Audit of fiscal equalization between the Confederation and the cantons
Results of the 2014 audits of participating cantonal and federal offices

Key facts

Auditing work on the collection and processing of the data used as a basis for the calculation of resource equalization for 2015 revealed no significant errors or shortcomings.

The annual volume of NFE equalization payments for 2015 will be slightly higher than in the previous year (previous year's figures in brackets), reaching CHF 4,910 million (CHF 4,813 million). Resource equalization accounts for CHF 3,825 million of that figure (CHF 3,725 million). CHF 1,552 (CHF 1,507 million) is to be borne by the financially strong cantons (horizontal resource equalization). The Confederation will assume a total of CHF 3,238 million (CHF 3,185 million), financing in particular the entire cost compensation amount of CHF 726 million (CHF 726 million).

Based on the audit actions carried out, the Swiss Federal Audit Office (SFAO) considers that the quality of data is good overall. In all of the cantons audited this year (Bern, Fribourg, Nidwalden, Obwalden, St. Gallen, Schaffhausen and Zug), the controls conducted for the reporting of NFE data for resource equalization were described and documented in a comprehensible manner. This also applies for the administration of the NFE data extraction programs.

However, the SFAO's audit actions for the indicator "Profits, legal entities" confirmed that this indicator has a lot of room for error because of the special provision that allows legal entities with special status to be reported as definitively taxed provided that at the time of NFE data extraction the tax factors are available in accordance with the tax declaration and accounts by branch of activity. Only cases taxed definitively are considered in resource potential at a reduced rate because of the beta factor. The implementation of this possibility when reporting data requires manual intervention in many cantons. Furthermore, the Tax Harmonisation Act is not being applied in a uniform manner in relation to legal entities with special status. The SFAO's task is the formal audit of the bases of NFE data. Supervision of compliance with the Tax Harmonisation Act is barely regulated.

The Federal Tax Administration (FTA) has improved the administration of NFE-related applications. The FTA has implemented the division of functions for the processing of changes, tests and releases in the corresponding program. There are still shortcomings in the documentation of the checks performed and in the description of the internal control system (ICS). The FTA intends to provide a revised (completed) risk control matrix by the end of 2014. The SFAO believes that the FTA should fully document the ICS for NFE-related processes as a matter of urgency.

The Federal Statistical Office (FSO) disclosed the inventory of means-tested social benefits, which are reflected in the poverty indicator, as well as the type of data collection (individual data or aggregated data) to the NFE quality assurance expert group. The means-tested social benefits with the greatest numbers (about 80%) were based on individual data. The provisions of the FECCO (Fiscal Equalization and Cost Compensation Ordinance) are not implemented for about 20% of the benefits taken into consideration (requirement: collection of data on an individual case basis). An external study conducted for the FSO showed that the ensuing errors are insignificant (elimination of multiple benefits with estimation factors). The FSO has described the NFE data collection process and all controls of individual underlying statistics (e.g. population statistics).

The Federal Finance Administration (FFA) has supplemented the documentation of the NFE process with a description of the procedure for determining the alpha factor (the calculation is always performed at the start of a new four-year period; 2015 for the NFE reference years of 2016 to 2019). No inconsistencies were found in the random-sample tracing of data reports.

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