

Audit of the supervision of implementation agencies for supplementary benefits

Federal Social Insurance Office

Key facts

AHV and IV supplementary benefits help in situations where pension claimants' income does not cover minimum living costs. At the end of 2016, 201,100 people were in receipt of an AHV supplementary benefit and 113,700 people were in receipt of an IV supplementary benefit. Expenditure financed by the Confederation (30%) and the cantons (70%) stood at CHF 4.9 billion. According to the Federal Social Insurance Office (FSIO), this figure is set to double by 2033.

The federal implementation system in the area of supplementary benefits gives the cantons organisational, technical and procedural leeway. The FSIO is responsible for supervising this implementation. The Swiss Federal Audit Office (SFAO) carried out an audit of the FSIO's supervisory activities in this area.

In the SFAO's view, the supervisory instruments are appropriate although the FSIO does not always use them enough or uses them in an insufficiently coordinated manner. The most important of these include the guidelines for supplementary benefits implementation and the annual reports of the external audits of the implementation agencies for supplementary benefits. However, the FSIO is not in a position to carry out risk-oriented supervision as the supervisory instruments provide very little comparable information on the implementation practices in the cantons. The audit results indicate that the leeway the law gives the cantons in supplementary benefits implementation in certain areas should be further investigated.

Implementation differs significantly despite supervision by the FSIO

The statutory provisions allow the cantons a certain amount of leeway in implementation. As the supervisory body, the FSIO has the power to issue requirements to ensure that implementation is as uniform as possible. The FSIO has various supervisory instruments at its disposal. Retrospectively, supervision is mainly based on the verification of the external auditors' annual reports on the implementation agencies. Continual updating of the implementation guidelines, in so far as these aim to achieve uniform implementation practices, is to be regarded as an important preventative supervisory instrument.

Despite the existing instruments, the survey of the implementation agencies shows that significant differences in implementation exist in selected areas, which could have an impact on the amounts of supplementary benefits. The differences can affect the assessment of a particular situation or case management and thus raise questions about the uniform application of the legal provisions, which the FSIO as the supervisory body is meant to safeguard. One example is the varying recognition of income when calculating supplementary benefits.

Currently, the FSIO has hardly any information on this and therefore only has a limited view of implementation in the cantons. As a result, it is not possible for the FSIO to assess whether it ensures the uniform application the law intends. According to the SFAO, the FSIO should investigate the reasons that lead to such large differences.

Validating information is a major challenge for the implementation agencies

When registering for supplementary benefits, the applicant is required to provide all the necessary documentation and confirm its completeness. The implementation agencies in the cantons verify the information and conduct additional clarifications on a case-by-case basis. Entitlement to supplementary benefits is calculated by comparing the applicant's income and wealth with the recognised expenses. This requires information from national, as well as sometimes international, sources of information.

At national level, the law allows for information, when justified, to be exchanged in individual cases upon request. However, at the international level, obtaining information is more complex: the official route is laborious, time consuming and rarely provides the implementation agencies with the expected results which is why it is seldom used. The supplementary benefits agencies therefore try to obtain the necessary information by other means.

In light of this, some cantons have issued simplified access regulations for their own sources of information (e.g. tax data). Here again, the situation differs from canton to canton. In order to process applications more efficiently and quickly, the implementation agencies want further improvements.

Necessary optimisation in supervision and access to information

The SFAO recommends that the FSIO optimises the supervisory instruments, developing certain areas further and implementing these more actively in order to strengthen them. The directives for auditing the AHV compensation funds should therefore clearly define which audit points are mandatory and which are optional. In order to develop the supervision further, risk analyses of supplementary benefits should be produced. Based on these analyses, specific indicators should be defined, measured and assessed. The aim should be to ensure an implementation practice which is as uniform as possible.

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