Public procurement audit
ETH domain

Key facts

According to its own account, the ETH domain with both Institutes of Technology and the four research institutions purchases goods and services to the value of approximately CHF 1 billion each year (including property procurement and management and library acquisitions). The six institutions' autonomy as public federal institutions with their own legal identities is a challenge for common procurements. On its initiative, KoBe ETH+ (coordinated procurement in the ETH domain and selected partner organisations) was created as a link in 2003. The purchasing volumes which can be influenced by KoBe ETH+ amount to around CHF 150 million per year.

The main focus of the Swiss Federal Audit Office's (SFAO) audit was the cooperation in strategic procurement within the ETH with an emphasis on the role of KoBe ETH+. The SFAO sees room for improvement.

Enhanced trans-sectorial cooperation in procurement is desirable

KoBe ETH+ is responsible for the strategic procurement coordination of its initiatives (e.g. bundling of selected goods and services and agreement of conditions with important suppliers). All of KoBe ETH+'s activities are conducted on a voluntary basis. The institutions of the ETH domain are under no obligation to participate in a procurement initiative. This voluntary participation complicates the work of KoBe ETH+ and, in turn, the implementation of a binding supplier management concept.

The SFAO believes that KoBe ETH+'s position must be strengthened and run according to annual and strategic targets. One important objective would be to implement a supplier management concept for all institutions, for example. The SFAO believes that the institutions' autonomy does not prevent a more binding cooperation.

The procurement of standardised goods and services offers potential for bundling and procurement optimisation

Using the list of the top 500 suppliers, KoBe ETH+ negotiates price and delivery terms with the most important suppliers for the entire ETH domain and the University of Zurich, which is represented in KoBe ETH+. In principle, the SFAO welcomes the initiative to achieve cost savings by negotiating conditions for the entire ETH domain. By doing so, KoBe ETH+ is making a significant contribution to reducing procurement costs. However, the users are free to choose whether they purchase from these suppliers. This means there is no guarantee that the purchasing units order what they require from these suppliers or that the suppliers pass on the agreed conditions.

The institutions of the ETH domain have different thresholds under which purchases of goods in small quantities and smaller services can be processed without involving procurement or without registration in a procurement system. There is therefore the risk

that certain institutions make procurements with these suppliers which exceed the WTO threshold.

The SFAO believes that the conditions agreements should be transferred to framework agreements for procurement law and economic reasons. It also believes that order activations should be automated as much as possible with suitable procurement systems. However, this requires reliable planning of requirements, particularly in research and teaching.

Managing with key figures and working with integrated IT systems

The SFAO considers reporting the top 500 suppliers to be a sensible initiative. Supplemented with an institution-specific ranking of the top 10 and top 20 suppliers, the report represents a valuable basis for strategic supplier management. In line with strengthening KoBe ETH+'s role, the SFAO would also welcome management and achievement of objectives with key figures.

In principle, good conditions exist within the ETH domain for a common IT architecture for the procurement systems as all institutions work with the same IT system, albeit autonomously. A more permeable application would render complicated manual evaluations superfluous and offer the opportunity to make trans-sectorial contacts for order activations available to the users.

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