

# COVID-19: Procurement audit of the IT application for vaccinations

Federal Office of Public Health

## Key facts

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The Swiss Federal Audit Office (SFAO) audited the procurement of an application, registration and appointment system with vaccination documentation at the Federal Office of Public Health (FOPH), worth CHF 11.15 million. After initial difficulties, the application was used by the majority of cantons.

The SFAO identified shortcomings and weaknesses in the procurement process as well as in contract and invoice control. These must be seen in the context of the extraordinary and unpredictable situation that prevailed at the time.

### **Incomplete documentation limits the transparency of the supplier selection process**

In principle, the procurement of an IT application to support the vaccination campaign was the responsibility of the cantons. In consultation with the cantons, the FOPH assumed this responsibility for the majority of the cantons at the end of 2020 due to the exceptional degree of urgency.

The contract was awarded to Supplier 1 with a subcontractor (Supplier 2). Based on the documents obtained and the discussions held, the SFAO is unable to fully understand the FOPH's choice. The initial contract had a volume of CHF 950,000 (excl. VAT). The Federal Office for Buildings and Logistics (FOBL), as the responsible specialist office, was involved only after the suppliers had been selected. All contracts were signed after goods and services had already been provided and payments made.

Originally, it was planned that the FOPH would award the initial procurement directly, and that the cantons would then assume responsibility for the application and its further development. In spring 2021, the responsible Federal Councillor decided to leave the application and financing under the responsibility of the FOPH.

### **Unclear calculation of contractual goods and services**

In July 2021, the FOPH drew up separate subsequent direct contracts for maintenance and further development with Supplier 1 and Supplier 2 (former subcontractor) for a total cost ceiling of CHF 10.2 million (excl. VAT). Of this amount, CHF 4.3 million (excl. VAT) was attributable to Supplier 1 and CHF 5.9 million (excl. VAT) to Supplier 2. It was not possible for the FOPH to conclusively explain which basis had been used to determine the goods and services required.

No negotiations on the conditions were held. The daily rates offered for development, translation and support services of between CHF 1,500 and 2,000 are high by industry standards.

### **Suppliers retained intellectual property rights**

The contract deviated in part from the general terms and conditions (GTC) of the Confederation. The FOBL informed the FOPH in writing of the risks arising from this. According to the terms of the contract, the intellectual property rights for the IT application, among other things, remains with the suppliers. This makes the FOPH more dependent on the suppliers. If they were to commercialise any further developments, the Confederation would not receive any of these revenues.

### **External and temporary staff used for the most part**

Due to resource shortages and absences due to illness, the FOPH was forced to perform significant parts of the activities in the procurement and further development process using external and temporary employees.

FOPH employees with specific IT expertise and representatives of the Federal Office of Information Technology, Systems and Telecommunication were not directly involved, except in some aspects of the initial procurement.

### **Apparent conflicts of interest**

The head of COVID-19 digitalisation position had to be filled at short notice and an external employee was recruited for this role. This person and the managing director of Supplier 2 were former colleagues and, at the time of the audit, business partners in third-party companies. The discussions with the FOPH do not make it clear whether this apparent conflict of interest was disclosed. Another case is said to have been reported by the head of COVID-19 digitalisation but no action is evident on the part of the FOPH.

### **Flat-rate invoicing with no proof of performance**

Due to the lack of work reports, the FOPH was unable to check the content of the invoiced services, even though the suppliers were contractually obliged to provide such reports. The FOPH has never requested these, which means that no actual audit of the content of the invoices has taken place.

The SFAO found that Supplier 2 invoiced flat-rate amounts of around CHF 500,000 each month for a period of several months. However, according to the contract, the services are to be invoiced on a time and material basis. The SFAO did not receive the requested proofs of performance and the FOPH did not question this invoicing practice or provide comprehensible justification.

### **Invoices for services in the second half of 2021 are not plausible**

The SFAO compared the invoiced costs with the functionalities that were developed on the basis of the available documents. For the second half of 2021, these do not correspond and the services invoiced, estimated at around CHF 2 million, are not comprehensible. The FOPH did not question this discrepancy between the invoices and the services provided.

**Original text in German**