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SWISS FEDERAL AUDIT OFFICE



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STYLE AND SUBSTANCE

The current management team of the Swiss Federal Audit Office (SFAO) has been at the helm for six years now, the duration of a first term of office. As I write this round-up, much has been written and said about the publication of reports, media presence, SFAO resources or the tone of our publications.

These questions of form are important; getting a message across is all about the delivery. They have taken centre stage and attracted a great deal of attention. In this regard, the Finance Delegation took a clear stance on the SFAO's publication practices, when it declared in its last activity report: "The Finance Delegation believes that, through the measures it has implemented, the SFAO has clearly improved its information and publication practices. [...] The DelFin rejects any further self-restriction of the SFAO in its information autonomy".

The questions of style having thus been addressed, let us turn to the substance. It, too, is important.

Performing a perfect audit on a minor topic or ignoring major risks will probably have much more far-reaching consequences for the taxpayer than worrying about the contents of the SFAO's Twitter feed.

So what have we done and achieved over the last six years? What priorities drove our work?

Our first priority was public corporations. We audited them systematically, with three areas of focus. First, we verified that governance tools were in place and functioning correctly. This was not the case for compliance management at RUAG, nor for risk management at Swiss Post. Happily, the situation has improved in the meantime. Second, we audited nationally important IT systems, such as the IT security in the tunnels of the Swiss Federal Railways (SBB), the national pricing system NOVA or, in the military domain, IT security at RUAG. Finally, relations between the Confederation and its enterprises. The SFAO looked at the merger of civil and »



«OUR OBJECTIVE: TO ENSURE THAT THE MONEY SET ASIDE FOR ONE TASK WAS NOT DIVERTED TO ANOTHER.»

military air traffic at Skyguide and the subsidies paid to SBB. Our objective: to ensure that the money set aside for one task was not diverted to another. These audits of federal enterprises naturally provoked a reaction. RUAG attempted, unsuccessfully, to cite a Zurich legal opinion from 2016 to avoid being audited. As for Swisscom: before our first risk management audit was even finished, a parliamentary motion had been launched to prevent us performing another one...

What is the SFAO's trump card? We are the only body that can legally carry out checks *in situ* – even abroad – on whether the situation at an enterprise matches that reported to the Federal Council and Par-

liament. For example, we went to Hungary and Germany for RUAG, and to France and Liechtenstein for Swiss Post. These are what we call “boots on the ground” audits. In recent years, we have also favoured this approach for subsidy audits. These formed our second area of focus: visiting the recipient of federal aid to check what it is doing, whether this is a transport company, a foundation such as Pro Senecute, an NGO operating in Africa or a cheese dairy.

Our third area of focus over the last six years has been financial crime. In 2015, we observed that a number of federal offices and bodies play a key role in the fight against this type of crime. On the basis of a study

commissioned from the former prosecutor Paolo Bernasconi, we identified around ten audit topics, ranging from sequestered funds to international legal assistance, from gold trading to the operation of federal courts, and from specific fedpol tasks to the restitution of state assets. In six years, we have built up a picture which has revealed numerous areas for improvement.

Fraud is not the sole preserve of white collar criminals, which is why social security insurance abuses have also been at the forefront of our activities. A risk analysis conducted in conjunction with our cantonal partners revealed the main risks and the areas to audit. After the results achieved in the initial stages proved conclusive, we decided to strengthen our data analysis capabilities. At federal level, this is the most effective way of identifying and combating systemic abuses.

At the request of the Parliamentary Finance Delegation, our fourth area of focus was cross-departmental »



offices. Over a three-year period, the SFAO systematically audited the federal offices in charge of finance, human resources, IT, risk management, logistics and buildings. The aim was to check that these offices, in addition to issuing directives, are also ensuring their application and have a system for sanctioning non-compliance. This is the only area in which we have not improved. Despite some serious findings by the SFAO, the Federal Council is sticking to department-level management of the Federal Administration without supervision and overall control, and does not want to strengthen the powers of cross-departmental offices. It therefore remains the responsibility of the seven general secretariats to check whether, for example, the IT security rules or procurement procedures are being adhered to in their own departments.

This brings us to the fifth and final point of our mandate: ICT projects. Following the resounding failure of the INSIEME project, a number of

«IN SIX YEARS, WE HAVE BUILT UP A PICTURE WHICH HAS REVEALED NUMEROUS AREAS FOR IMPROVEMENT.»

measures have been implemented, including regular auditing of key ICT projects by the SFAO. This requires considerable resources but the effort is justified, not just because of the investment volumes but also because of the potential savings linked to these projects – as demonstrated by the DaziT programme for Swiss Customs. This transformation is not just IT-related. It reviews processes and makes things easier for the administration, but also for the economy and users of customs services. However, this is only possible if the will to review procedures exists. The SUPERB programme will be an interesting test case. The transformation of Federal Administration support processes will only be achieved if those responsible

for supra-departmental governance grasp the nettle of department-level administration management. Otherwise, several hundred million francs will have been spent without concrete results to show for it.

We will continue to monitor the situation closely and adjust our future activities as risks emerge.

Thank you to all those who support our activities!

Michel Huissoud, Director



SPOTLIGHT

APPLICATION OF FEDERAL PROVISIONS BY THE CANTONS

From 2014 to 2019, 28 of the audits published by the SFAO had a cantonal element, i.e. concerned the cantons' implementation of measures and provisions introduced with federal financial support. In its synthesis report¹, the SFAO does not draw any overall conclusion on this implementation. However, certain lessons can be learned depending on the type of audit. The federal nature of implementation delivers good results in subsidy audits: no serious shortcomings were observed in the calibration, granting and supervision of federal subsidies. The findings were much the same for federal projects carried out by the cantons, with certain reservations for the canton of Valais, where there is room for improvement with respect to the work on the A9 motorway and the third Rhone correction.

As regards IT in the broad sense, audits have revealed that federal IT projects have been impacted by cantonal decisions, resulting in additional costs and delays for the Confederation. This report also looks at the question of the legal basis. Unlike civil or judicial areas, the Federal Constitution does not provide the Confederation with the necessary legal basis as regards other registers and the national IT networks. A legal opinion from the Federal Office of Justice (FOJ) dating back to 2011 showed that the creation of a constitutional basis in this area would allow a way out of the impasse.

Supervision audits revealed a more mixed picture. In the case of direct payments, unemployment insurance and supplementary benefits, there are disparities in the cantons' application of federal law. These disparities are not minor and pose a problem in terms of equitable treatment. In the SFAO's view, this shows a lack of supervision by federal offices or the difficulties they face in imposing the consistent application of federal directives.

Finally, tax remains a special case in two respects. Firstly, the overall supervision of direct federal tax remains separate from material tax controls, and concerns only the regularity and legality of tax collection. Secondly, the SFAO is sometimes not allowed to even access the information. In the most recent example, during an audit of foundation supervision, the Swiss Tax Conference refused to give the SFAO access to information held by the cantonal tax authorities on tax exemptions for charitable foundations.

¹ The report for audit mandate 19473 is available on the SFAO's website.

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PART 1

THE MAIN RESULTS OF FINANCIAL SUPERVISION FOR 2019

1. PUBLIC FINANCES, TAXES AND RISK MANAGEMENT



1. PUBLIC FINANCES, TAXES AND RISK MANAGEMENT

This chapter presents the results of the audits performed by the SFAO in the area of public finance, starting with its original task, which is to audit the compliance of the federal financial statements. In 2019, the SFAO also audited the functioning of international tax administrative assistance, risk management at Swiss Post, and a follow-up audit on customs supervision of bonded warehouses. Finally, a legal opinion was requested on aspects relating to the practical application of fiscal packages by the tax authorities.

A. THE SFAO CERTIFIES COMPLIANCE OF THE FEDERAL FINANCIAL STATEMENTS

² The complete mandate of the SFAO is described in the second part of this annual report (p. 76). Aside from just a few exceptions set out in the Financial Budget Ordinance of 5 April 2006, the financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS).

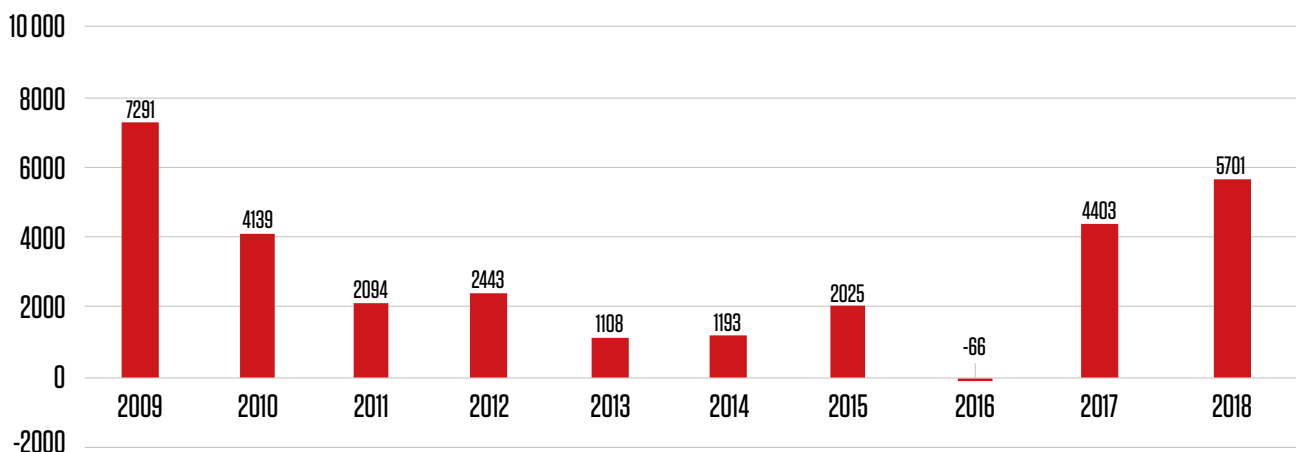
³ The report for audit mandate 19293 is available on the SFAO's website.

⁴ Net income from equity interests in licensed transport undertakings (including SBB), Swiss Post, Swisscom and RUAG.

Auditing the federal financial statements is one of the SFAO's historical tasks, which its staff carry out with the much appreciated assistance of their partners in the Federal Administration². The detailed statements were published for the sixth year running³. Such transparency is rare by European standards.

For 2018, the federal financial statements recorded a surplus of CHF 5.7 billion. This is the second-best result in a decade in which the Confederation disbursed nearly CHF 30.3 billion of surplus funds (see chart below). The 2018 results represent the difference between operating revenue of CHF 71.8 billion and operating expenses of CHF 67.7 billion, plus a negative financial result of CHF -818 million and a financial interest result of CHF 2.4 billion⁴.

Balance of Confederation's statement of financial performance 2009–2018 (in CHF mn)



SOURCE: FFA, state financial statements, volume 1



Legal conformity of a provision still in dispute

The situation is thus very satisfactory according to the figures. The SFAO is pleased that the errors noted in 2017 have been corrected and dealt with transparently by the Federal Administration. Reminder: these related to withholding tax receipts and the valuation of motorways and armament buildings.

As in 2017, the SFAO's findings following its audit of the federal financial statements were slightly less sanguine. Once again, this relates to the legal conformity of a provision for CHF 600 million recognised in the financing statement (as against CHF 2 billion in the 2017 accounts). The Federal Finance Administration (FFA) and the SFAO continue to be at odds on this point. The SFAO considers that this provision does not comply with the Financial Budget Act (FBA), which stipulates that the overall fiscal balance is determined on the basis of expenditure and current receipts, to which provisions do not belong. Consequently, recognising this provision in the financing statement runs contrary to law. The FFA does not share this opinion.

The implementation of the 2016 Hegglin motion⁵ and a legislative amendment to the FBA should put an end to these divergences. A Federal Council dispatch was transferred to the Federal Assembly at the end of 2019. The SFAO intervened in the departmental consultation process in order to ensure that the reasons for bringing the financing statement into closer alignment with the operating statement were clearly explained. It did the same with regard to the impact of these changes on the interpretation of the debt brake. The SFAO also pointed out the need to explain why the federal budget could not currently be driven by the operating statement, which would have the merit of bringing it into line with the cantons' harmonised accounting model (HAM2). The SFAO will closely monitor the forthcoming parliamentary debates.

Risky manual processing at the tax administration and sureties in the area of oceangoing vessels

During its audit activities, the SFAO discovered errors in federal financial reporting at the Federal Tax Administration (FTA). Unlike in 2018, these were not sufficiently serious to require a correction. However, they did require subsequent manual processing by the FTA, which is not without risk. To ensure the accuracy of the year-end closing figures, the FTA carries out numerous manual checks. In the SFAO's view, these checks should be automated as far as possible, to reduce the burden on FTA staff and yield more reliable results.

⁵ Peter Hegglin (CVP/ZG), "For accounting standards that reflect the actual financial and revenue situation (16.4018)", available on the Parliament website.



1. PUBLIC FINANCES, TAXES AND RISK MANAGEMENT

Finally, sureties in the area of oceangoing vessels were subject to an SFAO follow-up audit. As at 31 December 2018, the Confederation had recognised a provision of CHF 100 million on its balance sheet. Depending on how the situation develops, this provision may prove to be too low.

Compliant financial statements

Despite these reservations, the SFAO formally certified the compliance of the federal financial statements. The statutory requirements are met. The federal financial statements were thus in compliance with the provisions of the Federal Constitution on the debt brake and those of the FBA on budget management. The SFAO therefore recommended in its audit report of 5 April 2019 that the Federal Assembly approve them⁶. In spring, it presented its activities to the Finance Committees of the National Council and the Council of States.

SPOTLIGHT

CONDITIONS FOR AND MONITORING OF FISCAL PACKAGES

The SFAO tasked Madeleine Simonek, professor of tax law at the University of Zurich, with assessing the FTA's interpretation of Article 14 of the Direct Federal Taxation Act (DFTA). This article sets out the conditions for taxing according to expenditure ("fiscal package"). Reminder: one of the prerequisites for people to benefit from such a package is that they do not perform a professional activity in Switzerland.

In December 2018, exchanges between the FTA and the SFAO revealed that, in the FTA's view, "a financial investment in a Swiss company limited by shares does not, in principle, constitute the exercise of an unauthorised professional activity. Moreover, the position of chair of the board of directors of a holding company belonging to a person subject to a fiscal package, who thereby oversees his/her financial investment without being remunerated for this function, does not pose an obstacle as such to fiscal packages under Article 14 of the DFTA, its implementing ordinances and FTA circular 44". According to Professor Madeleine Simonek's legal opinion⁷, this interpretation can be contested, especially if the person subject to the fiscal package is simultaneously the owner of the company and chair of its board of directors.

Moreover, it would appear that the cantons' calculations of this type of tax do not systematically take account of expenditure abroad in addition to expenditure in Switzerland. If this were indeed the case, this would contravene Article 14 of the DFTA. This is a point that the SFAO wanted to clarify with the FTA.

Against this background, the SFAO requested more information from the FTA about its interventions in the supervision of specific cases, whereby there was no question of obtaining access to the cantonal tax request itself. The FTA refused the request, as did the Head of the FDF. The SFAO informed the Federal Council, the Finance Delegation and the Control Committees accordingly⁸. These refusals are preventing the SFAO from exercising its supervision of the FTA, and are of fundamental importance and considerable financial significance for the Federal Administration.

⁶ The audit report is available on the SFAO's website.

⁷ This study ("Rechtsgutachten zur Besteuerung nach dem Aufwand", 15 April 2019) is available on the SFAO's website.

⁸ 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 (FDF) if it identifies "anomalies or deficiencies of fundamental importance or considerable financial significance". On 20 November 2019, the Management of the SFAO wrote to the entire Federal Council.



B. TAX ADMINISTRATIVE ASSISTANCE CONTINUES APACE

On 13 March 2009, following international pressure, the Federal Council had withdrawn its reservations concerning Article 26 of the OECD's Model Tax Convention (MTC) on tax administrative assistance. In parallel with the renewal of the double taxation agreements (DTAs), the entry into force of the Federal Act on International Administrative Assistance in Tax Matters (TAAA) in February 2013 brought Switzerland into line with the Convention. At the FTA, some 70 staff process third-country requests for information and Swiss requests to foreign countries. Between 2013 and 2018, the former outnumbered the latter (99.6% compared to 0.4%)⁹.

The SFAO examined whether the processing of requests was appropriate and efficient relative to the FTA's available resources¹⁰. This was indeed the case, both as regards the management system used (SEISYS) and the documented procedures in place to process requests for tax administrative assistance. Therefore, the SFAO did not issue any recommendations. During this audit, nothing tangible was found that would have led the auditors to conclude that this assistance was not provided to the satisfaction of the parties involved, either in Switzerland or abroad. The entry into force of the new DTA with the United States could result in an increase in workload, although it is not possible to predict this reliably.

The OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes recommends a response time of 90 days for processing requests. Over the period 2015–2018, Switzerland managed to process only 26% of cases within that time limit (see chart p. 18). For the FTA, this poor result is linked to the specifics of the Swiss procedure, which requires that the taxpayer be notified before information is provided. Thus, without an amendment to the Swiss legislative framework, neither an increase in FTA staff nor an optimisation of its IT would speed up request processing to meet the Global Forum recommendations.

⁹ There are two reasons for this: First, Swiss taxpayers are less inclined to transfer money abroad than vice versa. Second, the cantonal tax authorities submit very few requests to the FTA, as they have more effective methods than administrative assistance. For example, they can impose discretionary taxes, thereby transferring the burden of proof to the taxpayer. In 2018, 20 requests to foreign countries originated from the cantons (compared to 8 from the FTA).

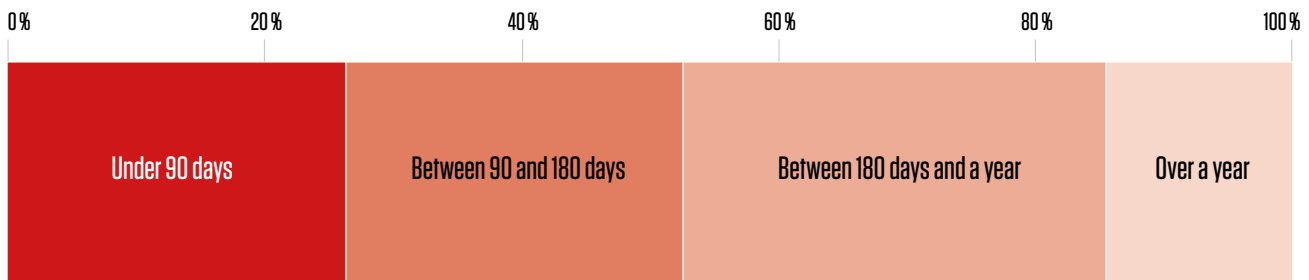
¹⁰ The report for audit mandate 19474 is available on the SFAO's website.

PART 1: THE MAIN RESULTS

1. PUBLIC FINANCES, TAXES AND RISK MANAGEMENT

How quickly does Switzerland process requests received from abroad?

Switzerland received 3,252 requests between 2015 and 2018 (raw data, excluding clarifications). The Global Forum on Transparency and Exchange of Information for Tax Purposes recommends that these requests should be processed within 90 days.



SOURCE: FTA, SFAO

C. SWISS POST MUST REFINE ITS RISK MANAGEMENT

Following the postal bus affair, the SFAO carried out an audit of risk management practices at Swiss Post. The main part of the audit mandate assessed the question of whether the Confederation, as the owner, sets suitable requirements for risk management and whether Swiss Post fulfils them¹¹. The SFAO also looked at a non-representative set of domestic and international cases (PostBus France¹² and Liechtenstein, Asendia, Publi-Bike, etc.). Here too, the audit sought to ascertain whether Swiss Post assesses, manages and communicates its risks in these companies at the appropriate levels.

Overly narrow risk management

Swiss Post's board of directors must ensure that risk management procedures are in place which can be used as an evaluation tool for subsequent investments and large projects. On paper, the risk management corresponds to this criterion. In practice, however, these reports are very complex and are not appropriate for the target group. The question arises as to whether these documents can help to fulfil their function as management and early warning instruments.

In addition, the definition of risk is too narrow. The existing risk management does not cover aspects of importance for the board of directors or for the management of Swiss Post. Examples are risk strategy (risk tolerance and risk-bearing capacity), risk culture (soft factors) and risk communication (both internal and to the owner). In light of the audit, Swiss Post introduced new measures to improve the situation.

¹¹ The report for audit mandate 18527 is available on the SFAO's website. Two other audits were also performed. The first (18527-a) is a legal audit of the adherence to legal obligations during the postal bus affair by Swiss Post's internal audit unit and the SFAO. The second (18527-b) looked at the economic justification of real estate items in the financial Swiss Post's statements. These two audit reports were submitted to the Finance Delegation.

¹² In 2017, CarPostal France had 1,172 employees and 750 transport vehicles. The French subsidiary is run from Lyon, which, since 2012, has employed around 60 people in finance, human resources, operations, marketing and IT. At end-September 2019, the French competition authority gave the green light to the French post office to sell CarPostal France to Kéolis SA, an SNCF subsidiary.

Risk evaluation: CarPostal France, PubliBike in Switzerland

Year after year, Swiss Post overvalued the financial situation of its French subsidiary CarPostal France. From 2004, the date of its entry into the French market, to the end of 2017, it was assessed as an opportunity rather than a risk.

In retrospect, such an assessment is difficult to understand, given the negative profitability during that period. Moreover, the figures would appear to make the idea of a return on investment somewhat unrealistic: CHF 25 million in restructuring costs to the group in 2010 and 2012, plus a CHF 19 million capital increase and another CHF 57 million of debt vis-à-vis the parent company. The problem arose partly from the fact that the risk assessment for CarPostal France was not carried out directly by the local management in Lyon.

CarPostal France is not an isolated case as regards risk analysis at Swiss Post. On a smaller scale, the assessment of PubliBike, a bike-sharing company, remains insufficient. Swiss Post is the sole shareholder. Between 2012 and 2017, the company lost CHF 11 million, of which CHF 5 million was in 2017 alone. At the time of the audit, PubliBike was regarded as a “fantastic opportunity” for Swiss Post, and the risk reporting did not include previous losses. Yet, the market in which PubliBike operates is highly competitive and Swiss Post appears to have overestimated the company's value in its documentation. The targets – 500 stations with 5,500 shared-use bikes – continue to be very ambitious. They also involve competitive distortions on the part of a state-affiliated enterprise in an already highly competitive market.

Risk management responsibilities of the owner

In the FDF's view, the Federal Department of the Environment, Transport, Energy and Communications (DETEC) and the FFA must fully commit to monitoring risk management at companies owned wholly or partly by the Confederation. It should be noted that neither the DETEC nor the FFA had criticised the very limited scope of the chapter on risk management in the report on Swiss Post's strategic objectives for the 2017–2020 period. The DETEC itself did not regard Swiss Post as a risky entity in its own right until 2018. Since then, the latter has taken measures to improve its risk reporting tools.

Nonetheless, the SFAO recommended to the DETEC and the FFA that they conduct or commission a regular review of the effectiveness of risk management at Swiss Post. Both have now accepted this recommendation, having initially rejected it.



1. PUBLIC FINANCES, TAXES AND RISK MANAGEMENT

SPOTLIGHT

SWISS CUSTOMS ARE EQUIPPED TO CHECK BONDED WAREHOUSES

When it was published in April 2014, the SFAO's audit of supervision activities by the Federal Customs Administration (FCA) in bonded warehouses and other public customs warehouses received a lot of media coverage at home and abroad¹³. It revealed that supervision was totally insufficient for ensuring the correct use of these special customs areas, limiting the risk of irregularities, and even the risk of illegal activity. The FDF and the FCA took the audit findings seriously, as the SFAO discovered in the follow-up audit it conducted between 2018 and 2019¹⁴.

Reminder: these bonded warehouses and other customs warehouses store merchandise temporarily – and free of customs duty – before they are transferred to their final destination. The storage can last for several decades and the items stored can change owners, thereby avoiding duty so long as they do not leave the storage location.

The market is undergoing fundamental change: in 2014, Switzerland had 10 bonded warehouses and 245 public customs warehouses, compared to 7 and 194 in 2018.

During that time, the Federal Council set a new course, and new legal bases and internal rules came into force at the FCA in 2016. All the operating licences for bonded warehouses and public customs warehouses have been reviewed. However, the conditions for obtaining a licence do not go as far as the SFAO wanted (especially as regards requirements and ex ante checks on tenants of bonded warehouses).

Swiss Customs also improved their risk analysis and controls. With these new tools, the FCA is able to fulfil its obligations and ensure appropriate use of customs warehouses. Efficiency still needs to be evaluated over the long term.

¹³ The report for audit mandate 12490 is available on the SFAO's website.

¹⁴ The report for audit mandate 17458 is available on the SFAO's website.



2. AGRICULTURE



2. AGRICULTURE

This chapter presents two audits in the agricultural sector. The first was on the special regime of family allowances for those who earn their living from agriculture. The second looked at subsidies in outsourced milk testing activities.

A. HARMONISING FAMILY ALLOWANCES IN SWITZERLAND

Swiss farmers benefit from a special regime of family allowances. This federal scheme dates back to 1 January 1953, when the cantons drew up their own related legislation for employees. At that time, the creation of this federal scheme for agricultural workers and small hill farmers reflected the difficult situation of these segments of the population after the Second World War. The authorities' aim was to prevent a rural exodus and maintain an economy in mountainous regions. More than 60 years later, of the CHF 5.8 billion paid to recipients of family allowances throughout Switzerland, allowances to people working in agriculture amounted to some CHF 105 million. The Confederation contributed CHF 63.4 million in 2016 (including allowances and administrative costs).

Together with the Federal Social Insurance Office (FSIO), the SFAO looked into the question of whether a scheme of agricultural family allowances still made sense in terms of administration and checks, especially in relation to the overall system of family allowances in place today¹⁵ and in view of the fact that both the number of recipients in the farming community and the volume of payments have been steadily declining for some years.

Unequal treatment

In the SFAO's opinion, it would be appropriate to abolish this unequal treatment between systems based on different laws¹⁶. In the case of agricultural family allowances, the Confederation and the cantons pay a large proportion of the contributions, as self-employed farmers are exempt from the obligation to pay contributions and their financial contribution for employees is not sufficient to cover costs. Under the standard family allowance scheme, the contributions are paid by employers and self-employed individuals. Another difference is the amount of the child allowance. On average, the standard allowances are higher than those paid to the farming community, although the latter does receive additional household allowances and supplements in mountainous regions.

¹⁵ The report for audit mandate 18433 is available on the SFAO's website.

¹⁶ One regime is governed by the Federal Act on Family Allowances for Agricultural Workers (AFAA), and the other by the Federal Act on Family Allowances (FAA).



This comparison reveals the need to revisit the idea of a legislative harmonisation; the SFAO's finding is supported by the FSIO, the Federal Office for Agriculture (FOAG) and the FFA. It is up to the FSIO to decide when the time is right for a political initiative in this regard.

The auditors also turned their attention to the agricultural family allowances scheme, which has a capital of CHF 32 million. Likewise founded in 1953, the aim of this fund was to reduce the share of the cantons in financing these allowances by means of capital interest receipts. In 2018, this scheme appeared to be obsolete: the cost of managing the scheme can no longer be covered by the capital receipts. Like the SFAO, the FSIO thinks that the scheme should be discontinued.

Finally, the SFAO recommended that the FSIO ensure that the procedure for calculating the portion paid by the Confederation is correct. This recommendation was accepted.

B. PROPER USE OF PUBLIC SUBSIDIES IN MILK TESTING

Among its many tasks, the SFAO must verify the correct and economical use of federal subsidy payments to recipients. The audit below illustrates what a federal subsidy is and the prerequisites to be met.

At the request of the Federal Food Safety and Veterinary Office (FSVO), the SFAO audited Suisselab SA¹⁷. This laboratory checks the quality of the milk produced in Switzerland. Its customers are the milk producers' and processors' organisations. It carries out sample testing twice a month at nearly 20,000 farms. These tests are subsidised by the FSVO.

The SFAO found that the subsidies paid in 2016 and 2017 contained certain costs that had been wrongly passed on by Suisselab SA. Of the CHF 6.6 million paid, CHF 1.9 million was not justified by eligible expenditure and should be returned to the FSVO.

¹⁷ The report for audit mandate 19503 is available on the SFAO's website.



2. AGRICULTURE

Efforts by the sector to become self-financing are required

How did the SFAO arrive at this conclusion? First, by examining Suisselab SA's accounting, which lacks transparency and traceability. The auditors discovered that costs were included which were not justified by admissible expenditure. Either these costs are not eligible under the legislation on milk testing (administrative or development costs)¹⁸ or they do not relate to actual expenditure (e.g. amortisation payments exceeding the permitted investment), or they appear to have been overestimated (e.g. rental costs higher than the local market rate).

Apart from these shortcomings, a key principle of the Subsidies Act is not being respected: the stipulation that recipients of financial assistance must also be self-financing. Yet, in the case of Suisselab SA, the FSVO subsidies cover almost all of the testing costs. The SFAO recommended that the FSVO set a ceiling for subsidies and adopt a flat-rate contribution model. A contribution of this kind would make it possible to simplify the monitoring procedure. However, it would also require a significant financial contribution from the milk industry. The FSVO is in the process of amending the legal basis; it is not possible to say whether this will address the shortcomings observed.

¹⁸ In this case, the Milk Testing Ordinance of 20 October 2010 (MITO).



3. EDUCATION AND RESEARCH



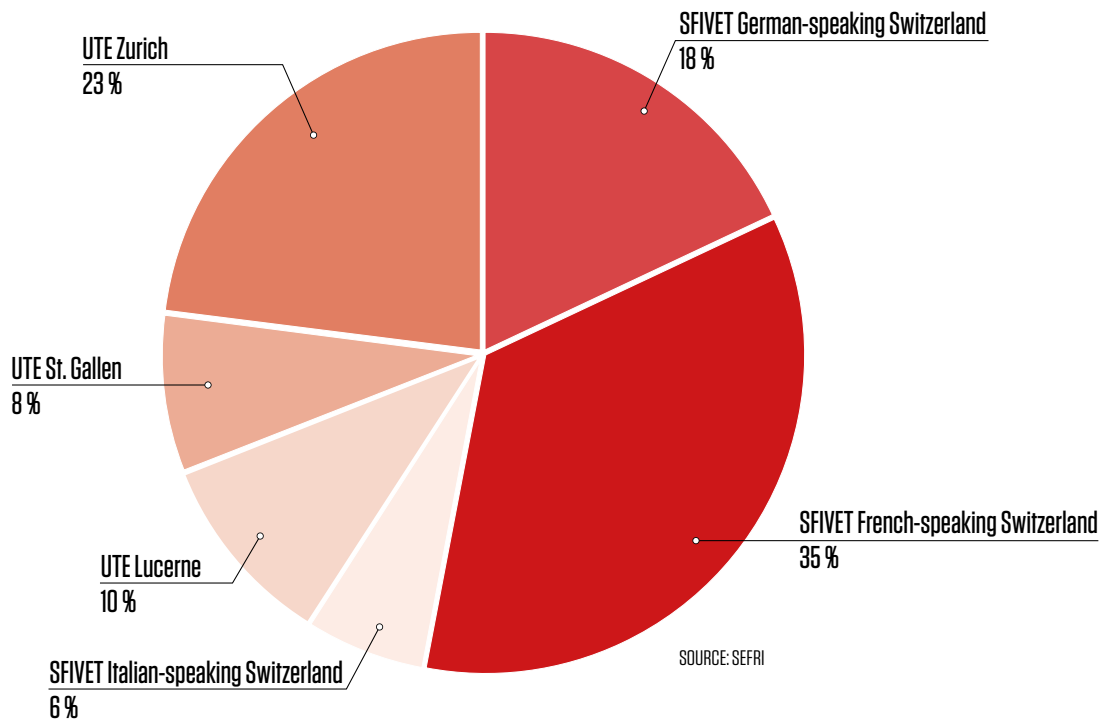
3. EDUCATION AND RESEARCH

This chapter describes two audits on vocational training and the Swiss Federal Institutes of Technology (ETHs). A comparative assessment of teacher training facilities revealed regional disparities in costs, student satisfaction and premises. The second audit rejects the idea of gender discrimination in the allocation of funding at ETH Lausanne and ETH Zurich.

A. VOCATIONAL TEACHER TRAINING UNDER THE MICROSCOPE

In Switzerland, the teaching staff of vocational training schools must themselves go to school, with the aim of improving their teaching skills. The Swiss Federal Institute for Vocational Education and Training (SFIVET) provides this training. Based in Zollikofen, in the canton of Bern, it is owned by the Confederation and performs its activities in the three main language regions of Switzerland. In 2017, it employed 170 FTEs and had a budget of CHF 46.5 million (CHF 40 million of which from the Confederation). During the same year, a total of 1,812 students received training.

Breakdown of diplomas for 2016/2017





For example, the SFIVET is not the only organisation to offer a diploma for teaching vocational subjects. In German-speaking Switzerland, it competes with universities of teacher education (UTEs), which do not receive federal funding (see chart p. 30). An SFAO audit examined the competitiveness of the SFIVET's offering against those of the UTEs¹⁹. The comparison was possible because of transparency on the part of the UTEs and the cantons, which are their main funding source. The analysis revealed that, compared to the SFIVET, the cost per student at the UTEs in German-speaking Switzerland is between 15% and 40% lower.

This finding should be interpreted with caution: costs at the different institutions are not fully comparable, even though the SFAO was unable to identify the exact causes for the divergences. Moreover, there are significant cost differences between the three SFIVET regions. Measures will have to be taken by the SFIVET to ensure the economical use of public funds. At the same time, the SFAO recommends that the Confederation put in place stronger incentives.

Underutilised premises and declining student satisfaction

The audit also examined the efficiency of the resources used. As regards infrastructure, the Renens and Zollikofen sites are underutilised and difficult to access with public transport. The SFIVET premises in Lugano are not well suited as a teaching environment. It was observed that the teachers generally each have their own office, despite being only occasionally present. To limit costs and take advantage of modern and well-located infrastructures, it would be advisable to rent existing rooms. These are available in universities or other institutions and would allow the SFIVET to give up parts of its infrastructure.

As regards student satisfaction, a survey has shown that it is good but declining. There are significant differences between regions, with students in French-speaking areas more critical than those in German-speaking Switzerland.

In the SFAO's view, the Federal Department of Economic Affairs, Education and Research (EAER) must include in the SFIVET's strategic objectives a requirement to use funding economically and to provide high-quality teaching in all regions of Switzerland. The SFIVET and the EAER accepted the SFAO's recommendations.

¹⁹ The report for audit mandate 18089 is available on the SFAO's website.



3. EDUCATION AND RESEARCH

B. NO EVIDENCE OF GENDER DISCRIMINATION IN THE ALLOCATION OF FUNDS

In 2019, there had been stories in the media about discrimination regarding female ETH professors. Part of the criticism focused on the allocation of funding for teaching and research, or difficulties with the internal reporting of unethical behaviour.

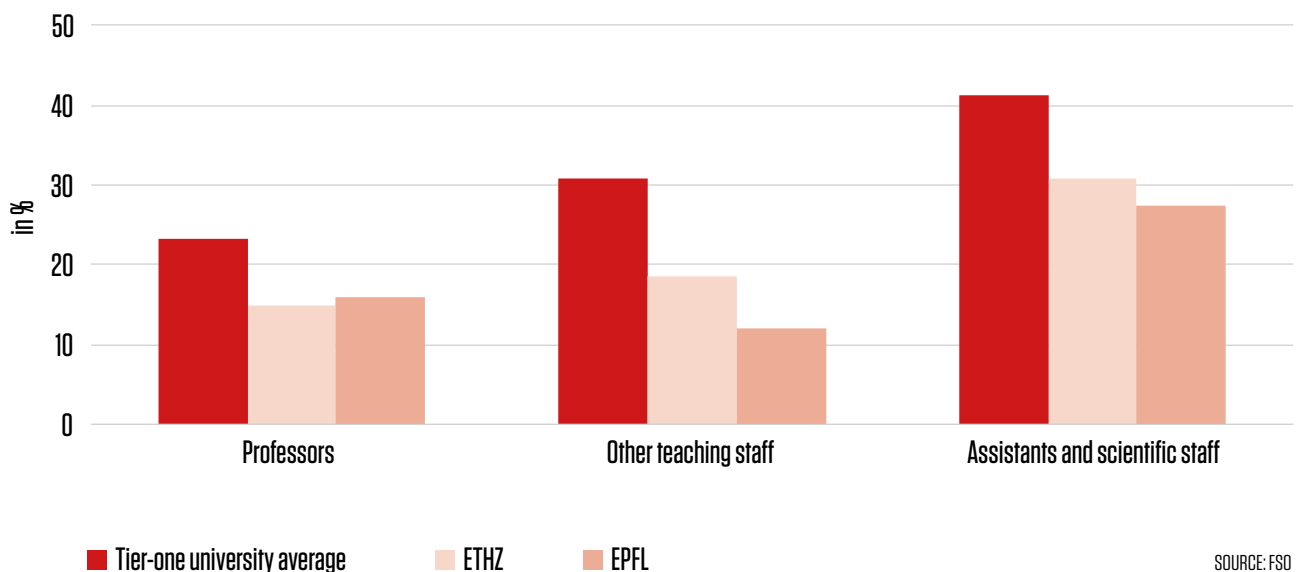
The SFAO examined the question of whether the allocation of funds to teaching staff at the ETHs was transparent and objective, i.e. if female professors suffered systematic unequal treatment in the granting of funds²⁰. Reminder: women remain significantly under-represented across all teacher categories at the ETHs, well below the average at other Swiss universities (see chart below).

In 2018, ETH Lausanne and ETH Zurich had ordinary budgets of approximately CHF 350 million and CHF 605 million respectively. Additional funding was devoted largely to technical equipment – around CHF 20 million for each ETH – and another CHF 15 million for the scholarship system, which is specific to Zurich.

²⁰ The report for audit mandate 19507 comprises two management letters to ETH Lausanne and ETH Zurich. They are available on the SFAO's website.

Tier-one university staff: proportion of female ETH employees (2018)

Proportion of positions held by women in full-time equivalents



SOURCE: FSO



Based on a sample of departments and institutes at the Lausanne and Zurich ETHs, the SFAO's audit did not reveal evidence of systematic discrimination against female professors in the distribution of funds.

Allocating funds to teaching staff in a fully transparent way

Nonetheless, there is sometimes a lack of transparency in funds allocation. This shortcoming can be observed not only in the distribution arrangements for the ordinary budget, but also in the additional funding at these institutions. This lack of traceability may give rise to the perception of having been discriminated against in the allocation of funds, irrespective of gender. For instance, no information is available at ETH Zurich which might provide an insight into who benefits from ad hoc internal funding for scientific equipment. In the SFAO's view, this procedure is not clear.

ETH Lausanne and ETH Zurich have undertaken to improve the transparency and traceability of their fund allocation decisions.

The SFAO also compared the ETH's arrangements for conflict management and complaints. ETH Lausanne has contracted an external service provider to carry out this work, which will provide better guarantees in terms of independence. As regards the complaints procedure at ETH Zurich, there is a contact point for staff, which is run by longstanding current or former ETH employees. The independence, credibility and efficacy of this ombudsman are scarcely convincing. ETH Zurich is aware of the problem and has launched a review of its arrangements with a view to ensuring the necessary independence.

4. SOCIAL SECURITY INSURANCE AND CULTURE



4. SOCIAL SECURITY INSURANCE AND CULTURE

This chapter presents the main findings from two audits: one on the reimbursement by of administrative costs for disability insurance (IV) from the Confederation to the cantons, and the second on the development of the Swiss National Museum. In addition, the SFAO had to abandon an important recommendation regarding the monitoring of old-age and survivors' insurance (AHV).

A. THE ADMINISTRATIVE COSTS OF THE DISABILITY INSURANCE ARE REIMBURSED CORRECTLY

In 2017, nearly 15,000 new disability IV pensions were granted, bring the total number of disability pension recipients to 400,000 at a cost of around CHF 8.5 billion. This amount includes allowances in the form of cash or individual measures, as well as costs linked to the implementation and management of these payments.

The cantons play a major role in implementing IV via the cantonal implementation agencies. In addition, the Central Compensation Office (CCO) manages the IV office for insured persons resident abroad. The reimbursement of administrative costs for all IV offices is carried out by the disability insurance compensation fund. In 2017, it paid out some CHF 455 million to the cantons and the regional medical services.

Monitoring headed in the right direction

This money is used to assess new applications for benefits. The FSIO is responsible for paying and monitoring these funds. The SFAO performed an audit to ascertain whether the cost reimbursements are appropriate and whether the compensation system promotes cost-effective action²¹. It also assessed the FSIO's supervisory procedure.

The audit results were positive. The FSIO's supervision of the IV offices is appropriate; it also plans to increasingly ensure financial supervision with on-site checks. In the SFAO's view, the cost reimbursements are appropriate.

²¹ The report for audit mandate 18535 is available on the SFAO's website.



However, the prevailing framework conditions prevent the FSIO from establishing competition, or at least providing economic incentives. It is a dilemma that the results to be achieved by the IV offices are weighted more strongly than the reduction of administrative costs. For the FSIO, the focus is on the overall cost-effectiveness of the insurance, something which the SFAO does not dispute. It recommends that future reimbursements be limited to an amount appropriate for managing the fund effectively. The FSIO and the CCO have accepted the SFAO's proposals.

In addition, the existing supervisory structures are not up to standard. The division of tasks, powers and responsibilities between the IV funds, the FSIO, the FFA, the cantons and their implementation agencies contravene good governance rules and prevent optimal management of disability insurance.

SPOTLIGHT

RECOMMENDATIONS ON MODERNISING AHV WERE IN VAIN

In 2018, the old-age and survivor's insurance (AHV) paid out a total of CHF 43.8 billion in old-age pensions, supplementary benefits or survivors' pensions to 2.6 million people. That same year, it received CHF 31.7 billion in contributions from insured persons and employers, as well as CHF 11.2 billion in public-sector contributions. In March 2015, the SFAO published a critical assessment of the technical and financial supervision of AHV²². It sought to completely overhaul supervision arrangements which were outdated and not conducive to the swift resolution of problems.

The SFAO recommended, among other things, that the structures of the CCO for AHV be revised. The CCO, which is a historical entity of the FFA, performs both implementation and supervision tasks. Similarly, the FSIO performs supervision tasks relating to AHV. Yet there is no clear distinction between these tasks. This carries the risk of influence and threatens the independence of these bodies. To improve governance of the AHV, the SFAO recommended that this complicated situation be untangled by means of the FSIO's AHV modernisation project.

At the end of November 2019, the Federal Council transferred its AHV modernisation proposal to Parliament; this partly took the SFAO's recommendations into account²³. However, the supervision of the AHV fund has still not been straightened out and it is proving difficult to establish good governance rules. The offices concerned have all definitively rejected the SFAO's proposal. Having done everything in its power, the SFAO has no choice but to close this recommendation, despite regarding it as essential²⁴.

²² The report for audit mandate 14260 is available on the SFAO's website.

²³ "Modernisation of supervision in the first pillar", Federal Council dispatch, 20 November 2019, <https://www.admin.ch/gov/fr/accueil/documentation/communiqués.msg-id-77143.html>.

²⁴ The second part of this annual report contains a special chapter on SFAO recommendations, p. 79.



4. SOCIAL SECURITY INSURANCE AND CULTURE

B. SUCCESSFUL RENOVATION OF THE SWISS NATIONAL MUSEUM

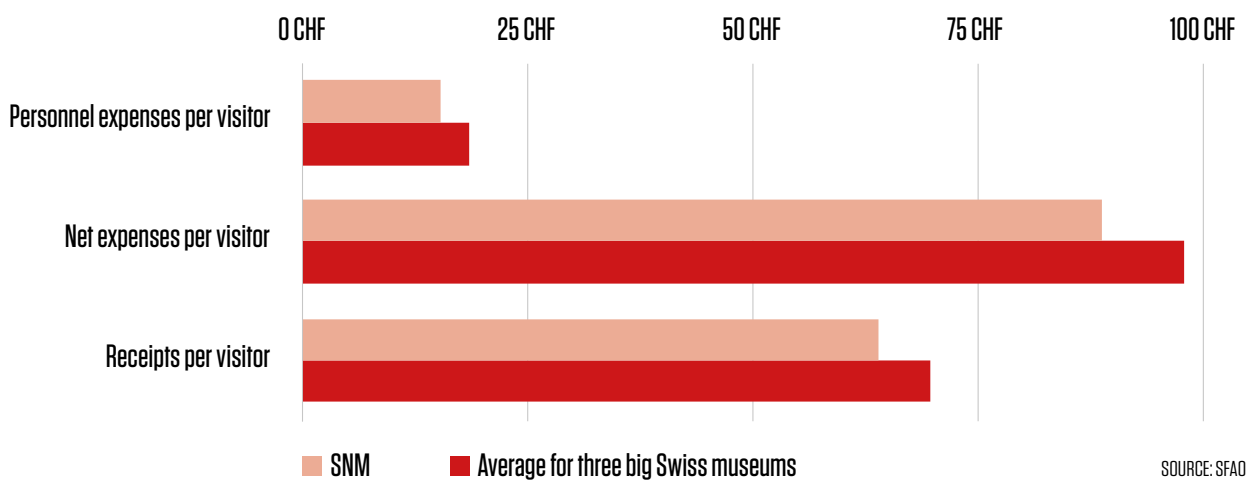
The Swiss National Museum (SNM) has a mandate to preserve and exhibit Swiss cultural heritage. It collects and maintains exhibits and organises exhibitions. The SNM is made up of four institutions: the National Museum in Zurich, the Château de Prangins in the canton of Vaud, the Forum of Swiss History in Schwyz and the Collection Centre in Affoltern am Albis (canton of Zurich). Each year, the Confederation allocates a contribution of around CHF 51.2 million, including CHF 21 million for accommodation. In 2010, the NMS was converted into an institution under public law, under the supervision of the General Secretariat of the Federal Department of Home Affairs.

Since this change, the SNM has developed very positively. This was the conclusion reached by the SFAO in an audit it conducted on the use of federal funds²⁵. Between 2011 and 2017, visitor numbers and income from museum operations increased by an average 7.8% and 15% respectively on average, particular after the renovation of the National Museum Zurich. Over the same period, the federal contribution (excluding the contribution for accommodation) to the SNM increased from CHF 25.5 million in 2011 to CHF 31 million in 2017 (+21.8%). Finally, the SFAO compared the key figures with those of three other Swiss museums²⁶. The SNM is performing well; its takings are below average but it also spends less (see chart below).

²⁵ The report for audit mandate 18431 is available on the SFAO's website.

²⁶ The comparison was based on figures in the annual reports of the Bernisches Historisches Museum, the Museums of Art and History in Geneva and the Museum of Communication in Bern.

SNM in line with big Swiss museums (2013–2017)





A cohesive policy has been put in place for the collections

In another positive point highlighted by the SFAO, the SNM's collection policy is adhered to and reviewed annually to ensure that it remains relevant. The SNM already owns nearly 850,000 exhibits, and acts restrictively when purchasing or accepting new pieces. The cataloguing of exhibits is also systematic: currently, the percentage of catalogued items is close to 98%, which is higher than the Confederation objective.

However, there are two caveats to this positive picture.

The first concerns the management of the SNM. At a macro level, it does have anything more than vaguely formulated strategic objectives which are not tailored specifically to each different location. Financial management could also be improved to include other kinds of costs.

The second caveat relates to the extension of the Collection Centre in Affoltern am Albis, near Zurich. Construction costs are estimated at CHF 58 million. This still needs to be fully itemised and justified. The chosen option involves extending the Centre onto a plot adjacent to the existing structure. Another option – a compact construction on the existing plot – was not examined in depth.

5. TRANSPORT AND ENERGY



5. TRANSPORT AND ENERGY

This chapter presents the main findings from six audits. The audit of air traffic management governance and supervision revealed a few clouds on the horizon. The motorways were the subject of several audits (property management, procurement of goods and services, project management support). The economic impact of competitive tenders for electricity efficiency measures was examined. Finally, in response to a request from the Finance Delegation, the restructuring of the SBB pension fund was audited.

A. MAJOR CHALLENGES FOR THE SUPERVISION OF AIR TRAFFIC MANAGEMENT

Since the beginning of this century, Swiss airports have seen divergent trends: the number of take-offs and landings has declined (471,872 aircraft movements in 2018; down 12% on 2000), while the number of local or transit passengers has exploded (57,554,795 people: up 67%). The use of larger aircraft and higher occupancy rates explains this phenomenon.

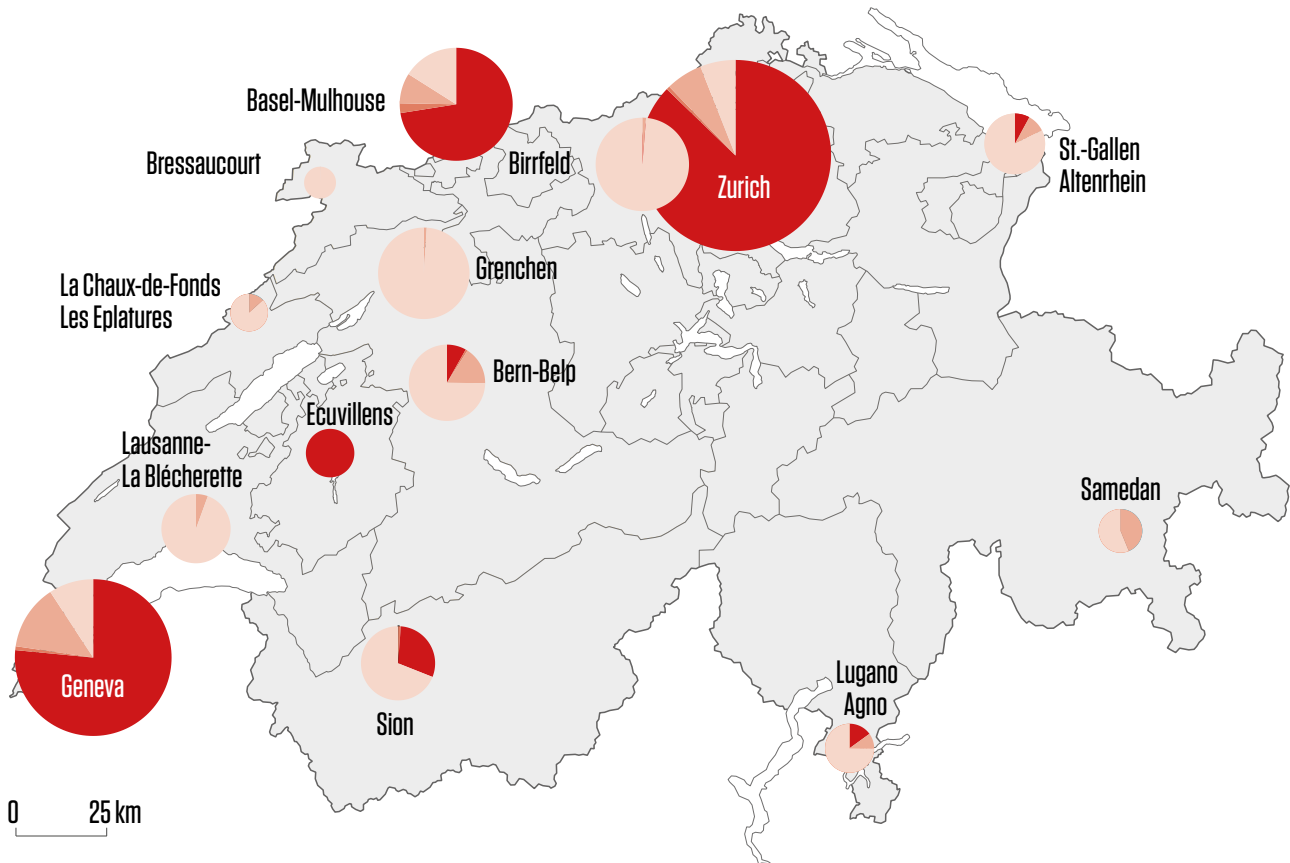
Fourteen national and regional airports (see chart opposite) and three air traffic management service providers (Skyguide, MeteoSwiss and Engadin Airport) ensure aviation safety in Swiss airspace. They are supervised by the Federal Office of Civil Aviation (FOCA), which levies nearly CHF 2 million a year in fees. Swiss aviation safety requirements are based on the regulations drawn up by the International Civil Aviation Organization (ICAO) and the European Aviation Safety Agency (EASA). The FOCA is responsible for ensuring that these regulations are applied and complied with.

Heavy weather: staff dissatisfaction, intimidation and harassment

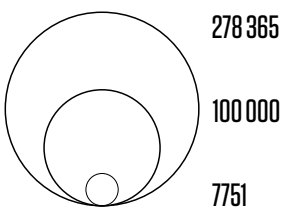
Having read the results of the 2017 staff satisfaction survey, the SFAO embarked on an audit of the FOCA. The survey revealed a clear distrust of top management. Internal communication by top management was criticised on a number of levels, as well as the relative opacity – and even presumed collusion – between management and the air traffic management companies subject to FOCA supervision.

Aircraft movements in civil aviation, 2018

National and regional airports



Number of takeoffs and landings



Type of traffic

- Scheduled flights
- Charter flights
- Other commercial flights¹
- Non-commercial flights

SOURCE: FSD, FOCA – CIVIL AVIATION STATISTICS (AVIA_ZL)

¹excluding commercial pleasure flights



5. TRANSPORT AND ENERGY

The survey also revealed elements of sexual and psychological harassment. In the first case, measures have been implemented. The second type of harassment does not appear to be a major preoccupation of the FOCA's management, which has not sufficiently looked into the information in its possession. In the SFAO's view, these matters must be taken very seriously and a procedure must be defined to tackle similar cases in the future. The FOCA has accepted the SFAO's recommendation in this regard.

Independence and appropriate training of supervisory staff

There is still room for improvement on questions of independence and ethics. At present, the FOCA applies the Confederation's standard rules on the acceptance of gifts and invitations, as well as its anti-corruption rules. For those directly involved in supervision activities, stricter rules should be put in place. This was the subject of an SFAO recommendation.

Finally, in the audit discussions with the SFAO, mention was made of an emerging gap between the qualifications of FOCA inspectors and those of their counterparts at Skyguide. In the SFAO's opinion, this view is unfounded. The SFAO considers that the FOCA has taken steps to ensure an appropriate level of training for its staff assigned to the supervision of air traffic management service providers.

Legal requirements to be complied with and a proposal to submit to the Federal Council

Aside from these staffing issues, the SFAO also observed that the FOCA had not yet implemented a provision of the Civil Aviation Act (CAA), which is at the heart of its activities. Under the Act²⁷, the FOCA should have submitted to the Federal Council a proposal setting out the essential requirements for aviation safety and the desired level of security in this area. At the time of the audit, this had not yet happened. The SFAO recommends that this be done, and that the Federal Council's subsequent decision be incorporated into the FOCA's strategy.

²⁷ Article 108a paragraph 1:
"The Federal Council shall lay down the basic technical requirements for aviation safety. It shall take into account the international regulations that are binding for Switzerland, the state of the art and economic viability."
(RS 748.0)



B. PROPERTY MANAGEMENT IN THE MOTORWAYS DOMAIN

Since 2008, following the transfer of motorways from the cantons to the Confederation, the Federal Roads Office (FEDRO) has taken ownership of thousands of plots of land that run alongside them. These assets need to be managed as part of projects to develop and maintain the national road network. Today, the value of these 3,800 plots amounts to over CHF 4.2 billion. The SFAO looked at the operational management of this land portfolio, comparing six case studies from the regions of Zurich, Bern, Central Switzerland and Ticino²⁸.

The management of these assets is not yet optimal, with significant disparities between regions. Some examples of good practice have been observed: third-party valuation before sale, open and proactive procedures. However, the SFAO auditors were unable to discern any uniform strategy at FEDRO and its regional entities as regards the organisation and management of land sales and purchases. FEDRO does not have a valid and binding process for either selling or purchasing land. As it stands, the possibility that the Confederation has lost money through some of these sales cannot be excluded.

In its statement, FEDRO accepted the SFAO's findings and recommendations. Among other measures, it will draw up a land acquisitions handbook. The office is pleased that no transaction seriously disadvantaged the taxpayer.

SPOTLIGHT

THE NLRA ALIGNS WITH PARLIAMENTARY SUPERVISION STANDARDS

Since 1 December 2019, the kind of parliamentary oversight of the construction of the New Rail Link through the Alps (NRLA) that has existed for the last 21 years will be discontinued. The Delegation for the supervision of the NLRA (NSD) is to make way for conventional institutional arrangements: supervision by the Finance Delegation, the Finance Committees and the Control Committees.

In its last annual report²⁹, the NSD noted that it had issued around 60 recommendations to the Federal Council, the Federal Administration and the NRLA construction contractors. A dozen of these recommendations related specifically to the awarding of building contract 151 (Erstfeld) by the AlpTransit Gotthard construction company, which was the subject of an in-depth audit by the NSD.

The NSD was supported in its work by the SFAO. Between January 1999 and October 2019, it examined more than 50 reports and notes issued by the SFAO during audits and investigations undertaken on its own initiative or at the behest of the NSD and the Finance Delegation. Finally, the SFAO will review the final accounts of the NLRA project.

²⁸ The report for audit mandate 18454 is available on the SFAO's website.

²⁹ This report is available on the Parliament website (https://www.parliament.ch/centers/documents/_layouts/15/DocIdRedir.aspx?ID=DOCID-53009006-8111).



C. THE FEDERAL ROADS OFFICE'S PROCUREMENTS ARE CARRIED OUT PROFESSIONALLY

FEDRO is responsible for planning, building and maintaining the country's motorway network. The procurement volume of goods and services is consistent: in 2017, FEDRO's purchases amounted to approximately CHF 1.7 billion. The SFAO performed an audit on how these activities are organised from FEDRO's headquarters in Ittigen near Bern, and one of its subsidiaries in Zofingen, canton of Aargau. The audit focused both on the centralised procurement of IT goods and services and on decentralised procurement specific to motorways.

The overall results of the SFAO's audit were positive, although there are some shortcomings that need to be remedied³⁰. Every two years, FEDRO ensures that future acquisitions are planned correctly, carried out independently and transparently, and implemented according to the plans. An important aspect is basic training of staff, which was found to be very comprehensive.

Pooling strategic skills and avoiding costly use of external third parties

At the time of the audit, FEDRO had no general and centralised procurement plan. This means that it is virtually impossible to pool the procurements performed by different subsidiaries, and these procurements are carried out on a case-by-case basis. Drawing up centralised framework contracts for identical services across all subsidiaries would allow synergies to be exploited and provide an overview.

Both in the subsidiaries and in Zofingen, there is a lack of specific strategic skills in tender preparation. As a result, subsidiaries regularly outsource this to external service providers. Between 2015 and 2018, three suppliers provided services worth CHF 9.5 million. This situation is creating extra costs and risks as regards independence and conflicts of interest. The SFAO recommends that the FEDRO central office negotiates framework contracts with its subsidiaries for their procurements. FEDRO has accepted this, provided it does not prejudice its organisation and its staff resources. The SFAO understands this reservation.

³⁰ The report for audit mandate 18375 is available on the SFAO's website.



SPOTLIGHT

ESSENTIAL RECOMMENDATIONS IMPLEMENTED BY FEDRO

During road construction projects or other renovation work by FEDRO, the project owners sometimes use external engineering firms. In 2015, an SFAO audit examined the tasks, powers and responsibilities of these firms, as well as their recruitment and management by FEDRO, as part of the maintenance project on the Gotthard Pass road³¹.

At that time, the SFAO observed that FEDRO, and in particular its subsidiaries, had no strategy for third-party services. Recommendations were issued to clarify the rules on the tasks, powers and responsibilities of these engineering firms. Control tools were also necessary in order to prevent conflicts of interest. The engineering firms can sometimes be exposed to potential conflicts of interest as a result of interlinkages. These occur when company A in charge of construction project X is supported by company B while, in a second project (project Y), the roles are reversed. Services provided by external experts cost between CHF 40 million and CHF 65 million in fees annually.

In 2019, the SFAO carried out a follow-up audit on the implementation of its recommendations by FEDRO³². All except one have been put into practice. After the audit, and following an exchange between the SFAO and FEDRO, the recommendation in question was nonetheless assessed as having been implemented at the end of November 2019.

³¹ The report for audit mandate 15072 is available on the SFAO's website.

³² The report for audit mandate 19380 is available on the SFAO's website.



D. ENERGY EFFICIENCY AND PUBLIC TENDER PROCEDURES: OVERESTIMATED ENERGY SAVINGS

In 2010, the Federal Office of Energy (SFOE) launched the first tender procedures for the ProKilowatt programme. This initiative allows energy-efficient projects and programmes to be financed. All over the country, renovation work on ventilation equipment, recirculating pumps and other air-conditioning equipment has received funding.

Between 2010 and 2018, the federal authorities disbursed or approved funding of around CHF 213 million for 542 projects and programmes. The SFAO assessed the arrangements for public tender procedures, their functioning, efficiency and profitability³³.

The ProKilowatt funding programme has many good points. The programme itself, the assessment of applications and the supervisory mechanisms are well designed. However, the SFAO takes a slightly more circumspect view of the energy savings actually linked to the programme. According to the SFOE, they amounted to 6.2 terawatt hours (TWh) for the measures implemented between 2010 and 2016. However, the SFOE's calculations do not include windfall effects.

These effects come into play where a measure financed by ProKilowatt would have been implemented even without SFOE assistance. According to the recipients of federal funding, this windfall accounts for between 25% and 30%. However, the SFAO estimates that savings are more in the region of 4.7TWh.

Weak competition in the federal subsidies market

Another finding was that the demand for subsidies was not, or only rarely, higher than the funds available for the ProKilowatt programme. In other words, there appears to be little competition for this assistance. To ensure a minimum level of competition, the SFOE regularly reduces the volume of funds if the sum of funding requests is less than 120% of that volume which is subject to public tender. The SFAO considers this practice to be essential.

Following the audit, the SFOE, while disputing some of the SFAO's estimates, did accept its recommendations and is planning to implement them rapidly.

³³ The report for audit mandate 17590 is available on the SFAO's website.



SPOTLIGHT

RESTRUCTURING OF SBB PENSION FUND

As instructed by the Finance Delegation, the SFAO audited the loan agreements between the Swiss Railways (SBB) and its pension fund³⁴. The audit verified whether the loans had been granted at market rates. Loans of nearly CHF 2 billion were extended to the SBB pension fund as part of its restructuring by the company. These loans have 25-year terms at an annual interest rate of 4%, and are guaranteed by SBB RailCity's current and future rents³⁵. The restructuring agreement is backed by an IOU.

In the SFAO's view, the 4% interest rate agreed by the parties is acceptable. It based its assessment on interest rates published by the Swiss National Bank (SNB) from December 2007 onwards for new, fixed rate, 15-year mortgages (average value). As regards real estate, a transaction on a building in Hilfikerstrasse, Bern, was audited, and was found to be correct. The interim audit by the external auditor, EY Switzerland, also confirmed that this transaction would stand up to third-party comparison.

³⁴ The report for audit mandate 19508 was submitted to the Finance Delegation.

³⁵ Comprising the railway stations in Basel, Bern, Geneva, Lausanne, Lucerne, St. Gallen, Winterthur, Zug and Zurich.

6. ARMED FORCES



6. ARMED FORCES

This chapter summarises the main findings of three audits. The first focused on sanitary installations for use in the event of armed conflicts. The second looked at the challenges relating to the construction of the Swiss Armed Forces' future drones. Finally, at the request of RUAG, a third audit examined the question of the margins achieved by RUAG in its contracts with the Federal Office for Defence Procurement (armasuisse).

A. THE SURVIVAL OF PROTECTED SANITARY INSTALLATIONS IS AT RISK

In 2019, the SFAO took a close look at a specifically Swiss arrangement that is virtually unique in the world: protected sanitation systems³⁶. There were nearly 400 of them in Switzerland at the end of 2018, comprising 94 hospitals and 248 protected sanitary installations. These underground installations, which are integrated into care institutions, must assist the population in the event of an armed conflict or a disaster. The Confederation and the cantons co-finance these installations. The federal authorities pay an average of CHF 2.5 million annually for maintenance and operation. The cost borne by the cantonal hospitals is unknown.

These installations date back to the Cold War and are not designed to deal with patients in a peacetime scenario, such as a natural disaster. In the 1990s, the funds for these installations were reduced and the number of installations declared inactive, i.e. usable only in wartime, surged.

Currently, 55 hospitals and 229 healthcare centres have been declared inactive by the cantons, accounting for 58.5% and 92.3%, respectively, of the total. They are located in the northern half of Switzerland, between Basel, Lucerne and Sargans. This uneven distribution has no clear logic and the decision on whether an installation is active or inactive is largely left up to the cantonal authorities.

Outdated installations that are rarely used by civilians or military personnel

Onsite visits allowed the SFAO to observe the ageing state of the installations. Obsolete equipment, rooms appropriated for archives or converted into cloakrooms, problems with damp – the list goes on. Renovation and investment costs are estimated at CHF 4.5 million per hospital, or a theoretical total of close to CHF 400 million.

In addition, these protected hospitals are hardly used. The cantons do so rarely, while the army organises refresher courses for medical army personnel a few dozen times a year, at considerable preparatory cost. These activities are regarded as an expense by the care institutions on which these protected installations depend.

³⁶ The report for audit mandate 18472 is available on the SFAO's website.

So, should we close them all down? The SFAO would not recommend it. However, the strategy for these installations needs to be reviewed, the operating standards (in the event of a natural disaster, for example) and the infrastructure requirements, in terms of both equipment and staff, need to be redefined. The costs of such a strategy also need to be quantified and all new investment halted until these requirements have been clarified.

This is not a notional exercise. Tools exist for identifying the risk of disasters or major incidents. Prompted by the Federal Office for Civil Protection (FOCP), the cantons have to perform such risk analyses. However, few of them have extended them to cover protected sanitary installations. The canton of Valais has proved exemplary: in 2018, it adopted an operating strategy that included these installations.

Overlaps between federal and cantonal services

Powers in this regard are spread across a number of federal and cantonal services, and responsibilities are diluted. Moreover, the organisational cultures and concerns of the civilian and military authorities are very different, just as they are between the civil protection and healthcare services.

At federal level, competition between the FOCP and the Armed Forces' Coordinated Medical Services (CMS) has created a climate which is not conducive to action. These entities therefore asked the Federal Department of Defence, Civil Protection and Sport (DDPS) to intervene. The DDPS responded by requesting an expert opinion, which had the effect of delaying the matter without achieving any discernible progress. The SFAO considers that these differences are hindering any further progress, and that time and money have been wasted as a result. The Armed Forces Staff does not share this view.

B. DRONES: KNOWING THE SUBCONTRACTORS AND PROTECTING AGAINST CYBERATTACKS

In 2015, Parliament granted a loan of CHF 250 million to armasuisse for the purchase of a Hermes 900 HFE drone system (ADS 15) from the Israeli supplier Elbit Systems Ltd. The scope of procurement comprises six drones, including ground components, simulator and logistics. It will replace RUAG's "Ranger" drones, which date from the 1980s and were taken out of service in November 2019. The new system also integrates "Sense & Avoid" (SAA), a system for the automatic in-flight detection of other aircraft to avoid mid-air collisions.

PART 1: THE MAIN RESULTS



6. ARMED FORCES



The first drone supplied to armasuisse by Elbit Systems Ltd.

SOURCE: DDPS

Elbit and RUAG are in the process of developing SAA; there is no equivalent for drones of this category worldwide. Part of the development costs for the Hermes 900 HFE, now marketed under the name Hermes 900 Starliner, were paid by the Confederation. In return, the Confederation will receive reimbursements for sales of the Hermes 900 HFE with SAA to other customers; the SFAO welcomes this practice in its audit³⁷. The amount of these reimbursements has not been contractually agreed with Elbit, but will be negotiated with the Swiss authorities in the event of sales.

The SFAO is more critical in other areas. At the time of the audit, armasuisse had only a partial overview of the various components of ADS 15, and was only aware of the most important subcontractors to the project. As regards the supply of materials, the risks of bottlenecks and of default by subcontractors have been underestimated.

Weaknesses remain in the area of IT. ADS 15 is a networked system that is potentially vulnerable to cyberattacks. An internal document identifies these shortcomings and defines protective measures. Due to a lack of funds, these measures to reinforce the system architecture and software had not yet been implemented at the time of the audit.

Following a public presentation of the first ADS 15 supplied by Elbit, the DDPS announced a six-month delay for the full delivery of the devices and an increase in unquantified costs compared to the original budget.³⁸

³⁷ The report for audit mandate 18352 is available on the SFAO's website. The SFAO had previously conducted another audit on the ADS 15 project, audit mandate 16612, which is also available online.

³⁸ "Drohne in Emmen vorgestellt", DDPS, 9 December 2019 (https://www.ar.admin.ch/content/ar-internet/de/home.detail.news.html/ar-internet/news-2019/ads-15_20191209.html).

C. SFAO AUDITS RUAG'S PROFIT MARGINS IN CONNECTION WITH MILITARY MAINTENANCE CONTRACTS

Between 2013 and 2017, RUAG Aviation posted a net turnover of CHF 1.1 billion from business with the DDPS. This related to maintenance and repair services for Swiss Armed Forces combat planes and helicopters. These contracts were not subject to a public tender procedure.

In light of newspaper articles alleging profit margins of 30% to 35% at RUAG, the defence company asked the SFAO to examine its service provision.³⁹ It emerged that this margin is in fact between 11.6% and 14.6%, although that is still higher than the 8% stipulated in the contracts with the DDPS. The SFAO received the full support of RUAG for its audit, as well as the complete transparency necessary for this kind of exercise. The auditors were able to confirm there had been no manipulation of the accounts.

During the course of this audit, the SFAO and DDPS discussed RUAG's practice as regards sponsoring for services to the Armed Forces or sponsorship activities that indirectly support the Department in achieving its political objectives. Following the audit, the DDPS worked very actively to prevent its activities from being sponsored by suppliers, in order to avoid this kind of cross-financing.

SPOTLIGHT

PRICE AUDITS HAVE POTENTIAL

For decades, the SFAO has conducted regular price audits, in which it checks for correct pricing of past transactions between the Confederation and external suppliers that have a monopoly. The SFAO does not publish these audits owing to trade secrets, which are protected under the Freedom of Information Act (FoIA). The only exception is the publication of the audit on services provided to armasuisse by the defence company RUAG, which was carried out at the company's request (see above).

Between 2014 and 2019, the SFAO performed about ten audits of this kind. It observed that certain suppliers sometimes overstate the cost of their goods and services and invoice the Confederation for excessive amounts. The aim of a price audit is to identify these instances and pave the way for reimbursements or credits on future transactions. In addition to bringing about reimbursements of several million Swiss francs during this period, price audits also have an essential preventive effect.

³⁹ The report for audit mandate 19502 is available on the SFAO's website.

7. INTERNATIONAL RELATIONS



7. INTERNATIONAL RELATIONS

This chapter summarises the results of two audits on Swiss foreign aid. The first audit focused on Swiss cooperation projects in two important areas: climate change and water. The second looked at the use of federal subsidies amounting to several tens of thousands of Swiss francs paid to a Swiss non-governmental organisation (NGO) with activities in around 30 countries.

A. THE EFFECTS OF THE SDC'S GLOBAL PROGRAMMES ARE BEING FELT

Since 2008, the Swiss Agency for Development and Cooperation (SDC) has established five global programmes on food security, migration, health, climate change and water. These last two action programmes have a budget of CHF 120 million (2017–2020). In the field, this money finances projects aimed at achieving the strategic objectives of the global programmes (political influence, innovation, transfer of knowledge and learning). The SFAO looked at two projects worth an estimated CHF 6 million under the climate change and water programmes; this involved visits to Peru, Senegal, Sweden and Uruguay. Prior to that, the SDC's global programmes had never been audited by the SFAO⁴⁰.

The first of the projects audited, "Swiss Bluetec Bridge", enables the development of innovative water and sanitation technologies for poor populations, such as water kiosks in Senegal. In Peru, the second project focused on adapting to climate change ("Programa de Adaptación al Cambio Climático", PACC) and ended in 2017. The main aim of these projects is to foster political influence and innovation, as well as the transfer of knowledge and learning.

The management and operation of these projects received a positive assessment from the SFAO. Using the experience gained under programmes such as the PACC, programme owners can also influence institutional and political dialogue at the international level.

In the SFAO's view, and notwithstanding the successes already achieved, the SDC's programmes and projects could be improved. For instance, the transfer of know-how across the Agency's different global programmes must be stepped up. At project level, the model for the water kiosk initiative in Senegal would be worth applying to other areas.

⁴⁰ The report for audit mandate 17420 is available on the SFAO's website.



In Peru, the government has extended the PACC experience to other regions of the country. This rollout should be assessed critically by the SDC. At the time of the audit, there was no formal political commitment on the part of the Peruvian government, and this gave rise to an SFAO recommendation. For its part, the SDC has stated that it intends to obtain written commitments from partner countries, including Peru, before preparing any future credit applications.

Positive experience with an international platform in the water sector

In addition, global programme owners collaborate with international institutions and platforms. In the Peruvian case, the SDC coordinated its global water programme with the platform of the Global Water Partnership (GWP). The Confederation pays the GWP a contribution of between CHF 500,000 and CHF 1 million.

The SFAO also examined this collaboration. As a funding partner of the GWP, the SDC is entitled to monitor its activities. This allowed the SDC to observe how the platform functions and to access the files on Swiss-funded projects at its head offices in Stockholm and Montevideo. In the SFAO's view, the platform conforms to the principles of good governance and its objectives match those of the SDC's global programmes. This effective collaboration deserves to be encouraged.

SPOTLIGHT

USE OF CHF 70 MILLION IN SUBSIDIES IS IN CONFORMITY WITH THE RULES

The SDC and the State Secretariat for Economic Affairs (SECO) regularly rely on NGOs to implement policies in the areas of humanitarian aid, development aid and economic cooperation. It was against this background that the SFAO audited the subsidies paid to Swisscontact⁴¹.

This NGO receives annual federal support of some CHF 70 million, representing 70% of its revenue. It employs 1,110 staff in more than 30 countries. The SFAO conducted its audit onsite at the organisation's head office and at its representations in Colombia and Albania. The audit had multiple objectives: examining the governance, compliance, reliability and transparency of Swisscontact's reports to its funding partners, as well as its application of the principle of economy.

The results are positive, although the SFAO has identified some areas in need of improvement. For example, the remuneration system for service providers involves significant administrative work. This should be simplified: the SFAO recommends that the system be reviewed and remuneration practices be harmonised between the SDC and SECO. They, along with Swisscontact, have accepted the audit findings as well as the recommendations.

⁴¹ The report for audit mandate 19442 is available on the SFAO's website.

8. JUSTICE



8. JUSTICE

This chapter provides an in-depth analysis of the partial reorganisation of the Federal Administrative Court (FAC).

A. POTENTIAL FOR FURTHER OPTIMISATION OF FEDERAL ADMINISTRATIVE COURT WORK

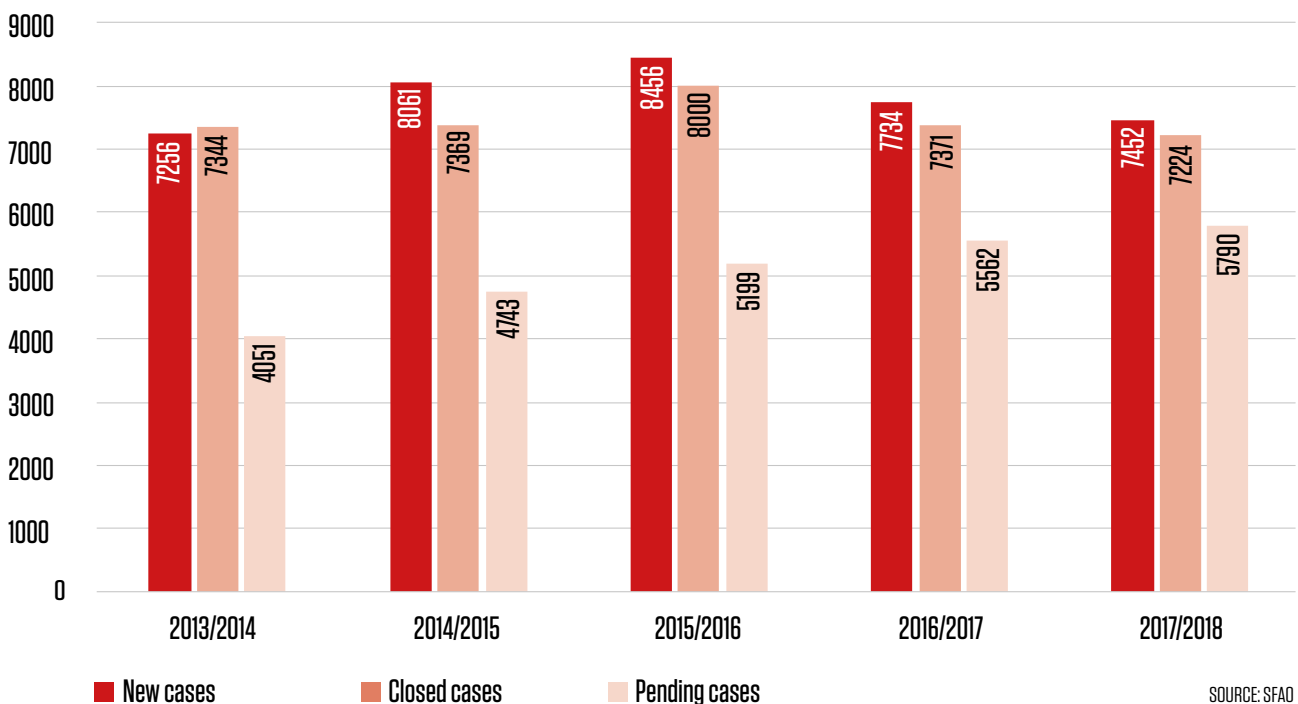
Based in St. Gallen, the FAC employs 432 people, including 76 judges, and has a budget of nearly CHF 87 million. The FAC has a lot of work: in 2018, it dealt with over 7,000 appeal cases, mainly relating to decisions by the Federal Administration. The court is organised into six sections. It launched the 2016 courts organisation project (GO 2016) to review and optimise its organisation, with the aim of improving the management of the courts and achieving a fairer distribution of the workload.

In its audit of the GO 2016 project,⁴² the SFAO noted that the redistribution of human resources and cases between the courts has improved the situation. One of the courts has had its responsibilities extended to cover certain types of asylum case, which has lightened the load on another court. This has led to a moderate increase in the flexibility of the FAC.

⁴² The report for audit mandate 18123 is available on the SFAO's website.

New, closed and pending FAC cases (at end of period), 2013/2014–2017/2018

Reporting date: 30 June





Evidently, this project is meeting a need for optimisation, but its actual impact remains fairly limited. As regards management instruments, the court presidents do not have effective tools or indicators for assessing judges' performance. Moreover, no annual objectives are set for judges. The SFAO recommends that performance indicators be defined for judges, taking into account the targets set for each court.

The impact of GO 2016 on the courts' management and flexibility remains limited.

The FAC is having trouble coping with the number of cases, particularly asylum cases

The number of closed cases has declined slightly (see chart p. 62). By contrast, pending cases have been rising steadily for the past four years. The trend did slow in 2018, but this was mainly due to a fall in the number of new cases transferred to the FAC. In addition, the duration of proceedings lengthened over the same period. For example, it is becoming increasingly difficult for the FAC to meet the deadlines prescribed under asylum law.

The FAC does not dispute the SFAO auditors' findings. However, it is more sceptical as regards their recommendations. According to its interpretation, the independence of judges and the fact that they are appointed directly by Parliament prevent the FAC from issuing them with instructions on how to organise their work. It also pointed out that a new project, equiTAF, has been launched to improve the quality of information about the courts' workload. At this stage, the SFAO is unable to say whether this move will significantly change the situation and the problems observed.

The SFAO's audit report was submitted to Parliament's Management Committees and the Federal Supreme Court, which is the supervisory body for the FAC.

9. FEDERAL IT PROJECTS



9. FEDERAL IT PROJECTS

This chapter summarises the main findings of the IT audits performed by the SFAO. Five cases are presented: the comprehensive transformation of Swiss customs processes; the experience with an innovative platform at the FDF; the rollout of a new ICT application for unemployment insurance; federal data centres; and digital workstation systems at the Federal Administration.

A. FUNDAMENTAL CHANGE AT SWISS CUSTOMS

The FCA is changing and adapting to the new realities at Switzerland's borders, for both people and goods. The DaziT programme is a core element in the transformation of working procedures at the FCA. The aim in terms of border processes is to simplify tax and duty collection through digitalisation, to reduce regulatory costs and to increase security through more effective checks. With funding of CHF 393 million in the form of guarantee credits – excluding internal costs – this project is due to run until the end of 2026.

In this audit of the DaziT programme (its second⁴³), the SFAO focused on three aspects: the management of master data, the enterprise architecture and programme management in the context of the FCA's development of the new "Federal Office for Customs and Border Security" (FOCBS)⁴⁴.

The challenges of an ongoing change of method

The auditors noted that several pending FCA projects are using agile methods⁴⁵ and that initial results, in particular for the master data project, are heading in the right direction. This has encouraged the FCA to expand the agile methodology to the entire DaziT programme. Such a methodology change for management tools is not without its challenges. It will involve an extra workload and impact the timetable: a new roadmap and programme alignments should be available by the end of 2019. Since the FCA recognised the need for action, the SFAO made no recommendations on this point.

In addition, the SFAO noted that the regular progress reports to the Federal Council and Parliament need to be adapted, as does the structure of the guarantee credits. A recommendation in this regard was accepted by the FCA and the FFA.

⁴³ The reports for the first audit of the DaziT key ICT project (audit mandate 18320) and the audit performed in 2019 (audit mandate 19399) are available on the SFAO website.

⁴⁴ In April 2019, the Federal Council approved a new phase in the development of Swiss Customs and the creation of the FOCBS, which will replace the FCA.

⁴⁵ This method is based on an iterative, incremental and adaptive development cycle, as well as a set of values (the importance accorded to people and interactions, functional software, collaboration with end users and clients, and change management).



SPOTLIGHT

AN INNOVATIVE PLATFORM WHICH NEEDS CONSOLIDATION

What exactly is the FDF's "digitalisation platform" (DIP)? It is a digital laboratory linked to the Department's General Secretariat and under the direct management responsibility of the Head of the FDF. The DIP acts as a supplementary IT service provider for the FDF. It began its research and development activities in 2018 with an annual budget of around CHF 7.1 million. After 18 months, the SFAO audited this unit: its activities are new and promising, but their integration into federal IT warrants further clarification⁴⁶.

The SFAO auditors noted that the aims of the DIP and its resources were adequately defined for a start-up phase. To date, the platform has developed and deployed three applications and microservices. It has also gained experience in the use of modern development techniques. As with the DaziT programme (*see above*), the DIP has adopted an agile methodology for its project management. However, application controls and security aspects are not sufficiently incorporated into the agile development process.

A problematic aspect is the DIP's use of tools, services and suppliers that do not conform to the Confederation's standards – and are thus not supported by the Federal Office of Information Technology, Systems and Telecommunication (FOITT) – and may even partly compete with internal suppliers. One example is the Go programming language, which is not supported by the FOITT or by any other internal service provider. This raises the question of maintenance over the medium term for applications developed in Go. The SFAO recommends that a clear procedure be established to address these conflicts and resolve these "architectural frictions" in federal IT.

The FDF's General Secretariat has accepted the SFAO's recommendations. The question of the DIP's linkages to the FOITT is still open, and no decision had been made as of the end of 2019.

B. THE FUTURE UNEMPLOYMENT INSURANCE ICT IS UNDER DEVELOPMENT

ASALfutur is an ICT project aimed at replacing the information system used to pay unemployment benefits. And time is of the essence: the existing tool is outdated, having gone into operation in 1993, and is due for replacement by 2021. This would enable unemployment insurance to continue paying unemployment benefits of around CHF 5 billion a year on average to over 118,000 people. This task is performed from 34 different sites by some 1,500 users.

The SFAO is on familiar territory with the key ICT project ASALfutur. Between 2012 and 2015, it audited this project several times⁴⁷.

⁴⁶ The report for audit mandate 18532 is available on the SFAO's website.

⁴⁷ The reports for audit mandate 15399 and audit mandate 16249 are available on the SFAO's website.



9. FEDERAL IT PROJECTS

An increasingly tight timetable

Following a renewed audit by the SFAO, the impression is favourable⁴⁸, especially as regards the quality of the monitoring, risk management and reporting for the project. However, since March 2019, there have been delays, although the scheduled date for the new system to go into production has been confirmed. To remedy these delays, the project owners decided that some project phases would be run in parallel. This decision is appropriate, but also carries risks in the form of increased complexity, time pressures, additional workload, compromises on the quality of performance tests, etc. Finally, basic documentation – such as a detailed project plan – was not yet available at the time of the SFAO's audit.

Despite this, the SECO's Compensation Office for unemployment insurance stuck to its original timetable, with an initial implementation and the system rollout scheduled for the fourth quarter of 2019. In the SFAO's view, ASALfutur's system architecture is a first step towards the digitalisation of unemployment insurance. The SFAO also insisted that the master data management be consistent with the federal IT objectives and with other large-scale federal projects, especially SUPERB⁴⁹ and DaziT (see above). The Compensation Office for unemployment insurance has agreed to implement all of the SFAO's recommendations.

SPOTLIGHT

FEDERAL DATA CENTRES ARE UNDER CONSTRUCTION, THEIR MONITORING NEEDS IMPROVEMENT

Several Federal Administration entities⁵⁰ are setting up a network of four data centres (2020 DDPS/Confederation data centres project), two of which for use by the Armed Forces. Construction of the first data centre and preparations for the data migration are under way. Implementation of the ICT infrastructure was due to start in autumn 2019. The SFAO assessed the risks of this migration. In its view, the current project management is appropriate and of high quality⁵¹. Nonetheless, there is still room for improvement in some areas.

As regards finances, there is no overview of the total costs for the future data centre network. To cite just one example: the cost of migrating specialist applications is not included in the initial project cost estimate of CHF 980 million. Moreover, the risk remains, and has even increased, that unoccupied space and double rents have not been adequately taken into account. The capacity requirements do not match the 2014 estimates, and surveys on the use of unoccupied space are running behind schedule. During the SFAO's audit, the Federal IT Steering Unit (FITSU) drew up a timetable for space usage.

Finally, the amount of information provided to the Federal Council and Parliament on the progress of work (reporting) is huge but not always relevant. There is a lack of indicators and the basis for this monitoring should be improved. In addition, the recommendations previously issued by the SFAO should be implemented.

⁴⁸ The report for audit mandate 19409 is available on the SFAO's website.

⁴⁹ Previously called SUPERB23, this ICT project aims to modernise and optimise support processes for the central Federal Administration, while simultaneously renewing the SAP systems for civilian and military use.

⁵⁰ The FOITT, the FDJP IT Service Centre (ISC-FDJP) and the Armed Forces Command Support Organisation (AFCSO).

⁵¹ The report for audit mandate 18491 is available on the SFAO's website.



C. THE FEDERAL ADMINISTRATION'S DIGITAL WORKSTATION IS READY FOR USE

It is fairly rare that this can be said of an ICT project, but this one is progressing more or less to schedule and, more importantly, under budget. It concerns the digital migration of around 44,000 Federal Administration workstations to Microsoft Windows 10. It is also aimed at harmonising the service provider platforms of the FOITT, the AFCSO and the Federal Department of Foreign Affairs (FDFA). To this end, from 2016 onwards, the Workstation systems 2020 key ICT project was launched under the auspices of the FITSU. It originally had a budget of CHF 89 million, but during the audit, the FITSU estimated that around CHF 8 million will probably not be used.

Once again, the SFAO auditors found themselves on familiar ground. The project was initially audited at start-up in 2016⁵². In 2019, the positive situation was reflected in a successful technical migration of users within the Federal Administration. However, a few areas of the Windows 7 platform remain which are no longer maintained by Microsoft. This means that the old infrastructure will have to continue operating, with corresponding financial consequences. The challenge will be to replace these last legacy applications as fast as possible. As regards the harmonisation of the production platforms, the migration work is not quite complete, owing to the complexity of some set-ups and a lack of staff.

Finally, the SFAO noted with satisfaction that security had been increased through more consistent use of tools such as AppLocker, which blocks the use of unauthorised software on Federal Administration devices.

⁵² The report for audit mandate 16504 is available on the SFAO's website.

PART 2

MEANS AND FIGURES OF FINANCIAL SUPERVISION IN 2019

PART 2: MEANS AND FIGURES



1. FINANCIAL SUPERVISION: OBJECTIVES, RESOURCES AND AUDIT AREAS

A. OBJECTIVES

The SFAO is the Confederation's supreme financial supervisory body.⁵³ 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 Assembly⁵⁴.

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

The SFAO also takes on audit body mandates if they allow for synergies with other audits, 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 central administration's internal audit bodies, working to strengthen them and 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 internal audits and the parliamentary supervisory authorities. However, this coordination 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.

⁵³ Federal Audit Office Act of 28 June 1967.

⁵⁴ The only exceptions are as follows: the SNB and the Swiss Broadcasting Corporation (SRG SSR) are not subject to SFAO supervision. However, the Head of the DETEC can instruct the SFAO to perform special audits at the SRG SSR. With the exception of its military insurance sector, SUVA is not subject to SFAO supervision either.



B. FROM AUDITING THE ACCOUNTS TO BROADER SUPERVISION

The SFAO checks the Confederation's financial statements every year. However, its external auditor mandates also cover:

- The compensation funds for AHV, IV, compensation for loss of earnings (EO) and ALV
- The Railway infrastructure fund
- The Motorway and urban transportation fund
- The Swiss Federal Institutes of Technology Domain
- The Swiss National Science Foundation
- The FCA's Division alcohol and tobacco (former Swiss Alcohol Board)
- Swissmedic
- The Swiss Federal Institute of Intellectual Property
- The Swiss Federal Institute of Metrology
- FINMA and the FAOA
- 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 effect.⁵⁵ 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.

⁵⁵ Article 5 of the Federal Audit Office Act.



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. The latter are required to deepen their knowledge in their field and to disseminate it within the SFAO. Courses are organised in January for the staff of the SFAO, the central federal administration's internal audits and, to some extent, those of the cantonal audit offices.

For fiscal 2020, the Federal Assembly gave the SFAO additional funds to allow it to better cover the risks identified. It has granted the SFAO a budget of CHF 29.8 million, compared to CHF 27.7 million for 2019. SFAO employees will carry out almost 90% of the annual programme. The remaining 10% will be performed by duly mandated⁵⁶ external employees working under the responsibility and management of the SFAO.

⁵⁶ 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 internal audits 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 FFA in a detailed explanatory report, which the SFAO also submits to the Finance Delegation.

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 ensured 2018 to audit the AHV, IV, EO and ALV compensation funds, as well as the Federal 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 crossings. 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 Railway infrastructure fund.



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 the numerous ICT applications and platforms is part of its annual programme.

Key ICT projects

In March 2013, the Federal Council charged the SFAO with auditing and monitoring key ICT projects within the Confederation. These are projects which cost more than CHF 30 million or are of strategic importance. A dozen such projects are thus audited every year.

Performance audits and evaluations

For the SFAO, performance audits include the criteria of economy, efficiency and effectiveness. Evaluations fall within this category. For the SFAO, an evaluation involves systematically and objectively analysing and assessing the concept, realisation and impact of public subsidies, policies, programmes and projects. 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 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.

Federal government enterprises

The SFAO's audits of federal government enterprises help Parliament with its supreme financial supervision tasks and target specific risks for the owner and therefore for the taxpayer.

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.

2. RECOMMENDATIONS FOR AUDITED ENTITIES AND REPORTS TO THE FEDERAL COUNCIL

A. RECOMMENDATIONS ISSUED TO AND ACCEPTED BY AUDITED ENTITIES

In its audit reports, the SFAO essentially issues recommendations on how to improve the situation at audited entities. With a few rare exceptions (around 5% of cases in 2019), the audited entities accept the recommendations. On average, an audit contains three to four recommendations. This table shows the progression over the last three years:

	2017	2018	2019
Completed audits	87	87	84
Recommendations issued	368	295	270

SOURCE: SFAO

B. OPEN AND PENDING RECOMMENDATIONS WITHIN THE OFFICES

Implementation by the audited entities of the accepted recommendations differs from case to case. At year-end, the SFAO takes stock of the recommendations that are still open and must be implemented by the deadlines agreed with the audited entities.

	2017	2018	2019
Recommendations still open at audited entities (as at 31 December)	569	593	453
Pending recommendations (accepted by the audited entity but not yet implemented)⁵⁷	8	18	13

SOURCE: SFAO

⁵⁷ These are the recommendations that the SFAO considers to be most important. They have featured in the SFAO's annual report since 2014.



Furthermore, the SFAO found that several of its recommendations that had been accepted by the offices concerned had not been implemented by the agreed deadline. It has listed the most important of these (as at 30 September 2019) in the table below. A red asterisk indicates added recommendations relative to the situation a year earlier.

Audit at	Topic	Development	First deadline⁵⁸
DDPS	Inadequate legal basis for the subsidy to a third party	The SFAO has found since 2001 that 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.	31.12.2013
FSIO	Disability insurance medical measures (4 recommendations)	The SFAO recommended that the FSIO strengthen steering and supervision, and also create the necessary framework conditions: the FSIO must include quality indicators and objectives in its agreements with the IV offices. It is also necessary to establish more effective supervision that focuses more on risks. The FSIO should support the creation of specialised centres of expertise per specific medical domain. Moreover, the framework conditions have to be created for more rigorous examination of complex cases and costly cases (<i>Hochkostenfälle</i>) by the competent authorities.	31.12.2014
MeteoSwiss	Business Continuity Management (BCM)	The SFAO recommended that MeteoSwiss examine and evaluate the need for a multi-site concept for its BCM project. Before considering the construction or lease of another data centre, it is necessary to verify the extent to which existing or planned federal data centres can be used.	30.11.2015

⁵⁸ The reference date entered here indicates when the audited entity concerned and the SFAO agreed the first deadline for implementing the recommendation. In some cases, new deadlines were granted to the audited entities and approved by the SFAO.



Armed Forces Staff	Management and credit for Armed Forces historic equipment	The documents essential for transparent and strategic management of the Center for Historic Equipment of the Armed Forces must be improved. The service level agreements between the Armed Forces Staff and the three foundations must also be made more precise.	31.12.2015
Social Fund for Defence and Civil Protection*	Use of funds	The SFAO recommended that the management board of the Social Fund for Defence and Civil Protection provide a verifiable statement on the use of funds, starting with 2017.	30.7.2017
FSIO	Unified accounting standards	The SFAO recommended that the FFA, together with SECO and the FSIO, should establish uniform accounting standards for the AHV/IV/EO and ALV compensation funds. That should give the various stakeholders a clear picture of the financial situation of social security schemes. If there are no applicable standards, standards similar to those of 2nd pillar institutions (Swiss GAAP FER) should be developed.	31.12.2017
FSIO	AHV/IV/EO year-end accounts	The SFAO recommended setting precise boundaries for insurance contributions and benefits as part of the AHV/IV/EO year-end accounts.	31.12.2017
FDF	Federal IT architecture	The SFAO recommended that the Federal Council should enhance the FITSU's legitimacy in order to steer the federal IT architecture and rethink the prerogatives of the federal architecture board.	31.03.2018
FEDRO*	Vehicle licensing system	The SFAO recommended that FEDRO, together with the cantons, undertake a critical analysis of the current distribution of responsibilities and processes in the area of vehicle licensing (eliminating duplications).	31.12.2019
Federal Office of Public Health (FOPH)	Information and simplification of invoices	Since 2010, the SFAO has recommended that the FOPH improve information for patients and encourage the simplification of invoices so that they can be checked by patients themselves.	Not available

SOURCE: SFAO, 2019



C. REPORTING OF MAJOR IRREGULARITIES TO THE FEDERAL COUNCIL

The SFAO has to inform the Federal Council of its findings immediately if it finds anomalies or deficiencies of fundamental significance or considerable financial importance.⁵⁹ It did this three times in 2019, versus once in 2018. The table below gives an overview:

Date	Topic
8.11.2019	Accounting regularities in the goods traffic sector at the Federal Office of Transport
20.11.2019	Conditions for fiscal packages and monitoring by the FTA
13.12.2019	IT security at the AFCSO

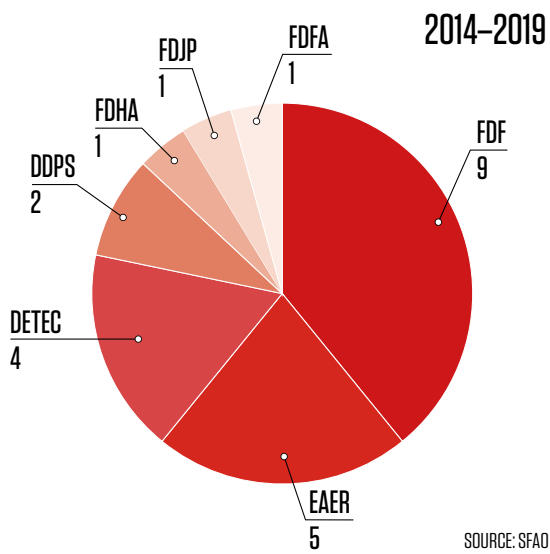
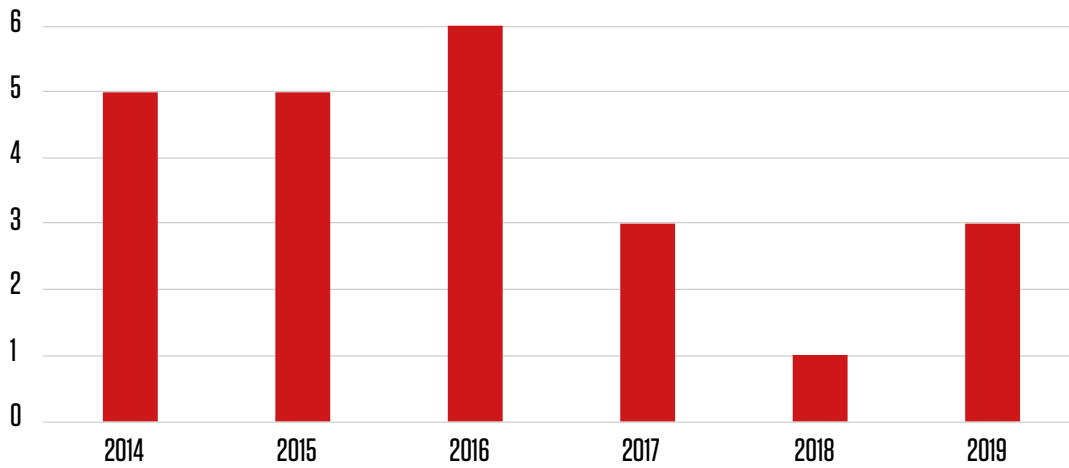
SOURCE: SFAO, 2019

⁵⁹ Article 15 paragraph 3 of the Federal Audit Office Act.



Anomalies or deficiencies of fundamental significance or considerable financial importance

Number of SFAO notifications to the Federal Council (2014–2019, by department)





3. PUBLICATION OF SFAO AUDITS AND ACCESS TO INFORMATION

A. PUBLICATION OF AUDITS

Since 2014, the SFAO has published audits which are of public interest. The year 2019 was no exception: 49 audits were published on the SFAO’s website – three more than last year.

Between 2010 and 2014, the SFAO published around ten audit reports a year on average. Over the 2015–2019 period, this figure quadrupled. In 2020, the SFAO’s annual audit programme envisages the publication of over 100 reports.

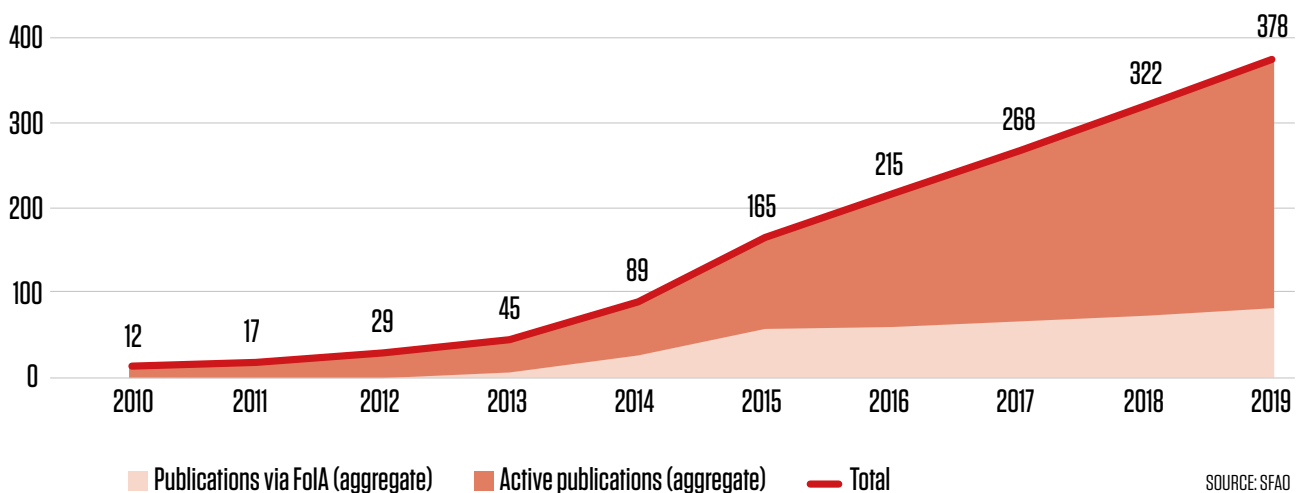
As the chart above shows, official SFAO documents are sometimes released by virtue of the Freedom of Information Act (FoIA). However, this channel remains the exception to the rule (see section 3.3).

Given its experience in the area of audit publication, the SFAO was invited to join a working group on this topic set up by the European Organisation of Supreme Audit Institutions (EUROSAI). Taking international audit standards as a basis (ISSAI 12 and ISSAI 20), the group prepared the “Guideline on the social utilisation and transparency of public sector audits”, which was published on the EUROSAI website⁶⁰ in May 2019.

⁶⁰ Link: https://www.eurosai.org/handle/404?exporturi=/export/sites/eurosai/.content/documents/ESP_2017_2023/Gui_soc_ut_tra_psa.pdf

Continuous effort to publish audit reports since 2014

Number of reports planned for publication by the SFAO vs. SFAO documents obtained under the FoIA





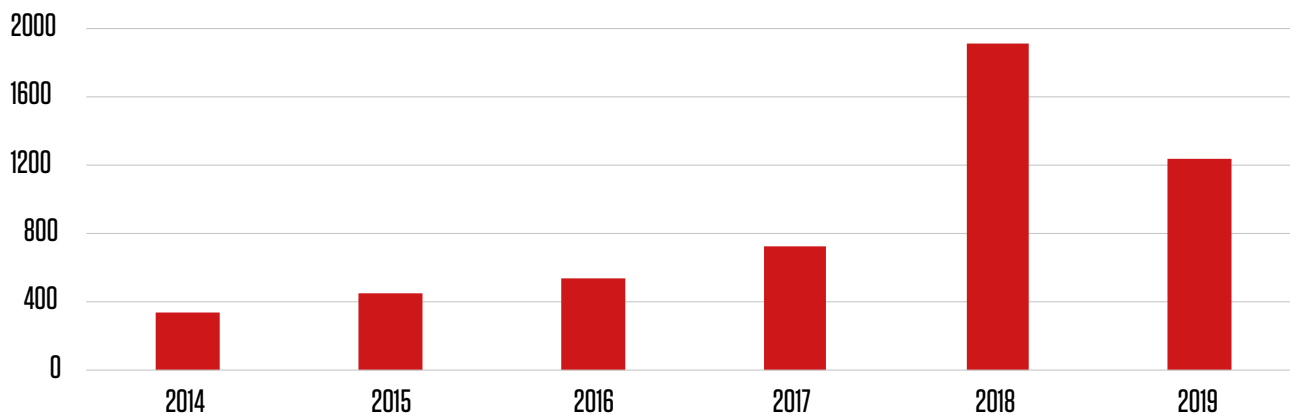
B. THE SFAO'S MEDIA PRESENCE AND REQUESTS FOR INFORMATION

The planned publication of audit and assessment reports by the SFAO has impacted its relationship with media representatives. In 2019, it responded to 94 formal requests from the media (requests for audit reports, additional information, technical clarifications, interviews, etc.). Of these requests, 65.9% came from German-speaking media and 34.1% from French-speaking media. In the vast majority of cases, the SFAO responded within 24 hours.

Since 2014, the findings of SFAO's audits have featured regularly in the media. In 2019, 1,236 articles published either in hard copy or online, or aired on the radio or television, referred to SFAO findings (versus 1,907 in 2018). The written press is the quickest at reporting the SFAO's work (65.4%), followed by online media (31.8%) and radio or television (2.8%). Finally, 72.8% of these articles were in German, 25.1% in French and 2.1% in Italian.

SFAO's media presence (2014–2019)

Number of print and online press articles or radio/TV items quoting the SFAO



Note: because of media concentration, the same article may be counted multiple times when it is reported in several different places.

SOURCE: SWISSDOX, SFAO



C. ACCESS TO OFFICIAL DOCUMENTS

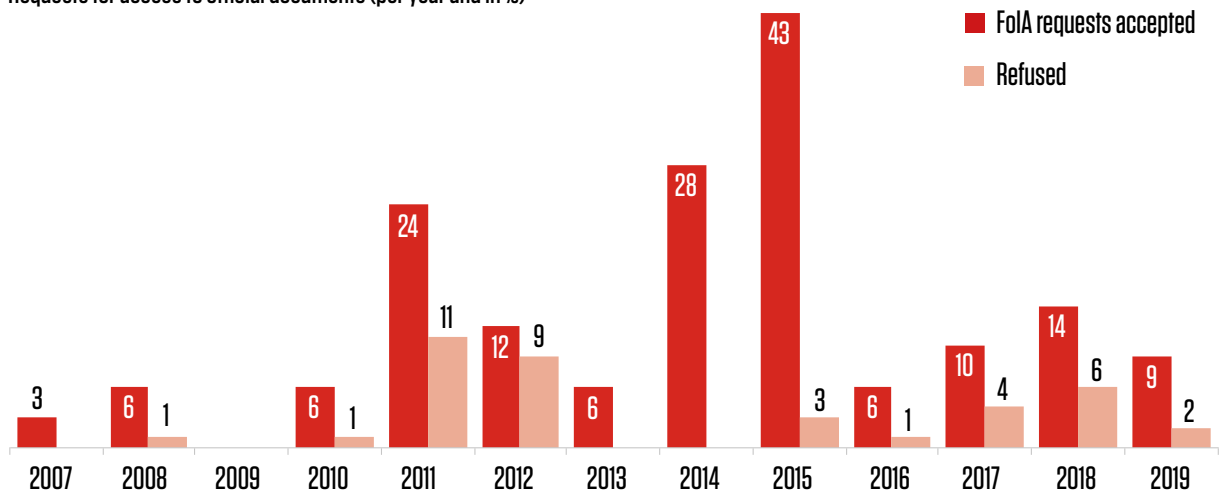
The FoIA⁶¹ came into force in 2006. Since then, the SFAO has regularly received requests for its audit reports from the media or individuals with an interest in its work.

In 2019, there were nine requests for SFAO reports. Full access was granted to six audit reports. Partial access was granted in only one case. Finally, access to two audit reports was refused, on the basis of Article 7 paragraph 1 letter g of the FoIA.

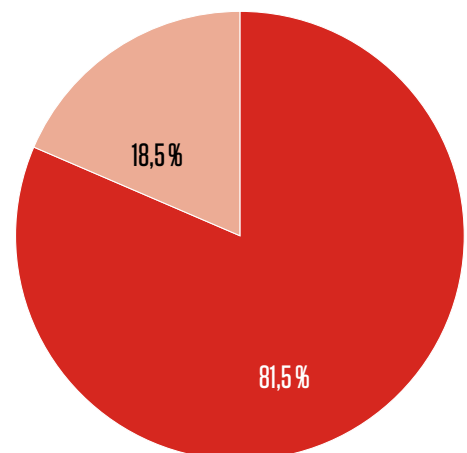
⁶¹ The text of the Act is available on the Confederation's website (www.admin.ch), SR 152.3.

Application of the Freedom of Information Act by the SFAO (2007–2019)

Requests for access to official documents (per year and in %)



Note: several requests and refusals may concern the same audit report or any other official document of the SFAO.



SOURCE: SFAO



SPOTLIGHT

THE SFAO'S WORK WITH PARLIAMENT AND ITS COMMITTEES IN 2019

As the Confederation's supreme financial supervisory body, the SFAO supports Parliament in a variety of ways. It collaborates most closely with the parliamentary supervisory authorities: The meetings of the Finance Delegation discuss all SFAO audit reports, including the Director's remarks. At their meetings, the Finance and Control Committees receive information on selected reports, such as the comprehensive report on the federal financial statements or reports for RUAG, which is an outsourced entity of the Confederation. In addition to participating in meetings, the SFAO also supports the subcommittees occasionally "in the field", whether it be in the form of visits to federal offices, the presentation of reconnaissance drones at a military aerodrome, or a visit to a federal asylum centre.

In the past two years, the SFAO has also stepped up its cooperation with the specialist committees (formerly legislative committees). Since these preliminary consultation bodies deal with legislative revisions or parliamentary initiatives, this is an area where the SFAO can also add value. The departmental commissions like to call on the SFAO for independent expert knowledge, be this in the form of report presentations or a discussion in connection with a hearing. In this way, experience gained in the field during impact assessments can be included in legislative revision processes in accordance with Article 27 of the Parliament Act.



4. WHISTLEBLOWING

Since 2011, the Confederation has had a legal basis for protecting whistleblowers. The Federal Personnel Act makes provision for an obligation to denounce, a right to report irregularities and protection for federal employees who report serious matters. The SFAO is the point of contact for whistleblowers, both within and outside the Federal Administration. For this purpose, the SFAO launched a secure web platform (whistleblowing.admin.ch) in June 2017.

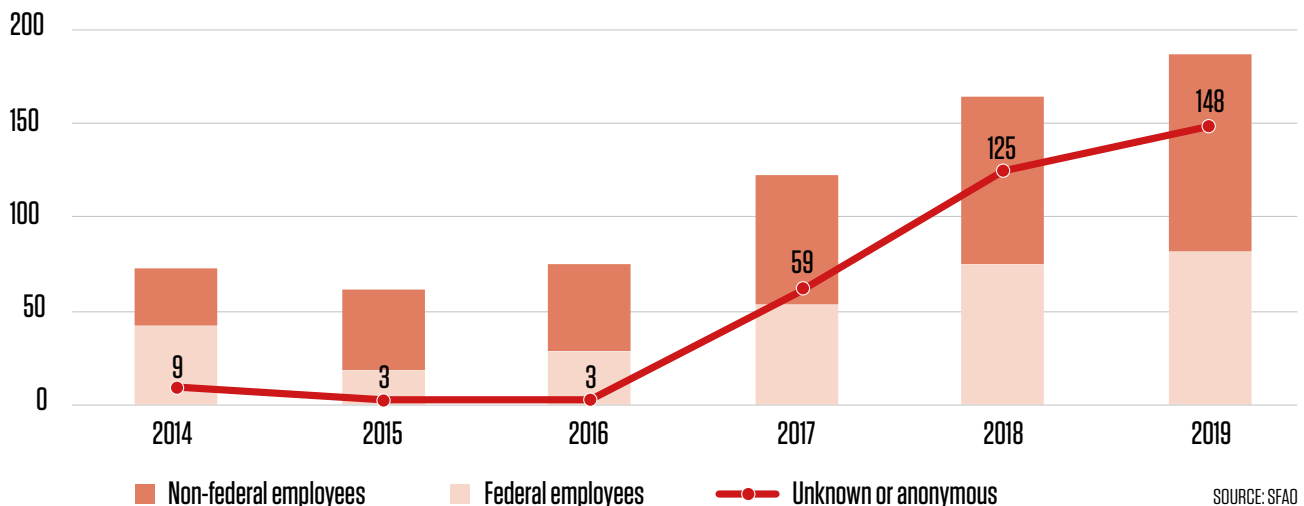
In 2019, the SFAO's legal service received 187 reports which were processed and required further analysis (versus 164 in 2018, a rise of 14%). As the table below shows, 82 cases were from federal employees, while the remaining cases were from persons not employed by the Confederation (suppliers, individuals, etc.). In 2019, there was a slight increase in the proportion of reports from persons not employed by the Confederation relative to 2018 (56.1%, versus 54.3%).

Of this total, 148, or nearly 79.1% of cases, were anonymous. The SFAO was able to communicate with 106 whistleblowers via an encrypted system of electronic mailboxes, which demonstrates the usefulness of the platform. Less than 19% of reports still come from other channels (interview, telephone, post).

The SFAO verifies this information. In 2019, 115 reports were useful for audits already under way or future audits, or will trigger new investigations in the not-too-distant future. Consequently, over 62% were useful and help to improve how the Administration functions.

In 2019, only one case needed to be reported to the Office of the Attorney General of Switzerland.

Whistleblower reports received by the SFAO (2014–2019)





5. ORGANISATIONAL CHART OF THE SFAO



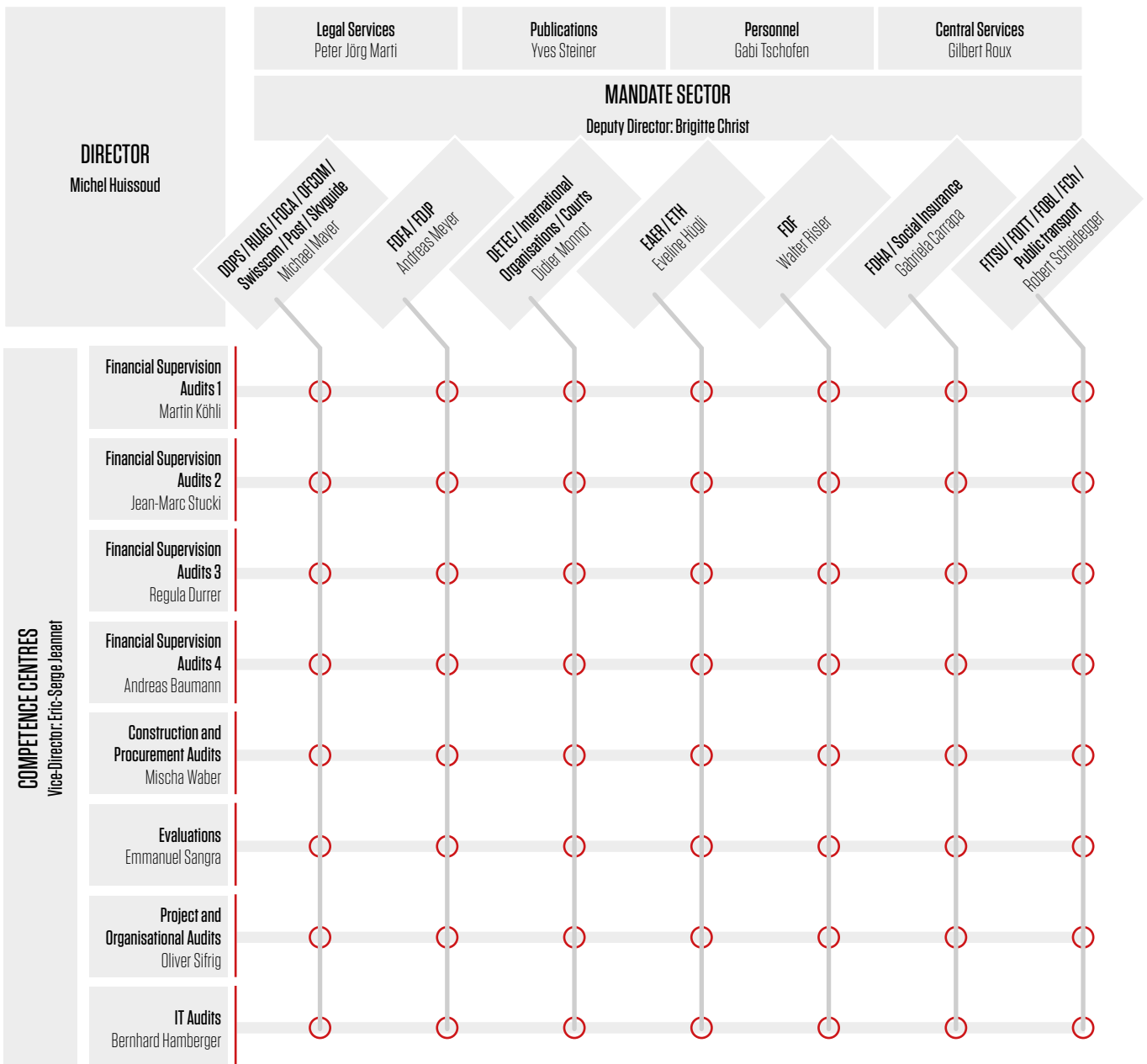
Brigitte Christ,
Deputy Director



Michel Huissoud,
Director



Eric-Serge Jeannet,
Vice-Director





6. THE SFAO: HUMAN RESOURCES AND FINANCES

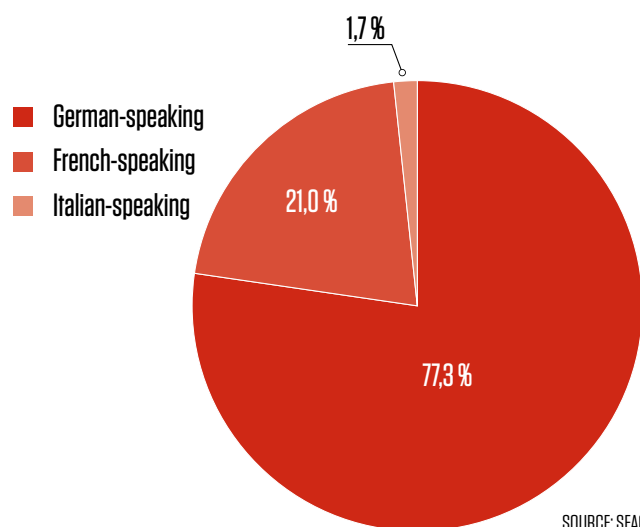
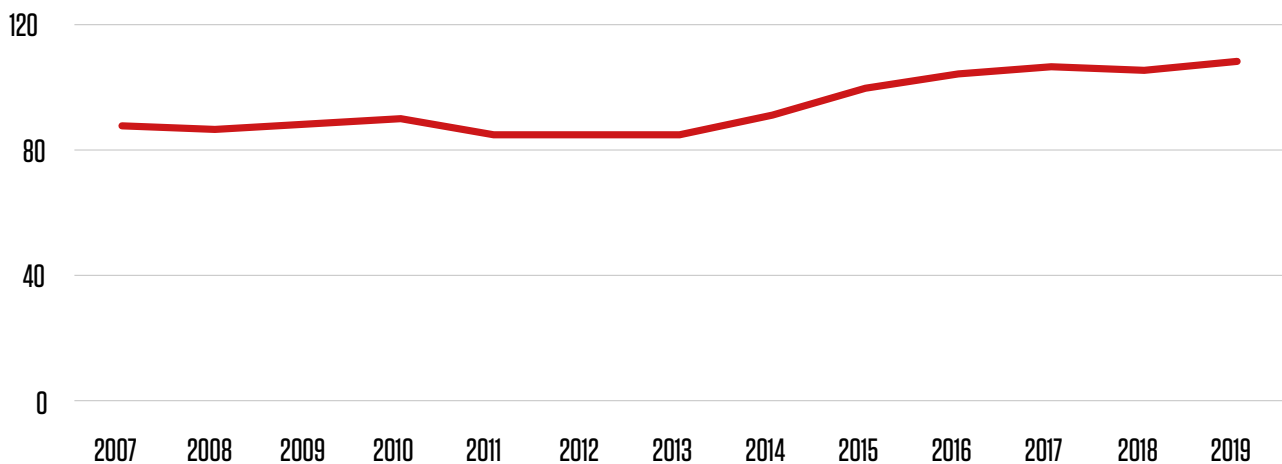
A. SFAO STAFF

On 31 December 2019, the SFAO had a staff of 119 (108.3 FTEs), versus 114 (105.1 FTEs) a year earlier. In 2019, net employee turnover was 6.8% (0.9% in 2018).

At end-2019, 37 women (31.1%) and 82 men (68.9%) worked for the SFAO. There were 92 native German speakers, 25 native French speakers and two native Italian speakers.

Headcount and linguistic origin of SFAO employees (2007–2019)

Number of employees in full-time equivalents (FTEs) and language of staff





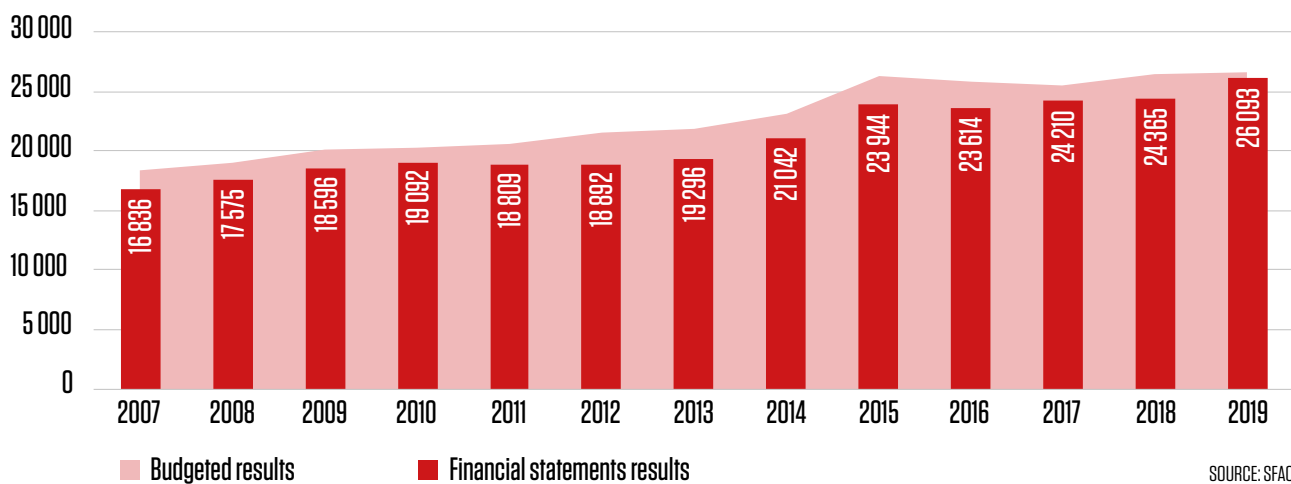
B. SFAO FINANCES

In 2019, the SFAO's expenses amounted to CHF 27.4 million. Its revenue came to almost CHF 1.3 million.

	2017 financial statements	2018 financial statements	2019 budget	2019 financial statements	Difference vs. 2019 budget
Expenses (CHF thousands)	26 034	25 914	28 334	27 416	- 918
Revenue (CHF thousands)	- 1 824	- 1 549	- 1 635	- 1 323	312
Result (CHF thousands)	24 210	24 365	26 699	26 093	- 606

SOURCE: SFAO

The SFAO and its budget management (2007–2019, in CHF thousands)



APPENDICES

COMPLETED AUDITS IN 2019

ABBREVIATIONS

APPENDICES



OVERVIEW OF COMPLETED AUDITS (MANDATE NUMBER)

FEDERAL ADMINISTRATIVE COURT

- Audit of the implementation of the 2016 courts organisation project (18123)*

FEDERAL DEPARTMENT OF FOREIGN AFFAIRS

General Secretariat

- Effectiveness audit of internal auditing (18364)
- Follow-up audit of the supervision and implementation of the right of inspection (18378)***

Directorate of Political Affairs

- Subsidy audit in the field of peacebuilding and human security policy (17566)*
- Audit of federal contracts with the Geneva Centre for Security Sector Governance (19518)**

Swiss Agency for Development and Cooperation

- Audit of projects under the global programmes on water and climate change (17420)*
- Audit of the use of federal subsidies by the NGO Swisscontact (19442)*

FEDERAL DEPARTMENT OF HOME AFFAIRS

General Secretariat

- Cross-sectional audit of the status and development of contract management and procurement controlling (18092)*

Federal Statistical Office

- Follow-up audit of IT governance (18316)*
- Procurement audit (19453)*

Federal Office of Public Health

Audit of protected sanitation systems and coordination between federal services (18472)*

Federal Office of Culture

- Audit of subsidies (17416)*
- Impact audit of Swiss schools abroad (19407)*

Swiss National Museum

- Audit of the use of funds (18431)*

Federal Social Insurance Office

- Audit of subsidies of agriculture family allowances (18433)*
- Audit of cost reimbursement to IV offices (18535)*

Federal Food Safety and Veterinary Office

- Audit of protected sanitation systems and coordination between federal services (18472)*
- Audit of the subsidy for milk testing (19503)*

FEDERAL DEPARTMENT OF JUSTICE AND POLICE

General Secretariat

- Cross-sectional audit of the status and development of contract management and procurement controlling (18092)*
- Effectiveness audit of internal auditing (19254)

Federal Office of Justice

- Synthesis report on audits of the application of federal provisions by the cantons (19473)*

Federal Office of Police

- Audit of expenditure in the area of special operations (19334)**

IT Service Centre ISC-FDJP

- Audit of migration projects in the CAMPUS data centre environment (18493)*

State Secretariat for Migration

- Audit of projects and systems of the EU Internal Security Fund (18024)
- Audit of the key ICT project renewal of the biometrics system platform (18490)*

* published ** special mandate ordered by Parliament *** special mandate ordered by Parliament and published

FEDERAL DEPARTMENT OF DEFENCE, CIVIL PROTECTION AND SPORT

General Secretariat

- Cross-sectional audit of the status and development of contract management and procurement controlling (18092)*
- Audit of the implementation of measures in connection with the security incidents at RUAG (19363)**

Federal Office for Civil Protection

- Audit of protected sanitation systems and coordination between federal services (18472)*

Armed Forces Staff

- Audit of protected sanitation systems and coordination between federal services (18472)*
- Audit of the personnel policy for career military officers (19454)*
- Audit of the key ICT project ERP systems D/ar programme (19467)*

Armed Forces Command Support Organisation

- IT General Controls audit – part of the audit of the state financial statements (18382)
- Audit of migration projects in the CAMPUS data centre environment (18548)*

armasuisse

- Price audit (18233)
- Procurement audit of reconnaissance drone system 15 (18352)*

FEDERAL DEPARTMENT OF FINANCE

General Secretariat

- Cross-sectional audit of the status and development of contract management and procurement controlling (18092)*
- Audit of the digitalisation platform (18532)*

Federal Finance Administration

- Audit of the effectiveness of the federal savings programmes (18297)*
- Audit of the 2020 fiscal equalization between the Confederation and the cantons (19188)*
- Audit of guarantee credits in the federal financial statements – part of the audit of the federal financial statements (19249)
- Audit of the federal financial statements (19293)*
- Functional audit of the payables workflow invoice processing – part of the audit of the federal financial statements (19319)

Savings bank for federal employees

- Audit of the financial statements (19304)

Federal Tax Administration

- Functional audit of the direct federal tax receipt processes (cantonal supervision) – part of the audit of the state financial statements (18468)
- Functional audit of the withholding tax and stamp duty receipt processes – part of the audit of the federal financial statements (19328)
- Functional audit of the value added tax receipt process – part of the audit of the federal financial statements (19329)
- Audit of the management of administrative assistance proceedings (19474)*



Federal Customs Administration

- Follow-up of the evaluation of supervisory activities at free ports and open customs warehouses (17458)*
- Functional audit of the tobacco duty and beer tax receipt process – part of the audit of the state financial statements (18082)
- Functional audit of the receipt processes for value added tax, import duties and VOC incentive fees – part of the audit of the state financial statements (18149)
- Functional audit of the receipt process for the performance-related and lump-sum heavy vehicle charge – part of the audit of the federal financial statements (19322)
- Audit of the key ICT project DaziT (19399)*

Federal IT Steering Unit

- Audit of the key ICT project Workplace systems 2020 (18257)*
- Audit of the management and operation of the «identity and access management» standard service (18502)
- Audit of the further development of the 2023 ERP ICT strategy (18581)
- Audit of the implementation of measures in connection with the security incidents at RUAG (19363)**
- Analysis of the dispatch on the SUPERB and ERP Systems D/ar programmes (19445)*

Federal Office of Information Technology, Systems and Telecommunication

- IT General Controls audit – part of the audit of the state financial statements (18381)
- Audit of the IT application «Atlantica Cloud» (18484)
- Audit of migration projects in the CAMPUS data centre environment (18491)*
- Audit of the management and operation of the «identity and access management» standard service (18502)
- Audit of the implementation of measures in connection with the security incidents at RUAG (19363)**

Federal Office of Personnel

- Audit of the financial statements (19302)
- Functional audit of processes in the information system for personnel data management – part of the audit of the federal financial statements (19303)

Federal Office for Buildings and Logistics

- Audit of the procedure for managing and recalibrating the real estate portfolio (17256)*
- Cross-sectional audit of the status and development of contract management and procurement controlling (18092)*
- Audit of the construction project «Biosystems Science and Engineering» (18180)*
- Audit of the IT application «Atlantica Cloud» (18484)
- Analysis of the dispatch on the SUPERB and ERP Systems D/ar programmes (19445)*

FEDERAL DEPARTMENT OF ECONOMIC AFFAIRS, EDUCATION AND RESEARCH

General Secretariat

- Cross-sectional audit of the status and development of contract management and procurement controlling (18092)*

State Secretariat for Economic Affairs

- Audit of the use of federal subsidies by the NGO Swisscontact (19442)*

Federal Office for Agriculture

- Effectiveness audit of internal auditing (19253)
- Price audit (19461)

Federal Office for National Economic Supply

- Audit of protected sanitation systems and coordination between federal services (18472)*

* published ** special mandate ordered by Parliament *** special mandate ordered by Parliament and published

FEDERAL DEPARTMENT OF THE ENVIRONMENT, TRANSPORT, ENERGY AND COMMUNICATIONS

General Secretariat

- Cross-sectional audit of the status and development of contract management and procurement controlling (18092)*

Federal Office of Transport

- Audit of the preparatory work for the dissolution of AlpTransit Gotthard AG, focusing on the transfer of land (18377)

Federal Roads Office

- Procurement audit (18375)*
- Audit of property management for motorways (18454)*
- Audit of material management and disposal during the expansion of the Zurich northern bypass (19228)*
- Functional audit of the motorway investment controlling and procurement business process – part of the audit of the federal financial statements (19332)
- Functional audit of the personnel process – part of the audit of the federal financial statements (19333)
- Follow-up audit of main recommendations (19380)*

Swiss Federal Office of Energy

- Evaluation of the competitive tenders for electricity efficiency measures (17590)*
- Audit of the financial statements (19286)

Federal Office of Civil Aviation

- Audit of air traffic management governance and supervision (18445)*

FEDERAL FOUNDATIONS, INSTITUTES, FUNDS AND SPECIAL ORGANISATIONS

Building Foundation for International Organisations (FIPOI)

- Follow-up audit of the supervision and implementation of the right of inspection (18378)***

Swiss Federal Institute of Intellectual Property (IIP)

- Audit of the financial statements (19297)
- Audit of the accounts of SECO cooperation projects (19299)

Swiss Federal Institute of Metrology (METAS)

- Audit of the financial statements (19300)

Swiss Conference on Informatics (SIK/CSI)

- Audit of the financial statements (19308)
- Audit of the eOperations Switzerland financial statements (19452)

Swiss Alcohol Board (SAB)

- Audit of the financial statements (19291)

Swiss Financial Market Supervisory Authority (FINMA)

- Audit of the financial statements (19295)

Federal Audit Oversight Authority (FAOA)

- Audit of the financial statements (19289)

Swiss Federal Railways (SBB)

- Audit of the Hägendorf railway technology centre's cost accounting (18374)*
- Audit of the preparatory work for the dissolution of AlpTransit Gotthard AG, focusing on the transfer of land (18377)
- Audit of the IT platform NOVA for public transport (19231)*
- Project audit of Datacom-NG (19346)*
- Audit of the appropriateness of the terms and conditions in business relations between SBB AG and the SBB pension fund (19508)**

New Rail Link through the Alps (NRLA)

- AlpTransit: evaluation of the reports of the NRLA audit bodies and NSD documents, as well as coordination meetings with the audit bodies (19284)

Motorway and urban transportation fund

- Audit of the financial statements (19287)

Railway infrastructure fund (RIF)

- Audit of the financial statements (19283)

Swiss National Park Foundation (SNP)

- Audit of the financial statements (19259)

Swiss University Conference (SUC)

- Audit of the financial statements (19060)

swissuniversities

- Audit of the financial statements (19059)

Swiss Agency of Accreditation and Quality Assurance (AAQ)

- Audit of the financial statements of the Accreditation Council and its Agency (19056)

Swiss Coordination Centre for Research in Education (SCCRE)

- Audit of the financial statements (19226)

Swiss National Science Foundation (SNSF)

- Audit of the financial statements (19057)

ETH Board

- Audit of the financial statements (19042)

ETH Domain

- Audit of the financial statements (19041)

Swiss Federal Institute of Technology Zurich (ETH Zurich)

- Audit of the construction project «Biosystems Science and Engineering» (18180)*
- Audit of the financial statements (19044)
- Audit of the SAP migration (19438)
- Audit of the traceability of the allocation of funds to professors (19507)*

Swiss Federal Institute of Technology Lausanne (EPFL)

- Audit of the financial statements (19054)
- Audit of the financial statements of the «Société simple du Quartier Nord» (19061)*

Innosuisse – Swiss Innovation Agency

- Audit of the financial statements (18341, 19266)

Swiss Federal Institute for Vocational Education and Training (SFIVET)

- Performance audit of teacher training for federal vocational training schools (18089)*

Swiss Federal Institute for Forest, Snow and Landscape Research (WSL)

- Audit of the financial statements (19046)

Swiss Federal Laboratories for Materials Science and Technology (Empa)

- Audit of the financial statements (19048)

Swiss Federal Institute of Aquatic Science and Technology (Eawag)

- Audit of the financial statements (19050)

Paul Scherrer Institute (PSI)

- Audit of the financial statements (19052)

Swiss Federal Social Security Funds AHV / IV / EO (compenswiss)

- Audit of the financial statements (18010, 19004)

* published ** special mandate ordered by Parliament *** special mandate ordered by Parliament and published

Unemployment Insurance Fund

- Audit of the financial statements (18108, 19010)
- Audit of the AHV accounts for unemployment insurance compensation (19351)
- Audit of the key ICT project ASALfutur (19409)*

Social Fund for Defence and Civil Protection

- Audit of the financial statements (19020)

Forest and Wood Research Fund (WHFF)

- Audit of the financial statements (19002)

Swiss Landscape Fund (FLS)

- Audit of the financial statements (19003)

Swiss Post

- Audit in the area of governance, risk and compliance (18527*, 18527a, 18527b)

Federal Electricity Commission (EiCom)

- Audit of the supervision of electricity grid operators' tariffs (19095)*

Swiss Association for Technical Inspections (SVTI)

- Price audit (19316)

Swiss Foundation for the Promotion of Exchanges and Mobility (SFAM)

- Governance audit (19350)*

Skyguide

- Audit of air traffic management governance and supervision (18445)*
- Audit of the Virtual Centre project (19120)*

Swissmedic

- Audit of the financial statements (18104, 19014, 19015)

RUAG

- Audit of IT security (19418)**
- Audit of the effective profit margins at RUAG Aviation 2013–2017 (19502)*

INTERNATIONAL ORGANISATIONS AND COOPERATION**Universal Postal Union (UPU)**

- Audit of the financial statements (19027, 19028, 19030, 19031, 19032)
- Audit of the 2018 accounts of the United Nations Development Programme (19029)

Inter-Parliamentary Union (IPU)

- Audit of the financial statements (19035)

Intergovernmental Organisation for International Carriage by Rail (OTIF)

- Audit of the financial statements (19026)

World Meteorological Organisation (WMO)

- Audit of the financial statements (19036, 19037)
- Audit of the financial statements of affiliated organisations and funds in trust (19039, 19040)

European Free Trade Association (EFTA)

- SFAO membership of the Audit Committee (19034)

International Rhine Regulation

- Audit of the financial statements (19285)



ABBREVIATIONS

AFAA	Federal Act on Family Allowances for Agricultural Workers	FAOA	Federal Audit Oversight Authority
AFCSO	Armed Forces Command Support Organisation	FCA	Federal Customs Administration
AHV	Old-age and survivors' insurance	FDf	Federal Department of Finance
ALV	Unemployment insurance	FDFA	Federal Department of Foreign Affairs
BCM	Business Continuity Management	FDJP	Federal Department of Justice and Police
CAA	Civil Aviation Act	fedpol	Federal Office of Police
CCO	Central Compensation Office	FEDRO	Federal Roads Office
DDPS	Federal Department of Defence, Civil Protection and Sport	FFA	Federal Finance Administration
DETEC	Federal Department of the Environment, Transport, Energy and Communications	FINMA	Swiss Financial Market Supervisory Authority
DFTA	Direct Federal Taxation Act	FITSU	Federal IT Steering Unit
DIP	Digitalisation platform of the Federal Department of Finance	FOAG	Federal Office for Agriculture
EAER	Federal Department of Economic Affairs, Education and Research	FOCA	Federal Office of Civil Aviation
EASA	European Aviation Safety Agency	FOCBS	Federal Office for Customs and Border Security
EO	Compensation for loss of earnings	FOCP	Federal Office for Civil Protection
ETH	Swiss Federal Institute of Technology	FoIA	Freedom of Information Act
EUROSAI	European Organisation of Supreme Audit Institutions	FOITT	Federal Office of Information Technology, Systems and Telecommunication
FAA	Family Allowances Act	FOJ	Federal Office of Justice
FAC	Federal Administrative Court	FOPH	Federal Office of Public Health
		FSIO	Federal Social Insurance Office

FSVO	Federal Food Safety and Veterinary Office	SFOE	Swiss Federal Office of Energy
FTA	Federal Tax Administration	SNB	Swiss National Bank
FTE	Full-time equivalent	SNM	Swiss National Museum
GWP	Global Water Partnership	SRG SSR	Swiss Broadcasting Corporation
ICAO	International Civil Aviation Organization	TAAA	Tax Administrative Assistance Act
IPSAS	International Public Sector Accounting Standards	UTE	University of teacher education
ISC-FDJP	IT Service Centre of the Federal Department of Justice and Police		
ISSAI	International standards for supreme audit institutions		
IV	Disability insurance		
NGO	Non-governmental organisation		
NRLA	New Rail Link through the Alps		
NSD	Delegation for the supervision of the NRLA		
PACC	Programa de Adaptación al Cambio Climático		
SAA	Sense & Avoid		
SBB	Swiss Federal Railways		
SDC	Swiss Agency for Development and Cooperation		
SECO	State Secretariat for Economic Affairs		
SFAO	Swiss Federal Audit Office		
SFIVET	Swiss Federal Institute for Vocational Education and Training		



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