Secretariat for Economic Affairs (SECO) and the Swiss Agency for Development and Cooperation (SDC). However, certain organisational aspects need to be improved if the contribution is to be extended. These recommendations were accepted by SECO and the SDC at the end of the SFAO's audit and will be implemented during the discussions on extending this Swiss aid.

For the SFAO, its conclusion can be reduced to one word: simplification. In practice, SECO and the SDC are responsible for selecting the projects financed by Switzerland in Eastern European countries. This process clearly makes it possible to select only high-quality projects that meet the needs of the population in the beneficiary countries.

Yet this is a long procedure. It creates uncertainty as well as considerable administrative and financial burdens. In the future, Switzerland could leverage its strengths by focusing more on large projects and fewer areas. Better still, its contribution would have a greater impact, our country would have more visibility and the management costs would be reduced.

²² Unlike the countries still subject to transition assistance (Ukraine, and countries in the Balkans, the Caucasus and Central Asia).

²³ On 17 December 2014, the Federal Council initiated a consultation on the extension of the period of validity of the Eastern European Cooperation Act. This act also provides the legal basis for transition assistance.

²⁴ Three previous audit reports as well as the report for audit mandate 14447 are available on the SFAO's website.

²⁵ The Czech Court of Auditors audited the Swiss projects in its country. The results were compared with those of the SFAO. A joint report was drawn up and is available on the SFAO's website.



Areas of uncertainty appearing

By virtue of the way it is set up, the Swiss contribution envisages broad delegation in the organisation and management of projects in partner countries. This is a requirement for taking account of national specificities. The SFAO's audit showed that this type of steering enhances flexibility and cooperation between partners. However, it also creates uncertainty, as some countries do not exploit this leeway granted by Switzerland. In other countries, local administrative culture weighs heavily on project implementation.

Other types of problems surfaced during project delivery. In addition to the administrative, technical and organisational obstacles, there has also been a major unforeseen factor which caused a stir in the media even before the SFAO's report was published. The appreciation of the Swiss franc has increased certain project budgets by almost 40%. These additional funds – which have to be spent on the projects chosen – are leading to additional work and implementation delays in order for activities to be adapted. Nevertheless, SECO and the SDC assure that these projects will be completed on time.

Despite the fact that the auditors found areas where the internal control system could be improved, the supervision system has proved effective up to now. In the pre-financing of a project carried out in Hungary, suspicions regarding potential fraud of over CHF 100,000 arose and were spontaneously reported by the implementing bodies. This did not influence Switzerland's contribution.

IN THE SPOTLIGHT

FLAWLESS TRANSITION ASSISTANCE FOR FORMER COMMUNIST COUNTRIES

In addition to the funds for Switzerland's contribution to EU enlargement, the Confederation allocates funds to non-EU members in the former Eastern bloc and to countries in the Caucasus and Central Asia in the form of assistance for the transition to democracy. Between 2013 and 2016, CHF 1.125 billion was allocated for various cooperation programmes and projects in these countries. Since the 1990s, the implementation and monitoring of this system has been carried out jointly by the SECO and the SDC.

The SFAO conducted an audit to verify if the conditions for systematic and efficient implementation were met by the administrative entities at SECO and the SDC involved in transition assistance (the "Head Office"). The SFAO did not find any indication that pointed to fundamental errors or shortcomings in this implementation by the Head Office.

The SFAO found that both SECO and the SDC work in a consistent, coordinated and complementary manner and on several levels to optimise their work on the ground (creation, adjustment, selection and approval of projects). In both cases, the SFAO can confirm the existence of internal control systems that take into account project-specific risks. And again in both cases, risk management complies with the requirements set by the Confederation and enables appropriate reactions and quick adjustments.



The SFAO audits on key ICT projects,
as seen by Max Spring.



9. FEDERAL IT PROJECTS: WHO IS IN CHARGE?

The SFAO's audit portfolio includes the key IT projects²⁶, and 2015 was no exception. Following the publication of the SFAO's audit reports, among other things, the difficulties encountered by some of these projects received extensive media coverage which alluded to the fear of the Confederation's funds being squandered on unmanageable projects. Nevertheless, there were also some good reports, which we will focus on first of all.

A. THE GOOD...

In 2015, the SFAO submitted six audit reports on specific IT projects, half of which showed good results.

At the Federal Customs Administration (FCA), for instance, the SFAO found that an intensive study phase enabled the launch of its project on reorganising the applications for the management of goods traffic²⁷. These IT applications are for declarations of the import and export of goods and for notifications of the transit of goods on Swiss territory. This study phase, which cost around half a million Swiss francs, helped to avoid changes that would have been much more costly and could have been mismanaged. In the long term, the expenditure for this project is estimated to be tens of millions of Swiss francs over a five-year period at least.

Another example is the IAM Bund project²⁸. Under the management of the Federal IT Steering Unit (FITSU), this project for managing identities and access to the Federal Administration is on schedule and on track financially, with a budget of some CHF 11 million.

Lastly, there is the Fiscal IT project at the Federal Tax Administration (FTA). This project replaces the INSIEME IT project, which collapsed at a cost of CHF 115.9 million to the Confederation. Fiscal IT aims to renew the FTA's IT system. The Federal Council has allocated it a budget of CHF 85.2 million. Launched in spring 2013, it covers 29 different sub-projects and is due to be completed at the end of 2018. The SFAO conducted an audit at the end of 2014 and published its results in February 2015²⁹. It found that 14 of the sub-projects had got under way, of which three had been initiated, nine were in the conception phase and two had progressed to implementation. After an initial audit report had presented worrying observations³⁰, the SFAO auditors found at the end of 2014 that Fiscal IT was developing positively overall at the FTA.

B. ...AND THE NOT SO GOOD

There were much less positive developments on other projects, as was the case with the FTA's IT platform for consumption taxes. Launched in January 2014, the aim was to modernise the current levying and reimbursement system used by the FCA and the Swiss Alcohol Board. A budget of CHF 13.5 million was allocated to the project. However, the project was suspended in May 2015 for two reasons. Firstly, there was uncertainty as a result of the revision of the Alcohol Act, which had been the subject of parliamentary debate since 2013.

²⁶ Every spring, the Federal Council establishes a list of projects to be audited by the SFAO. This list is published and updated on the website of the Federal IT Steering Unit (not available in English). On 15 October 2015, this list covered 15 projects already under way and five projects that had either been completed, suspended or abandoned.

²⁷ The report for audit mandate 14569 is available on the SFAO's website.

²⁸ The report for audit mandate 15479 is available on the SFAO's website.

²⁹ The report for audit mandate 14539 is available on the SFAO's website.

³⁰ The report for audit mandate 13506 – concerning which all of the recommendations made by the SFAO have been implemented by the FTA – is available on the SFAO's website.



9. IT PROJECTS

Secondly, doubts had been cast on the project's financing by external experts claiming that it could have reached CHF 38 million. Some CHF 4 million had already been invested before the suspension. In its analysis, the SFAO supported the decision taken to suspend the project. It noted that the development of this IT project had been initiated too soon given that major legislative work was still under discussion. Ultimately, Parliament abandoned part of this legislative work at the end of 2015 in favour of a partial revision, the scope of which will be defined by the Federal Council in 2016.

A second decision to discontinue a project was taken in 2015, this time for the novoSIPAC IT project at the SECO. Originally, the project had been designed to replace the current system for paying daily benefits to recipients of unemployment insurance (ALV). Following external appraisal and SFAO recommendations³¹, the Supervisory Commission for the Unemployment Insurance Fund decided to discontinue the project. According to estimates reported in the SFAO's audit, the project's budget amounted to almost CHF 35 million, including investments and internal administrative costs. The SFAO indicated that, in hindsight, it seemed difficult to justify the state of emergency that had been the reason for starting the novoSIPAC project. The project risked being dependent on the IT company that had written the software. Fortunately, according to SECO, the maintenance of the current system and payment of daily benefits are guaranteed up to 2021 at least.

Finally, a third case arose in 2015³², this time a lot less serious than the previous examples. The ultimate aim of the IT project entitled Unified Communication & Collaboration (UCC) is to incorporate all clearing-house services (from telephony to free circulation of data) and to support networking. This project is managed by the FIT-SU, which has allocated CHF 54 million to it. Already audited in 2014 by the SFAO, the project has made progress, and some units of the Federal Administration are already using the new system in their work. The problem is that this project is not moving at the same speed everywhere. Faced with a lack of human resources and technical challenges related to confidentiality, the DDPS is struggling to implement UCC in its units. Ultimately, delays are expected in the entire project.

³¹ The report for audit mandate 15399 is available on the SFAO's website. Prior to this audit, the SFAO had examined the project in 2012 and 2014.

³² The report for audit mandate 15474 is available on the SFAO's website.

C. THE CONFEDERATION NEEDS A STEERING BODY THAT FULFILS ITS ROLE

The mixed success of the Confederation's key IT projects led the SFAO to analyse these issues on a cross-departmental basis. The main focus of its analysis was the role played by the FITSU.

In an audit published in summer 2015³³, the SFAO surveyed the Federal Administration about this steering unit that is supposed to act as the lever of the Federal Council's IT policy. Almost 70 of the Administration's key players replied.

They are all pleased with the strengthened role of the FITSU and the steering of the Confederation's IT since 2012. They consider this new organisation as effective, but above all, they expect more from it. They believe the FITSU should be bolder in fulfilling its role, enhance its effectiveness and stop giving in too quickly to compromises with its partners.

The SFAO shares this opinion. Its analysis also emphasises that the Federal Administration must be able to rely on an overview in the medium and long term in its IT projects so that synergies and interdependencies can be exploited at an early stage. This is an instrument for good decision-making and an effective means for making savings. The SFAO recommended that the FITSU fulfil this role fully in the future.

IN THE SPOTLIGHT

AN ECONOMIC APPROACH FOR IT PRODUCTS

According to its statistics on procurement payments, the Confederation purchased IT products and communication tools worth CHF 286.3 million in 2014. During its audit, the SFAO looked at the supervision of these procurements at the FOBL and the FITSU*.

One point was of concern to the SFAO. Usually, the Federal Administration applies what is known as a "two-product strategy" in its procurements. This is justified by its aim to reduce the risks of depending on a single supplier. In the IT domain, this strategy is seldom effective and can prove to be expensive. Apart from the costs for the procurement, maintenance and interfacing of several products, the economic benefits gained from grouping orders together can be lost. This is particularly true for standard IT products (such as software and IT licences). In this case, the SFAO therefore recommends a single-product strategy. The FITSU will implement this recommendation in the future.

Finally, the SFAO also suggested exploiting the statistics for the Confederation's procurement payments as a controlling tool. This system enables systematic bypassing to be detected and, where necessary, measures to be taken for the entire Federal Administration. However, the statistics and their recommendations are submitted annually to the Federal Council for approval. As this data is available anyway, a quarterly publication cycle and a computerised monthly analysis system would be better adapted and more effective.

* The report for audit mandate 15567 is available on the SFAO's website.

³³ The report for audit mandate 14248 is available on the SFAO's website.



PART 2

FINANCIAL SUPERVISION IN 2015 MEANS AND FIGURES

PART 2: MEANS AND FIGURES



The Swiss Federal Audit Office,
as seen by Max Spring.



1. FINANCIAL SUPERVISION: OBJECTIVES, RESOURCES AND SCOPE

A. OBJECTIVES

The SFAO is the supreme financial supervisory body of the Swiss Confederation³⁴. It assists the Federal Assembly with its supreme supervision and the Federal Council with its supervision of the Federal Administration. Its audit scope covers:

- The Federal Administration and its central and decentralised units
- Parliamentary Services
- The recipients of financial aids and grants
- Public bodies, institutions and organisations that the Confederation has charged with performing public tasks
- Enterprises in which the Confederation has a majority shareholding
- Federal Courts, the Swiss Financial Market Supervisory Authority (FINMA) and the Federal Audit Oversight Authority (FAOA), if this comes under supreme supervision by the Federal Assembly³⁵.

SFAO audits focus on management. The SFAO's resources are allocated first and foremost to financial supervision, particularly performance audits and evaluations.

The SFAO also takes on audit body mandates if they allow for synergies with its financial supervision, if they are interesting by their very nature, if they are desirable from a political viewpoint or if they are in the public interest.

The SFAO cooperates with the Confederation's finance inspectorates, working to ensure the quality of their work and their independence.

The SFAO works with the cantonal audit offices, particularly for the supervision of the new fiscal equalization system.

The SFAO coordinates the audits of audit bodies in order to prevent overlaps and shortcomings that are unacceptable for audits. It coordinates its programmes with the finance inspectorates and the parliamentary supervisory authorities. However, this coordination sometimes reaches its limits, e.g. when the audit methods and mandates diverge too much or when the parliamentary supervisory committees change the priorities because of what is in the news.

³⁴ Federal Act of 28 June 1967 on the Swiss Federal Audit Office Act (FAOA)

³⁵ The only exceptions are as follows: the Swiss National Bank and the Swiss Broadcasting Corporation (SRG SSR) are not subject to supervision by the SFAO. However, the Head of the Federal Department of the Environment, Transport, Energy and Communications (DETEC) can instruct the SFAO to perform special audits at the SRG SSR. With the exception of its military insurance sector, the Swiss Accident Insurance Fund (SUVA) is not subject to SFAO supervision either.

B. FROM AUDITING THE ACCOUNTS TO BROADER SUPERVISION

The SFAO checks the Confederations' accounts every year. However, its external auditor mandates also cover:

- The compensation funds for old-age and survivors' insurance (AHV), disability insurance (IV), compensation for loss of earnings (EO) and unemployment insurance (ALV)
- The fund for major railway projects
- The infrastructure fund
- The Swiss Federal Institutes of Technology Domain
- The Swiss National Science Foundation
- The Swiss Alcohol Board
- Swissmedic
- The Swiss Federal Institute of Intellectual Property
- The Swiss Federal Institute of Metrology
- FINMA and the Federal Audit Oversight Authority
- The Universal Postal Union and the World Meteorological Organization.

Financial supervision does not deal solely with accounting consistency; it also covers issues to do with substantive legality, economics, profitability and the effectiveness of expenditure. In this regard, the SFAO checks whether resources are used economically and whether expenditure achieves the desired effect³⁶. Finally, the Federal Council and Parliament, thanks to its Finance Delegation, can give the SFAO special mandates.

The financial supervision audit reports help the Finance Delegation to perform its supreme supervision of the Federal Administration. If need be, it can go to the Federal Council.

C. QUALITY ASSURANCE AND RESOURCES

Proof of a constantly improving administration for the community, financial supervision is based on know-how, professional experience and social skills. Just like a private audit firm, the SFAO is duly registered with the FAOA.

The SFAO attaches great importance to training and continuing professional development for its employees. Courses are organised in January for the staff of the SFAO, the Confederation's finance inspectorates and, to some extent, those of the cantonal audit offices. Its employees are required to enhance their knowledge in their area and pass this on within the SFAO.

For 2016, Parliament gave the SFAO credits of almost CHF 26.9 million. SFAO employees will carry out almost 90% of the annual programme. The remaining 10% will be performed by duly mandated external employees³⁷ working under the responsibility and management of the SFAO.

³⁶ Article 5 of the Federal Audit Office Act

³⁷ Article 3 of the Federal Audit Office Act

D. MAIN AUDIT AREAS

Based on its statutory mandate, strategy and annual objectives, the SFAO defined the following main focus areas for its annual programme.

State financial statements

Parliament has to be able to ensure that the federal financial statements have been verified by an independent auditor, i.e. the SFAO, before they are approved and that the figures correctly reflect the Confederation's financial situation. The finance inspectorates are involved in auditing the accounts in the individual units. The audit findings are then delivered to the Finance Committees in an attestation report and to the Federal Finance Administration in a detailed explanatory report, which the SFAO also submits to the Finance Delegation. These two documents are available on the SFAO's website.

Swiss Federal Institutes of Technology

The SFAO audits the annual accounts of the ETH Domain, i.e. the accounts of the ETH Board, the two institutes of technology and the four research institutions. The auditing of the ETH Domain's various accounts facilitates the performance of more in-depth audits in terms of financial supervision.

Social security funds

The SFAO executes mandates to audit the AHV, IV, EO and ALV compensation funds, as well as the Federal Compensation Office and the Swiss Compensation Office.

Rail links through the Alps

The SFAO is tasked with performing supreme financial supervision and coordinating the various audit services and supervisory bodies for the construction of transalpine rail links. Each audit body assumes responsibility for its own audits. The SFAO ensures that there are no overlaps or gaps. The SFAO also conducts its own audits, particularly on work sites, and verifies the accounts of the fund for major railway projects.

Fiscal equalization

Effective since 2008, the SFAO has been auditing the calculation basis as well as the determination of resource equalization and cost compensation indices in the 26 cantons and at the federal offices. An error in the baseline data or the processing of such data could have a considerable financial impact for the cantons and the Confederation. The aim is to verify that the tax data of all of the cantons over a four-year period is transferred correctly.

IT audits

The SFAO traditionally audits federal IT. Checking the security, development, operation and profitability of numerous IT applications accounts for a significant share of its annual programme.

Key IT projects

In March 2013, the Federal Council charged the SFAO with auditing and monitoring key IT projects within the Confederation. These are projects which cost more than CHF 30 million or are of strategic importance.



Performance audits and evaluations

For the SFAO, an evaluation, which is one of the forms of a performance audit, involves systematically and objectively analysing and assessing the concept, realisation and impact of public subsidies, policies, programmes and projects. Other performance audits focus on implementation and analyse the relationship between financial resources (input) and the products or services financed (output). New evaluation projects are put in concrete form using various suitability criteria and are preceded by a concept phase. During evaluations, the participation of the relevant stakeholders and target groups is of paramount importance for the SFAO. An evaluation's success depends on it.

Subsidy audits

The SFAO is obliged to verify that the Confederation's contributions are used legally, correctly and economically. Audits of the competent offices and recipients are planned, particularly in the areas of culture, development assistance, the economy, science, the environment and health. These audits also cause the SFAO to verify projects abroad, such as within the framework of development assistance or the contribution to EU enlargement.

Construction and procurement audits

The SFAO carries out special construction and procurement audits. It can check specifications or projects before they are approved. The audits are conducted during the construction phase, but primarily at an early stage, as that gives greater leeway in the event of adjustments.

Environmental issues as well as public-private partnerships (PPP) and building automation systems are becoming increasingly important. The audits cover critical needs analysis, sustainable task execution and lifecycle costs.

With regard to the core procurement area, the SFAO examines both economic criteria and compliance with the legal requirements. In the case of suppliers that have a monopoly, it also verifies that they have not abused that position. Finally, the SFAO checks that there are smooth relations between internal service providers and those who use these services within the administration.

Administrative unit governance audits

The decision to conduct an audit in the administrative units is based on risk analysis. The deciding factors are the financial volume, new or changed tasks, the complexity of processes, governance, findings from previous audits, IT and political importance.

Federal government companies

The SFAO's audits of federal government companies help Parliament with its supreme financial supervision tasks and target specific risks.

International organisations

The SFAO performs several mandates at international organisations. These traditionally fall to Switzerland – e.g. the Universal Postal Union, based in Bern, and the World Meteorological Organization, based in Geneva – or have to be taken on by Switzerland on a rotating basis as a member of the corresponding organisation. With regard to auditing the accounts of the UN's specialised agencies, the SFAO is part of the United Nations' nine-member panel of external auditors. This provides a forum for the mutual exchange of experience with foreign audit authorities.



PART 2: MEANS AND FIGURES

2. THE ORGANISATIONAL CHART OF THE SFAO



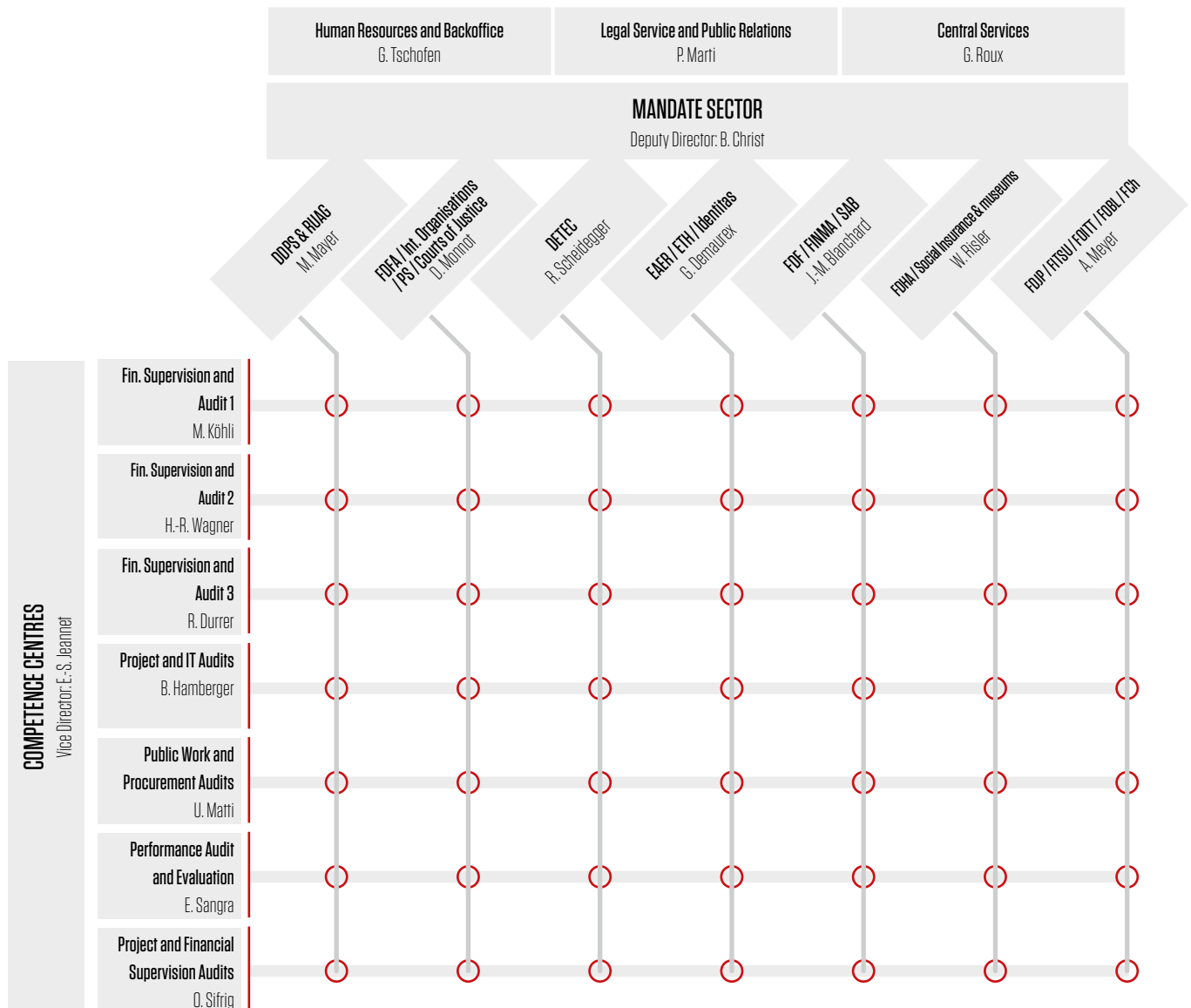
Brigitte Christ,
Deputy Director



Michel Huissoud,
Director



Eric-Serge Jeannet,
Vice Director





3. THE SFAO: FACTS AND FIGURES

A. FINANCIAL STATEMENTS AND HUMAN RESOURCES

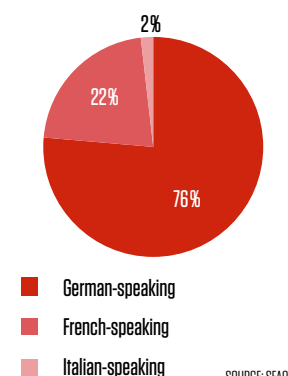
In 2015, the SFAO's expenses amounted to CHF 25.9 million. Its revenue came to almost CHF 1.9 million.

On 31 December 2015, the SFAO had a staff of 110 (99.7 FTEs), versus 102 (91.2 FTEs) a year earlier. In 2015, net employee turnover was 2.8%.

| | 2013 financial statements | 2014 financial statements | 2015 budget | 2015 financial statements | Difference vs. 2015 budget |
|------------------------|---------------------------|---------------------------|-------------|---------------------------|----------------------------|
| Expenses (million CHF) | 21 022 | 23 028 | 27 844 | 25 851 | - 1993 |
| Revenue (million CHF) | - 1726 | - 1986 | - 1524 | -1907 | - 383 |
| Result (million CHF) | 19 296 | 21 042 | 26 320 | 23 944 | - 2376 |

At the end of 2015, 34 women (30.9%) and 76 men (60.1%) worked at the SFAO. There were 84 native German speakers, 24 native French speakers and two native Italian speakers.

Linguistic origin of SFAO employees



SOURCE: SFAO

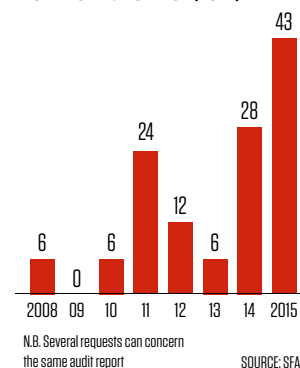
B. REQUESTS FOR ACCESS TO INFORMATION

The Federal Act on Freedom of Information in the Administration (FoIA) came into effect in 2006³⁸. The SFAO was opposed to being subject to this law originally, but nine years on, this legislation has not hampered its work.

In 2015, 43 requests were made for access to SFAO reports, several of which concerned the same documents. In total, access was granted to 30 audit reports based on the FoIA. By 31 December 2015, the SFAO had refused access to a document on three occasions (one case is currently being appealed). One request for access was suspended until the start of 2016.

The SFAO has published reports of public interest since 2014. In 2015, 46 reports were made available, versus 22 in 2014. In 2016, the SFAO is planning to publish over 70 audit reports.

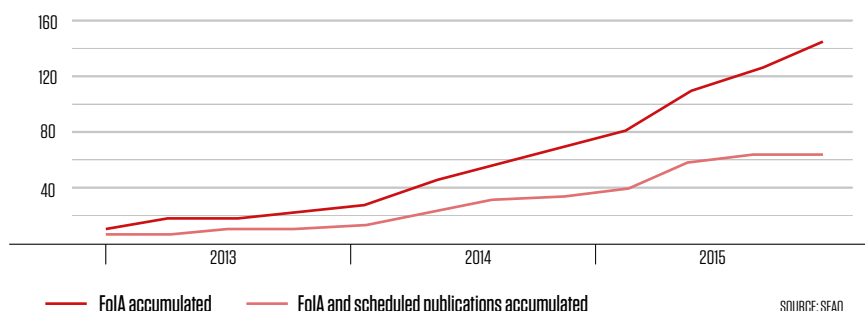
Requests based on the Freedom of Information Act (FoIA)



N.B. Several requests can concern the same audit report

SOURCE: SFAO

Swiss Federal Audit Office publications (2013–2015)



SOURCE: SFAO

³⁸ The text of this law is available on this website: <https://www.admin.ch/opc/en/classified-compilation/20022540/index.html>

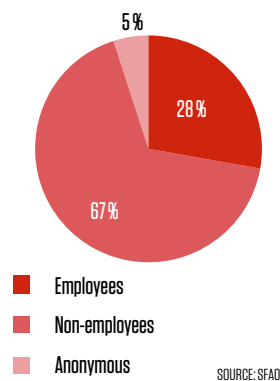
C. WHISTLE-BLOWERS

The SFAO is the Federal Administration's contact point for whistle-blowers. Effective since 2011, the Federal Personnel Act (FPA)³⁹ makes provision for an obligation to denounce, a right to denounce and protection for federal employees who report serious matters.

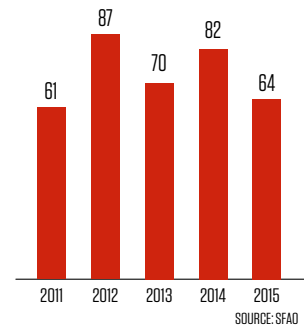
In 2015, the SFAO's Legal Service received 64 impropriety reports, 18 of which were from federal employees. In one case, the SFAO received more than a dozen reports from the same source outside the Federal Administration. Two reports were transmitted to the Office of the Attorney General of Switzerland (OAG).

The SFAO verifies this information. It is useful for audits that are under way and future audits planned by the SFAO, or triggers new investigations in the not too distant future.

Source of denunciations in 2015



Reports received by the SFAO (2011–2015)



³⁹ See Article 22a of the Federal Personnel Act (FPA)



D. REPORTS, DIRECTIVES AND RECOMMENDATIONS NOT YET IMPLEMENTED

The SFAO has to inform the Federal Council immediately if it finds anomalies or deficiencies of fundamental significance or considerable financial importance⁴⁰. Like in 2014, it did this five times in 2015.

| Date | Topic |
|--------------------------|---|
| 3 March 2015 | Swiss Federal Institute of Technology Lausanne (EPFL) |
| 9 June 2015 | Swiss Federal Institute of Technology Lausanne (EPFL) |
| 19 June 2015 | Federal Roads Office (FEDRO) |
| 1 July 2015 | Building Foundation for International Organisations (FIPOI) |
| 18 September 2015 | Federal Customs Administration (FCA) |

The SFAO can also exercise its right to issue directives whenever an audited party rejects a recommendation concerning consistency or legality⁴¹. Since 1999, this has happened twice in the area of audits on subsidies. In 2015, the SFAO exercised this right again. The Federal Customs Administration (FCA) finally agreed to adjust a practice that the SFAO had deemed too lax with respect to non-compliance by forwarding companies.

IN THE SPOTLIGHT

SFAO OPINIONS AND CONSULTATIONS

In 2015, the SFAO gave its opinion a number of times as part of consultations on draft laws or legislative revisions, as well as regarding responses to parliamentary initiatives. For instance, it expressed its opinion on the proposed third series of corporate tax reforms (CTR III), on the reform of the Federal Gambling Act and on the creation of the Swiss Innovation Promotion Agency. Moreover, the SFAO is in constant contact with the Federal Finance Administration (FFA). The FFA consults it before modifying the Confederation's accounting manual or deciding on issues of principle and exceptions to the accounting standards.

⁴⁰ Article 15 paragraph 3 of the Federal Audit Office Act

⁴¹ Article 12 paragraph 4 of the Federal Audit Office Act

PART 2: MEANS AND FIGURES

Finally, the SFAO found that several of its recommendations had not been implemented by the agreed deadline despite the fact that they were accepted by the offices concerned. In accordance with the applicable legal provisions, the SFAO has listed the most important of these (as at 30 September 2015) in the table below⁴².

⁴² Article 14 paragraph 3 of the Federal Audit Office Act

| Audit at | Topic | Development |
|---|---|--|
| DDPS | Inadequate legal basis for the subsidy to a third party | The SFAO found that, since 2001, there is no legal basis for the subsidy granted to the Foundation for the Museum and Military Material of the Swiss Air Force. The DDPS has been instructed to explain the legal basis and to justify the sums granted. |
| SERI/SHK (ex-SUC) | Higher education professors' secondary occupations and income | Supervision and transparency must be strengthened in this area and conflicts of interest must be prevented. Several measures should have been implemented in 2012. Those involved in this sector argue that the SFAO's measures would conflict with the independence of the cantons, and that the current supervision is sufficient. |
| DETEC / SFOE / EICom / Swissgrid | Legal basis for feed-in remuneration at cost (CRF) | With regard to the weaknesses identified, the SFAO recommended that DETEC, assisted by the Federal Office of Justice, adjust the legal basis for CRF supervision. Implementation of this recommendation is part of parliamentary discussions on the 2050 Energy Strategy. |
| SERI (ex-OPET) | Lump-sum compensation for the cantons in the area of vocational education | The SERI should play an active role in the supreme supervision of this compensation. In 2013, the SFAO recommended delegating supervision to the cantons by means of their annual reporting to the SERI. Work is ongoing and is due to be completed in the first quarter of 2016. |
| FTA | Key IT programme and risk management | Within the scope of the FISCAL IT programme, the SFAO recommended ensuring that the risks and their ratings are kept under observation. This management should also take into account the effects that could go beyond one single IT project in this programme. Initial steps have been taken in this direction. |
| FOITT | Network security policy (NSP) and partnership with the cantons | The NSP should strengthen the security of IT networks between the Confederation and the cantons, and between the cantons too. The FOITT must check the quality of the security with its cantonal partners by conducting regular audits. Despite some progress, this SFAO recommendation has still not been implemented. |
| FOPH | Adoption of clear principles for adjusting TARMED | The FOPH should encourage the Federal Council to make better use of the provisions of the Health Insurance Act (HInsA, Art. 43 para. 7) and adopt principles for adjusting the tariffs. This SFAO recommendation has been implemented only to a small extent. Principles that are too general have been adopted, and furthermore later than recommended. |



APPENDICES

LIST OF AUDITS 2015

LIST OF ABBREVIATIONS

APPENDICES





OVERVIEW OF COMPLETED AUDITS (MANDATE NO.)

PARLIAMENT AND PARLIAMENTARY SERVICES

- Internal control system for financially relevant personnel processes (14494)

OFFICE OF THE ATTORNEY GENERAL OF SWITZERLAND

- Audit of IT governance (15413)

FEDERAL CHANCELLERY

- Audit of hosting costs of www.ch.ch (15028)
- Audit of the key ICT project federal GEVER programme (15628)

FEDERAL DEPARTMENT OF FOREIGN AFFAIRS

Directorate for Resources

- Internal control system in the purchasing process (15357)

Consular Directorate

- Project management eGov KDL (14479)

Switzerland's diplomatic and consular representations abroad

- Financial oversight audit on representations abroad (Warsaw, Poland) (15065)

Swiss Agency for Development and Cooperation

- Switzerland's contribution to the headquarters of the International Committee of the Red Cross (ICRC) (14481)*
- Transition assistance for Eastern Europe and Central Asia: audit of the organisation and processes at the main office (15550)*

FEDERAL DEPARTMENT OF HOME AFFAIRS

General Secretariat

- Secondary employment in the Federal Department of Home Affairs (14264)*

Federal Statistical Office

- Audit of processes and credits in the personnel area – Part of the audit of state financial statements (14518)
- Audit of the procurement of ICT products with the potential to be standard products (15547)*

Federal Office of Public Health

- Supervision of health insurers (14308)*

Federal Social Insurance Office

- Specialist and financial supervision of the AHV (14260)*
- Audit of the key ICT project ASALneu (14261)*
- Financial assistance for childcare (14394)*

Federal Office for Gender Equality

- Audit of the economic efficiency of financial management (14417)

FEDERAL DEPARTMENT OF JUSTICE AND POLICE

Federal Office of Justice

- Audit of supervision of the use of lottery revenue (15371)*

Federal Office for Police

- Parallel audit of biometric passports (14381)*
- Combating white-collar crime in Switzerland (14412)*

Federal Criminal Police

- Expenditure in the Observation and Special Operations units (14061)

Federal Gaming Board

- Effectiveness of casinos and gambling supervision (14431)

State Secretariat for Migration

- EU – External Borders Fund: audits of projects and systems for 2012 annual programme (14092)
- System and data protection audit of the Central Migration Information System (ZEMIS) (15214)

FEDERAL DEPARTMENT OF DEFENCE, CIVIL PROTECTION AND SPORT

General Secretariat

- Implementation of the qualitative objectives of the renter model (14489)*
- Audit of the appropriateness of business continuity management (15537)

Federal Intelligence Service

- Audit of financial statements (15160)
- Audit of the projects IASA-FIS and WESIS (15607)

* published

Air Force

- Audit of the project Integration of SAP Systems: situation analysis (15512)

Armed Forces Logistics Organisation

- Defence Group/Armed Forces Logistics Organisation AFLO (14410)*

armasuisse

- Dispatch on DDPS real estate 2014 – ensuring strategy compliance (14423)*
- Price audit (15497)
- Audit of savings potential in the fees and planning costs of construction projects (15527)

FEDERAL DEPARTMENT OF FINANCE

Federal Finance Administration

- Comprehensive report on the audit of the 2014 federal financial statements (15120, 15119, 15169)*
- The Federal Administration's internal control system: not fully implemented (13407)*
- Audit of fiscal equalization between the Confederation and the cantons (15111)*

Savings bank for federal employees

- Audit of the 2014 annual financial statements (15110)

Federal Compensation Office

- Audit of financial statements (14065, 15031)
- Family compensation fund: audit of financial statements (15158)

Swiss Compensation Office

- Audit of financial statements (14067, 15033)

Federal Tax Administration

- Audit of the key ICT project FISCAL-IT (14539)*

Federal Customs Administration

- Public procurement audit (14501)*
- Financial oversight audit of the welfare fund for customs personnel (14451)
- Audit of the key ICT project "Freight Redesign" (14569)*
- Audit of the key ICT project for a consumption tax platform (15476)*

Federal IT Steering Unit

- Horizontal audit – impact of the revised Federal Information Technology Ordinance and effectiveness of the IT Steering Unit (14248)*
- Audit of the key ICT project IAM Bund (15479)*
- Follow-up audit of the key ICT project UCC (15474)*

Federal Office of Information Technology, Systems and Telecommunication

- Audit of the restructuring project "ON BIT" (14316)*

Federal Office of Personnel

- Support fund: audit of financial statements (15113)
- Implementation of cross-departmental office directives (15560)*

Federal Office for Buildings and Logistics

- Procurement of electrical energy (14359)*
- Federal contract management (14373)*
- Parallel audit of biometric passports (14440)
- Implementation of cross-departmental office directives (15318)*
- Price audits (15340, 15626)
- Meta-reporting on procurement (15493)
- Audit of the procurement of ICT products with the potential to be standard products (15567)*

Swissmint

- Follow-up audit on outstanding recommendations (15285)

FEDERAL DEPARTMENT OF ECONOMIC AFFAIRS, EDUCATION AND RESEARCH

General Secretariat

- Procurement audit of the General Secretariat of the Federal Department of Economic Affairs, Education and Research (15304)*

State Secretariat for Economic Affairs

- Accompanying measures for the free movement of persons (14321)*
- Switzerland's enlargement contribution: does the division of tasks with EU partner countries allow efficient implementation? (14447)*
- Quality and effectiveness assessment of internal audits (DBIR) (14522)
- Audit of the organisation and processes about the transition assistance for Eastern Europe (SDC/SECO) (15224)

Federal Office for Agriculture

- Investment grants in agriculture: evaluation of the concept, costs and effectiveness (13469)*

Federal Office for Housing

- Internal control system in the "contributions to third parties" subsidy process and "loans" process – FOH (15453)

State Secretariat for Education, Research and Innovation (SERI)

- Personnel process – part of the state financial statements audit (15191)



Agroscope

- Audit des achats avec analyse de cas individuels (15192)*

DEPARTMENT OF THE ENVIRONMENT, TRANSPORT, ENERGY AND COMMUNICATIONS

General Secretariat

- Audit of the operation of the IT application VM in the Federal Administration (14374)

Federal Roads Office

- Second opinion A9 (15605)

Federal Office of Communications

- Audit of OFCOM's supervisory concept for radio/TV subsidies (15317)

FEDERAL FOUNDATIONS, INSTITUTES, FUNDS AND SPECIAL

Building Foundation for International Organisations, Geneva (FIPOI)

- Audit of 2014 financial statements (15056)

Swiss Federal Institute of Intellectual Property (IIP)

- Audit of financial statements (15036)
- Project accounting in the 2014 annual financial statements of SECO cooperation projects (15194)

Swiss Federal Institute of Metrology (METAS)

- Audit of financial statements (15146)

Swiss Alcohol Board

- Audit of 2014 financial statements (15118)
- Alcosuisse – audit of privatisation-related issues (14575)

Swiss Financial Market Supervisory Authority (FINMA)

- Audit of 2014 financial statements (15114)
- Audit of effectiveness of Internal Audit Division activity (14282)

Federal Audit Oversight Authority (FAOA)

- Audit of financial statements (15040)
- IFIAR: audit of financial statements (15041)

Swiss Federal Railways (SBB)

- Planning and management of rolling stock (14188)*
- Infrastructure fund: federal contributions for urban transport (14244)*
- Audit of the SBB's role in ETCS leadership (15377)

Fund for major railway projects

- Audit of financial statements (15005)

Swiss National Park Foundation

- Audit of financial statements (15082)

Swiss University Conference (SUC)

- Audit of the 2014 annual financial statements (15011)

swissuniversities

- Audit of financial statements (15219)

Rectors' Conference of the Swiss Universities

- Audit of financial statements (15008)
- Audit of financial statements for Switzerland's EU enlargement contribution (15009)

Swiss Agency of Accreditation and Quality Assurance (AAQ)

- Audit of financial statements and transition to new agency (15010)

Swiss Coordination Centre for Research in Education, Aarau

- Audit of the 2014 annual financial statements (15012)

Swiss National Science Foundation

- Audit of financial statements (15007)
- Restatement audit Swiss GAAP FER (15288)

ETH Board

- Audit of financial statements (15014)
- Effectiveness of the ETH Board's strategic management and supervision of the ETH Domain (15220)

ETH Domain

- Audit of financial statements (15013)

Swiss Federal Institute of Technology Zurich

- Audit of financial statements (15016)

Swiss Federal Institute of Technology Lausanne

- Audit of financial statements (15026)
- Audit of the financial statements of the "Société simple du Quartier Nord de l'EPFL" (SQNE) (15568)

Federal Institute for Forest, Snow and Landscape Research

- Audit of financial statements (15018)

Swiss Federal Laboratories for Materials Testing and

- Audit of financial statements (15020)

Swiss Federal Institute of Aquatic Science and Technology

- Audit of financial statements (15022)

Paul Scherrer Institute

- Audit of financial statements (15024)

Compensation Fund for AHV/IV/EO

- Audit of financial statements (15029)
- Pro Infirmis: audit of the basis for subsidies in the area of AHV and IV (15420)

* published

Unemployment Insurance Fund

- Audit of financial statements (15039)
- Audit of the key ICT project ASALneu (15399)*
- Temporary employment programmes and occupational traineeships under unemployment insurance (13470)*

Marcel Benoist Foundation

- Audit of financial statements (15099)

Pro Arte Foundation

- Audit of financial statements (15100)

Foundation for the Future of Swiss Travellers

- Audit of financial statements (15102)

Pro Helvetia

- Audit of financial statements (15101)

Social Fund for Defence and Civil Protection

- Audit of financial statements (15161)

Infrastructure Fund for Urban Transportation and the Motorway Network

- Audit of the financial statements of the Infrastructure Fund for Urban Transportation and the Motorway Network (15004)

Fund for the Promotion of Forestry and Wood Research

- Audit of financial statements (15081)

Swiss Landscape Fund

- Audit of financial statements (15080)

New Rail Link through the Alps

- FOT: Audit of the launch of operation for obtaining the GBT operating licence (14089)
- AlpTransit: evaluation of the reports of the NRLA audit bodies and NSD documents (14088)
- AlpTransit: coordination meetings with the audit bodies (14087)

PUBLICA

- Audit of SAP insourcing (15548)

Skyguide

- Audit of cost accounting at Skyguide (15369)

Swissmedic

- Audit of financial statements (15103, 15104)

INTERNATIONAL ORGANISATIONS

Universal Postal Union (UPU)

- Audit of the 2014 annual financial statements (15062)
- Audit of the 2014 annual financial statements of the pension and insurance funds (15060)
- Audit of the 2014 financial statements – United Nations Development Program, UNDP (15058)
- Audit of the 2014 annual financial statements of translation services (15128)

International Union for the Protection of New Varieties of Plants (UPOV)

- Audit of 2014 annual financial statements (15182)

Inter-Parliamentary Union (IPU)

- Audit of the 2014 annual financial statements (15183)

Intergovernmental Organisation for International Carriage by Rail (OTIF)

- Audit of the 2014 annual financial statements (15180)

World Meteorological Organisation (WMO)

- Audit of the 2014 annual financial statements (15185)
- Limited audit of the 2014 annual financial statements of the funds-in-trust (15354)
- Audit of the 2014 annual financial statements of the affiliated organisations (15189)

International Rhine Regulation

- Intergovernmental audit of the management of the Joint Commission for the International Regulation of the Rhine between the mouth of the River Ill and Lake Constance (15006)

European Organisation for Nuclear Research (CERN)

- SFAO's membership of the Audit Committee (15316)



ABBREVIATIONS USED

| | | | | | |
|----------------|---|-----------------|---|-------------|--|
| AHV | Old-age and survivors' insurance | FIPOI | Fondation for Buildings for International Organisations | SERI | State Secretariat for Education, Research and Innovation |
| ALV | Unemployment insurance | FITSU | Federal IT Steering Unit | SFAO | Swiss Federal Audit Office |
| CCO | Central Compensation Office | FOBL | Federal Office for Buildings and Logistics | SFOE | Swiss Federal Office of Energy |
| CEA | Federal Collective Employment Agreements | FoIA | Freedom of Information Act | SRG | Swiss Broadcasting Corporation |
| CRF | Feed-in remuneration at cost | FOITT | Federal Office of Information Technology, Systems and Telecommunication | SSR | Subsidies Act |
| CRUS | Rectors' Conference of the Swiss Universities | FOJ | Federal Office of Justice | SUC | Swiss University Conference |
| CTR III | Third series of corporate tax reforms | FOPH | Federal Office of Public Health | SUVA | Swiss Accident Insurance |
| DDPS | Federal Department of Defence, Civil Protection and Sport | FPA | Federal Personnel Act | UCC | Unified Communication & Collaboration |
| DETEC | Federal Department of the Environment, Transport, Energy and Communications | FSIO | Federal Social Insurance Office | VAT | Value Added Tax |
| EAER | Federal Department of Economic Affairs, Education and Research | FSO | Federal Statistical Office | | |
| ECA | European Court of Auditors | FTA | Federal Tax Administration | | |
| ELCom | Swiss Federal Electricity Commission | IAM Bund | Identity and Access Management of the Confederation | | |
| EO | Compensation for loss of earnings | ICRC | International Committee of the Red Cross | | |
| EPFL | Swiss Federal Institute of Technology Lausanne | ICS | Internal Control System | | |
| ETH | Swiss Federal Institutes of Technology | IPSAS | International Public Sector Accounting Standards | | |
| EU | European Union | IV | Disability Insurance | | |
| FAOA | Federal Audit Office Act | KVG | Health Insurance Act | | |
| FC | Federal Council | NSP | Network Security Policy | | |
| FDf | Federal Department of Finance | NRLA | New Rail Link through the Alps | | |
| FDFA | Federal Department of Foreign Affairs | OAG | Office of the Attorney General of Switzerland | | |
| FDHA | Federal Department of Home Affairs | OPET | Federal Office for Professional Education and Technology | | |
| FDJP | Federal Department of Justice and Police | OPPO | Revision of the Ordinance on the Organisation of Federal Public Procurement | | |
| FEDRO | Federal Roads Office | PPP | Public-Private Partnership | | |
| FFA | Federal Finance Administration | SAB | Swiss Alcohol Board | | |
| FINMA | Swiss Financial Market Supervisory Authority | SBB | Swiss Federal Railways | | |
| | | SCA | Swiss Customs Administration | | |
| | | SDC | Swiss Agency for Development and Cooperation | | |
| | | SECO | State Secretariat for Economic Affairs | | |

