Public procurement audit
Federal Office of Information Technology, Systems and Telecommunication

Key facts

The Federal Office of Information Technology, Systems and Telecommunication (FOITT) has a centralised procurement organisation, which had 27.2 FTEs in 2016. The order volume to be managed that year was around CHF 183 million.

By law, the economic viability of procurement is to be ensured in particular by means of bundling[1]. To this end, the FOITT enters into framework agreements and obtains framework agreements from the central procurement offices. The Swiss Federal Audit Office (SFAO) examined the FOITT's handling of such agreements in selected areas of strategic and tactical procurement (source to contract) as well as operational procurement (purchase to pay) and the cross-departmental Federal Office for Buildings and Logistics (FOBL) involved in this. The focus was on the purchase to pay process. The SFAO noted that the responsibilities for both processes are determined in the Federal Administration, but that they are perceived to different degrees. The main focus is currently on the development of strategic and tactical procurement processes.

Clear delegations or the centralisation of order activation under framework agreements prevents duplication

The SFAO noted that bundling should play a key role in public procurement due to economic considerations. As a result of the existing FOITT delegations, however, there are sometimes complicated order activation provisions within a procurement project and even within a framework contract. This is because certain types of order activation are permissible directly with the FOBL's framework agreement suppliers and others are not. Consequently, the SFAO recommends that the FOITT, in cooperation with the FOBL, carefully clarify the areas in which the delegation of order activation under framework agreements is suitable or centralisation is desirable. Duplication and additional work can be avoided in this way.

The FOITT's procurement organisation is currently divided into two sub-areas – Procurement of Services (PoS) and Procurement of Goods (PoG). Both areas have few interfaces and differ considerably in terms of their work instructions and processes. The SFAO is aware of the differences, but it nevertheless sees the potential for establishing common standards. The SFAO recommends that the FOITT prepare overarching process illustrations for the PoG and PoS, link tools to these illustrations and connect processes with one another.

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[1] Ordinance on the Organisation of Federal Public Procurement (OPPO), Art. 2 para. 2 (https://www.admin.ch/opc/de/classified-compilation/20120667/index.html)

Overarching supplier management holds a lot of potential

The SFAO found that strategic supplier management is not used at the FOITT. However, the evaluation of suppliers who are in an active contractual relationship with the Confederation can help to sustainably manage the quality of service provision and costs. In concrete terms, sounder negotiation strategies can be developed in order to achieve cost-effective negotiation success.

In order to be able to carry out such a prompt evaluation, the Confederation's suppliers must be unambiguously identified across all offices. According to the SFAO, there are several feasible ways to do this. For example, a unique vendor number could be introduced for each supplier in the Federal Administration. Another option would be to use the DUNS number used for procurement controlling to identify suppliers[2]. To this end, the SFAO recommends that the FOBL create the prerequisites for monitoring and managing the Confederation's major suppliers.

The IT purchasing systems could be used more extensively

The FOBL is responsible for buildings and logistics support processes and thus for the SAP ERP module MM, which is used for material management. The SFAO sees an urgent need for action in the lead of the FOBL specialist office concerning the issue of the IT purchasing systems' current design. In terms of automation, consistency and process support, the Confederation is still a long way from achieving its goals. The FOBL has already recognised the optimisation potential regarding the logistical IT systems (SAP ERP MM) and prioritised them in the IT product group.

The SFAO noted that the systemic possibilities of SAP ERP will have to be better used and made directly available in the future. Overarching FOBL guidelines for systemic order activation options and the associated IT system design are required for this. Seamless, consistent and more efficient support processes that avoid risks are needed.

Original text in German

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[2] The DUNS number is a unique numeric identifier assigned by the service provider Dun & Bradstreet for the worldwide identification of companies.