



Impressum

Swiss Federal Audit Office

Monbijoustrasse 45

3003 Berne, Switzerland

T +41 31 323 11 11

F +41 31 323 11 00

www.efk.admin.ch

info@efk.admin.ch



2012 Annual Report on the Activity of the Swiss Federal Audit Office

Editorial

This Report is designed to provide an overview of the main focus of the auditing activity carried out by the Swiss Federal Audit Office (SFAO). It offers insight into the broad spectrum of supervision and demonstrates the wide variety of auditing work. This ranges from classic auditing of annual accounts to analysis of subsidy policies and carrying out of effectiveness audits for expenditure programmes.

With its work, the SFAO seeks to assist in improving State services. Its goal is to ensure that financial management of the Administration is consistent with the principles of regularity and legality. It does not approach its auditing work with negative preconceptions about the subjects to be audited. Rather, by taking a critical stance, it seeks to identify deficiencies and weaknesses and to achieve not merely specific but also fundamental optimisation of administrative action through convincing expert work. Consequently, the SFAO's primary focus is on developing a dialogue with those audited

in order to ensure that its recommendations are willingly accepted. It strives to exercise financial supervision fairly and in the interest of all citizens, and in so doing, it is undeterred in seeking ways to avoid mismanagement or correct it and in coming up with solution-oriented recommendations for optimising State services.

I would like to take this opportunity to thank the Finance Delegation and the Federal Council, which appreciate the role that the SFAO plays as an independent and critical audit authority. I would also like to express my gratitude to the numerous employees in the audited offices, who readily supported the work of the SFAO in the interests of the matter at hand. Finally, I would like to thank the employees of the SFAO, who perform their challenging work in the public interest with commitment and motivation.

Bern, April 2013
Kurt Grüter

Contents

1	Main areas of financial supervisory auditing	6
1.1	Transport sector	6
1.1.1	Rail and road transport	6
1.1.2	Settlement of the loan to Swissair	10
1.2	Social security and health	11
1.3	Education and research	14
1.4	National defence	15
1.5	Energy and environment	19
1.6	Economy and regional policy	22
1.7	Finance and taxation	25
1.7.1	Federal taxes	25
1.7.2	Fiscal equalisation	27
1.8	Federal level	28
1.8.1	Personnel	28
1.8.2	IT and procurement	29
1.8.3	Buildings	33
1.9	Federal courts	33
2	Annual audits	34
2.1	The State financial statements	34
2.2	Fund for Major Railway Projects	35
2.3	Infrastructure Fund	35
2.4	State enterprises, public agencies, and social security institutions	36
3	International organisations	37
4	Open audit recommendations and notifications	38
4.1	Implementation of SFAO recommendations	38
4.2	Open audit recommendations pursuant to Article 14 of the FAOA	38
4.3	Whistleblowing – duty to report, right to notify, and protection of employees	38

5	Legislative procedures and opinions	40
5.1	Opinions and consultations	40
5.2	Participation in specialist committees	41
5.3	Communication of best practices	41
5.4	Publication of financial supervisory reports	41
5.5	Special Hildebrand mandate	42
6	The SFAO and other supervisory bodies	43
6.1	Cantonal Audit Offices	43
6.2	Federal Financial Inspectorates	43
6.3	Supreme audit institutions in other countries	44
6.4	Professional organisations	45
7	Profile of the Swiss Federal Audit Office	46
7.1	Institutional status, responsibilities	46
7.2	Personnel	46
7.3	Quality assurance	47
7.4	Finances	48
7.5	Risks	49
	Annexes	
A1	Overview of the audits	50
A2	Financial Inspectorates	60
A3	Organisational chart	61
A4	Abbreviations	62

Overview

The Swiss Federal Audit Office (SFAO) is the supreme financial supervisory organ of the Swiss Confederation. It is independent and autonomous and, pursuant to Article 1 of the Federal Audit Office Act (FAOA) (SR 614.0), in its auditing activity it is bound only by the Federal Constitution and the law. It supports the Federal Assembly in exercising primary supervision and the Federal Council in fulfilling its supervisory role. One of the core tasks of the SFAO is to audit the federal budget. The SFAO intervenes at all levels of budget implementation, e.g. by auditing annual accounts, conducting on-site audits of administrative units, semi-governmental organisations, and subsidy recipients in connection with financial supervision, or carrying out preventive controls prior to liabilities being assumed. All federal administrative units, subsidy recipients, and organisations of any legal form outside the Federal Administration that have been entrusted with the performance of public tasks by the Confederation are subject to financial supervision. Only the SUVA, Swiss Radio and Television, and the Swiss National Bank are exempt from the purview of the FAOA. Pursuant to Article 5 of the FAOA, the SFAO exercises financial supervision in accordance with the criteria of regularity, legality, and economic efficiency. Using performance audits and evaluations, the SFAO seeks to contribute to the development of so-called New Public Management and to increase the effectiveness of programmes. Audit mandates are chosen based on risk criteria. Audits cover the internal control system (ICS), risk management, and good-governance aspects.

Pursuant to Article 14 of the FAOA, the SFAO submits an annual report to the parliamentary Finance Delegation and to the Federal Council covering the scope and focus of its auditing work, key findings and assessments, and open audit recommendations. Chapter 1 of this Report looks at the focus of financial supervision, broken down by federal government field of activity. In the wake of a financial supervisory audit of the tax relief pursuant to the Bonny resolution, a Brazilian natural resources company had to pay federal back taxes in the amount of CHF 212 million (see point 1.7.1). Irregularities include the incomplete supervision by the federal offices of the recipients of federal contributions, unprofessional project management, procurements not in accordance with procurement law or not carried out through a competition, and incomplete internal control systems. In addition to financial supervision, the SFAO is also charged with conducting annual audits of accounts, the most important one being the State financial statements. Chapter 2 summarises the main findings of this audit and discusses the findings from the auditing of the social security institutions, the Federal Institutes of Technology, and other organisations. The audit gap relating to the direct federal tax was closed by Parliament's revision of the Federal Act on Direct Federal Taxation. Chapter 3 provides an overview of the SFAO's auditing of international organisations for Switzerland. Chapter 4 provides information on the implementation of SFAO recommendations and whistleblowing.

Chapter 5 looks at other services performed by the SFAO, such as issuing opinions regarding legislative procedures, participating in technical committees, and imparting best practices. Chapter 6 provides an overview of the network of relationships that the SFAO maintains with other supervisory bodies and professional associations, which enables it to benefit from a wealth of ideas and experience. Finally, Chapter 7 contains a profile of the SFAO.

The findings below are the results of audits whose outcomes were submitted to the Finance Delegation between February 2012 and January 2013. At the time when this Report was compiled, it was not yet possible to determine the extent to which the identified irregularities have been rectified and the SFAO's recommendations have been implemented. Follow-up audits will enable the actual status of certain transactions to be ascertained.

Main areas of financial supervisory auditing

In the area of financial supervision, the SFAO carried out numerous audits that were included in the annual programme on the basis of risk considerations. The audit findings specified below have already been discussed and noted by the Finance Delegation. The chapter is limited to the main areas of financial supervisory auditing and important findings. A complete list of audits submitted to the Finance Delegation between February 2012 and January 2013 is set forth in Annex 1.

1.1 Transport sector

The SFAO conducted various audits in the transport sector. These focused on transport infrastructure in agglomerations, service agreements with the railway companies, major railway projects, national roadways, and the loan granted to Swissair in 2001.

1.1.1 Rail and road transport

The SFAO conducted an audit of the Infrastructure Fund of the Federal Roads Office (FEDRO) regarding implementation and application of the controlling directive for **transport infrastructure in agglomerations**. This controlling directive is used to supervise a financial volume totalling CHF 6 billion. One of the goals of the SFAO audit was to evaluate the structuring and efficiency of the controlling system. Secondly, the consistency and accordingly the quality of the key controlling figures reported by the contribution recipients were reviewed. The SFAO audit looked at the

Federal Office of Transport (FOT) and the Federal Roads Office (FEDRO) as well as three selected contribution recipients. The supported projects are the La Poya bridge and tunnel in the Canton of Fribourg, the Zürich West tram, and the transport hub in the Arlesheim/Dornach train station area. The audits showed that the key figures were faulty and not comprehensible. Determination of the key figures by the contribution recipients is complex and requires considerable work, since the key figures in many cases must be compiled manually and drawn from numerous sources. This gives rise to a risk of faulty figures.

At the level of the two federal offices, the current processes contain an additional risk when compiling the key figures. In the view of the SFAO, the effort required to compile the key figures – which would have to be even greater to ensure reliable data – is not justified by any significant benefit. The co-funding by the Confederation of measures relating to transport infrastructure in agglomerations is made in the form of cost contributions, in which a fixed percentage of the contribution recipients' costs is fixed in advance and paid accordingly. A maximum contribution is also defined.

In their comments, the FOT and FEDRO state that some of the recommendations have already been implemented. The two specialist offices expressed scepticism regarding closer supervision of the projects, however, since they are not construction projects by the Confederation, but rather merely contributions.



The General Secretariat of the DETEC wants to initiate a revision of the existing controlling directives. In the view of the SFAO, the fulfilment of tasks by the clients must at least be supervised through performance monitoring.

In **rail transport**, the SFAO conducted an audit of the controlling of provision of services in 2011 and of the ordering process for the agreements to be concluded for the years 2013-2016. The funds approved by Parliament for the service agreement period from 2011 to 2012 amount to CHF 3.5 billion for the infrastructure of the Swiss Federal Railways (SBB) and CHF 1.3 billion for the infrastructure of the private railways.

The SFAO determined that the FOT has good control awareness. As an external study showed, the targets and indicators mentioned in the service agreements are appropriate for measuring performance. The penalties envisaged by the law and ordinance have not yet been further specified. The FOT is having difficulties defining possible penalties, since the financial measures might have a negative impact on railway customers.

At the same time, the SFAO audited the SBB's implementation of recommendations from the

2008 audit. It noted that the SBB's controlling of service accounting has improved substantially. With the set of key figures – which has been expanded compared to the past – along with a critical analysis of monthly reporting, it is now possible to determine undesirable developments as they arise and in a timely manner. The talks between the FOT and the SBB, which generally take place each month, ensure timely exchange of information. Controlling ensures that the projects presented by the SBB are scrutinised critically and, where necessary, modified. A temporary retention in the amount of CHF 40 million in 2011 is a result of the controlling.

The service agreements with private railways are new and were concluded for the first time for the 2011-2012 period. The controlling approach generally corresponds to that of the SBB. The target values are negotiated individually with each private railway. As a rule, the reporting interval is half-yearly. The process for verifying offers is standardised with checklists. The SFAO considers this process to be suitable. The targets should allow comparisons of operations in future. The FOT has assured that the recommendations will be implemented.

The SFAO plays an accompanying role in the financial supervision of the **New Rail Link through the Alps (NRLA)**. It coordinates its audits with those of the FOT, the statutory external auditors, and the builder's internal supervisory bodies in order to avoid redundancies and audit gaps. The annual meetings under the chairmanship of the SFAO serve not only the mutual exchange of information, but also to foster the "unité de doctrine" and improve the efficiency of supervision of this project of the century. The audits conducted by the various supervisory bodies are analysed by the SFAO, provide information for its own risk analysis, and help with quality assurance. Each control instance is responsible for preparing its own risk analysis and audit plan, as well as for conducting its own audit. By analysing the FOT's status reports, the SFAO is in a position to give the Delegation for the Supervision of the NRLA information about key points and developments.

With an audit relating to **national roads**, the SFAO wanted to determine whether the contracted firms comply with the work contracts of the Federal Roads Office (FEDRO) and whether contractors are managed and monitored effectively by the contracted construction managers and/or the clients themselves. The SFAO analysed six construction projects from the FEDRO branches in Zofingen, Estavayer-le-Lac, and Bellinzona that were in the construction phase. The analysis was conducted on the basis of the master builder's work contracts. The financial volume of the audited work contracts amounts to a total of CHF 66 million. The audit showed that FEDRO has concluded numerous suitable arrangements with the contracted construction managers and firms. But it also showed that there is considerable potential for improvement in regard to the construction managers and firms. For instance, the SFAO found that binding quantity determinations were lacking or that there was no documentation of the correct use of reinforcing rods. Compared with the horizontal audit at the Federal Office for Buildings, the ETH Zurich, and armasuisse Real Estate (see point 1.8.3), the audit findings at the FEDRO were better. The FEDRO assured that it would implement the recommendations rapidly.



As part of the new **allocation of responsibilities between the Confederation and the cantons**, construction and operation of the **national roads** were transferred from the cantons to the Confederation starting in 2008. At the time, the Federal Council estimated the efficiency gains to be CHF 100 million each year. The parliamentary Finance Delegation mandated the SFAO to audit the FEDRO's final report. The transfer of this responsibility was a major challenge for all parties involved. Not only the dissolution of the 22 cantonal national roads offices and their incorporation into the six new FEDRO branches, but also monitoring of the projects was a time-consuming and demanding task. Compliance with the norms and standards relating to construction, the environment, and noise were verified, which resulted in both savings and additional costs for individual projects. Overall, savings predominated. Other relief was achieved through efficiency gains both in construction and in operation.

It is anything but easy to compare the old and the new solution. The SFAO concluded that the approach of the external FEDRO experts was suitable, the assumptions were plausible, and the calculations were comprehensible. Although there are various uncertainties relating to cost estimates, even a pessimistic assumption indicates that the Federal Council's goal was reached or even exceeded. The FEDRO accordingly took account of the savings of CHF 100 million annually in its budget and financial plan. It is unfortunate that the IT costs for MISTRA and TD-Cost were not taken into account. The experts pointed out the problems of demarcation. The original mandate included that aspect, however.



1.1.2 Settlement of the loan to Swissair

Pursuant to a loan agreement dated 5 October 2001 and a supplementary agreement dated 24 and 25 October 2001, the federal government had financed Swissair's reduced flight operations until 30 March 2002. Swissair had undertaken to account for the federal loan that had been drawn on and to use the federal funds only for continued flight operations and the orderly transfer of such operations to a new national airline. The supplementary agreement also stipulated that the balance remaining after retirement of the loan was "not a priority debt but rather a normal third-class claim". Under the loan agreement, Swissair was paid CHF 1.15 billion up to 30 March 2002. Part of this amount served as a liquidity reserve for Swissair and did not have to be used as stipulated in the public-law loan agreements. This portion is not a legacy liability but rather a mass liability not to be included in the schedule of claims, and the Confederation can claim repayment in full. However, prior exemption of the mass liability requires the loan to be settled. Such settlement is to reliably estimate the legacy liability to be included in the schedule of claims.

This loan settlement is now at hand; it has been in place since April 2009. The SFAO subsequently announced a need to re-examine the situation, which it is entitled and obliged to do under Article 8(1)(c) of the FAOA. At the SFAO's request, the liquidator made the required documents available, amounting, over several stages, to 146 files in all. It was largely possible to complete the audit of the settlement in 2011. As a precaution, the liquidator then created a reserve of CHF 350 million. The difference adjustment procedure with the liquidator is currently still ongoing; the liquidator's statement on the findings and objections of the SFAO is still pending. Furthermore, the liquidator is correct in assuming that if agreement cannot be reached with regard to the settlement, the existence and amount of the Confederation's claim would have to be decided in proceedings before the Federal Administrative Court.

1.2 Social security and health

In this high-expense area of responsibility, the SFAO focused on correctional-educational institutions for young people, disability insurance, and the asylum system.

The SFAO critically evaluated the federal contributions to the 174 **correctional-educational institutions** of the Federal Office of Justice (FOJ) in the amount of CHF 70 million. The SFAO found that the quality standards required by the FOJ are met and that the procedure for contributions is transparent. Mutual exchange of information and planning of the places in the homes can be improved.

Minors and young adults are placed in correctional-educational institutions pursuant to civil or criminal proceedings. Using quality standards, the Confederation aims to achieve more or less the same treatment in all cantons. Requirements cover the qualification of personnel, the pedagogical concept, written internal rules and other areas. Additionally, the cantons are required to provide evidence of the needs of subsidised institutions in their planning, in order to avoid redundancies and unsuitable offerings. The SFAO audited whether these requirements are fulfilled.

The SFAO found that all correctional-educational institutions subsidised by the Confederation meet the legal quality standards. The procedure for being recognised as a correctional-educational institution entitled to a subsidy is transparent and comprehensible. However, a risk of redundancies in the supervision by the FOJ and the cantons was identified. To support the efforts by the Confederation and the cantons relating to equal treatment and optimisation of quality, the FOJ informs the cantons and the institutions of new findings. The planning

of care options can also be improved. Not all cantons take account of other housed options – such as foster families – and non-housed options. Although the cantons have been required to engage in planning since the end of the 1980s, that planning does not yet meet the expectations.

The findings were compared with the practice in the Netherlands and Norway. It was determined that information gathering is not sufficiently systematic and standardised, and that both the Netherlands and Norway have more advanced planning.

Although the audit findings can be considered good overall, the SFAO recommended reviewing the allocation of responsibilities between the Confederation and the cantons, to systematise planning, and to improve information exchange. The audit report has been published on the SFAO website (see www.efk.admin.ch).

The **expenditures for medical measures in Disability Insurance** have steadily increased over the past ten years. In 2010, they amounted to CHF 692 million, of which CHF 669 million are attributed to birth defects. These expenditures rose by 61% over the past ten years. The SFAO analysed this development and audited execution of these measures. It found that the last fundamental revision of the list of birth defects was made in 1985. This list is a construct of insurance medicine, but it does not correspond to the internationally recognised classification of diseases. It is therefore not surprising that the distinction between birth defects and disease is not conclusive. The SFAO found that the Disability Insurance offices often do not have sufficient expertise to evaluate complex fact patterns and have difficulties demarcating the costs allocated to health insurance schemes and those allocated to Disability Insurance. These difficulties have further increased with the flat-rate payments of hospitals. The changes to implementation in 2011 have reduced the ability of the Federal Social Insurance Office (FSIO) to intervene with regional medical services. It is the responsibility of the Disability Insurance offices whether to make a file available to those regional services for evaluation. Accordingly, the regional differences in the treatment of such files is great. Although the FSIO has detailed statistics on the medical measures at its disposal, this information is not used enough to identify risks and take appropriate measures.

The analysis showed that just a few defects result in high expenditures and that the strong increase is due to medical progress. It also showed that the cantonal differences are difficult to explain. There often is considerable leeway in determining defects and the selection of measures. The doctors and specialised treatment facilities have considerable leeway in determining diagnostic and therapeutic standards. Disability Insurance participates, if at all, only at the margins of these discussions. As a consequence of the low degree of control by the FSIO, there are significant differences among the cantons. The SFAO has made various recommendations, especially regarding the list of birth defects and the control and supervision of Disability Insurance offices. For especially complex cases, competence centres should be established with the necessary expertise. The FSIO basically agrees with the SFAO's findings and wants to implement the recommendations in the next three to five years. The priorities are occupational reintegration and the measures to reorganise Disability Insurance.

The audit report has been published on the SFAO website (see www.efk.admin.ch).

In regard to Disability Insurance, the SFAO also audited the **system of contributions to support the social integration services provided by private disability assistance organisations**. The annual subsidies in the amount of about CHF 150 million are largely funded from the Disability Insurance fund and to a lesser extent from the AHV fund. With a view to the new contribution system beginning in 2015, the SFAO made several recommendations. For one, the FSIO should more clearly define the understanding of its role as an



executing and supervisory organ. In light of the new flat-rate payments, the self-declared services, compliance with the requirements for receiving contributions, and the delegated supervisory functions should be increasingly verified on site. The term “volunteer activity” should be harmonised with that of the certification service ZEWO. With the definition of the new flat rates, the protection of vested rights under the previous system should be lifted. One demand for the return of payments made clear that errors made under the existing system and with the existing supervisory instruments cannot reliably be identified. Other recommendations aim to help implement the new contribution system and allocation practice in a useful and efficient manner. The FSIO agreed with the findings of the SFAO and wants to implement the recommendations. It reacted quickly to the abovementioned demand for the return of payments and initiated appropriate measures.

Since 2008, the Confederation has made **bulk payments to the cantons for the benefit of asylum-seekers**, temporarily admitted persons, and refugees. In 2011, it paid CHF 671 million to the cantons. The data is compiled by the cantons in the ZEMIS database (Central Migration Information System). The quality of the data determines the amount of the subsidies. The SFAO found that the data quality is good. In the Canton of Geneva, it used the database of the Central Compensation Office (CCO) to audit employment data and compared the data of the ZEMIS and CCO databases. The SFAO recommended that the Federal Office for Migration (FOM) not rely solely on the information provided by the cantons, but rather also consult the individual AHV data in the interest of data quality and combating abuse. On grounds of data protection, the FOM is currently not able to do this. The FOM wants to address this issue as recommended by the SFAO during the next revision of the Asylum Act.



1.3 Education and research

The SFAO performed a financial supervisory audit at the Staff of the **ETH Board**. The goal of the audit was to **evaluate the organisation, processes and products, and financial management**. The ETH Board has a Staff with 45 employees to support its work.

As a mediator between policymakers, the Federal Council, the Federal Administration, and the institutions, the Staff's structure is good in terms of organisation. With predominantly structured processes, it supports and advises the ETH Board and especially also the president in performing their legal duties. The units are managed by the Executive Director in a consistent and goal-oriented manner. According to the

goals articulated by the Federal Council for the ETH Domain, the allocation of funds to the individual institutions by the ETH Board should be in accordance with performance. This goal has not yet been achieved. It is difficult for the Staff of the ETH Board to exercise the supervision function over the institutions, since the legislator has granted the institutions far-reaching autonomy. The greatest challenge in this regard is to reduce the particular interests of the institutions and to achieve efficiency gains through cooperation and optimisation.

1.4 National defence

In the area of national defence, the SFAO primarily audited the command and control and reconnaissance systems, training with simulators, procurement of personal equipment, and environmental risks. The employment of external staff at the DDPS also gave rise to discussions.

In 2009, the SFAO audited various areas of the **command and control and reconnaissance system** of the Armed Forces which was then under construction. The focus was on issues of strategic planning and control as well as the economic efficiency and deployment of systems. During the reporting period, the SFAO updated its stocktaking of 2009. The focus was on questions of strategy and supervision. Also considered was the enquiry by the parliamentary Finance Delegation and Control Delegation on the status of implementation of the SFAO's recommendations.

In order to respond to the cost pressure, which has been increasing for several years, as well as to the quickly changing and networked environment, the Swiss Armed Forces are aiming to achieve greater effectiveness and efficiency. Network Enabled Operations (NEO) are a key competence in this regard. The NEO strategy aims to make the Swiss Armed Forces able to respond flexibly and in a goal-oriented manner to changing situations and responsibilities. In this regard, the Armed Forces aim to perform the necessary services with as few resources as possible. Achieving information, command and control, and combat superiority is the principle used to achieve this goal. NEO is based on the 2010 Security Policy Report and the benchmark figures proposed in the 2010 Armed Services Report, namely a target

of 80,000 servicemembers and an annual expenditure ceiling of CHF 4.4 billion. The total costs for the period from 2011 to 2021 are estimated at an average of 20% of the Armed Forces budget. Additional investments are expected by the planned overall completion in 2025.

The SFAO considers the current NEO strategy to be an important step towards orienting and dimensioning the Armed Services' command and control and reconnaissance system. The long planning horizon and the emphasis on technology contain high inherent risks. The staggered schedule also lacks information on investments after 2021. The development of an implementation plan and implementation of a controlling concept are therefore crucially important and a prerequisite for the Federal Council and Parliament to be able to effectively exercise their supervisory function.

The SFAO conducted an **evaluation of the military use of simulators for training in the Swiss Armed Forces**. The Swiss Armed Forces are considered one of the leading armed forces worldwide in terms of training on simulators. Due to external constraints such as its small size and dense population, Switzerland was forced at an early stage already to make use of simulators. The short training times and certain requirements especially relating to security and the environment also mean that various activities are carried out exclusively or more frequently using simulators. The investment volume of the simulation systems currently operated and used by the Swiss Armed Forces is CHF 1.7 billion. Taking account of the associated infrastructure, an investment volume of more than CHF 2 billion must be assumed.

The SFAO examined the question of how this expensive infrastructure is used. In particular, it examined driving and flight simulators, as well as tactical and command and control simulators. Using questionnaires at training courses, the SFAO assessed the utility of the different systems among course participants. The SFAO found that the training quality of simulators is undisputed for all user groups and that the advantages very clearly outweigh the disadvantages. Practicing on simulators is seen as a sensible complement to training on real systems or activities in the field, and the regular use of simulators in training is desired. However, the SFAO found that the degree of utilisation of the systems envisaged at the time of procurement has not yet been reached, and that the financial advantages compared with training in the field cannot be demonstrated for all simulators. The positive impact on the environment cannot be estimated. The planned reduction of the size of the Armed Forces will have consequences for the use and economic efficiency of simulator systems. Idle periods will become more frequent. The high investment costs as well as the maintenance and operating costs entail expensive training hours on the simulators.

Based on the audit findings, the SFAO made various recommendations. For instance, an overarching strategy for the use of simulators in training should be developed. To use the infrastructures in an optimal way, one of the SFAO's recommendations is that opportunities for international training cooperation and use by third parties should be considered and that networked use in continuing training courses should be envisaged. In some cases, simulators might have to be decommissioned. For future procurements, evidence of the savings potential should be provided in the armament

messages submitted to Parliament, along with a comprehensible cost-benefit analysis. Apart from the utility for training, the economic efficiency should also be holistically considered. The audit report has been published on the SFAO website (see www.efk.admin.ch).

In regard to equipment and renovation needs (AEB credits), the SFAO conducted random audits of the **procurement of personal equipment** in the years 2009 to 2011 as well as the corresponding procurement procedures. The guarantee credits in the years 2009 to 2011 for the procurement of personal military equipment amounted to CHF 137 million. Using a sample audit, a total of nine procurements were examined, corresponding to a credit amount of CHF 61 million.

The proper selection of the procurement procedure and the utilisation of all optimisation potential in implementation are essential components of an economically efficient award of a contract. In the case of annually recurring procurements, a procurement strategy should in principle be defined for all procurements, and compliance therewith should be rigorously monitored. Procurements for which a four-year framework contract with annual tenders and awards is concluded must be limited to the extent absolutely necessary. In the case of all other multi-year procurements, the invitation to tender should where possible include prices offered over several years, so that effects of scale can be taken advantage of.

In the case of recurring contracts which must be awarded directly – for instance due to monopoly situations – framework contracts with clearly defined conditions and prices should be negotiated with the suppliers, so that individual orders can be called up directly on the basis of these agreements.



At armasuisse, the SFAO audited the **sale and utilisation of military equipment no longer needed**. The methods chosen for decommissioning and the close cooperation with RUAG are comprehensible and plausible. armasuisse carefully selects buyers of military equipment, but it aims to position itself to the best possible extent in the market in order to achieve good prices. The liquidation shops for the sale of mass articles and the on-site sale of decommissioned vehicles are operated according to economic criteria. Random samples showed that armasuisse complied with all conditions and requirements in the liquidation of military equipment. These relate to the monitoring of radioactivity tests, any arrangements made with the manufacturer or the country of origin, confirmation that the buyer is the final consumer, and approval by the State Secretariat for Economic Affairs (SECO) for the export of military equipment.

Revenue accounting is transparent and comprehensible. The account is kept according to clear RUAG criteria. armasuisse may offset the revenue with expenses for liquidation. It is disturbing, however, that while the list of decommissioning transactions includes concrete and precise information in some cases,

it contains only estimates in others. Moreover, SFAO questioned the plausibility of how compensation for RUAG's liquidation services was calculated in light of declining turnover.

During an audit of the **management of environmental risks associated with contamination in the DDPS**, the SFAO found that the contaminated locations are inventoried. However, the regularity of the reserves and the contingent liabilities must be questioned, since no in-depth or plausible details on these figures exist. Since the introduction of the new accounting model of the Confederation on 1 January 2007, armasuisse Real Estate has never reviewed the reserve requirements for contamination and has kept the amount unchanged at CHF 33 million. At the end of 2010, the contingent liabilities were CHF 559 million; armasuisse Real Estate was unable to present auditable details on the increases of several million Swiss francs made in the previous years. The current state of processing and knowledge make it difficult to generate reliable estimates of the clean-up costs facing the Confederation. It is certain that the total costs will be high.

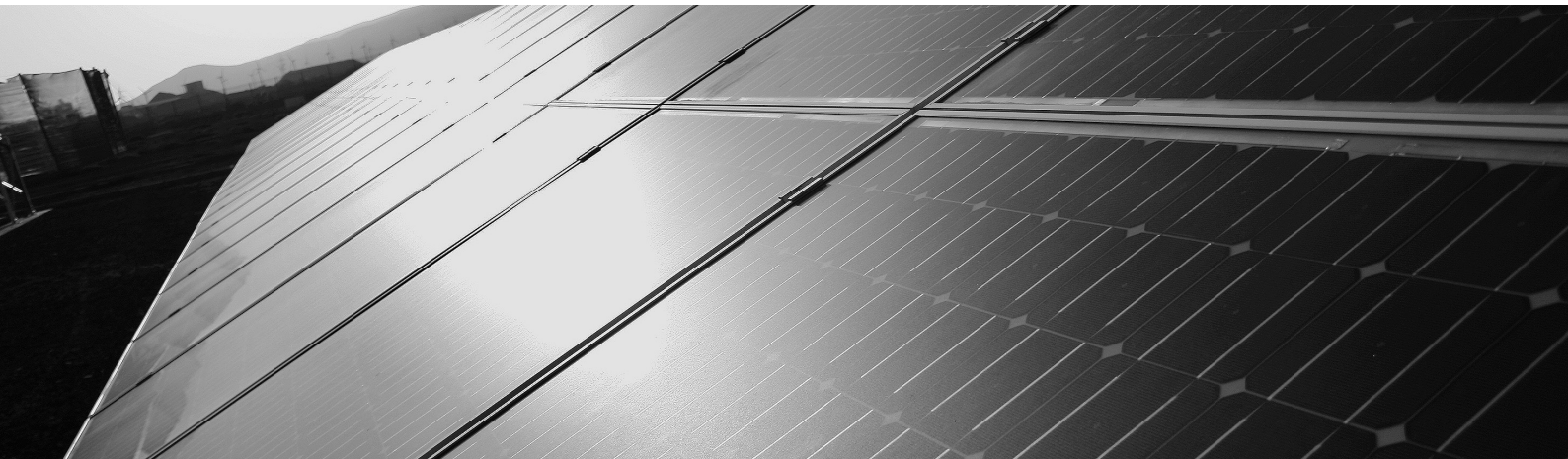
At armasuisse Real Estate, the SFAO also audited how **building needs** are reconciled with the core responsibilities of the DDPS and the **deployment concept of the Armed Forces** and whether investment decisions can be based on key figures.

In light of the reduction in size of the military infrastructure, real estate management is a demanding task. The SFAO identified potential for improvement in regard to formulation of needs by tenants, the timeliness and quality of the information, and the calculation and use of key figures. For instance, no statements can be made on utilisation of capacities. The fluid environment does not make it easier to optimise processes. Especially with a view to the current discussions on the closure of military facilities, the SFAO therefore does not expect rapid or major savings in terms of (space) costs.

The SFAO evaluated **defence-related cost and performance accounting** and examined **security deployment of the Armed Forces at the World Economic Forum (WEF)** in 2011. Organisationally, a distinction is made between the military and civilian aspects of deployment at the WEF. The SFAO found that at the time of the audit, the Armed Forces had neither a comprehensible and transparent WEF budget nor proof of the costs of deployment as part of a military refresher course. The Armed Forces are therefore hardly able to determine the added costs of a WEF

deployment compared with a regular refresher course. The final accounting for the WEF 2011 is only partially comprehensible. A service and leasing agreement exists with the Canton of Graubünden. The agreed costs of the Confederation are billed only in part. No reasons could be given for the enactment's amount of more than CHF 5 million. The demonstrated costs of the Confederation for the WEF 2011 amounted to CHF 40 million. The final accounting for the WEF prepared by the Canton of Graubünden, which was submitted to SECO for verification, does not include detailed information on the individual accounts. In light of this situation, an audit of the final accounting is hardly possible.

In part based on the reports of the internal Financial Inspectorate, the SFAO analysed the **use of external staff in the DDPS**. The use of such employees focuses mainly on organisational units with central functions, horizontal responsibilities, and service functions, is limited in time, and is restricted to precisely described tasks. The SFAO believes that a lack of human resources or knowledge in core areas should not be compensated by purchasing them externally using collateral credit. Also on considerations of security policy, the use of external staff is not without risks. Based on the reports of the Financial Inspectorate, the DDPS has adopted several urgent measures.



1.5 Energy and environment

During the reporting period, the SFAO's audits in the field of energy covered Swissgrid in particular, a limited company established by special legislation; controlling of energy research; financial management in the programmes in energy, waster heat utilisation, and water power losses; programme agreements in the environmental field; and the Wood Action Plan.

At **Swissgrid**, the SFAO conducted a financial supervisory audit of **procurement, information and communication policy, and cost and performance accounting**. As the national grid company, Swissgrid is responsible for operating the Swiss high-voltage grid. It is responsible for ensuring a secure supply of electricity throughout Switzerland. Swissgrid is a limited company created by special legislation with a share capital of CHF 15 million, turnover of CHF 1 billion in 2011, and about 360 jobs. The shareholders are exclusively Swiss electricity producers that are directly or indirectly majority-owned by cantons and communes. Effective the beginning of 2013, Swissgrid will take over the 18 grid companies and become the owner of the high-voltage grids.

The measures envisaged and already in place aim to ensure compliance with the provisions of public procurement law. The audit showed the complexity and high demands of Swissgrid's information technology. The transmission grids constitute a critical infrastructure of Switzerland and must be integrated into the national security measures. Switzerland's security of supply can only be ensured by broadly safeguarding the infrastructures and IT-dependent operations. By itself, Swissgrid cannot ensure defensive measures against attacks targeting IT. The SFAO will approach the competent federal offices in this regard.

The focus of cost and performance accounting is currently on meeting the information needs of the Federal Electricity Commission (EiCom) and less on business management. The SFAO recommended improving comprehensibility of the allocation of costs to electricity rates, expanding segment reporting, and revising documentation for the internal control system and process descriptions for cost and performance accounting.

In 2008, the SFAO analysed controlling and **coordination of energy research** and published its results in March 2009. During the reporting period, it audited implementation of the recommendations. It found that while the competent expert commission focused the projects on four core areas, priorities have still not been adequately defined. In the new research plan, the non-priority areas are not mentioned. It also does not contain statements regarding the planned allocation of resources. In light of the planned nuclear phase-out and the additional federal funds to be made available to energy research in the years 2013 to 2016, greater transparency regarding the priority projects and allocation of resources are absolutely necessary.

At the Swiss Federal Office of Energy (SFOE), the SFAO audited the bookkeeping, accounting, and handling of business of the **programmes in energy, waste heat utilisation, and water power losses**. In the view of the SFAO, the internal control system must be revised in light of new developments. While key controls exist for financially relevant processes, completeness and competences should be improved. Moreover, the SFAO drew attention to deficits relating to subsidies, such as exhausted credits and payment conditions. It also identified need for improvement in regard to individual contractual relationships. In the project “Automated leasing of bicycles at the train station”, it did not find effective supervision by the SFOE, for instance by requesting and reviewing the final accounting of the project. Finally, the SFAO found that, contrary to original assurances, not all recommendations from an earlier audit had been implemented.



In the course of the new allocation of responsibilities between the Confederation and the cantons, **programme agreements with the cantons on services in the environmental field** were for the first time concluded for the period from 2008 to 2011. During this period, federal funds in the total amount of CHF 610 million flowed to the cantons. The audit findings on the federal side were good. In particular, the Federal Office for the Environment (FOEN) created a manual on the programme agreements, which is a valuable instrument providing substantial and targeted support to all participants when carrying out the agreements, and which can also be used by other federal offices as a template. The programme agreements define the goals, important factors, and thresholds. The description of calculable goals and indicators in order to evaluate contractual performance by the cantons is still in the development phase. Since the cantons are to be given considerable leeway, the FOEN faces a major challenge. Based on the annual reports of the cantons, it can often hardly be determined whether the goals of the agreements have actually been achieved by the end of the programme period. The FOEN must therefore adjust the requirements to the reports. Likewise, the consequences of non-performance of the agreement by the cantons must be clarified without delay. The FOEN intends to implement the recommendations.

At the FOEN, the SFAO also audited the **subsidies for the Wood Action Plan**. The FOEN employed CHF 16 million over a four-year cycle. The SFAO found that the FOEN is accompanying and monitoring the project appropriately. Gaps were seen in the execution and documentation of financial supervision. The SFAO concluded that the projects relating to the utilisation of hardwood, the further development of timber construction systems, and the sensitisation of public clients will hardly achieve the impact envisaged in the Forestry Act over the coming years. The strong Swiss franc further impairs that impact. If the need for wood increases, it is more likely to be met by low-cost imports from abroad rather than by felling trees in topographically difficult locations. The SFAO has therefore recommended reducing the subsidies by these contributions. The other federal funds are not subsidies, but rather service contracts. The FOEN does not agree with this recommendation and refers to a study confirming that the goals of the Wood Action Plan can be achieved. Nevertheless, given annual forestry subsidies totalling CHF 90 million, reductions by CHF 2 million should certainly be possible in light of their questionable impact.



1.6 Economy and regional policy

In this area of responsibility, the SFAO focused on the economic stimulus programmes in the years 2008 to 2010, export promotion, and regional policy.

Numerous countries responded to the global financial and economic crisis erupting in 2007 and 2008 by establishing extensive **economic stimulus programmes**. To dampen the recessive impact, Switzerland also took various measures to stimulate the economy. The SFAO examined the conception and implementation of the federal measures. The conception of the stabilisation measures at the federal level happened quickly and on a broad basis, and the Confederation strove to coordinate with the cantons and communes at the beginning of the crisis intervention. According to the SFAO analyses, implementation of the stabilisation measures was uneven, however. The first two phases in November 2008 and February 2009 mainly covered expenditures that had already been planned or were brought forward in the

amount of CHF 1.1 billion. The first phase, which involved suspending the credit block and other primarily federal construction projects, was implemented quickly. In the second phase, primarily involving major infrastructure construction projects, only about 60% of the planned resources were employed in the 2009 recession year. The reasons for the delays were objections and lengthy construction approval processes. Another complicating factor was that the construction industry was never in a recession. During the third phase with a planned use of funds in the amount of CHF 0.9 billion, only measures relating to innovation promotion and exports could be realised as desired in terms of economic policy, apart from the early reimbursement of the CO₂ tax. The labour market measures, on the other hand, turned out to be unnecessary, and the approved funds were therefore hardly used. Of the total additional federal funds approved in the amount of CHF 2.1 billion, only CHF 1.7 billion were committed by the end of 2011; in the 2009 recession year, impulses of only CHF 0.9 billion or 0.17% of the gross domestic product were released.

In the view of the SFAO, the rule-bound economic policy proved its worth. The Confederation responded appropriately to the recession. However, the analysis again confirmed that the Confederation's intervention options in a recession are extremely limited. The structure of the federal budget is not very suitable to discretionary fiscal policy. In light of the high degree of uncertainty regarding the gravity and progress of the crisis, the phased approach also acquitted itself well. Even though every crisis progresses differently and decisions must be made situationally, the SFAO believes that the information on economic measures can be improved across all three levels of the State in future. This would also strengthen the psychological signal effect. Finally, the SFAO believes that reporting could be improved with the help of appropriate indicators, such as actual expenditures and not merely appropriated funds, not least of all in order to improve estimates and evaluations of the impact on employment and value creation. The report has been published on the website www.efk.admin.ch.

For **export and import promotion as well as location promotion**, the State Secretariat for Economic Affairs (SECO) paid federal funds totalling CHF 26 million to the **Business Network Switzerland (OSEC)** in 2011. With its 102 full-time positions in Switzerland and its 18 Swiss Business Hubs (SBHs) in priority markets, OSEC further expanded its advisory services and event organisation activities. The SFAO clarified whether the subsidies to OSEC are in accordance with the principles of regularity, economic efficiency, and transparency. Further audit goals were the implementation of recommendations from the evaluation of export promotion in 2005 and from the audits of the SBHs, which the SFAO carried out in the years 2008 to 2012.

Overall, the audit findings were good. The services agreed with the SECO were rendered professionally and cost-efficiently. The various recommendations were implemented in a goal-oriented manner. The SFAO identified potential for improvement in IT management and the use of reserves from earlier service agreements. It recommended finding an economically efficient and sustainable solution together with the Federal Finance Administration in line with the Subsidies Act. The SFAO continues to be of the opinion that coordination between the Federal Department of Economic Affairs, Education and Research (EAER) and the Federal Department of Foreign Affairs (FDFA) must be strengthened. The "entrepreneurial" orientation of OSEC and the "foreign policy" orientation of the FDFA require better coordination. The SFAO also believes that synergies with the "swissnex" network – Swiss outposts for scientific exchange abroad – should be considered in the development of the foreign network. Finally, the SFAO recommended joint inspection of the SBHs by the FDFA and OSEC.

In cooperation with the Internal Audit Division of the SECO, the SFAO audited the area of ***bilateral economic relations, export control, and sanctions***. The main goal of the audit was to evaluate the controls and measures and the internal control system for management and business processes as well as the ongoing IT project Impex08. Impex08 is a system for controlling and processing the import, export, and transit of goods subject to the Goods Control Act and the War Material Act.

The overall audit findings were good. The employees' many years of experience and their expertise ensure sound and careful implementation of the legal requirements. The existing organisational structure evolved historically and has potential for improvement. SECO has already recognised this itself and is considering a merger of export control for industrial products and war material and a concentration of the responsibilities of export control policy in the respective division.

The SFAO found that the Impex08 project is being managed professionally. By consolidating the four existing applications within a joint IT system, not only can the redundancies in data storage be remedied, but also potentially process duplications. Since the politically sensitive area of sanctions was excluded from the project in advance, no automatisms in this regard have to be feared.

SECO agreed with the recommendations. The Internal Audit Division of SECO will pursue implementation of the envisaged measures.

Pursuant to Article 4 of the ordinance on the ***New Regional Policy*** (NRP) and based on programme agreements concluded by the Confederation with the cantons, the SFAO together with the cantonal Audit Offices audited implementation of the NRP in three cantons. The goal of the audit was to verify the information and data reported by the cantons to the Confederation in the 2011 reports. Additionally, the audit extended to compliance with the new legal orientation of regional policy, i.e. to the contents of the projects and aspects of monitoring and appropriateness of controlling. Finally, the audits in the cantons aimed to gain insights for the further development of the programme agreements at the federal level. The SFAO recommended that two cantons, which fund projects via flat-rate contributions to organisations close to the state, further formalise their monitoring processes. Personal ties between organisations receiving contributions and the cantonal offices should be avoided, and written mandates should be introduced for delegating cantonal representatives to the governing bodies of the organisations. The recommendations met with a positive response by the cantons.



1.7 Finance and taxation

1.7.1 Federal taxes

The SFAO audits not only the thrifty use of funds, but also the proper levy of taxes. Naturally, the focus is on the value added tax (VAT) and the direct federal tax, since these make up two thirds of the federal budget.

As part of the revised Federal Act on **Value Added Tax**, the **scope of application of the VAT flat rates** was expanded in order to achieve further simplification, so that even more taxpayers can make use of this method. The Act provides that the SFAO, as an independent office, regularly audit the appropriateness of the flat rates determined by the Federal Tax Administration (FTA). The aim of the audit is to show whether these VAT flat rates exhibit the effects desired by the legislator, especially neutrality in terms of revenue and competition. The SFAO found that eight of the audited rates are inappropriate in terms of one or both of these measures. In the case of 16 VAT flat rates, appropriateness could not be evaluated because the business management figures are not sufficiently meaningful.

In its comments, the FTA referred to the problems associated with the voluntary nature of the VAT flat rate method. In addition to administrative simplification, it also offers a way to optimise taxes. This inherent defect also means that any approach to measuring the appropriateness of the VAT flat rates is doomed to fail from the outset. Those who use the VAT flat rate method will predominantly be the financial beneficiaries of the system. The audit carried out by the SFAO in 2011 again clearly showed the problems known to be inherent to the system. According to the FTA, the mandate given to the SFAO by the legislator could not be fulfilled, unless the audit limit itself to the question of whether the FTA's approach is comprehensible. In the view of the SFAO, this argument is insufficient. It has therefore requested an opinion from the Federal Office of Justice.

The annual **VAT receipts generated by banks** has been about CHF 200 million on average over the past five years. Banking and financial services have largely been exempt from VAT since it was introduced in 1995, compared with foreign VAT provisions. In concrete terms, this means that only about 10% of all banking services rendered to domestic final customers today are subject to VAT. Although the exempt turnover has repeatedly been discussed in recent years, the status quo has been maintained.

To correct the input tax deduction, the FTA can define lump-sum methods. The calculation method for the lump-sum VAT for banks has not been changed since introduction of the VAT. The FTA now plans to review the current lump-sum VAT for banks in the next two years. The SFAO has recommended documenting the individual review and calculation steps, including an estimate of the tax difference using model calculations, in a comprehensible way. Compared with other taxpayers, banks have been inspected disproportionately frequently over the past five years. The SFAO welcomes this, in light of the diversity of the banking business. For the SFAO, access to the inspection files of internationally operating banks showed the complexity of an audit as well as the associated major time commitment for the VAT authority. It was also seen that individual systematic accounting errors, such as application of the wrong tax rate for a certain service, can have a major impact on VAT accounting. The SFAO believes that risk-oriented inspections focusing on subareas should increasingly be carried out. To do justice to the high demands on the inspection of banks, it is also important to foster teams of bank specialists within the VAT authority in a targeted manner and in accordance with uniform training standards.

In 2011, revenue from the **value added tax** was CHF 21.6 billion, half of which was collected by the FTA and half of which by the Federal Customs Administration (FCA). The SFAO conducted an inter-office audit of the processes in these two federal offices with respect to **preventing and combating fraud**. It examined the measures taken by both federal offices to minimise legal, financial, execution, and reputation risks. Overall, the SFAO found that both federal offices have an appropriate control environment and range of measures to minimise the risk of fraud. However, mutual exchange of information and the use of modern tools can be improved and expanded. The SFAO also suggested the establishment of a central register and recommended strengthening cooperation to achieve synergies in the analysis and identification of risks of fraud.

After last year's audit of the **tax relief** granted to the Brazilian natural resources company Vale, the company did not appeal the decision of courts of original jurisdiction and will pay back taxes to the Confederation in the amount of CHF 212 million. The SFAO complained that Vale had wrongfully benefited from tax relief under the Bonny resolution. The Federal Tax Administration and the State Secretariat for Economic Affairs (SECO) demanded the back payment of direct federal tax based on the SFAO audit report.

1.7.2 Fiscal equalisation

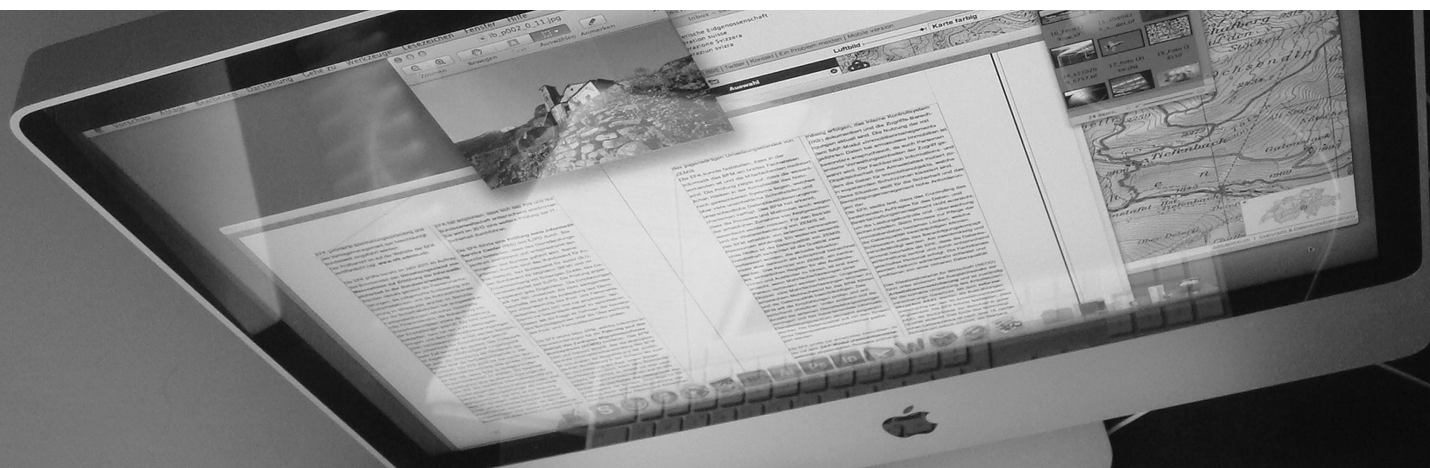
The SFAO has the statutory mandate of verifying the **data quality of resource equalisation and cost compensation**. During the reporting period, it again audited six cantons as well as the Federal Finance Administration, the Federal Tax Administration, and the Federal Statistical Office. The annual volume of the equalisation payments will increase slightly in 2013 compared with the previous year to about CHF 4.8 billion. Of that amount, CHF 3.7 billion are attributable to resource equalisation. CHF 1.5 billion are at the expense of the cantons with the greatest resources (horizontal resource equalisation). The Confederation is responsible for CHF 3.2 billion; in particular, it fully funds cost compensation in the amount of CHF 0.7 billion.

The companies with cantonal special statuses entail risks for future data reporting. The development of the cantonal tax laws due to foreign pressure on cantonal special statuses for the taxation of domiciliary and mixed companies should be taken into account at an early stage by resource equalisation. If the cantonal special statuses are successively abolished, the resource potential of the cantons in question might increase substantially if the financial equalisation rules are not adjusted. The SFAO considers the data quality to be good overall.

It did not note any significant errors or weaknesses. The audit findings were discussed with the NFA Quality Assurance Expert Group (New Organisation of Financial Equalisation and Allocation of Responsibilities). Where serious errors occur, that group can request the Federal Department of Finance to take corrective measures.

Carrying out resource equalisation and cost compensation is a horizontal process in the Federal Administration. The SFAO recommended that the three federal offices improve coordination of the processes. In particular, interfaces, media breaks, and manual data processes should be reduced to avoid errors. The offices intend to implement the recommendations.

The audit report has been published on the SFAO website at www.efk.admin.ch.



1.8 Federal level

At the federal level, the SFAO audited personnel administration in selected areas, IT and procurements, and federal buildings. The focus of attention was on the INSIEME project of the Federal Tax Administration.

1.8.1 Personnel

At the **Federal Office of Information Technology, Systems and Telecommunication (FOITT)**, the SFAO audited whether the **internal and external personnel resources** are recruited, controlled, and employed in an efficient and effective manner. The focus was especially on strategic implementation, processes and directives, recruitment, controlling, and personnel administration. At the time of the audit, the FOITT employed about 1,100 internal staff members, distributed among six main divisions and various staff offices with personnel costs in the amount of CHF 165 million. There were 517 contracts with external persons in the total amount of CHF 65 million.

The audit showed that the management of internal and external personnel resources is defined and carried out specifically to each main division. From the perspective of the SFAO, efficient and effective resource management and administration can be further strengthened through standards and requirements applicable throughout the FOITT. For instance, there is no overarching strategy defined in writing for the recruitment of external resources. The individual main divisions act according to their own needs. Coordination must be improved. Various controlling activities likewise take place in the main division. There is no coordinated and centrally managed controlling of personnel resources throughout the FOITT. The random audits of the personnel files and administrative execution showed that processing of business cases generally is proper and correct. The internal control system should, however, be defined and documented better. Business management under the new director has recognised these deficits and intends to implement the recommendations in the course of the ongoing reorganisation of the FOITT.

1.8.2 IT and procurement

Pursuant to Article 6 of the FAOA, the SFAO audits whether IT applications in financial management exhibit the required security and functionality, particularly whether directives are being followed. In this role, the SFAO conducts various IT audits (see Annex 1). The failed INSIEME project gave rise to major discussions in this regard.

INSIEME dates back to 2001. At that time, the vision was better aligning the FTA with the needs of customers by adopting comprehensive, modern processes supported by a uniform, overall IT system, since existing IT applications had become outdated. The project was redesigned in early 2008, following revocation of the WTO award for the IT project in August 2007 and a resulting interruption. *INSIEME* was scheduled to be finalised in several stages over four years, with completion by early 2013.

The SFAO carried out an audit of the relaunched project already in 2008. At the time, it criticised among other issues that the project organisation and management were not optimally set up and had to be corrected. The SFAO also criticised controlling and found that the guarantee credit would most probably not be sufficient. The FTA agreed with the recommendations and assured that they would be implemented. Parliament increased the existing guarantee credit to CHF 150 million. One year before the FTA's decision to interrupt *INSIEME* and relaunch it, the SFAO audited the status of the project and implementation of the recommendations. The audit found that the lack of specialised management of the project by the directorate had left serious traces in the course of the project. Processes were not defined

according to the overarching approach defined at the beginning of the project, leading to considerable additional cost and effort. The risk also existed that the previously defined, overarching processes would not be implemented. There was no system architecture for putting the various elements together. The SFAO found that various measures had not been implemented, and at the end of 2011 it continued to view the situation as critical. It expressed considerable doubts concerning the prospects for success, and it criticised the disproportion between the use of resources and visible results, among other issues. The FTA largely shared the SFAO's assessment and assured that it would implement the recommendations. In light of the identified inconsistencies in regard to procurements, the SFAO furthermore recommended that the FDF initiate an administrative investigation. This investigation led to the initiation of criminal proceedings and the dismissal of the Director of the FTA. Parliament subsequently decided to appoint a working group to investigate the causes of the project's failure. The FDF estimated the costs of the project termination to be about CHF 100 million. The Federal Council has now decided to strengthen its supervision of key projects in the IT field. The SFAO recommended improving the use of already existing supervisory and control instruments and, where necessary, strengthening them. In particular, it suggested including the strategic IT projects consistently in risk management as well. Finally, the failure of *INSIEME* entailed that the procurement controlling and contract management called for by the SFAO will now be introduced throughout the Confederation on an accelerated basis. The audit report has been published on the SFAO website (see www.efk.admin.ch).

Under a mandate from the Federal Council, the SFAO already in 2011 audited the **extent to which measures have been implemented to increase IT security in the Federal Administration**. While the focus at that time was on password requirements, timely closing of security gaps, and network monitoring, the audit during the reporting period looked at security gaps in selected specialised applications with high business or financial relevance, the treatment of security incidents, and implementation of the recommendations. The SFAO found that improvements had been made by the eight service providers and the Federal IT Steering Unit (FITSU), but that implementation of the recommendations will take longer than planned. Progress is unsatisfactory overall. Implementation of the federal directives on network security in the cantons is also insufficient. With the new Federal IT Ordinance, the SFAO sees a great opportunity for the FITSU to strengthen its role in overarching security issues. It expressly welcomes a clearer leadership role of the FITSU. Service providers perceive the restrictive information policy when serious security incidents occur to be an impediment. The SFAO believes that a balancing of the criminal and security aspects is necessary to enable the service providers to respond quickly and comprehensively to an incident. The SFAO recommended that the FITSU and the Office of the Attorney General coordinate accordingly. The SFAO will carry out another audit of IT security in 2013.

The SFAO carried out an **audit of the IT Service Centre** (ISC) of the FDJP. It found that the service centre is managed effectively and in accordance with the federal requirements. Its largest clients are the Federal Office of Police (fedpol), the Federal Office of Justice (FOJ), the Federal Office for Migration (FOM), and in connection with Schengen-Dublin the General Secretariat of the FDJP. The audit findings were good overall. The ISC intends to implement the recommendations. The SFAO found that the establishment of the Post and Telecommunications Surveillance Service within the ISC was not appropriate, and it recommended moving the service to the General Secretariat. The General Secretariat intends to consider the question in connection with the revision of the Federal Act on Post and Telecommunications Surveillance.

At the FOM, the SFAO audited what special challenges exist for the **management and operation of the Central Migration Information System (ZEMIS)**. The FOM manages and operates ZEMIS, the key strategic IT application of the FOM, which serves to register the foreign population in Switzerland as well as to carry out asylum and naturalisation procedures. After the civil status register INFOSTAR, ZEMIS is the second-largest register of persons in Switzerland, with more than nine million personal datasets and 30,000 users. A risk assessment and an evaluation of the strengths and weaknesses of the current implementation status of ZEMIS served as a basis for the audit.

The SFAO found that the IT division of the FOM has broad expertise and that its staff members are motivated. The audit showed that the essential risks lie in the complexity of the historically evolved system, which has many inconsistent interfaces and various mechanisms for establishing the plausibility of data. The FOM has recognised that the processes and methods must be simplified also due to the increase in asylum applications. For the operation and further development of ZEMIS, the FOM depends substantially on external personnel resources. Another significant risk is the data quality of ZEMIS. While quality may have improved overall, the current situation must still be deemed suboptimal. The core goal of ZEMIS, namely to maintain a central, uniform register for all foreigners in Switzerland, will only be achieved once multiple entries of the same person can be avoided. Undesired double or multiple entries may lead to substantial additional work for the FOM and diminish the quality of data. The FOM intends to consider the recommendations and implement them accordingly. Among other steps, it intends to reduce the number of external service providers and to employ the departmental IT service centre more frequently. It intends to increase data quality by employing a data quality officer.

At armasuisse Real Estate, the SFAO audited whether the processes run with the **SAP real estate management module** are done so properly, whether the internal control system (ICS) is documented, and whether access authorisations are up to date. The use of the data managed with the SAP real estate management module at armasuisse Real Estate is especially challenging, since persons from other administrative units are also granted access. Moreover, the specialist division for Information and Object Security of the Armed Forces Staff updates the data for real estate objects classified in so-called “protection zones”. This situation is very challenging for security and authorisation management. The SFAO found that the controlling of the existing mandate for data and real estate management is insufficient to ensure control and monitoring of performance. Gaps exist in the process for maintaining real estate data, which might diminish data quality. Finally, the authorisation concept should be completed. The SFAO considered it useful and sensible that data is managed centrally and by appropriately trained personnel. The specialist services are relieved of administrative burden in this way, and they benefit from better data quality.

One of the tasks of the State Secretariat for Economic Affairs (SECO) is to run the compensation office for **Unemployment Insurance**, and it is responsible for correct implementation of the Unemployment Insurance Act. The **IT system ASAL** processes payments in three languages for the 35 unemployment insurance funds. The SFAO found that the quality of ASAL's coverage of user needs is good. The end of the technology life cycle has been reached after more than 18 years, however; maintenance by the manufacturer will be suspended. According to the manufacturer's offer, the system can be maintained and operated until 2020. SECO has already made the technology decision to migrate to a new software development environment for ASAL and wants to award the project directly on the basis of an externally prepared legal opinion. The opinion is based on the assumption that the new system would have to be available already by the end of 2014, and that realisation and introduction of the system components in stages and in parallel to ongoing operations would be possible only if done by the current manufacturer. In the view of the SFAO, the legal opinion, however, failed to take sufficient account of various factors, such as the good state of the current system, the considerable amount of time available, and the qualified Java suppliers existing on the market. These factors speak against a direct award. The SFAO also found that no cost-efficiency analysis had been performed using HERMES. The offer of the manufacturer must be critically analysed not only in connection with pricing, but also with respect to the sought-after

participation by SECO. The SFAO has recommended that the question of direct award be submitted to the Competence Centre for Procurements of the Federal Office for Buildings and Logistics.

The SFAO carried out an IT audit at the **Federal Office for the Environment (FOEN)**. With this audit, the SFAO wanted to assess the risks in the IT environment and examine the procurement of IT services. The FOEN is the environmental specialist office of the Confederation and employs about 650 staff members. The annual IT budget is CHF 11 million. The IT landscape has evolved historically and consists of about 250 specialised and support applications. An analysis of the environment in 2009 found that there is no IT architecture or at least that it was not up to date. At that time, the data access project and the Geographical Information System were the main drivers for a uniform architecture.

The SFAO found that while the FOEN initiated a new orientation of IT, the work could not be advanced significantly. The data access project was suspended due to major difficulties. IT management will thus remain a major challenge also in the coming years. The will of the directorate to implement a less complex and more standardised IT architecture continues to be apparent. The SFAO recommended preparing a detailed plan for implementation of the IT strategy. In an analysis of the organisation, the SFAO found that key positions are filled by external staff members, which should be reviewed. The FOEN intends to implement the recommendations.

1.8.3 Buildings

With a horizontal audit, the SFAO intended to show how the *work contracts of the Federal Office for Buildings and Logistics (FOBL), the Swiss Federal Institute of Technology Zurich (ETHZ), and armasuisse Real Estate* are implemented and how the contractors are managed and monitored. For this purpose, 15 construction projects from various regions in Switzerland were analysed during their construction phase. The analysis was conducted on the basis of the master builder's work contracts for shell construction work. The financial volume of the audited work contracts amounts to a total of CHF 62 million.

The SFAO found that the clients have concluded numerous suitable arrangements with the contracted construction managers and contractors. But the horizontal audit also showed that there is considerable potential for improvement. For instance, the contracted construction managers failed to record contract work effectively performed in a general, timely, or complete manner. There were no binding quantity determinations. Another weak point turned out to be that additional new positions were billed without a corresponding written offer.

The SFAO also found that evidence of actual use of the required quality of building materials was only sporadically available, despite clearly agreed stipulations in this regard.

The three federal clients intend to implement the SFAO recommendations quickly. The responsible persons have been appointed, and deadlines have been fixed.

The audit report has been published on the SFAO website at www.admin.ch.

1.9 Federal courts

Pursuant to Article 8(2) of the FAOA, the courts are subject to financial supervision by the SFAO to the extent it serves primary supervision by the Federal Assembly. At the Federal Supreme Court in Lausanne, the SFAO audited the operational and organisational structure in regard to finance, personnel, and IT. The audit findings were good. The internal control system is usefully structured and is put into practice. The economic self-sufficiency of the cafeteria operations should be improved significantly. The shortfall in 2011 was nearly CHF 80,000, not counting procurement costs for furnishings at the expense of budget credits. The Federal Supreme Court has already taken initial measures, so that the result is likely to be better in 2012. The SFAO found the IT environment to be appropriate and stable. The SFAO identified possibilities for improvement in regard to project and portfolio management. The allocation of costs in connection with the relocation of the Federal Administrative Court in 2010 can no longer be sufficiently reproduced.

Based on a mandate of the parliamentary Finance Delegation in 2013, the SFAO will audit the transparency of IT costs. In regard to procurements, the SFAO found that the Federal Supreme Court abides by the rules of public procurement.

Annual audits

2.1 The State financial statements

The audit of the State financial statements, which is undertaken in close accordance with International Public Sector Accounting Standards (IPSAS), is based on a variety of elements. First, as a result of its auditing of administrative units, the SFAO receives a great deal of information that is important for determining whether the State financial statements are in conformity with the standards. Second, it conducts an interim audit of the Federal Finance Administration each autumn. The annual audit itself is conducted at selected offices and at the Federal Finance Administration (FFA). The SFAO is supported by Financial Inspectorates, which audit their administrative units. Based on all of this work, the SFAO was able to confirm that the State financial statements for 2011 are in conformity with statutory requirements and the provisions of Article 126 of the Federal Constitution on financial management (debt brake). The SFAO recommended that the Finance Committees of both chambers approve the State financial statements. Without qualifying the audit opinion, it made note of the fact that direct federal taxes, the advances received by the Fund for Major Railway Projects (FinPT), the uncovered loans made to Unemployment Insurance, and the CO₂ tax on fuels cannot be audited.

For years, the SFAO has drawn attention to the audit gap in direct federal taxation, which after all makes up nearly one third of the federal budget with revenues of CHF 18 billion. During the reporting period, Parliament has now closed that gap with a new provision in the Federal Act on Direct Federal Taxation. The loss carried forward by the FinPT amounted to CHF 7.7 billion at the end of 2011, which is why the federal loans in this amount can only be repaid from earmarked taxes in the following years. Should the loan repayments to the Confederation – which have already been deferred several times – and the interest paid on the loans not be in the expected amounts, a value adjustment will be necessary. Finally, the financial assets of the Confederation include loans to Unemployment Insurance in the amount of CHF 6 billion. These are largely not covered, since the fund has negative own capital of CHF 4.6 billion. It was also noted that at the end of 2011, a total of CHF 170 million more CO₂ tax on fuels had been redistributed than collected. This must be compensated in the following two years.

The SFAO report has been published at www.efk.admin.ch.



2.2 Fund for Major Railway Projects

The annual accounts for the Fund for Major Railway Projects (Fund for the Financing of Public Transport Infrastructure Projects, FinPT) are based on the transitional provisions of the Federal Constitution ratified in November 1998 by the People and the Cantons on the construction and financing of the public transport infrastructure projects. According to these provisions, major railway projects consist of the NRLA, Rail 2000, the linking of eastern and western Switzerland to the European high-speed network, and the improvement of railway noise abatement. The projects are funded by the performance- and consumption-related heavy vehicle fee, a portion of the petroleum tax, a thousandth portion of value added tax, and financing from the Confederation. The FinPT is in the form of a legally dependent fund with its own accounting (separate accounts), and it shows financing and use of monies for projects in a transparent manner. With respect to individual projects, disbursements are stipulated by separate federal decrees. In 2011, the fund received earmarked revenue in the amount of CHF 1.4 billion; CHF 1.6 billion was spent on project funding. The loss carried forward by

the fund amounted to a total of CHF 7.7 billion, which must be paid off by earmarked revenue in the following years. Based on its audits, the SFAO found that the 2011 annual accounts of the FinPT are in conformity with statutory requirements.

The SFAO recommended that the Finance Committees of both chambers approve the accounts.

2.3 Infrastructure Fund

The Infrastructure Fund Act of 6 October 2006 (SR 725.13) governs the Fund's principles. The Act entered into force in early 2008. The Fund is in the form of a legally dependent fund with its own accounting. This comprises an income statement and a balance sheet, as augmented by a liquidity statement that shows the Fund's liquidity status. The federal government makes deposits into the Infrastructure Fund by debiting monies from the special road transport financing system. These monies are then used pursuant to the requirements of the Infrastructure Fund Act. The monies are to be used to complete the national road and motorway network, eliminate congestion hotspots in the

national road and motorway network, invest in transport infrastructure in agglomerations, and maintain major roads in mountain and peripheral regions. The SFAO recommended that the Finance Committees of both chambers approve the separate accounts of the Infrastructure Fund for 2011.

2.4 State enterprises, public agencies, and social security institutions

The 2011 consolidated annual accounts for the ETH Domain, the Federal Institutes of Technology in Lausanne and Zurich, the ETH Board and the four research institutes were audited by the SFAO on the basis of Article 35a of the Federal Act on the Federal Institutes of Technology. The consolidated annual accounts, as well as the annual accounts of the individual institutions, were in conformity with statutory requirements. The SFAO therefore recommended that these be approved. The ETH Board has taken up or implemented the comments and recommendations of the previous

year. The SFAO welcomes the ETH Board's intention to change its accounting to a higher accounting standard by 2015. To perform its responsibilities as an auditor, the SFAO intends to contribute its concerns during the elaboration of a detailed project plan.

The SFAO also audited the 2011 annual accounts for the Old-Age and Survivors' Insurance (AHV), Disability Insurance (IV), and Unemployment Insurance (ALV) social insurance schemes; the Swiss Federal Institute of Intellectual Property (IPI); swissmedic; the Swiss National Science Foundation (SNSF); the Swiss Alcohol Board (SAB); the Swiss Financial Market Supervisory Authority (FINMA); the Federal Audit Oversight Authority (FAOA); and the Building Foundation for International Organisations (FIPOI). The SFAO recommended that all these annual accounts be approved. A complete list of the SFAO's audit mandates is set forth in Annex 1.



International organisations

Pursuant to Article 6 of the FAOA, the SFAO exercises control mandates at international organisations. It audited the accounts of three special organisations of the United Nations: the World Intellectual Property Organization (WIPO) in Geneva, the International Telecommunication Union (ITU) in Geneva, and the Universal Postal Union (UPU) in Bern. The audit findings are submitted to the responsible bodies at each organisation. During the reporting period, the SFAO also recommended that the Member States' delegates accept the annual accounts. In addition, it conducted various special audits related to IT and construction, and it assessed the work of the internal auditors.

During the reporting period, the SFAO additionally was assigned the mandate to audit the accounts of the UN World Meteorological Organization (WMO) and the Inter-Parliamentary Union (IPU), both headquartered in Geneva. At the same time, it gave up its mandates for the ITU and the WIPO, which are now audited by the supreme audit institutions of Italy and India, respectively.

During the 2012 reporting period, the SFAO also exercised the following mandates for Switzerland:

■ *the Intergovernmental Organisation for International Carriage by Rail (OTIF) in Bern: the Federal Council assigned this mandate to the Deputy Director of the SFAO;*

■ *the European Free Trade Association (EFTA) in Geneva and Brussels: the SFAO is Switzerland's member on the Board of Auditors;*

■ *the World Meteorological Organization (WMO): the SFAO is represented in the supervisory committee.*

As an external auditor of the UN organisations, the SFAO is a member of the United Nations Panel of External Auditors. The other members of the Panel are the supreme audit institutions (SAIs) of Canada, China, France, India (Chair), Italy, Pakistan, the Philippines, Tanzania, and the United Kingdom. Only State supervisory bodies that are members of INTOSAI may classify as UN auditors. The Panel seeks to coordinate auditing within the UN system and to exchange information and findings with a view to implementing uniform audit procedures and audit standards. Since its foundation the Panel has discussed a number of topics on accounting and auditing and formulated recommendations. The focus has been on financial reporting, audit strategies, IT audits, control systems, internal audits, HR and procurement, developmental cooperation, the introduction of IPSAS standards, and performance audits. The SFAO's work on this international committee offers it a useful exchange with other SAIs, safeguards the "unité de doctrine" for supervision of the UN system, and allows it to maintain valuable relationships. In addition, the know-how obtained can be used in its own audit work.

Open audit recommendations and notifications

4.1 Implementation of SFAO recommendations

Each recommendation made by the SFAO is recorded, and its implementation is monitored in connection with controlling. The SFAO can thus ascertain during follow-up audits whether the recommendations have actually been implemented.

4.2 Open audit recommendations pursuant to Article 14 of the FAOA

Open audit recommendations under Article 14(3) of the FAOA mean recommendations not yet implemented by the audited agencies. Recommendations are considered to be open at the end of a year if an administrative unit has recognised the deficiency and accepted the proposed improvement measures but has failed to act upon them within the time set by the SFAO. However, this need not be mentioned in the annual report if, for example, the administrative unit has posted a job opening in its financial department but not yet filled the vacancy. Likewise, an open recommendation need not be reported if the deadline for its implementation has not yet expired by the end of the reporting period or if the follow-up audit has not yet been conducted.

The SFAO made numerous recommendations during the reporting period. The recommendations were accepted by the audited entities and have been implemented in a timely manner or are on schedule. The SFAO will audit the status of implementation in connection with follow-up audits. There is currently no need for action on the part of the Federal Council or Parliament.

4.3 Whistleblowing – duty to report, right to notify, and protection of employees

On 1 January 2011, new Article 22a of the Federal Personnel Act (FPA, SR 172.220.01) entered into force. This provision contains a duty to report, a right of notification, and, in conjunction with Article 14 of the FPA, also the sought-after protection of Confederation employees against termination.

Again during the past year, the SFAO received numerous reports of suspicion by federal employees and third parties. Half of the 86 reports were received by the SFAO via its e-mail address verdacht@efk.admin.ch. The SFAO received most of the other reports by phone or post. Examples of such reports include:

■ *The SFAO received a report from a private person that a corporation under public law may regularly and exclusively grant IT commissions to a certain company. The SFAO will investigate this report in its next audit.*

■ *A private person informed the SFAO that a certain holding is receiving preferential tax treatment by the competent tax authority. In light of the information received, it must be assumed that the irregularities concern not only the corporate income tax, but also the anticipatory tax. After initial clarifications, the SFAO handed over the file to the Criminal Affairs and Investigations Division of the Federal Tax Authority. The FTA will inform the SFAO of the outcome of its investigation.*

■ *In the Federal Administration, important internal supervisory duties are assigned to employees who often do not have the necessary independence. These are often persons responsible for internal control or IT security. From this source, the SFAO learned that the supervisors have not appropriately addressed the serious gaps in the protection of important data of the office in question. Disappointed by this behaviour, the employee resigned. The SFAO was able to get an idea of the situation and enforced appropriate measures.*

■ *According to the expense regulations, federal employees receive a lump sum for meals when they travel on business. This reimbursement is cancelled if the costs are assumed by third parties. In an anonymous letter, the SFAO was informed that a supervisor told his employees to demand the lump sum for meals during a training course that lasted several days, even though the meals were included in the course offering. The SFAO informed the directorate of the administrative unit concerned, which took the necessary measures.*

The steady increase of reports is forcing the SFAO to further optimise its internal processes. It was asked several times how the provision in Article 22a of the FPA is to be interpreted and how the reporting office functions. It remains to be seen what the impact of the new code of conduct of the Federal Administration will be. The SFAO will continue to be involved in the Interdepartmental Working Group on Combating Corruption.



Legislative procedures and opinions

5.1 Opinions and consultations

In connection with internal federal office consultation procedures, the SFAO was welcomed to participate more than 150 times during the reporting period. In 22 cases, the SFAO issued an opinion. In regard to revision of the Therapeutic Products Act, the SFAO had to express its opinion again even in the co-report procedure. Firstly the SFAO was to be designated as the reporting office also for employees of swissmedic, and secondly the auditing mandate and the reporting of the auditor had to be directed to the framework established under company law.

In regard to the Feller postulate concerning placement of the SNB under the supervision of the SFAO, the SFAO supported the Federal Council's opinion, but it had to clarify several principles and consequences relating to financial supervision. In regard to the message on partial revision of the Federal Act on Direct Federal Taxation, the SFAO contributed detailed suggestions in advance, as it had during the office consultation. Parliament has now closed the gap in the financial supervision of the direct federal tax. In regard to the planned conversion of Swiss Post into a company limited by shares, the SFAO had several opportunities to express its views. It was asked to state its opinion in advance and during the office consultation, and it was invited to talks with the various interest groups. In particular inclusion of the principles of corporate governance and real property valuations required several applications.

In addition, the SFAO is in regular contact with the Federal Finance Administration. The latter consults with the SFAO, in particular, prior to entry into force of changes to the Manual for Accounting Officers, when addressing basic questions, or in the event of exceptions to accounting standards. For instance, during the reporting period the SFAO rendered opinions on the organisational question concerning service centres, the horizontal risks in the Confederation's risk management, the establishment of reserves by a subsidy recipient, the booking of revenue from the auction of mobile communications licences, the controls in the new accounts payable workflow, the archiving of financial data, and exceptions to the no-offsetting principle. These interventions were guided by the desire to simplify administrative processes while complying with statutory requirements.

5.2 Participation in specialist committees

The SFAO is an observer in the project organisation for a new management model for the Confederation and is a member of the Federal Procurement Commission, the IT Security Committee, the Expert Group for Quality Assurance in Resource Equalisation and Cost Compensation of fiscal equalisation, and the steering group for Management by Performance Mandate and Global Budget (MPM). It plays an active role in the Interdepartmental Working Group on Combating Corruption. In this context, it organised a workshop on the topic of “Dealing with behaviour at the margins of legality during activities abroad” to address this sensitive topic openly and help find pragmatic solutions. The SFAO contributes its experience to these bodies and draws attention to audit requirements; however, its role is merely consultative so as not to jeopardise its autonomous and independent judgment.

5.3 Communication of best practices

For several years now, the SFAO has organised a course for federal employees working in supervision. The goal of this three-day course is to professionalise these activities. The participants work in a wide variety of fields, such as social insurance, the environment, and customs, which makes possible an enriching exchange of experiences.

5.4 Publication of financial supervisory reports

The SFAO's reporting serves to support the administrative unit audited as well as the supervisory activities of Parliament and the Federal Council (Article 1(1) of the FAOA). Pursuant to Article 14(2) of the FAOA, the SFAO decides on publication of reports after they have been dealt with by the Finance Delegation. The SFAO is aware of the public's interest in the results of the audits. In particular, it publishes the results of performance and horizontal audits. But the SFAO also has to be in a position to conduct audits in matters of state security, where the results of such audits are not to be made public.

During the reporting period, a dozen requests pursuant to the Freedom of Information Act (FoIA) were submitted to the SFAO. In most cases, access had to be refused, especially since the documents had not yet been prepared, did not exist, or were part of the files of a criminal investigation. Recently, researchers have also been making use of the Freedom of Information Act. Unfortunately, prior clarifications are not made as to whether the requested authority even has the documents in question.

One request concerned a document already published pursuant to the FoIA and, upon the second granting of access, resulted in an application for arbitration, which has not yet been adjudicated. In the past year, the Federal Data Protection and Information Commissioner completed an arbitration procedure from the year 2011 with his recommendation of 12 November 2012. The SFAO decided not to issue a decree and appeal to the Federal Administration Court for the purpose of review, since the fee demanded was CHF 400 and the report had already been published by the journalist a year before. In another arbitration procedure from the year 2010 concerning fees demanded for a confidential, classified report, the FDPIC on 4 December recommended that the SFAO not announce dissuasive fees in its information to the applicant with respect to the estimated costs, and that it not carry out any further clarifications regarding the scope of secrecy pursuant to Article 7 of the FoIA, even in regard to matters of state security.

5.5 Special Hildebrand mandate

Since the **Swiss National Bank (SNB)** is excluded from the scope of application of the Federal Audit Office Act, President Micheline Calmy-Rey did not mandate the SFAO, but rather Director Kurt Grüter and Vice Director Michel Huissoud *ad personam* to investigate the **bank transactions of the SNB chairman**. This “trick” did not prevent the general public from perceiving the SFAO to be the recipient of the mandate, however. The SFAO has learnt its lessons from the special mandate. In particular, it has communicated to the parliamentary Finance Delegation that in the case of politically sensitive business, it will insist on a written application by the Federal Council or Parliament, and that it will no longer assume *ad personam* mandates for its employees. The two reports are available at www.efk.admin.ch.

The SFAO and other supervisory bodies

The SFAO collaborates with the cantonal Audit Offices and the Confederation's internal Financial Inspectorates, plays an active role in Swiss professional organisations and associations, shares experiences purposefully with SAs in other countries, and participates in working groups of the international audit organisations INTOSAI and EUROSAs. All of this is done with the objective of improving the quality of auditing.

6.1 Cantonal Audit Offices

The Swiss Conference of Audit Offices is an annual meeting of the heads of the cantonal financial supervisory organs. At the 2012 meeting, the Conference discussed the topic of energy and electricity (subsidies to projects involving energy savings measures, the role of the Conference of Cantonal Energy Directors, the electricity market, and subsidies to producers of "green" electricity). The outcome of the meeting was an assessment of risks and improved sharing of information and experiences between cantonal and federal authorities. Various joint working groups study audit topics relating to tasks shared between the Confederation and the cantons and then present these at the annual conference. The SFAO conducts joint audits annually with the cantonal Audit Offices. These help to strengthen common understanding and advance the level of professionalism of financial supervision in the Swiss federal system.

6.2 Federal Financial Inspectorates

Thirteen federal offices have a Financial Inspectorate pursuant to Article 11 of the FAOA. These internal audit services are responsible for controlling financial management. In most cases they report to the head of the office, although they have complete independence and autonomy in fulfilling their audit tasks. For office heads, they are an effective tool well suited to supporting their management responsibilities; at the same time, they support the SFAO as well. Article 11 sets out the requirements that a Financial Inspectorate needs to meet. For its part, the SFAO takes charge of technical supervision and audits the inspectorate's effectiveness in fulfilling its tasks. For example, during the reporting period the SFAO analysed the audit work of various Financial Inspectorates pursuant to the standards of the Institute of Internal Auditors and then interviewed members of the inspectorates. The SFAO intends to take stock of these effectiveness audits once all of them have been completed. Both SECO and the Federal Office for Agriculture have implemented the SFAO recommendations and their Financial Inspectorates now report directly to the State Secretary or the Director. In connection with the merger of the State Secretariat for Education and Research and the Federal Office for Professional Education and Technology, the SFAO recommended abolishing the previous Financial Inspectorate and instead establishing an internal audit. The

new State Secretariat is heavily involved in subsidies. The SFAO relies on local supervision of federal subsidies with the necessary expertise. For this task, an internal audit integrated into the process is more suitable than a Financial Inspectorate pursuant to the FAOA.

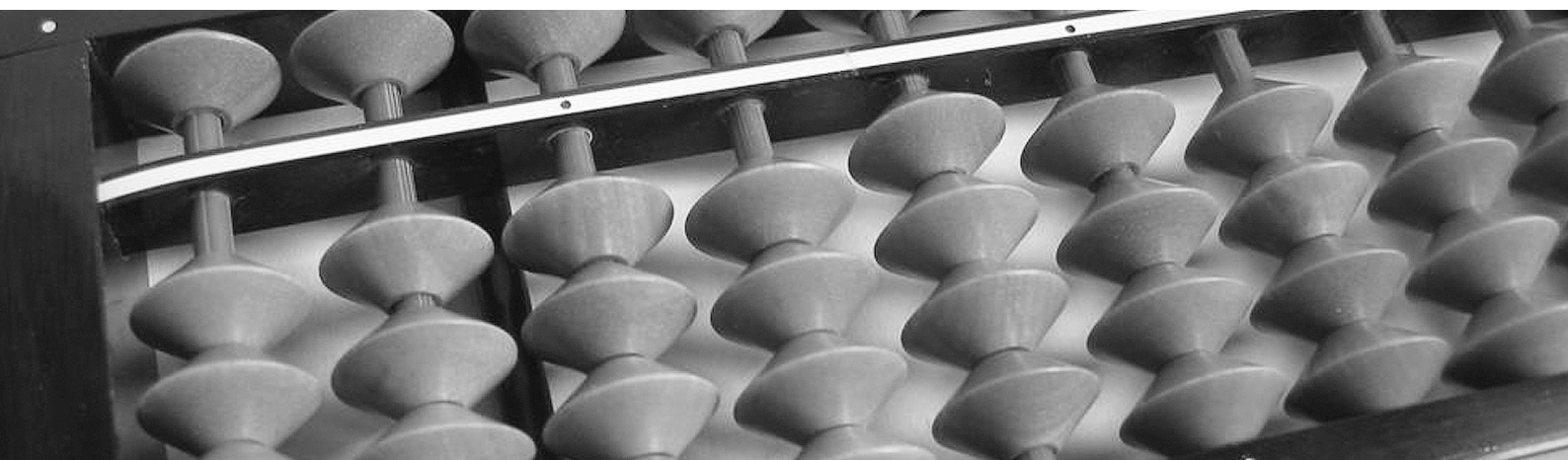
6.3 Supreme audit institutions in other countries

Since the 1950s, the SFAO has been a member of the International Organization of Supreme Audit Institutions (INTOSAI), which is divided into Regional Groups. The Regional Group for Europe, the European Organisation of Supreme Audit Institutions (EUROSAI), was founded in June 1989 and currently comprises 47 SAIs of the European countries. The SFAO has been a member of this Regional Group since its creation and takes part in two EUROSAI Working Groups. It holds the chair for the Information Technology Working Group. The IT Working Group develops a series of self-assessment tools for IT and IT audits that have

been successfully deployed in European countries. During the reporting period, the SFAO moderated workshops in the supreme audit institutions of the EU in Luxembourg, of Austria, of Turkey, and of the Netherlands. The SFAO is also a member of the Working Group on Environmental Audit, chaired by Norway, which organises joint audits and training events using concrete experiences and case studies. The SFAO has concluded a support agreement with the Slovak supreme audit institution in Bratislava. In the next two years, the SFAO will help professionalise IT audits and financial supervision. It will be reimbursed with resources from the Cohesion Fund. Various SAIs from other countries again visited the SFAO during the reporting period in order to learn about the supervisory system and federal cooperation of audit offices in Switzerland. With the German Federal Court of Audit, the SFAO organised an exchange of experience on price audits. Germany's Regional Courts of Audit and its Federal Court of Audit regularly hold conferences on issues of current interest in financial supervision. Along with the President of the Austrian Court of Audit and Germany's representative on the European Court of Auditors, the Director of the SFAO is regularly invited to these conferences in order to cultivate a cross-border exchange of information and experiences.

6.4 Professional organisations

Representatives of the SFAO belong to the leading professional organisations. This allows the SFAO to participate in creating future professional standards, gives it access to the methodologies and tools used by other audit specialists, and provides it with a network of experts when dealing with special issues. The SFAO is particularly active in ISACA (the Information Systems Audit and Control Association) in the field of IT audits, in the Swiss Institute of Certified Accountants and Tax Consultants, and in the Institute of Internal Auditing Switzerland (IIAS). The SFAO holds the chair of the Swiss Evaluation Society (SEVAL). The SFAO's involvement in these leading professional associations also helps to ensure ongoing quality assurance and the harmonisation of working methods.



Profile of the Swiss Federal Audit Office

The institutional status and the responsibilities of the SFAO are laid down in the FAOA. The Federal Council appoints the Director for a six-year term of office. This appointment is ratified by the Federal Assembly. The current Director's tenure expires at the end of 2013. SFAO staff members are hired by the Director within the framework of the employment law of the general Federal Administration. The Federal Council forwards the SFAO's annual budget proposal unaltered to the Federal Assembly. The Finance Delegation reviews the SFAO's proposal and then forwards it to the Finance Committees of both chambers for approval.

7.1 Institutional status, responsibilities

Pursuant to Article 1 of the FAOA, the SFAO is the supreme financial supervisory organ of the Swiss Confederation. It supports the Federal Council in fulfilling its supervisory role with respect to the Administration and, at the same time, the Parliament in exercising its primary supervision of the Federal Administration and the administration of justice. The SFAO operates autonomously, with respect both to the preparation of its annual audit programme and to the way it organises individual audits and draws up reports. Pursuant to Article 5 of the FAOA, it exercises financial supervision in accordance with the criteria of regularity, legality, and economic efficiency. Using performance audits and evaluations, the SFAO seeks to contribute to the development of New Public Management and to raise the effectiveness of public programmes. Audit mandates

are chosen based on risk criteria. The SFAO's supervisory responsibility covers all of the Confederation's areas of activity of relevance to finance.

One of the SFAO's core tasks consists of conducting approximately 40 mandatory audits, in particular, the auditing of the State financial statements and various separate accounts, the AHV fund, Unemployment Insurance, the data for resource equalisation and cost compensation, and the VAT flat rates, as well as carrying out various mandates at international organisations. It exercises its second core task – financial supervision – by means of numerous special audits, whether in the area of procurement, IT, or subsidies. The auditing mandate extends beyond the Federal Administration to include all subsidy recipients, entities in charge of public tasks, and federal companies.

7.2 Personnel

The SFAO conducts its audits on a risk-oriented basis and according to the standards set by the Swiss Institute of Certified Accountants and Tax Consultants and international professional associations. During the reporting period, it had a budget of CHF 20 million and a workforce of approximately 90 employees. The organisational chart in Annex 3 shows a two-dimensional matrix organisation, with six mandate sectors and six competence centres. The mandate heads put forward the viewpoint of the audited agencies. The SFAO's audit experts are each assigned to one of the competence centres for financial audits, public

work and procurement audits, IT, and evaluations. The heads of these competence centres are tasked with maintaining and expanding the knowledge required for the respective competence centre and with assuring the quality of the audits. A combination of knowledge, professional experience, and social skills forms the basis for the successful performance of financial supervision, serving to ensure continual optimisation of administrative action for the benefit of citizens. For this reason, the SFAO places great importance on training and further education. Each January, it organises a 10-day internal seminar that provides training and further education for SFAO staff and the federal Financial Inspectorates, as well as for some cantonal Audit Offices. Participants are expected to maintain and communicate the knowledge they gain and to bring it to bear in carrying out their statutory mandate. The knowledge holders are required to keep abreast of developments in their areas and share their knowledge within the SFAO. The SAIs of other countries are an important source of knowledge for the SFAO, as are professional associations and chartered accountants. For individual audits, the SFAO may also call upon the expertise of external specialists when it lacks the requisite knowledge or when additional manpower is needed due to time constraints. In all cases, project management and responsibility lie with the SFAO, and this also ensures that knowledge is transferred.

7.3 Quality assurance

Thanks to its matrix organisation, the SFAO's quality assurance is built into its structure. Both the head of the competence centre, who has the necessary specialised knowledge, and the mandate head with knowledge of the responsibilities and processes of the audited administrative office are guarantors of impeccable audit work. All findings must be documented in writing and comprehensible. Additionally each year, two members of the Management and a team carry out random inspections of individual audits in terms of compliance with standards, audit norms, and internal directives. In this connection, the SFAO also carries out regular surveys of the audited entities. During the reporting year, 79 questionnaires were sent to the audited administrative units. The response rate was about 80%. 87% of the respondents believed that they received sufficient information about the audit. 94% considered the approach to be useful and appropriate. In response to the question of whether added value had been achieved by the audit, 45% answered "yes" and 34% with "more yes than no". 89% also considered the service orientation to be good.

The results of the survey, which was carried out in spring 2012, can be considered positive both in absolute terms, but also compared with the results from 2009. Apparently, the audited entities are satisfied with the SFAO's work. They consider the cost and effort entailed by the audit to be proportionate. This lends itself to the conclusion that the density of audits is not too high, as is sometimes claimed.

7.4 Finances

During the reporting period, the SFAO had expenses of CHF 20.5 million and revenue of CHF 1.6 million. The details are as follows:

Expenses and Revenue

	2011	2012	2012		
	Financial	Budget	Financial		Deviation
	statements		statements		from budget
	in CHF 1 000			1 000	in %
Expenses	20 336	22 680	20 463	-2 217	- 9.8
Personnel expenses	17 014	18 250	17 126	-1 124	- 6.2
Rent	1 077	1 055	1 049	- 6	- 0.6
IT materials expenses	701	1 264	772	- 492	- 38.9
Consulting expenses	745	1 025	726	- 299	- 29.2
Other operating expenses	781	1 046	779	- 267	- 25.5
Depreciation	18	40	11	- 29	- 72.3
Contribution to reserves					
Revenue	1 527	1 140	1 571	431	37.8
Fees	1 410	1 120	1 527	407	36.4
Other revenue	14	20	25	5	24.4
Drawdown from reserves	103	0	19	19	-

The 2012 accounts show a credit of CHF 2.2 million with respect to the budget. With regard to salaries and employer contributions, this is attributed to vacancies that could not be filled in a timely manner. Consulting expenses are dependent on the annual auditing budget. In 2012 not all of these funds were used. With regard to IT expenditure, the expenses for projects and system maintenance were under budget due to more favourable prices. In addition, the launch of the electronic business management project GEVER and SAP Personal Time were postponed. SFAO resources make up approximately 0.03% of the federal budget.

The SFAO has its own Fees Ordinance (SR 172.041.17 of 19 January 2005) for its statutory audit mandates. It charges for the time spent on annual audits in accordance with the rates of the Federal Finance Administration, which are based on the burden rate for the wage categories. These fees amounted to CHF 1.5 million. However, financial supervisory audits are not billed, as this is a sovereign task.

7.5 Risks

The SFAO has identified the following internal risks: wilful misstatements in audit results, technical errors, loss of independence, loss or disclosure of confidential information, poor execution of the statutory mandate, and lack of qualified personnel. In its annual risk assessment, and based on its internal control system, the SFAO concluded that current precautions are sufficient to keep risks at a reasonable level.

A1

2012 Annual Report Annex 1

Overview of the audits of authorities and courts, within the Federal Chancellery and federal departments, and at other operations and affiliated and international organisations

Annex 1 contains the audits submitted to the joint parliamentary Finance Delegation between February 2012 and January 2013.

Parliamentary Services

- Financial management, procurement, and IT

Authorities and courts

Federal Supreme Court

- Financial management

Federal Administrative Court

- Financial management

Federal Chancellery

- Allocation of the operating costs of www.ch.ch
- Achievement of goals and work progress of the federal GEVER programme

A1

Federal Department of Foreign Affairs

General Secretariat

- Coordination of real estate transactions between FBL and FDFA
- Financial management

Foreign representations

- Financial management of the Swiss Embassy in Madrid

Directorate for Resources

- IT conditions at the Federal Department of Foreign Affairs

Federal Department of Home Affairs

Federal Office of Public Health

- Premium reduction for health insurance and supervision of foundations
- Procurement process for goods and services
- Supervision of military and accident insurance

Federal Statistical Office

- IT governance, IT security, and procurement

Federal Social Insurance Office

- Supervision of the LOB Guarantee Fund
- Financial management
- Supervision of payment of contributions to private disability assistance organisations
- Evaluation of the implementation and analysis of cost development relating to medical measures in Disability Insurance

State Secretariat for Education and Research

- Federal contribution for 2008-2011 to the Swiss Centre for Electronics and Microtechnology (CSEM) in Neuchâtel
- Quality and effectiveness assessment of the financial inspectorate
- Calculation of the basic federal contributions to universities

A1

Federal Department of Justice and Police

General Secretariat - IT Service Centre

- Operational and IT management of the IT Service Centre

Federal Office of Justice

- Evaluation of the federal contributions to correctional-educational measures for young people

Federal Office of Metrology

- Financial management, focus on preparation for legal autonomy

Federal Office for Migration

- Impact of office restructuring on financial and personnel accounting processes
- EU External Border Fund
- Financial supervisory audit of the quality of ZEMIS data relating to employment
- Risk analysis of the management and operation of the Central Migration Information System ZEMIS

Federal Department of Defence, Civil Protection and Sport

Federal Intelligence Service

- Audit of the 2011 annual financial statements

Defence

- Use of external staff at the DDPS – situation analysis
- Command and control and reconnaissance systems of the Swiss Armed Forces – situation analysis
- Use of simulators by the Swiss Armed Forces – evaluation of the impact on training, costs, and environment
- Defence-related cost and performance accounting and audit of the 2011 accounting of the World Economic Forum (WEF)

A1

armasuisse

- Management of environmental risks: Contamination and clean-up costs
- Procurement of personal equipment
- Decommissioning of military equipment
- Purchase, sale, and leasing of military objects
- Process audit of the SAP module for real estate management
- Audit of aspects of portfolio and environmental management and the quality of key figures

Federal Office of Sport

- Granting of selected subsidies

Federal Department of Finance

State Secretariat for International Financial Matters

- Financial management in finance and human resources

Federal Finance Administration

- Audit of the 2011 annual financial statements of the Savings Bank for Federal Employees (SKB)
- Audit of the state financial statements for 2011
- Audit of the cantonal data for financial equalisation between the Confederation and the cantons
- Federal debt collection

Central Compensation Office

- Main audit of the Swiss Compensation Fund for 2011
- Audit of the 2011 annual financial statements of the Swiss Compensation Fund
- Main audit of the Federal Compensation Office for 2011
- Audit of the 2011 annual financial statements of the Federal Compensation Office
- Quality and effectiveness assessment of the financial inspectorate
- IT management and operations

Federal Office of Personnel

- Audit of the 2011 annual financial statements of the Support Fund for Federal Employees

A1

Federal Tax Administration

- Quality and effectiveness assessment of the financial inspectorate
- INSIEME project
- Appropriateness of the VAT flat rates
- Measures to identify and combat VAT fraud
- Feasibility study of VAT on bank services

Federal Customs Administration

- Frontaliers reloaded and Video Frontaliers projects
- Audit of 2011 annual financial statements
- Internal control system for import tax

Federal Office for Buildings and Logistics

- Risk analysis of information and communication technology
- Economic efficiency and information security of mass printing and sending

Federal Office of Information Technology, Systems and Telecommunication

- Provision of services of CCSAP and SAP Service Analyzer
- Resource management and personnel administration

Federal IT Steering Unit (FITSU)

- Federal IT Inventory

Federal Department of Economic Affairs

General Secretariat

- IT strategy, organisation, and management

State Secretariat for Economic Affairs

- Evaluation of the conception and implementation of federal stabilisation measures (economic stimulus measures of the Confederation from 2008 to 2010)
- Implementation of the New Regional Policy in the Cantons of Bern, Jura, and Valais
- Export control and sanctions
- Project monitoring for replacement of payment system for unemployment benefits (ASAL)
- Regular and economically efficient use of resources by OSEC

A1

Federal Office for Agriculture

- Quality and effectiveness assessment of the financial inspectorate

Federal Veterinary Office

- Financial management

Secretariat of the Competition Commission

- Financial management

Department of the Environment, Transport, Energy and Communications

Federal Office of Transport

- Quality and effectiveness assessment of the internal audit
- Supervision and control of railway companies, especially the Swiss Federal Railways (SBB)

Swiss Federal Office of Energy

- Financial management of the programmes in energy, waste heat utilisation, and water power losses
- Follow-up audit of the evaluation in the area of energy research
- Audit of the procurement and IT strategy and of cost accounting – Swissgrid AG, Laufenburg

Federal Roads Office

- Report on the new allocation of responsibilities between the Confederation and the cantons relating to national roads
- Implementation of the controlling directive for transport infrastructure in agglomerations
- Audit of 2011 annual financial statements
- Inspection of construction progress and activity recording by construction management

Federal Office of Communications

- Introduction of electronic billing (E-Billing Out)

A1

Federal Office for the Environment

- Supervision through programme agreements
- IT audit
- Regularity and economic efficiency of the Wood Action Plan subsidy

International Rhine Regulation

- Intergovernmental audit of the 2010/2011 annual financial statements

Inter-departmental and inter-office audits

- Horizontal audit of IT security in the Federal Administration
- Audit of work performed in the area of construction – horizontal audit at the Federal Office for Buildings and Logistics, the Federal Institute of Technology Zurich, and armasuisse Real Estate

Foundations, institutes, funds and special organisations

Building Foundation for International Organisations in Geneva

- Audit of the 2011 annual financial statements

Pro Arte Foundation

- Audit of the 2011 annual financial statements

Marcel Benoist Foundation

- Audit of the 2011 annual financial statements

Pro Helvetia

- Audit of the 2011 annual financial statements
- Interim audit of the 2012 annual financial statements/
Situation analysis for changeover of accounting

Foundation for the Future of Swiss Travellers

- Audit of the 2011 annual financial statements

Swiss Centre of Accreditation and Quality Assurance in Higher Education

- Audit of the 2011 annual financial statements

A1

Rectors' Conference of the Swiss Universities (CRUS)

- Audit of the 2011 annual financial statements
- Audit of the Scientific Exchange Programme project between Switzerland and the New Member States of the European Union

Swiss Society for Research in Education (SSRE)

- Audit of the 2011 annual financial statements

Swiss University Conference

- Audit of the 2011 annual financial statements

Swiss National Science Foundation

- Audit of the 2011 annual financial statements

Federal Institutes of Technology

- Audit of the 2011 consolidated annual financial statements

Board of the Federal Institutes of Technology

- Audit of the 2011 annual financial statements
- Organisation, processes, and financial management

Federal Institute of Technology Zurich (ETHZ)

- Audit of the 2011 annual financial statements

Federal Institute of Technology Lausanne (EPFL)

- Audit of the 2011 annual financial statements

Swiss Federal Institute for Forest, Snow and Landscape Research (WSL)

- Audit of the 2011 annual financial statements

Swiss Federal Laboratories for Materials Science and Technology (Empa)

- Audit of the 2011 annual financial statements

Swiss Federal Institute of Aquatic Science and Technology (Eawag)

- Audit of the 2011 annual financial statements

Paul Scherrer Institute (PSI)

- Audit of the 2011 annual financial statements
- Implementation of the SAP4Four project by the four research institutes

A1

Swissmedic

- Audit of the 2011 annual financial statements

Swiss Federal Institute of Intellectual Property

- Audit of project accounting for Ghana, Serbia, Laos
- Audit of the 2011/2012 annual financial statements

Social Fund for Defence and Civil Protection (SVB)

- Audit of the 2011 annual financial statements

Swiss IT Conference

- Audit of the 2011 annual financial statements

Swiss Alcohol Board

- Audit of the 2011 annual financial statements

Federal Audit Oversight Authority

- Audit of the 2011 annual financial statements

Federal Financial Market Supervisory Authority

- Audit of the 2011 annual financial statements

Compensation Fund for AHV/IV/EO

- Audit of the 2011 annual financial statements

Compensation Fund for Unemployment Insurance

- Audit of the 2011 annual financial statements

Fund for Major Railway Projects

- Audit of the 2011 annual financial statements

Infrastructure Fund for Agglomeration Transport and the National Road Network

- Audit of the 2011 annual financial statements

Road Traffic Safety Fund

- Financial supervision

Swiss Landscape Fund

- Audit of the 2011 annual financial statements

A1

Forest and Wood Research Fund

- Audit of the 2011 annual financial statements

Swiss National Park Foundation

- Audit of the 2011 annual financial statements

International organisations

Universal Postal Union

- Audit of the 2011 annual financial statements of the UPU
- Audit of the 2011 annual financial statements of the pension and insurance funds
- Audit of the 2011 annual financial statements of the UN Development Programme
- Audit of the 2011 annual financial statements of translation services

International Telecommunication Union

- Audit of the 2011 annual financial statements of the ITU
- Audit of the 2011 annual financial statements of the pension funds
- Audit of the 2011 annual financial statements of the health fund
- Audit of the 2011 annual financial statements of the UN Development Programme
- Audit of the financial management of the ITU TELECOM WORLD 2011 exhibition

International Union for the Protection of New Varieties of Plants

- Audit of the 2010-2011 annual financial statements

Inter-Parliamentary Union

- Audit of the 2011 annual financial statements

World Intellectual Property Organization

- Audit of the 2011 annual financial statements of the WIPO
- Audit of the 2011 annual financial statements of the closed pension fund
- Audit of the 2011 annual financial statements of the UN Development Programme

Intergovernmental Organisation for International Carriage by Rail

- Audit of the 2011 annual financial statements

A2

2012 Annual Report

Annex 2

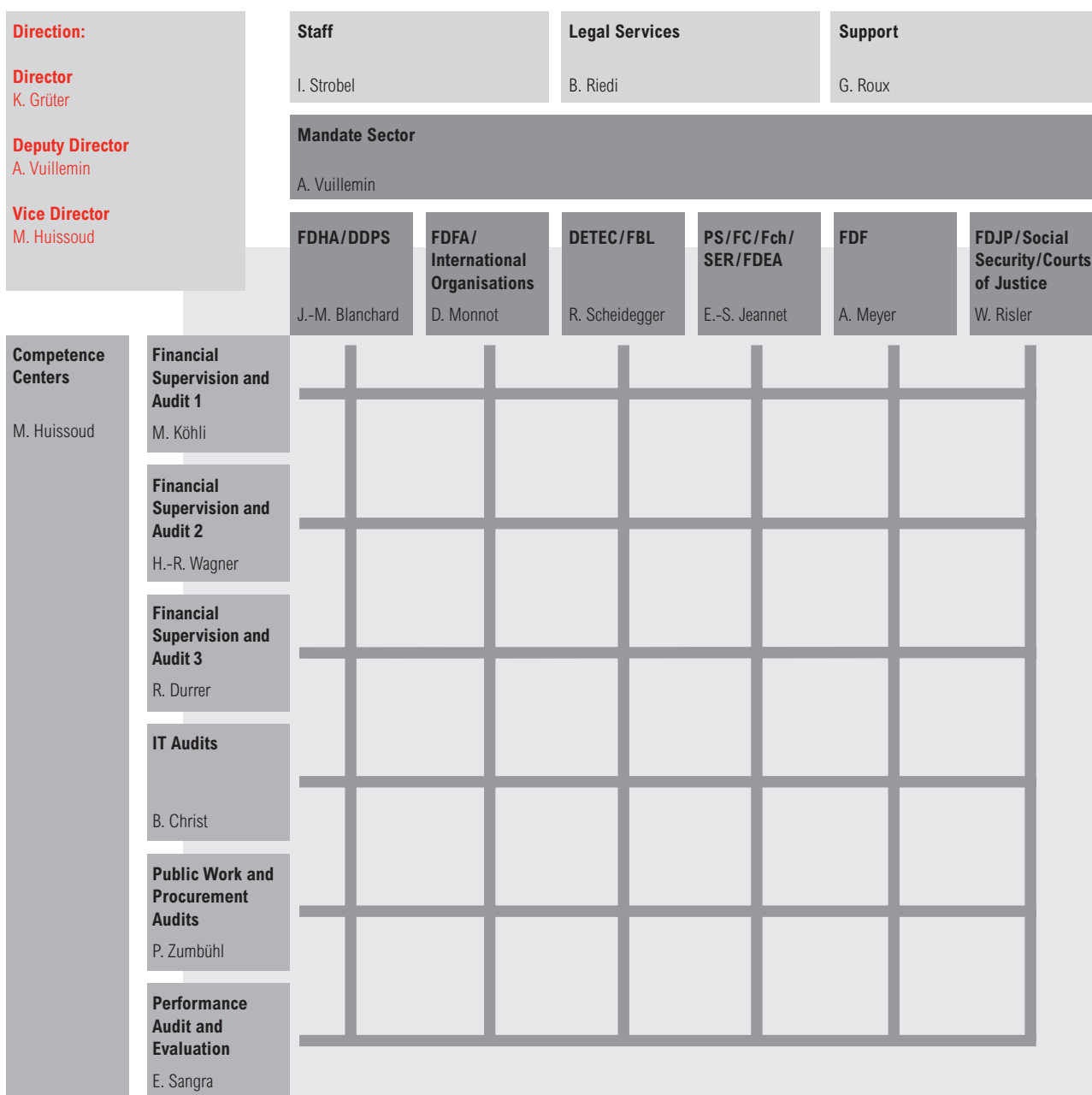
Financial Inspectorates (Internal Audit Offices) of the central and decentralised Federal Administration pursuant to Article 11 of the FAOA

- Internal Audit Office of the FDFA
- Financial Inspectorate of the State Secretariat for Education and Research
- Internal Audit Office of the ETH Board
- Financial Inspectorate of the Federal Department of Justice and Police
- Financial Inspectorate of the DDPS
- Internal Inspectorate of the Central Compensation Office
- Financial Inspectorate of the Federal Tax Administration
- Inspectorate of the Federal Customs Administration
- Internal Audit Office of the Federal Office for Buildings and Logistics
- Internal Audit Office of SECO
- Financial Inspectorate of the Federal Office for Agriculture
- Audit Office of the Federal Office of Transport
- Financial Inspectorate of the Federal Roads Office

A3

2012 Annual report Annex 3

Organisational Chart



Abbreviations

A	AEB	Equipment and renovation needs (AEB)
	AHV	Old-Age and Survivors' Insurance scheme (AHV)
	ALV	Unemployment Insurance
	ASTRA	Federal Roads Office (FEDRO)
B	BAFU	Federal Office for the Environment (FOEN)
	BAV	Federal Office of Transport (FOT)
	BBL	Federal Office for Buildings and Logistics (FOBL)
	BBT	Federal Office for Professional Education and Technology (OPET)
	BFE	Swiss Federal Office of Energy (SFOE)
	BFM	Federal Office for Migration (FOM)
	BGÖ	Freedom of Information Act (FoIA)
	BIT	Federal Office of Information Technology, Systems and Telecommunication (FOITT)
	BJ	Federal Office of Justice (FOJ)
	BPG	Federal Personnel Act (FPA)
	BVG	Occupational Old-Age, Survivors' and Disability Insurance (LOB)
C	CSEM	Swiss Centre for Electronics and Microtechnology (CSEM)
E	EAV	Swiss Alcohol Board (SAB)
	EDA	Federal Department of Foreign Affairs (FDFA)
	EFK	Swiss Federal Audit Office (SFAO)
	EFTA	European Free Trade Association (EFTA)
	EFV	Federal Finance Administration (FFA)
	EICom	Federal Electricity Commission (EICom)
	EO	Compensation for loss of earnings
	ESTV	Federal Tax Administration (FTA)
	ETH	Federal Institutes of Technology (ETH)
	EUROSAI	European Organisation of Supreme Audit Institutions (EUROSAI)
	EZV	Federal Customs Administration (FCA)
F	fedpol	Federal Office of Police (fedpol)
	FINMA	Swiss Financial Market Supervisory Authority (FINMA)
	FinöV	Fund for Major Railway Projects (FinPT)
	FIPOI	Building Foundation for International Organisations (FIPOI)
	FKG	Federal Audit Office Act (FAOA)
	FLAG	Management by Performance Mandate and Global Budget (MPM)
G	GEVER	Electronic records and process management (GEVER)

A4

I	IFG	Infrastructure Fund Act (IFG)
	IGE	Swiss Federal Institute of Intellectual Property (IPI)
	IKS	Internal Control System (ICS)
	Impex08	System for the control and processing of the import, export, and transit of goods subject to the Goods Control Act and the War Material Act
	INFOSTAR	Civil status register
	INTOSAI	International Organization of Supreme Audit Institutions (INTOSAI)
	IPSAS	International Public Sector Accounting Standards (IPSAS)
	IPU	Inter-Parliamentary Union (IPU)
	ISACA	Information Systems Audit and Control Association (ISACA)
	ISB	Federal IT Steering Unit (FITSU)
	ISC	IT Service Centre (ISC)
	ITU	International Telecommunication Union (ITU)
	IV	Disability Insurance (IV)
M	MISTRA	Management information system for roads and road transport (MISTRA)
N	NEAT	New Rail Link through the Alps (NRLA)
	NFA	New Organisation of Financial Equalisation and Allocation of Responsibilities (NFA)
	NEO	Network Enabled Operations (NEO)
	NRP	New Regional Policy (NRP)
	NSP	Network Security Policy (NSP)
O	OSEC	Business Network Switzerland (OSEC)
	OTIF	Intergovernmental Organisation for International Carriage by Rail (OTIF)
R	RAB	Federal Audit Oversight Authority (FAOA)
	RUAG	Swiss Technology Group: Aerospace, Defence, Technology (RUAG)
S	SAP	Standard accounting software (SAP)
	SBH	Swiss Business Hubs (SBH)
	SECO	State Secretariat for Economic Affairs (SECO)
	SEVAL	Swiss Evaluation Society (SEVAL)
	SNB	Swiss National Bank (SNB)
	SNF	Swiss National Science Foundation (SNSF)
	SR	Classified Compilation of Federal Legislation (SR)
	SVIR	Institute of Internal Auditing Switzerland (IIAS)
U	UPU	Universal Postal Union (UPU)
V	VBS	Federal Department of Defence, Civil Protection and Sport (DDPS)
W	WBF	Federal Department of Economic Affairs, Education and Research (EAER)
	WEF	World Economic Forum (WEF)
	WIPO	World Intellectual Property Organization (WIPO)
	WMO	World Meteorological Organization (WMO)
	WTO	World Trade Organization (WTO)
Z	ZAS	Central Compensation Office (CCO)
	ZEMIS	Central Migration Information System (ZEMIS)

