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SWISS FEDERAL AUDIT OFFICE



2020 ANNUAL REPORT

SWISS FEDERAL AUDIT OFFICE

Monbijoustrasse 45
3003 Berne – Switzerland
T. +41 58 463 11 11
F. +41 58 453 11 00
info@efk.admin.ch

-  Twitter @EFK_CDF_SFAO
-  Instagram @efk_cdf_sfao
-  LinkedIn Eidgenössische Finanzkontrolle

WWW.SFAO.ADMIN.CH



THE SFAO AND THE SUPREME SUPERVISION ARE CLOSELY LINKED

Public enterprises come in all sizes and shapes. Often set up to provide a public service, they have evolved over the years, becoming important revenue sources for the communes, cantons and Confederation. In 2018, the Confederation received the tidy sum of CHF 820 million in dividends from Swiss Post, Swisscom and RUAG, despite the law prohibiting the acquisition of equity in profit-making enterprises for investment purposes¹.

These enterprises represent a huge conflict of interest for the state as shareholder. It is simultaneously owner, regulator, customer and occasionally subsidy provider to these public enterprises. In its excellent report of 8 December 2017², the Federal Council considered privatisation or an open tender process for contracts to provide universal services, in order to ensure free commerce but also because “potential conflicts of interest for the state would be reduced by transferring ownership to the private sector. As the state would no longer have to act as owner, it could focus on its mandate as regulator, supervisor, guarantor of universal services and performer of sovereign tasks”. Privatisation would also avoid major financial losses associated with the public status of some of these enterprises. These are resources which could come in useful during a crisis.

As we wait for these broad objectives to be achieved, it remains essential to monitor these enter-

prises’ day-to-day management. In September 2020, this topic was the focus of the work of the Swiss Conference of Audit Offices, which is made up of the Swiss Federal Audit Office’s counterparts in Switzerland’s cantons and large towns. It took the opportunity to issue an initial official statement on behalf of its 30 or so members³. This contained a key recommendation: greater monitoring of public enterprises is essential to ensure better coverage of the risks associated with their management. So what have we done and achieved in six years? What priorities have guided us?

The Control Committee of the Council of States also made a statement in the same vein in its report of 12 November 2019 on the PostBus affair⁴: “The Committee welcomes the fact that the SFAO has reviewed its audit strategy with regard to Swiss Post from 2014 onwards. It expects that, in future, the SFAO will apply a standard and homogeneous practice as regards the auditing of enterprises affiliated with the Confederation, and that it will perform the entirety of the mandate conferred on it by law. Over the years to come, the Committee will continue to monitor the progress of the SFAO’s activities in this area.”

It is also essential that public enterprises do not attempt to evade audit by the SFAO or supreme supervision by Parliament... Swisscom is a case in point. In 2019, the Obwalden State Councillor Erich Ettl submitted a motion to amend the Fede-

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Author
Swiss Federal Audit Office

English translation
FDJ Language Services

Editing
Bettina Braun

Graphic design and illustrations
Venusia Bertin

Pictures
Remo Eisner
remo-eisner.ch

Editor
Swiss Federal Audit Office
Monbijoustrasse 45
CH-3003 Bern
info@efk.admin.ch
www.sfao.admin.ch

Unless otherwise stated, any designations in this report cover both the male and female forms.

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ral Audit Office Act (FAOA). The aim: to ensure that partly privatised federal enterprises be exempted from the Act and that their finances no longer be subject to supervision by the SFAO⁵. This amendment would mainly have concerned Swisscom, but also entities such as Skyguide or Identitas. It was adopted by the Council of States in 2019, but was ultimately shelved after being rejected by the National Council on 30 October 2020.

SFAO would equate to limiting the supreme financial supervision exercised by Parliament.

Similar arguments prompted National Councillors of all political persuasions to support the motion by Thurgau National Councillor Christian Lohr⁶. It demanded an end to the legal exemption that allows the Swiss radio and television broadcaster SSR to avoid financial supervision by the SFAO while re-

“THE AUDITS IDENTIFY PROBLEMS, AND THIS IS BENEFICIAL FOR ALL CONCERNED, INCLUDING THE MINORITY SHAREHOLDERS.”

It might be interesting at this point to look at the arguments put forward by the National Council's Finance Committee. Firstly, it does not see how the Confederation, as majority shareholder, would derive an advantage over minority shareholders when the SFAO performs an audit. The audits identify problems, and this is beneficial for all concerned, including the minority shareholders. There are also ways to keep them informed as necessary. The second argument centres around the role of Swisscom as a public service, since the company performs tasks of that nature. If the legislator removes the SFAO's ability to examine the enterprise's activities, Parliament and the Finance Committees will no longer receive information or explanations from the SFAO. Thirdly, it should be noted that the supreme financial supervision exercised by Parliament is linked to the SFAO's supervisory powers. Given the linkages between the Parliament Act and the FAOA, limiting the powers of the

ceiving an annual subsidy of over CHF 1 billion, financed by the taxpayer. To be continued...

The SFAO staff managed to stay healthy over the course of 2020, while selflessly putting in the time and effort to audit the extraordinary expenditure linked to the COVID-19 crisis. Thank you to him, and to everyone who supports our activities!

Michel Huissoud, Director

¹ Article 62 of the Federal Financial Budget Act.

² "State and competition – Impact of state-controlled enterprises on competitive markets" (Federal Council report of 8 December 2017 in response to postulate 12.4172 from the radical liberal group and 15.3880 Schilliger).

³ "Switzerland public enterprises: reducing risks for the state", 4 September 2020, statement by the Swiss Conference of Audit Offices, available on the SFAO website.

⁴ Accounting irregularities at PostBus AG – Considerations from the perspective of supreme parliamentary supervision.

⁵ "Partly privatised federal enterprises must no longer be subject to supervision by the Swiss Federal Audit Office", motion 19.4371, 27 September 2019.

⁶ "Make the SSR subject to financial supervision by the Swiss Federal Audit Office", motion 20.4671, 17 December 2020.

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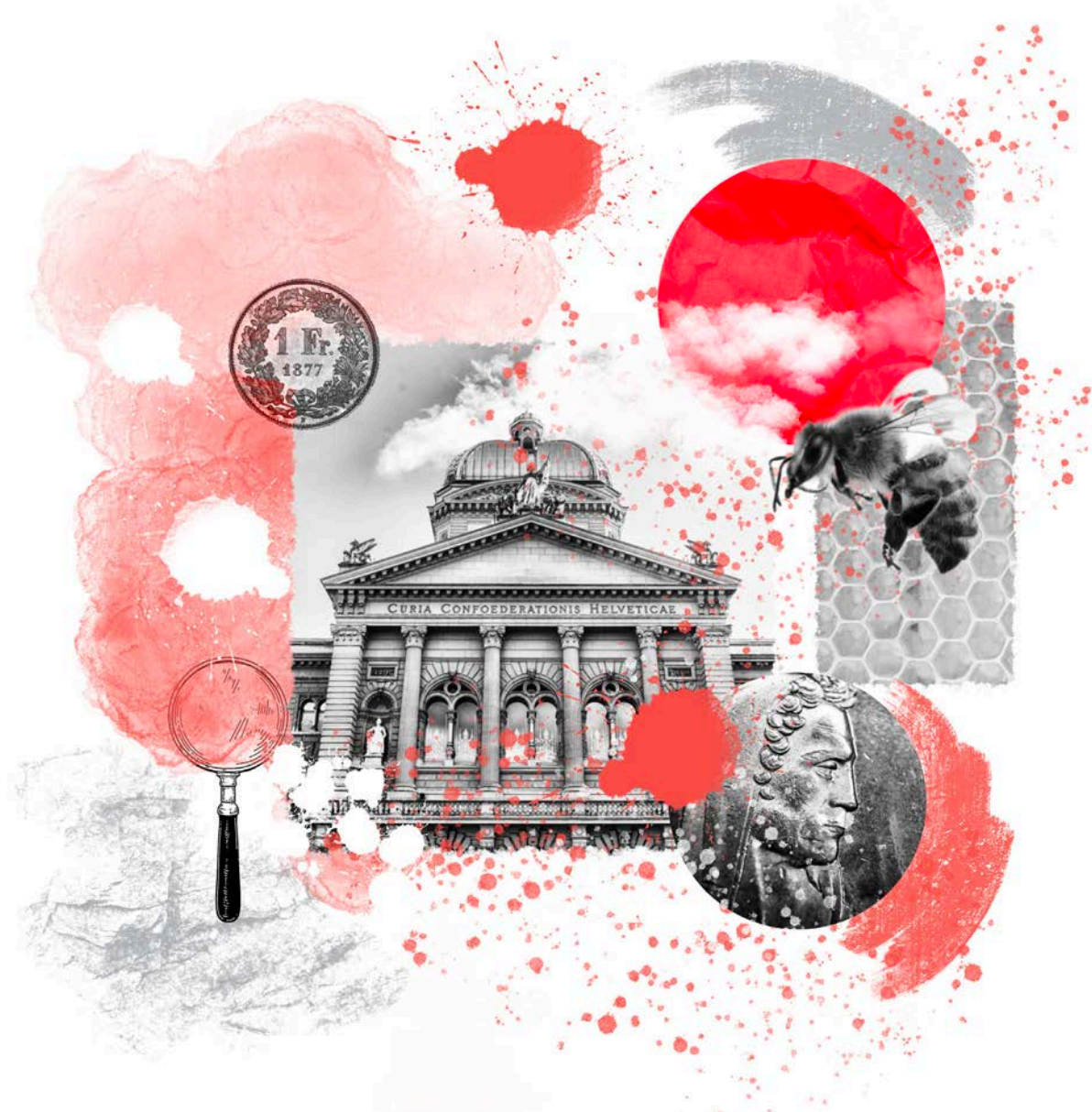


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PART 1

THE MAIN RESULTS OF THE FINANCIAL SUPERVISION FOR 2020



1. PUBLIC FINANCES, TAXES AND RISK MANAGEMENT

PART 1: MAIN RESULTS

1. PUBLIC FINANCES, TAXES AND RISK MANAGEMENT

As regards the Confederation's public finances, the Swiss Federal Audit Office (SFAO) audited the federal financial statements as usual. It also performed an audit on efficiency and supervision in the area of precious metals trading and importation. Finally, one audit focused on the monitoring of cyber-risks in the financial and insurance sectors.

A. THE SFAO CERTIFIES COMPLIANCE OF THE FEDERAL FINANCIAL STATEMENTS

The audit of the federal financial statements is one of the SFAO's traditional tasks. It is performed by SFAO staff in conjunction with its partners from the Federal Administration's Internal Audit units⁷. The SFAO has published the findings of this audit each year since June 2015⁸. Such transparency is rare in Europe.

For 2019, the federal financial statements recorded a surplus of CHF 5.9 billion. This was the best result in a decade that saw the Confederation generate a surplus of nearly CHF 29 billion (see chart below). The 2019 surplus is the result of the difference between revenue of CHF 73.1 billion and expenses of CHF 69.1 billion, plus a negative financial result of CHF 746 million and a financial interest result of CHF 2.7 billion⁹.

Legal conformity of a provision still in dispute

For the past three years, the federal finances have been in robust health. Nonetheless, the SFAO has a criticism with regard to its audit of the financial statements. This concerns the legality of a CHF 1.5 billion provision in the 2019 financing statement. Similar provisions had been made in 2018 (600 mn) and 2017 (2 bn¹⁰). Cumulatively, excluding any recalculation by the FFA and the FTA, the provisions queried by the SFAO amount to CHF 4.1 billion (see chart below). The difference of opinion between the

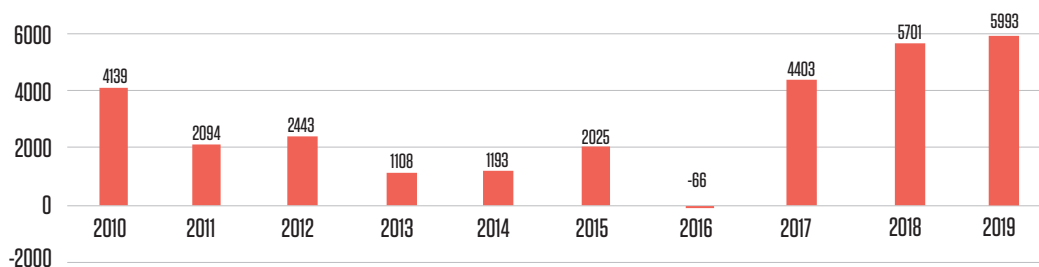
⁷ The complete mandate of the SFAO is described in the second part of this annual report (page 71). Aside from just a few exceptions set out in the Financial Budget Ordinance of 5 April 2006, the financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS).

⁸ The report for audit mandate 20132 is available on the SFAO's website.

⁹ Net income from equity interests in licensed transport companies (including SBB) Swiss Post, Swisscom and RUAG.

¹⁰ The 2017 figure was subsequently recalculated by the FFA and the Federal Tax Administration (FTA). After recalculation, the provision amounted to 1.7 billion.

Balance of Confederation's statement of financial performance
(In CHF mn, 2010–2019)



SOURCE: FFA, State financial statements, volume 1



FFA and the SFAO is ongoing. In the view of the SFAO, this provision contravenes the Federal Budget Act (FBA), which stipulates that the overall fiscal balance be reported on the basis of current expenses and receipts. These do not include provisions. The FFA contests this point.

The implementation of the Hegglin motion¹¹, which was submitted back in 2016, and the resulting legislative amendment to the FBA should put a positive end to these divergences¹². A Federal Council dispatch was transmitted to the Federal Assembly at the end of 2019. From the standpoint of the SFAO, it is important to clearly identify the reasons for a closer alignment of the financing statement and the statement of financial performance. The SFAO will maintain its reservation until the entry into force of the amendments to the FBA.

Compliant financial statements

Despite this reservation, the SFAO confirmed the compliance and correctness of the federal financial statements. The statutory requirements were met. The state financial statements were thus in compliance with the provisions of the Federal Constitution on the debt brake and those of the FBA on budget management. The SFAO therefore recommended in its audit report of 24 March 2020 that Parliament approve them¹³. In spring, it presented its activities to the Finance Committees of the National Council and the Council of States.

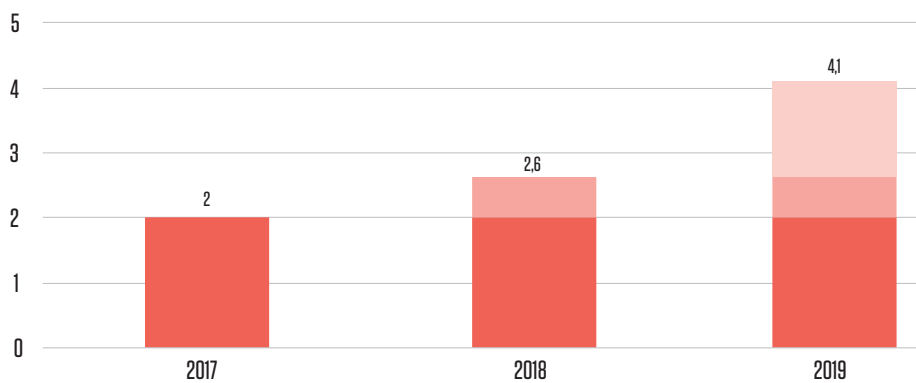
¹¹ Peter Hegglin (CVP/SZ), "Confederation. For accounting standards that reflect the actual financial and revenue situation" (motion 16.4018), available on Parliament's website.

¹² A solution supported by the FFA and the SFAO was approved by the Council of States in December 2020. Among other things, it involves ensuring that the reporting model for the federal financial statements is more in line with that for the cantons (HAM2), which facilitates comprehension and comparisons without changing the debt brake mechanism.

¹³ The audit report is available on the SFAO's website.

Provision whose legality is contested by the SFAO

Cumulative amount, in CHF bn, 2017–2019



SOURCE: FFA

1. PUBLIC FINANCES, TAXES AND RISK MANAGEMENT

SPOTLIGHT

THE TRUST PRINCIPLE APPLIES TO THE AUDITING OF DIRECT FEDERAL TAX

In the Swiss tax system, the cantons are the tax collectors. They assess and collect direct federal tax, and then transfer some of it to the federal coffers. In 2019, this tax brought in more than CHF 23 billion for the Confederation – around one third of its receipts. The SFAO does not audit either the correctness or the legality of direct federal tax collection, or even the transfer of the portion due to the Confederation. Legal responsibility for some of these tasks – material auditing of taxation is explicitly excluded – lies exclusively with the cantonal supervisory bodies and the FTA supervisors¹⁴. Ultimately, the SFAO has to base its audit of the federal financial statements on the supervisors' work in the previous year – without having any power to verify whether it is well founded or whether the law has been correctly applied.

Doubts were expressed in the media as regards the taxation of wealthy taxpayers. In 2018, this resulted in a parliamentary initiative¹⁵ being submitted, aimed at strengthening federal powers to audit and monitor direct federal taxation. Essentially, the amendments were designed to improve the FTA's position vis-à-vis the cantonal tax administrations.

The Finance Committee of the National Council accepted the proposal. However, the Finance Committee of the Council of States did not, and refused twice to proceed with the initiative. In fact, the majority of the Committee's members considered that "the need to legislate was not demonstrated, noting in particular that the initiative would weaken the cantons and change an efficient and rapid system"¹⁶. The proposal was thus definitively shelved in October 2020 and the trust principle continues to apply in the monitoring of direct federal tax.

B. STRENGTHENING THE EFFECTIVENESS OF PRECIOUS METALS CONTROL

The Swiss authorities perform precious metals control at two levels. Firstly, the Federal Customs Administration (FCA) monitors trade at the border. Secondly, Precious Metals Control (PMC), a unit of the FCA, checks the quality of gold, silver, palladium and platinum articles for industrial purposes. PMC offices are located throughout Switzerland in order to best meet these requirements. There is a central office near Biel, with regional offices in Biel, La Chaux-de-Fonds¹⁷, Chiasso, and Geneva and Zurich airports. PMC has a budget of around CHF 10 million and hallmarks more than 2 million articles each year.

¹⁴ Article 104a, Federal Act on Direct Federal Taxation (DFTA).

¹⁵ "Strengthening the auditing and monitoring powers in the Federal Act on Direct Federal Taxation, parliamentary initiative", 18.469.

¹⁶ Press release from the Finance Committee of the Council of States, "Work has started in connection with the 2021 federal budget", 13 October 2020.

¹⁷ The Cantonal Office in La Chaux-de-Fonds was set up jointly by the canton of Neuchâtel, which is also responsible for its administrative supervision, and the Central Office, which monitors compliance with the Precious Metals Control Act (PMCA). This cantonal office is self-financing and has budgetary independence from the FCA. Its activities mainly involve the hallmarking of precious metal articles, including precious metals assaying.



The audit by the SFAO examined the compliance and economic efficiency of PMC, the effectiveness of import controls and the supervision of the trade and melting of precious metals. As a reminder, nearly 2,300 tonnes of gold (worth CHF 63 bn) were imported and presented at FTA offices in 2018. In the same year, PMC checked imports of watches and jewellery made of precious metals worth CHF 18 billion.

Incorrect data and incomplete controls

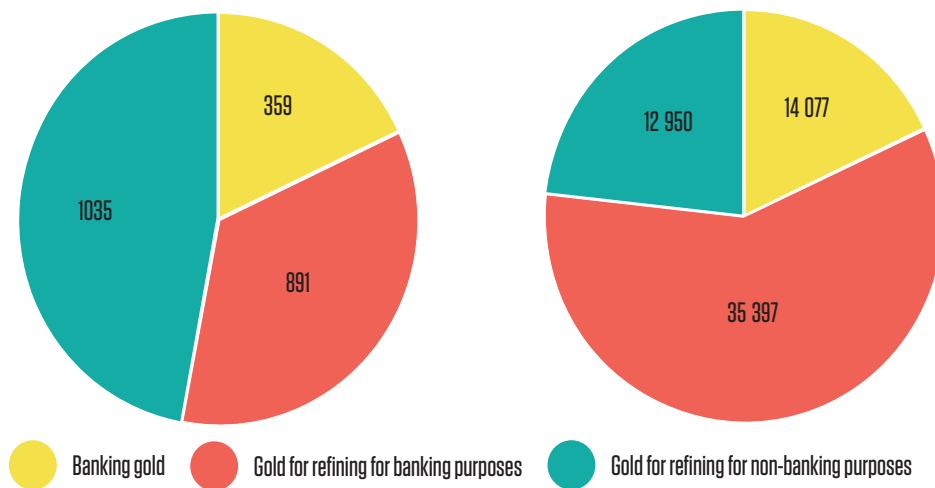
The SFAO audit found errors in customs data and limited import controls¹⁸. What does this mean? When selecting consignments for inspection, the regional offices rely on customs declarations and tariff headings. However, the tariff headings for the various types of gold (investment for refining or recovery) are sometimes incorrectly applied. The imported raw gold category comprises a number of different types of gold, ranging from gold ore to gold for banking purposes (fine gold bars), to pre-refined gold bars. This lack of clarity in tariff headings makes it difficult to accurately pinpoint which cases to audit.

At the border, precious metals are not a priority for customs agents, and inspections are limited to checking the tariff headings. As a result, there is a risk of imports not being compliant with the PMCA. Indeed, the SFAO observed that declarations of precious metal articles are not fully communicated to the regional customs offices. It also noted that there was no exchange between PMC and the FCA with regard to risk assessments. In short, import controls are limited to the PMC's check of compliance with the legal provisions on the hallmarking of watches and jewellery made of precious metals.

¹⁸ The report for audit mandate 19476 is available on the SFAO's website.

Raw gold imported into Switzerland in 2018

Mass (in tonnes) and value (in CHF mn)



SOURCE: FCA

1. PUBLIC FINANCES, TAXES AND RISK MANAGEMENT

Precious metals control that is cost-effective and meets the industry's demands

Self-financing of hallmarking and laboratory activities is guaranteed and its level is expected to increase with the entry into force of the revised ordinance on fees in 2020. The PMC is appropriately located across Switzerland, close to entry points (Zurich, Basel and Geneva airports) and production sites (Ticino and Jura Arc): this ensures that it remains cost-effective. Nonetheless, the SFAO identified potential synergies as regards the organisation of activities at the Noirmont sub-division's Biel office.

The SFAO also suggested another improvement. Its auditors confirmed that one activity at the Chiasso office could present a conflict of interest. This concerned the analysis of gold melting at refineries on behalf of foreign mining companies. The SFAO's reservations persuaded PMC to terminate this activity at the end of 2019. Overall, PMC carries out its duties in a compliant manner, thanks to the Central Office's internal monitoring of its regional offices.

At the end of 2019, rather than performing more superficial audits, the Central Office conducted two pilot inspections to examine the process of incoming materials control and cases of potentially problematic imports. The onsite inspections enabled it to form an initial opinion on the risks of non-compliance with the provisions of the Precious Metals Control Ordinance. These inspections also revealed the shortcomings of the current supervisory system. Among other things, the SFAO auditors emphasised the lack of clear criteria and the low dissuasive effect of sanctions.

In its audit report, the SFAO issued a number of recommendations to strengthen the efficiency of the existing system of controls, particularly with regard to future revisions of legislation¹⁹. It also recommended that the FCA establish a global and integrated approach to risk analysis and control for the import of precious metals. This should be coordinated between customs offices, border guards and precious metals control offices. Finally, the transparency of statistics on gold should be improved with a clear differentiation between tariffs. The FCA has already acted on this SFAO recommendation and has agreed to implement the others.

¹⁹ Anti-Money Laundering Act (AMLA), Border Security and Control Act (BSCA) and PMCA.



C. IMPROVING THE GOVERNANCE OF THE SUPERB PROGRAMME

For around 20 years, the civil Federal Administration has been using SAP's standard software for its support processes (finances, personnel, logistics, procurement and real estate). In 2015, SAP announced a complete overhaul of its software. As a result, the current version will no longer be updated and support for it will stop at the end of 2027. It is thus imperative that the existing software be replaced. In 2017, the Federal Council decided to switch to the new SAP solution (S/4HANA). Two implementation programmes were launched for this purpose: SUPERB for the civil Federal Administration, and ERP V/ar systems for the operationally relevant administrative units (Defence, etc.).

In autumn 2020, Parliament approved guarantee credits for these two programmes. In the case of SUPERB, the guarantee credit amounts to CHF 320 million. With regard to governance, the Federal Council responded to the repeated demands of the National Council's Finance Committees and the Finance Delegation. The SUPERB project sponsor now has the necessary powers to steer the programme in all essential areas.

The main challenges, however, lie in working with specialist applications. The migration of support processes in the civil Federal Administration to SAP S/4HANA will affect a great many specialist applications outside SAP that likewise assist support processes or have interfaces to them. An inventory of these specialist applications has been made. The applications identified as large or complex have been given top priority. Proof of concept studies are carried out with particularly complex applications to verify the concepts. The SFAO recommended that SUPERB give priority to the rapid preparation of this proof of concept²⁰.

²⁰ The report for audit mandate 20407 is available on the SFAO's website.



1. PUBLIC FINANCES, TAXES AND RISK MANAGEMENT

Centralisation and migration of master data

The SFAO also examined whether the shared use of master data was guaranteed. To date, the Federal Administration has refrained from centralised management of business partners' master data. With SAP S/4HANA, however, technical management will be centralised in SAP Master Data Government. This change is likely to affect not just SAP, but also the specialist applications and the business processes they support. The administrative units must now redesign the management of their business partners' master data, adapt their specialist applications and interfaces, and clean up and migrate their data.

The centralisation of business partners' master data provides huge potential for optimisation, both for the Federal Administration and for citizens and the business community. This applies especially to the implementation of the once-only principle, which means that citizens and businesses need to provide their data to the authorities only once, rather than several times to different offices. The Federal Council's explicit digitalisation target can also be supported to a great extent as a result.

SPOTLIGHT

BETTER MONITORING OF CYBER-RISKS AT FINANCIAL INTERMEDIARIES

On 8 December 2017, the Federal Council adopted its national strategy for critical infrastructure protection for the period 2018 to 2022. The Swiss Financial Market Supervisory Authority (FINMA) is responsible for the supervision of financial intermediaries and markets. The SFAO audited the efficiency and effectiveness of FINMA's supervision in the area of cybersecurity at financial intermediaries²¹. It noted that, Switzerland-wide, progress is slow. Gaps have existed in cyber-risk prevention for years. If progress has been slow, it is because there has been little clarity as regards responsibilities and powers. For example, a functioning crisis organisation is still being established and only one cross-sectoral cyberattack simulation exercise has taken place since 2018.

In practice, banks do not comply sufficiently with their duty to report cyberincidents to FINMA. This lack of discipline rarely has consequences for the institutions supervised by FINMA, whose information on banks' cyber-risk exposures is incomplete. The SFAO recommended that onsite inspections be stepped up to improve the situation. In addition, the SFAO observed that Interbank Clearing Ltd., as well as the SIC²² system for interbank payments which it uses, are regarded by experts and in specialist literature as one of the financial system's main potential targets for a cyberattack. However, this system is not subject to FINMA supervision, but instead to oversight by the SNB. The SFAO would have liked to include this area in its audit, but the SNB declined for legal reasons. For the SFAO, as regards the protection of critical infrastructures, the risks inherent in interbank payment systems remain a "black box".

²¹ The report for audit mandate 20013 is available on the SFAO's website.

²² All Swiss franc transactions run via the SIC system, which is overseen by the Swiss National Bank (SNB). On behalf of the SNB, SIX operates the SIC system through its sister company Interbank Clearing Ltd.



2. ECONOMY

The question of tax relief for legal entities has been a recurring topic for the SFAO for around ten years now. In 2020, it published a new audit report on this policy aimed at promoting the regional economy. Procurements and compliance with public procurement rules were also the subject of an audit at the Federal Food Safety and Veterinary Office (FSVO).

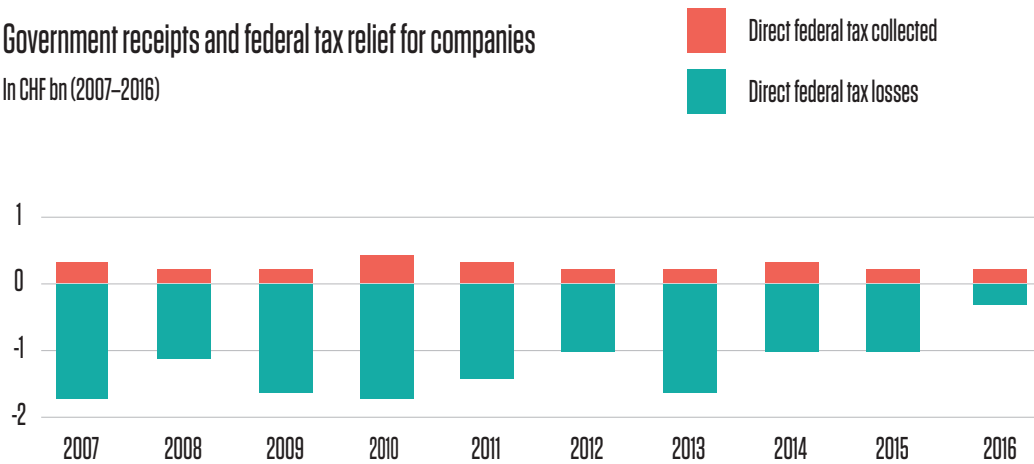
A. THE LONG-TERM EFFECTS OF FEDERAL TAX RELIEF FOR BUSINESSES

The Confederation's regional policy aims to improve conditions for Switzerland's structurally disadvantaged regions, in order to strengthen competitiveness and increase value added. To this end, the federal authorities grant direct federal tax relief to industrial companies and production-related service companies. The resulting hypothetical loss in tax receipts from 2007 to 2016 was between CHF 330 million and CHF 1.7 billion per year, amounting to a total of around CHF 12 billion. In return, this allowed jobs to be created or maintained, or even realigned. During the same period, companies that benefited from this instrument paid direct federal tax amounting to CHF 2.5 billion (see the following chart).



Government receipts and federal tax relief for companies

In CHF bn (2007–2016)



SOURCE: SECO

The SFAO assessed this economic promotion instrument and performed onsite inspections at the companies concerned²³. It appears that the decision to set up operations at a certain location does not depend solely on taxes (see chart next page). The tax burden remains an important criterion and, in some cases, can be the key factor in the final decision. However, according to the companies surveyed, two thirds of the supported projects would probably have been realised even without the tax relief.

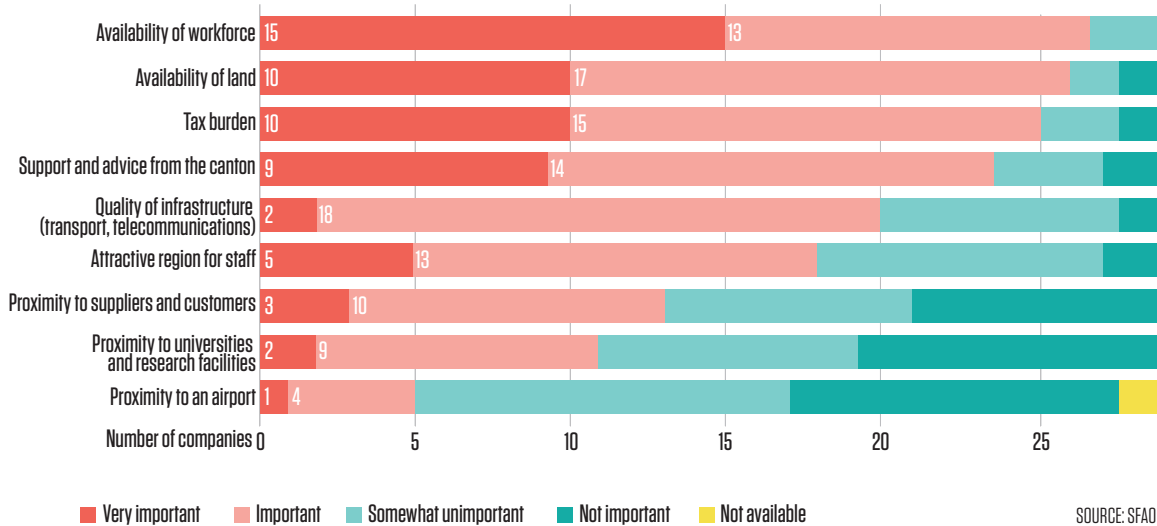
A windfall effect can be clearly observed. So use of the instrument has not always been connected to an actual need. SFAO modelling shows that the costs for the Confederation can nonetheless be regarded as reasonable.

There is, however, a caveat. Between 2007 and 2015, two thirds of the reduction in tax receipts – around CHF 8 billion – benefited only three companies that had committed to creating only 400 jobs. This relief has now been withdrawn, and if they wish to take advantage of a similar tax arrangement in future, they will have to commit to creating over 8,000 jobs.

²³ The report for audit mandate 19437 is available on the SFAO's website.

What factors determine the decision on location?

Based on a questionnaire sent to 30 companies benefiting from tax relief



Sustainable employment

A positive aspect is that the jobs supported by this federal policy often continue to exist beyond the end of the tax relief. As a matter of fact, no underlying trend linked to relocation for tax optimisation reasons was observed three years after the end of the relief. Having analysed the data in the commercial register, the SFAO concluded that 80% of the companies concerned were still active at the same location. Moreover, no significant reduction in jobs was discernible at these companies in the period after the end of the tax relief.

Following a number of audits accompanied by SFAO recommendations, this instrument has been revised: its scope of application has been restricted, an annual cap on tax relief for a new job has been imposed (CHF 95,000) and greater transparency has been introduced. Between 2000 and 2010, relief was granted on average 40 times a year. Since 2011, this number has fluctuated between four and ten. In the past, it was mainly companies headquartered abroad that benefited from the relief, but since 2016 it has been mostly Swiss companies.

The SFAO did not issue any recommendations following this audit.

B. VETERINARY RESEARCH IS NOT EXEMPT FROM THE RULES ON PUBLIC PROCUREMENT

The University of Bern is one of the FSVO's largest suppliers. Between 2016 and 2019, the FSVO concluded contracts with it worth CHF 20.8 million, or 16% of the University's procurement volume during that period (CHF 130 mn). The SFAO audited the contracts between the FSVO and the University of Bern²⁴. For this purpose, it selected a random sample of 19 cases with a contract volume of CHF 14.3 million (69% of the total). Research projects made up the majority of the sample. The procurement organisation and processes were also audited.

Starting in 2016, the FSVO introduced a series of internal changes aimed at improving its compliance with public procurement rules. The changes did not come into force for research projects until 2018. These efforts need to be taken further. The work of its Procurements and Contracts unit must be better supported and embedded in the FSVO's general organisation.

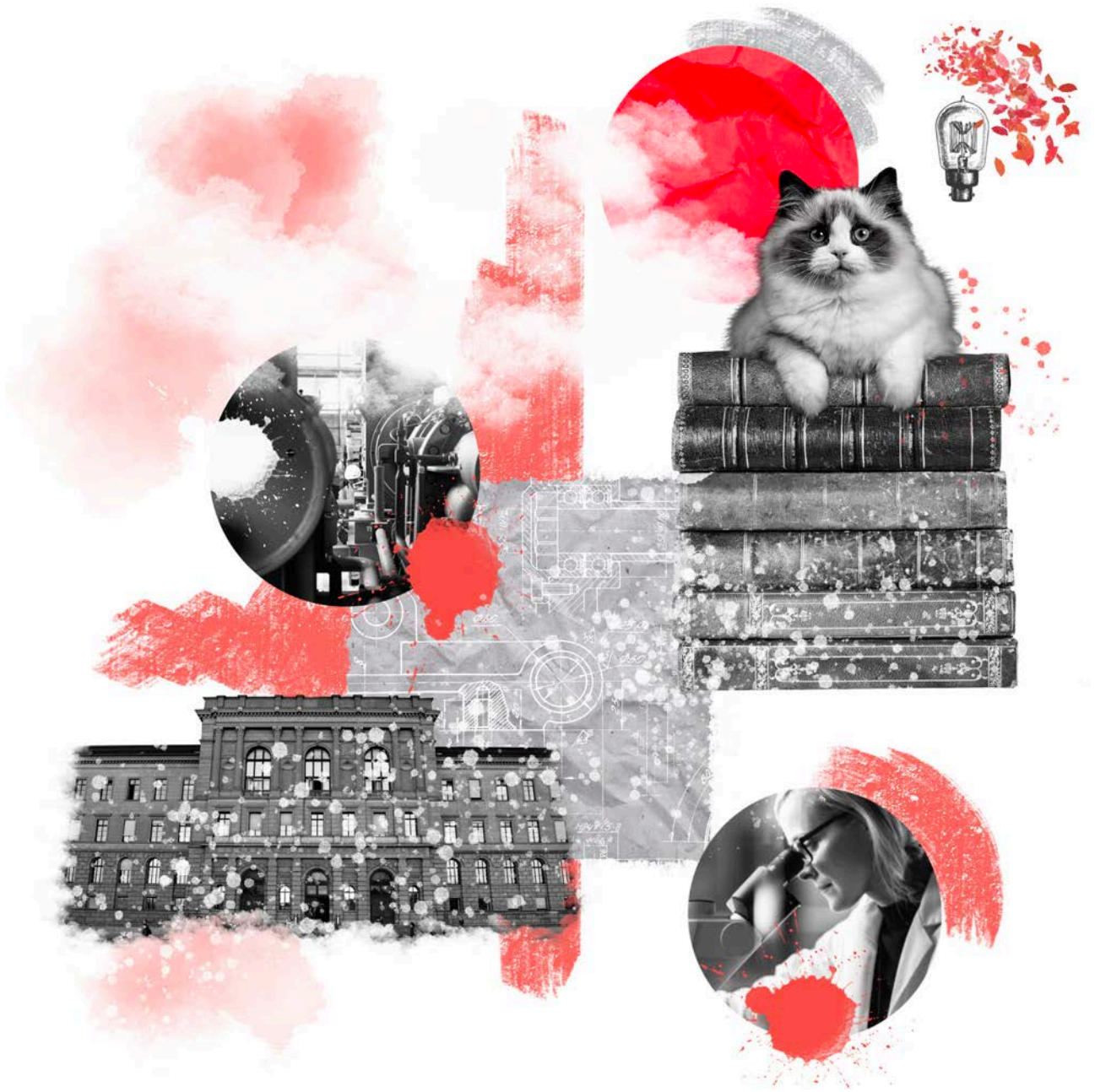
Strengthening impartiality

Of the 19 cases examined, all but one revealed shortcomings of varying significance. For 13 cases, there were either no supplier's quotes or only a few available. Moreover, the auditors could not find specifications for the negotiated procedures exceeding the public procurement threshold. For one public procurement after 2018, there were shortcomings in the evaluation report. Finally, shortcomings were discovered in the general form and substance of the contracts, such as non-compliance with signature regulations, a lack of information on contract components, derogations from the general terms and conditions and/or the rules on ongoing updates. Following the audit, the FSVO overhauled its contract templates.

In future, the FSVO must ensure that, in the case of research projects, the tender documents and their evaluations are always available in full for checking the services received. At the time of the audit, three reports and five evaluations were missing.

As is often the case in Switzerland, veterinary medicine is a small world where everyone knows everyone else. Such closeness presents a challenge for public procurements. The FSVO must take care to avoid the impression of partiality when awarding public procurement contracts. The SFAO issued recommendations to strengthen the procurement process, which the FSVO accepted.

²⁴ The report for audit mandate 20464 is available on the SFAO's website.



3. EDUCATION AND RESEARCH

The SFAO audited a project by the Swiss Federal Institute of Technology Lausanne (EPFL). The EPFL is modernising its heating and cooling plant, and building a new IT infrastructure on the same site.

A. THE EPFL'S AMBITIOUS HEATING AND COOLING PLANT PROJECT

The EPFL is renewing its heating and cooling plant on its site in Ecublens (VD) and building a new data centre on its roof. The projected cost of the project is nearly CHF 73 million, to be financed with two guarantee credits for CHF 59 million and CHF 14 million. According to EPFL estimates, this modernisation should reduce annual operating costs for the plant by 45%, and its CO₂ emissions by 24%. The new plant will generate nearly 100% of its thermal energy requirement from the waters of lake Geneva. Combining the plant with the data centre should enable energy synergies to be exploited.

The SFAO's audit showed that the project was on track²⁵. Work was running to schedule. However, it noted that there was scope for improvement in the project financing and organisation.

The final costs for the heating and cooling plant should come in on estimate and in line with the guarantee credit. The same cannot be said for the data centre. User needs were re-evaluated after the contract was concluded with the full-service general contractor carrying out the project. This ex post adjustment means that the EPFL has had to request an additional credit of CHF 1 million.

A complex project organisation and an unexpected guest

On the Ecublens site, two full-service general contractors are engaged on the project: one for the heating and cooling plant, and one for the data centre. This reflects a lack of coordinated strategic planning, resulting from the opportunistic merging of two projects in order to reduce the overall energy burden. Having two sets of planners, craftsmen and suppliers on site has created duplications and eliminated the advantages of the full-service general contractor model.

²⁵ The report for audit mandate 19436 is available on the SFAO's website.

The SFAO has recommended that the EPFL rectify these shortcomings and systematically check user needs and risk management. Work is also needed on the traceability of cost documentation. The EPFL accepted the SFAO's recommendations.

Finally, one further problem of an environmental nature preoccupied the SFAO's auditors: the quagga mussel. Originally from the Black Sea, this mussel has recently become established in Europe. It was detected in Switzerland in 2016 and has been spreading in the waters of Lake Geneva for the past two years. Its rapid proliferation is threatening to block the project's heat pumps. The EPFL must protect the lake water intakes, and has already projected costs of several hundreds of thousands of Swiss francs.



SOURCE: EPFL



4. HEALTH

Two priority components of the Federal Council's Health2020 strategy were audited: the effectiveness of health technology assessments and the introduction of the electronic patient record. The Federal Office of Public Health (FOPH) plays an essential role in these two programmes. A third audit looked at Swissmedic's compliance management system.

A. STRENGTHENING HEALTH TECHNOLOGY ASSESSMENTS

In 2013, the Federal Council adopted its Health2020 strategy. Curbing the rise in the cost of compulsory health insurance is a priority. Among other things, the strategy includes a tool for identifying ineffective, inappropriate and uneconomical products (primarily medications) or treatments and excluding them from reimbursement by compulsory health insurance, or at least restricting them. This tool is the HTA, or health technology assessment. According to the Federal Council, the HTA should allow costs to be reduced and annual savings of around CHF 220 million to be achieved.

The SFAO audited not just this tool, but also the question of whether and how the programme can be made to work effectively²⁶. The FOPH is responsible for the programme and has accepted the SFAO's recommendations.

The HTA programme objectives are missing their target

Some good points emerged from the audit, starting with the fact that the initiative was given positive impetus by the new Head of the Health Insurance Benefits Division at the FOPH. Likewise, the strategy to exclude or reduce certain treatments or products is a sensible choice in a market where supply is excessive.

However, it has not been possible to meet the programme's targets, and no savings have been achieved. The SFAO also observed delays, mainly due to the rejection by most stakeholders of the plan to set up a dedicated HTA agency independent of the Federal Administration. The FOPH was obliged to find an internal solution with a modest budget of CHF 600,000 per year but no extra staff. It was not until mid-2017 that a separate section was able to start work, after a three-year delay. Finally, the number of pending HTAs is still low: in 2019, for example, 21 procedures were under way, as opposed to the 46 originally planned.

²⁶ The report for audit mandate 19084 is available on the SFAO's website.



In the SFAO's view, improvements could be made to reinforce the effectiveness of HTAs and reduce the length of the process for the FOPH. Each HTA can take up to four years, which is long compared to certain European countries. This duration stems from the fact that the FOPH performs full HTAs, whereas the preference in other countries tends to be for short HTAs or "contextualisation reports". These allow the health authorities to transfer the scientific parts of foreign HTAs to their own countries, thereby saving costs and time. To date, the FOPH has not used scientific results from other countries in its HTAs, although the possibility has been mooted.

Minimising conflicts of interest and raising credibility through concrete results

In the SFAO's view, further time savings could be made during the first four stages of the HTA process by leaving out some stakeholders and extra-parliamentary commissions. This would also have the advantage of mitigating the risk of conflicts of interest linked to the fact that the stakeholders are in the majority compared to the independent experts. Stakeholders that do not necessarily have an incentive to reduce health costs are consulted during both the definition of topics and the performance of HTAs.

Based on an expert report, the Federal Council estimated up to CHF 100 million in savings from the first five HTAs. Launched over three years ago, these five HTAs have been delayed. Three of them have now been evaluated by the Federal Medical Services Commission (FMSC). These HTAs have not yet given rise to any recommendations on eliminating or limiting the scope of compulsory health insurance. As of summer 2019, a new estimate by the FOPH put the potential maximum savings from the 15 HTAs currently under way at CHF 602 million. For the sake of the HTA programme's credibility, it is essential that the first savings are achieved rapidly.

A six-step procedure



SOURCE: FOPH

B. CHALLENGES POSED BY THE INTRODUCTION OF THE ELECTRONIC PATIENT RECORD

The introduction of the electronic patient record is another priority of the Federal Council's Health2020 strategy. With the entry into force of the Federal Act on the Electronic Patient Record (EPRA) on 15 April 2017, a timetable was established. By April 2020, hospitals and rehabilitation clinics had to join a certified core community. From the same date, patients should have been able to open an electronic patient record (EPR), which healthcare facilities could use to record information and healthcare professionals could consult in order to treat their patients. According to the timetable, nursing homes will join the system in April 2022, while participation is voluntary for providers of out-patient services, such as general practitioners. Initial financing of CHF 30 million has now been set aside at federal level for the creation and certification of core communities, contingent upon equal participation by the cantons or third parties. Finally, the communities are organised under private law in a specific geographical catchment area.

In its audit²⁷, the SFAO noted that the risks attached to the introduction of the EPR had been identified by the FOPH and the Swiss Competence and Coordination Centre of the Confederation and the Cantons (eHealth Suisse). The challenge is to overcome the lack of appropriate facilities for dealing with these risks. As regards a timeline: the SFAO team collected its data in summer 2019. In view of the urgency of its findings and recommendations, they were presented to the FDHA's General Secretariat and the FOPH in mid-August. Developments after that date were not included.

The lack of resources is limiting a smooth introduction

In summer 2019, at the end of the audit, it still seemed as if it would be technically possible to introduce the EPR by 15 April 2020. The SFAO's auditors had their doubts, however, owing to incomplete processes, delayed certifications and delays in connecting some hospitals. The shortcomings observed were caused by a lack of resources, a lack of enforcement capability on the part of the FOPH, and a lack of incentives for outpatient health facilities to join the EPR. In addition, the federalist structure of the healthcare sector is complicating the management of specific implementation problems, risk management and, once EPR implementation is complete, the management of other needs as regards control, coordination and management more generally. According to the SFAO's auditors, the existing resources available to the FOPH and eHealth would not be enough to cover the EPR's subsequent operation, or the further implementation stages.

²⁷ The report for audit mandate 19265 is available on the SFAO's website.



There were also delays in the certification of core communities. At the date of the audit, only one community out of twelve had started the certification process, which is mandatory in order for operations to begin. Without certification, the communities and healthcare facilities attached to them cannot participate in the EPR.

Hospitals and nursing homes are free to choose how to connect to the tariff community's network, and the extent to which they will integrate it into their own architecture and processes. Should they simply connect via a secure web portal or choose deep integration with a link between the hospital's application and the EPR network? There are questions around cost-effectiveness. The answers will depend on the costs of introduction according to the type of connection, the number of patients and documents, as well as on the framework conditions at the respective healthcare institutions. At that time, most of those responsible for introducing the EPR had not yet addressed these questions.

Finally, in the SFAO's view, the EPRA is in danger of not achieving its objectives of improving patient safety and treatment quality and of increasing the efficiency of the Swiss healthcare system.

SPOTLIGHT

SWISSMEDIC MUST IMPROVE ITS COMPLIANCE RULES STILL FURTHER

Swissmedic is the supervisory and licensing authority for medicines and medical devices (therapeutic products) in Switzerland. The audit by the SFAO focused on Swissmedic's compliance management system, especially aspects relating to ethics, human resources and conflicts of interest²⁸. The results are good, although some improvements could still be made.

In the case of termination of employment, for example, Swissmedic's Executive Director is subject to a cooling-off period, in order to prevent him being employed by an entity supervised by Swissmedic. This is not the case for the other members of the Management Board. In the view of the SFAO, Swissmedic should examine the possibility of introducing a cooling-off period for all management members, and even for other employees who play a key role in decision-making or who have access to essential information. There is also room for improvement as regards integrating the compliance function in the organisation and establishing a direct communication channel with the Agency Council. Swissmedic either accepted the SFAO's recommendations or agreed to examine them.

²⁸ The report for audit mandate 20269 is available on the SFAO's website.



5. TRANSPORT AND ENERGY

The SFAO's auditors examined the use of subsidies and compliance with the principles of subsidy law at the second-largest railway company in Switzerland, BLS AG. In addition, Parliament decided that all federal enterprises would remain subject to audit by the SFAO.

A. THE PUBLIC SECTOR IS PAYING EXCESSIVE SUBSIDIES TO BLS AG AND ITS SUBSIDIARY BUSLAND AG

The Confederation subsidises regional passenger transport. In this context, it allocates about CHF 190 million to the BLS group each year. This money is used to fund the portion of costs not covered by revenue from ticket sales. BLS AG is the second-largest railway company in Switzerland, with turnover of around CHF 1.1 billion. Nearly 40% of this comes from contributions paid by all public authorities.

The SFAO audited the 2018 accounts of BLS AG (regional passenger rail transport) and those of its subsidiary Busland AG (regional passenger road transport). The aim was to assess compliance with subsidy law, the appropriateness of the accounting structures and the value streams in the operating accounts.

Guaranteeing greater transparency of the accounts

The SFAO's auditors discovered accounting errors in the amount of several million francs²⁹. For one thing, the internal subsidies paid by BLS AG to Busland AG were too high, and had been for some years, as a result of an inflated interest cost model. Other payments to BLS AG and Busland AG had also been falsely estimated. These resulted from non-budgeted compensation payments from Half Fare Travelcard sales in the Libero transport network, a point already identified by the Bern Cantonal Office for Public Transportation and Transportation Coordination. For several years, these compensation payments were not included in the accounts.

The BLS group must ensure greater transparency in its accounts and improve the reliability of its divisional accounts. The shortcomings revealed show that the public subsidies are too high and that the divisional accounts are incorrect. BLS AG must make retroactive corrections.

In the divisional accounts, service charging between the companies of BLS Group was partly carried out with profit mark-ups, which is a disputed practice under subsidy law. This applies, for example, to the internal leasing of premises within the group, as well as to additional railway services, an area which deserves to be better clarified with the Federal Office of Transport (FOT).

²⁹ The report for audit mandate 19343 is available on the SFAO's website.



B. THE SFAO WILL CONTINUE TO MONITOR ALL FEDERAL ENTERPRISES

Should partly privatised federal public enterprises be exempted from auditing by the SFAO? This was the wish expressed in the motion submitted by State Councillor Erich Ettlin³⁰. For this audit expert, there was a problem with Swisscom AG, and potentially with RUAG in the event of part of its activities being privatised: “The audit activities (and the access rights obtained by the SFAO for that purpose) present delicate boundary problems and raise legal questions, given that the main shareholder [the Confederation] thus has selective and privileged access to information that is confidential and potentially decisive for budgeting.” The motion proposed that the Federal Audit Office Act (FAOA) be amended³¹.

In its response, the Federal Council proposed that the motion be accepted, and the Council of States did so in December 2019. However, the National Council did not follow suit in October 2020, deciding instead to maintain the SFAO's existing powers and to leave the FAOA unchanged.

³⁰ Erich Ettlin (CVP/OW), “Partly privatised federal enterprises must not be subject to auditing by the Swiss Federal Audit Office” (Motion 19.4371), available on Parliament's website.

³¹ Article 8 paragraph 1 letter e.



6. ARMED FORCES



6. ARMED FORCES

In 2020, the SFAO examined whether the rules for career soldiers were appropriately applied. It also audited the procurement process for the future mortar system for the Armed Forces. Finally, two audits were performed in connection with the development of the RUAG group and its various business divisions (financial management, risk management and compliance).

A. THE PERSONNEL POLICY FOR CAREER SOLDIERS COULD BE IMPROVED

In 2020, the roughly 143,000 conscript soldiers in the Swiss Armed Forces are supervised by nearly 2,900 professional soldiers. Two thirds of these professionals regularly change functions. The law stipulates that, barring exceptions, career officers and non-commissioned officers as well as general officers hold a post for a period of four to six years. This renews their motivation and allows career progression.

The SFAO audited the implementation of this rotation principle and the appointment processes³². Based on a sample of fourteen career soldiers selected according to various risk criteria and a data analysis, the auditors found that there was some potential for improvement in the traceability of appointment decisions and in the management of exceptions in salary matters.

Follow the processes, document the exceptions

The rotation process is generally applied and the Armed Forces have specialists whose role it is to plan these transfers. However, for half of the sample, appointments were made by direct superiors without following the process. In the SFAO's view, the Defence Group must adhere to the rules and, if necessary, document any exceptions and the reasons for them. As regards salaries, half of the soldiers in the sample received a salary higher than that set out in the relevant job description. The analysis of the personnel files of those sampled showed that the justification for the decision was not always documented. In total, the special schemes granted to career soldiers amount to about CHF 1.8 million out of a personnel budget of about CHF 250 million, i.e. around 0.7%.

³² The report for audit mandate 19454 is available on the SFAO's website.



There is another challenge facing the Armed Forces: from a strategic point of view, the implementation of the personnel policy does not currently cover the needs defined in the “Development of the Armed Forces” reform. At the time of the audit, around 9% of career officer posts were vacant, as were almost 7% of non-commissioned officer posts. This means that there was a shortfall of approximately 140 career soldiers in 2019. This problem could be exacerbated by the recent increase in the retirement age from 60 to 65 for career soldiers, which is likely to make the profession less attractive. The Armed Forces have already launched a project to reduce vacancies and improve recruitment efficiency.

B. A (SLIGHTLY TOO) EXTRAORDINARY MILITARY EQUIPMENT PROCUREMENT PROCESS

In 2016, Parliament approved a credit of CHF 404 million for the procurement of 32 mortar systems and other components³³. The Federal Office for Defence Procurement (armasuisse) acquired a carrier vehicle from General Dynamics European Land Systems and Mowag GmbH (GDELS/Mowag), fitted with a new Cobra mortar from RUAG. The SFAO published an audit on the procurement procedure³⁴: it found that there were some deficiencies in the procedure and that the procurement was difficult to retrace.

The Federal Department of Defence, Civil Protection and Sport (DDPS) used a shortened procedure for the procurement of this artillery equipment – vehicles and mortars; however, the shortened procedure is reserved for material available on the open market. For new material that is subject to subsequent refinements, a regular process, which is more comprehensive and allows development risks to be continuously taken into account, would be more appropriate. In the SFAO's opinion, this second option should have been chosen. In addition, its auditors considered that the financing of such complex procurements should not be submitted to Parliament before the procurement project reaches the acquisition stage.

³³ Following the popular vote rejecting the fund to procure the Gripen fighter aircraft in 2014, the DDPS decided to use the freed-up funds to remedy the shortfalls in military equipment for the indirect fire support of combat battalions. The mortar project was part of this.

³⁴ The report for audit mandate 19279 is available on the SFAO's website.



6. ARMED FORCES

Military assessment and requirements

In February 2015, the DDPS justified the speed of the mortar system procurement with the need “to close equipment and capability gaps in the Armed Forces as quickly as possible”. It therefore chose a product that was still under development in 2020. According to estimates compiled by the SFAO, the mortar system will resolve the lack of indirect fire support by spring 2026 at the earliest. At the time of the audit, the troops were not yet able to test the suitability of the new mortar in the field³⁵. However, on 3 August 2020, Armed Forces’ head of planning approved the system as suitable for use by the troops, subject to certain conditions. Under the latest available estimates, the declaration of suitability is projected for 2023.

Military requirements are an essential element in the procurement process. They define the needs and objectives to be met by the procurement. In its audit, the SFAO noted that these requirements were changed several times during the invitation to tender.

A legally correct but insufficiently documented decision

During this procurement, armasuisse drew up a shortlist from a longlist of 14 providers. The shortlist contained one carrier vehicle (GDELS/Mowag) and two different weapons systems, once from Swiss company RUAG and one from Finnish manufacturer Patria. Usually, three tenderers would be shortlisted. In addition, the two weapons systems assessed were not technically comparable. Thus, there was no real competition between the tenderers in this procurement.

Moreover, the SFAO’s auditors noted that the choice of shortlisted suppliers was not sufficiently documented and, according to various statements, was politically influenced. From a legal standpoint, the Ordinance on Public Procurement allows armasuisse to use an invitation procedure and to award direct contracts to domestic companies which are indispensable for national defence, provided justification is given for the decision. This procurement decision was not justified. The connection between the facts of the case and the legal provisions will have to be explained for similar decisions in future.

In its position statement, armasuisse thanked the SFAO for its critical examination of the procurement process. The FOPH and the DDPS’s General Secretariat accepted all the audit report’s recommendations.

³⁵ Shortly before the SFAO published its audit, the DDPS informed the media that “the tactical capabilities of the 12cm mortar 16 were evaluated in March 2020 as part of troop testing in the Bière military training area. The criteria for suitability for use by troops have been met” (DDPS, “The 12cm mortar 16 is suitable for use by the troops”, press release, 24 April 2020).

C. MANAGEMENT OF RISKS AND COMPLIANCE AT RUAG

At the beginning of 2020, RUAG was split into two entities: RUAG MRO Holding AG (services to the Swiss Armed Forces) and RUAG International Holding AG (aerospace operations and activities due for privatisation in the long term). The two companies have a turnover of around CHF 660 million and CHF 1,230 million, respectively. They are both owned by the Confederation through a holding company, BGRB Holding AG.

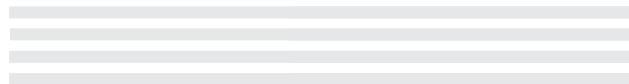
In its audit, the SFAO discovered that, between 2016 and the end of 2019, no consolidated risk report was presented to the Board of Directors³⁶. In December 2018, before the group was split up, RUAG's former directors had assured the Federal Council of the exact opposite. Things have since changed. The new entities have each developed a risk management concept and are beginning to implement them. RUAG International has already established a solid normative basis. However, the implementation stages have not yet been fully completed, either in terms of content or granularity. RUAG MRO is not yet on the same level as its sister company in terms of directives, but its detailed and coordinated action plan is convincing. Compliance management is also being implemented in both entities.

Setting guidelines

Risk management should be regarded as a management tool in its own right, and should therefore be a component of strategy, in order to provide comprehensive enterprise risk assessment. The SFAO recommends that RUAG International and RUAG MRO strengthen their operational and bottom-up risk management. Moreover, both companies should establish a risk overview.

In this regard, the involvement of the governing bodies is essential. The SFAO recommends that the two Boards of Directors regularly discuss the organisation of risk management, to allow them to fulfil their oversight and strategic functions. They must define their information needs and establish clear requirements for risk management. These aspects were not sufficiently considered during the start-up phase, and guidelines are now necessary.

³⁶ The report for audit mandate 20432 is available on the SFAO's website.



6. ARMED FORCES

Improvements in organisation and processes

At the time of the audit, the SFAO noted that RUAG MRO and RUAG International had 2 and 1.9 FTEs, respectively, for central risk management. These figures are astonishing, given the differences between the two entities in terms of size, business model and the nature of their international activities. At that time, the SFAO did not deliver a verdict on the adequacy of resources. However, it stressed that the framework conditions needed to be tightened up at both RUAG MRO and RUAG International, to ensure the independence of those involved in risk management.

Both entities must identify risks at all levels of their organisation. RUAG International was in the process of appointing a committee to consolidate the identified risks and report them to management and the Board of Directors. RUAG MRO, for its part, observed a fixed number of key risks stemming from its units. It did not yet have detailed specifications on how to identify risk in a standardised way. Both entities have yet to define any strategic risks.

During the course of its audit, the SFAO noted that, at the beginning of 2019, the company responsible for managing the group's real estate had identified a major risk with a hangar used to house the Swiss Armed Forces' F/A 18 aircraft. This risk had still not been appropriately dealt with and reported by summer 2020. During the audit, provisional measures were put in place, and experts were engaged to assess whether there was a real risk of the roof collapsing. The Federal Council released an announcement on the situation under Article 15 paragraph 3 of the FAOA.

SPOTLIGHT

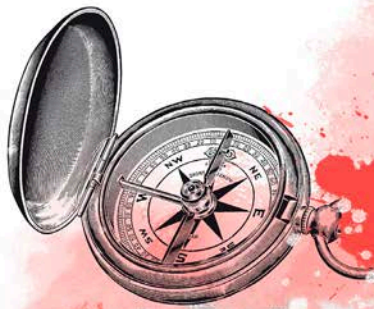
TWO SFAO AUDITS ON BEHALF OF THE FINANCE DELEGATION

“On 8 June 2020, the Finance Delegation requested the SFAO to audit **the RUAG split**, focusing on the financial aspects. In particular, the audit should clarify whether the divestment/reinvestment and financial flows at RUAG MRO Holding AG and RUAG International Holding AG are in line with the goals set by the Federal Council, whether the costs of the split are transparent and economical, and whether federal interests were maintained during the balance sheet demerger. The SFAO accepted the mandate and submitted an interim report to the Finance Delegation in November 2020. At that time, the Finance Delegation held discussions with the DDPS, FDF and FFA on the current state of progress.

In December 2020, a report by the SFAO on special circumstances at RUAG was submitted to the Federal Council under Article 15 paragraph 3 of the FAOA. RUAG reacted immediately by introducing an emergency concept and other measures to address structural defects in a building. At the meeting in February 2021, the Finance Delegation took note of the SFAO’s audit report on the RUAG split. The SFAO’s audit revealed that federal interests were maintained during the demerger of the balance sheets and that the project was implemented in a transparent and economical way. This also applies to the costs of the split. The implementation of the divestment and the financial flows are under control, but are not in line with the requirements in the strategic goals. RUAG International did not invest in the formation of an aerospace group, nor did it pay out a special dividend. Owing to RUAG International’s stretched liquidity situation, the divestment proceeds were temporarily retained within the company as liquidity reserves. This was because, in order to maintain its payment capacity, RUAG International needs a CHF 392 million credit facility, for which the banks demanded guarantees. These were provided by BGRB Holding AG on 17 April 2020. They expire on 31 December 2021. Because BGRB Holding AG is using its own assets for the guarantee, there is currently still a financial linkage between RUAG International and RUAG MRO. If the guarantee were called in, RUAG MRO’s assets would have to be used. On 18 December 2020, the rules for the further development of RUAG International were adjusted in line with the current circumstances by the Federal Council. Given the lack of options available for action, the SFAO refrained from making any recommendation.”

“In 2018, the Finance Delegation requested the SFAO to carry out an **audit of Swisscom AG’s risk management system**. It combined the audit mandate with the requirement for the SFAO to perform the audit with the appropriate sensitivity, taking account of the legal provisions on shares, stock markets and capital markets and preserving the confidentiality of potentially market-sensitive information, as well as for its investigations to avoid unequal treatment of shareholders (...). The Finance Delegation discussed the SFAO’s audit report in April 2020. In its report, the SFAO notes, among other things, that Swisscom AG’s risk management system was not inspected by Swisscom’s internal auditors for ten years. The SFAO agreed to the framework conditions demanded by Swisscom for performing the audit. Normally, the SFAO does not accept such restrictions because they influence impartial and objective auditing.”

Excerpt from the Finance Delegation’s 2020 annual report



7. INTERNATIONAL RELATIONS



7. INTERNATIONAL RELATIONS

This section summarises the results of a construction audit which covered the total renovation of the chancery of the Swiss Embassy in Washington, D.C.

A. AN ARCHITECTURAL RENOVATION WITH ESCALATING COSTS

The Federal Department of Foreign Affairs (FDFA) has an embassy chancery in Washington, not far from the White House. This chancery is aging. Built in 1959 to the designs of Swiss-American architect William Lescaze, the building is now undergoing a complete renovation. The renovation is being carried out by the Federal Office for Buildings and Logistics (FOBL). On the basis of a preliminary project prepared between 2015 and 2018, the SFAO assessed the efficiency and cooperation between the FOBL and the FDFA, as well as the implementation of the renovation³⁷.

At the time of the audit, the project was on track and cooperation between the FOBL and the FDFA was working well in principle. The SFAO noted that improvements would be welcome in the allocation of space and in the premises available to the FDFA. The preliminary project was based on a study of user needs, a space allocation plan from 2016 and a decision to maintain the existing structures for historical and architectural reasons.

However, the SFAO auditors found that these three elements had not been taken into account in a coordinated manner or optimised by the FOBL and the FDFA. For example, in the preliminary project, the conversion of part of the ground floor to optimise space is based on a design that is too large in relation to the FDFA's space allocation plan. As a result, the use of space was not planned efficiently. The FOBL took this recommendation into account. It has reworked this part of the building project and reduced the surface area.

From a maintenance project to a total renovation of the building

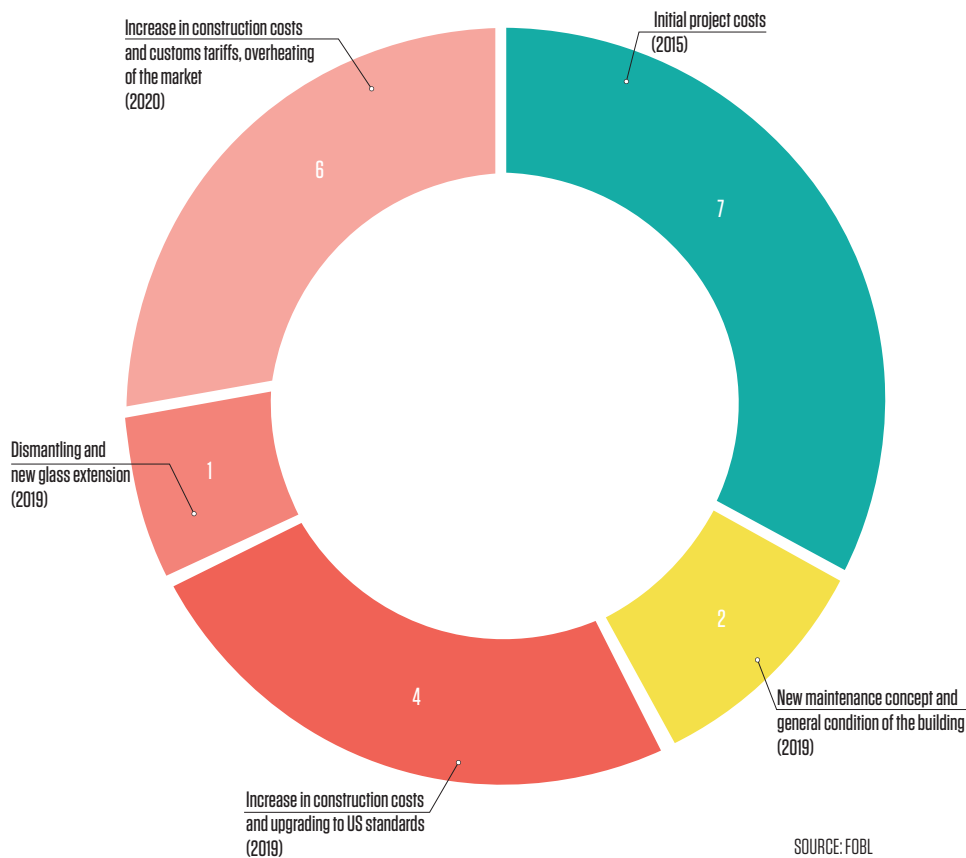
More broadly, the scope of this project has also evolved from simple maintenance to the total renovation of the building. At the time of the audit, this evolution was described by the FOBL as a change in the maintenance strategy as the project progressed. The documentation for this new strategy was presented to the SFAO auditors. However, the auditors found the shift in approach incomprehensible and were unable to obtain a fully conclusive and documented explanation for it.

³⁷ The renovation work was scheduled to start at the end of 2019, which is when the audit was completed. The report for audit mandate 19383 is available on the SFAO's website.



This change in approach had a financial impact: between 2015 and 2018, costs rose from around CHF 7 million to CHF 14 million (see chart). In the audit, the SFAO noted that there were not enough tools for the financial management of the overall project. It recommended that in future the development and forecasting of costs be clearly presented, actively managed and available for consultation at all times. The FOBL took this recommendation into account in order to introduce cost control for the implementation phase of the renovation. Finally, following the completion of the audit work, Parliament approved a budget supplement during 2020: a new credit increased the total cost of the renovation to CHF 20 million³⁸.

Estimated breakdown of the renovation costs
 In CHF mn



³⁸ FFA, Supplementary credits – Budget supplement 1/2020, 16 April 2020, p. 19.



8. JUSTICE

The SFAO examined international mutual assistance in criminal matters and was able to provide a quantified evaluation of this area, which was a first in Switzerland. The SFAO also analysed the procurement process within the Office of the Attorney General of Switzerland (OAG).

A. THE CHALLENGES OF INTERNATIONAL MUTUAL LEGAL ASSISTANCE FOR SWITZERLAND

Prosecution authorities – in Switzerland as elsewhere – use international mutual legal assistance in criminal matters to collaborate, obtain evidence from abroad and exchange information. For our country, this mutual assistance and its smooth running are of paramount importance, especially in view of the size of our financial centre. The Swiss judicial authorities are highly solicited by other countries for assistance and provide more help than they ask for from their counterparts abroad. On average, Switzerland receives 2,300 requests for mutual assistance per year³⁹. The SFAO published a review of the system⁴⁰.

Mutual assistance is a federal matter. The Federal Office of Justice (FOJ) receives requests and delegates their handling to the 26 cantonal public prosecutors' offices or to the OAG. Historically, the FOJ itself processes requests from the United States.

Processing of mutual assistance requests is good, but slow

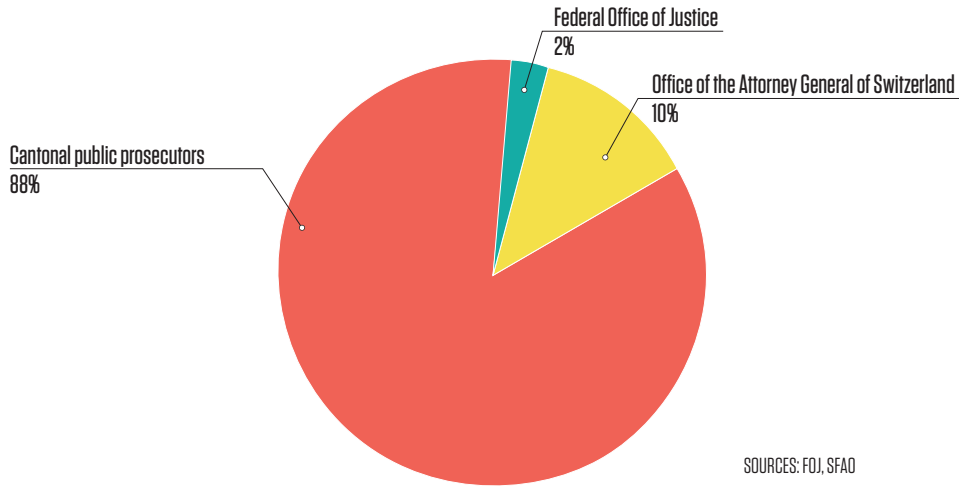
In their work, the SFAO's assessors highlighted the multitude of players involved in the processing of international mutual legal assistance requests. They concluded that the process is very complex. The evaluation showed, among other things, that the resources and experience of the cantonal public prosecutors' offices – which handle the bulk of foreign requests (see chart next page) – vary and have an influence on the processing time for requests from abroad. In small cantonal public prosecutor's offices, for example, prosecutors who receive few requests for assistance are quickly overwhelmed by complex cases. It is not uncommon for proceedings to drag on or for errors to result in it being impossible to grant mutual assistance. The over-representation of small public prosecutor's offices in the appeals admitted to the Federal Criminal Court (FCC) illustrates this phenomenon.

Overall, the average processing time for foreign legal assistance requests is around 290 days, which is still slow by international standards. Nevertheless, the quality of the work carried out by the authorities is generally praised abroad.

³⁹ The precise number of requests sent by Switzerland to other countries is not known, as the statistics do not include direct requests from the cantonal public prosecutors' offices.

⁴⁰ The report for audit mandate 18293 is available on the SFAO's website.

Who executes mutual assistance requests?



Right of appeal and insufficient supervision

Like Luxembourg, Switzerland has a specific right of appeal for the mutual assistance procedure that the other countries do not have. The SFAO's analysis of the data shows that this right is mainly used as a delaying tactic. Officially, only 7% of appeals filed with the FCC are admitted. Moreover, in terms of substance, the refusal to grant mutual assistance is made in barely 3% of the cases that reach the final instance, i.e. the Federal Supreme Court. In the vast majority of requests for mutual assistance, evidence is delivered to the requesting authorities within an average of three to six months.

The FOJ has a statutory duty to supervise mutual legal assistance. The first limitation to this task is that it does not receive all requests for mutual assistance. Direct Swiss requests from prosecutor to prosecutor are not seen by the FOJ. The FOJ is also only informed at a late stage of some of the requests from abroad that come through this same direct route, i.e. from public prosecutors' office to public prosecutors' office. Furthermore, as the SFAO auditors noted, insufficient resources were invested in the development of an effective control system, and these are still lacking. The FOJ's data remains incomplete and does not allow the status of mutual assistance requests to be adequately monitored. It lacks an overview of ongoing cases and satisfactory implementation of its monitoring concept.

In practice, the FOJ is generous in the time given to the enforcement authorities before contacting them. Its monitoring activities show that it does not use all the means at its disposal to push procedures forward. Finally, the FOJ has both enforcement and supervisory functions, in particular for requests from the United States. This is not in line with good supervisory practice. The SFAO recommends that the FOJ separate its enforcement and supervisory functions.

Other recommendations to the FOJ to reduce the processing time for mutual assistance requests include a revision of the Mutual Assistance Act to simplify and update it, the introduction of the principle of opposition, and better regulation of the links between the various legal foundations. In practice, it should be ensured that complex mutual assistance requests are handled by sufficiently experienced authorities. The FOJ partially rejected these improvements, particularly in the area of supervision and in the revision of the legal foundations.

B. OFFICE OF THE ATTORNEY GENERAL OF SWITZERLAND SHOULD IMPROVE ITS PROCUREMENT PRACTICE

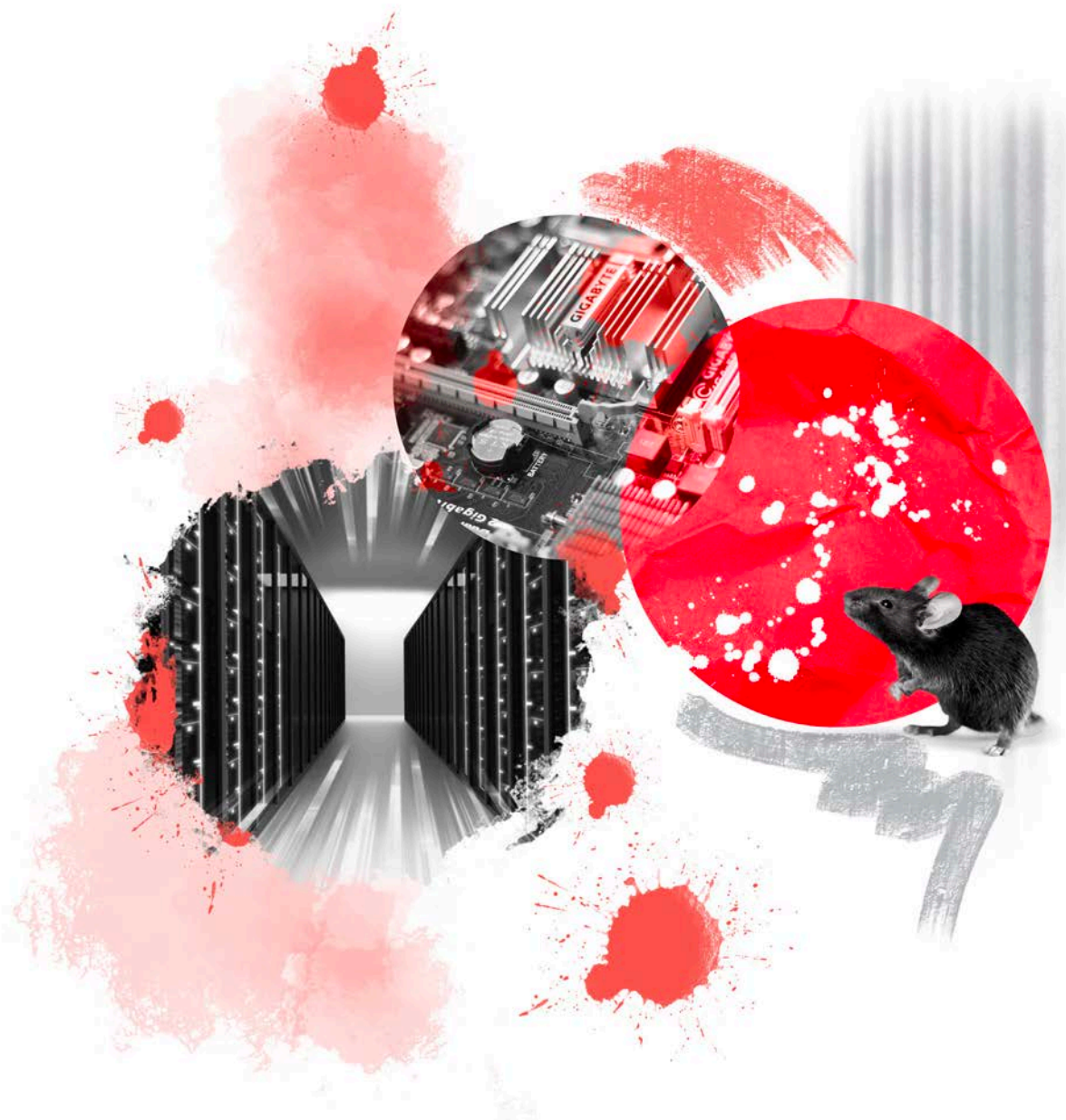
In 2017 and 2018, the OAG carried out procurements worth some CHF 7 million per annum (out of a budget of around CHF 67 million). These mainly involved advisory services and supply contracts in the areas of organisational development and IT. The SFAO conducted an audit of this procurement process. It used case audits to examine 24 procurements made between 2014 and 2018 with a total value of around CHF 13 million⁴¹.

As with the entire Federal Administration, the OAG is subject to public procurement law. It has human resources at its disposal for procurement and must select the most economically advantageous offer when evaluating the tenders received. Of the sample examined by the SFAO, five contracts with a total value of approximately CHF 3.6 million did not fully comply with the legal framework and the relevant provisions. Improvements were needed on two levels.

On the one hand, the OAG must analyse its needs as accurately as possible. In particular, it must consider whether or not planned procurements are subject to the rules of the World Trade Organization. On the other hand, the authority must ensure that all its services are involved at the right time in the procurement process. For example, its legal department should check contracts for compliance before they are signed.

⁴¹ The report for audit mandate 19242 is available on the SFAO's website.





9. FEDERAL IT PROJECTS



9. FEDERAL IT PROJECTS

Large federal IT projects have been keeping the SFAO auditors busy. In 2020, there were a number of positive findings with federal fiscal IT and the Armed Forces' future telecommunications system. An audit of IT security at the Armed Forces Command Support Organisation revealed major shortcomings.

A. FISCAL IT PASSES A DECISIVE MILESTONE

The Fiscal IT key ICT programme, run by the FTA in collaboration with the Federal Office of Information Technology, Systems and Telecommunication (FOITT), was closed at the end of 2018, marking a significant milestone in federal fiscal IT. A new organisation was set up for operating the former Fiscal IT systems: Core IT, which is under the auspices of the FTA and the FOITT.

Overall, the FTA saved 98.4 jobs in favour of other tasks, such as those in IT (27.8 jobs). According to the FOITT, CHF 118 million was required to develop Fiscal IT, as opposed to the CHF 85 million originally budgeted. During the SFAO's audit, the FTA considered that the operating costs for Core IT – CHF 20 million per annum – were still too high and that there was room for further optimisation⁴². The SFAO noted that the new operating structures, which had been criticised in the past, were stable and that the collaboration between the FTA and the FOITT was working well.

SPOTLIGHT

A CYBERATTACK THWARTED BUT IMPROVEMENTS NEED TO BE CONSIDERED

The DDPS servers were the target of a cyberattack in June 2017. It was based on malware from the Turla family, using a relatively well-known method. The attack was detected and stopped. The Armed Forces Command Support Organisation – which provides high-value-added services to the Armed Forces in the area of information technology and communication – commissioned an external consultant to test the command network. Testing took place in winter 2017 and spring 2018, and revealed that the level of security did not meet the requirements for a military service provider. Eleven short-term measures were defined at that time. They were due to be implemented, or at least well under way, by the end of March 2019. It was then a matter of raising awareness about IT security among the Command Support Organisation staff.

The Federal Council was informed of the incident on 5 November 2018. According to the DDPS, while the level of security at the Command Support Organisation might not meet the requirements for a military service provider, the requirements as regards basic IT protection had been complied with. However, in its 2019 audit, the SFAO concluded that, based on Article 3.2 of the Federal Council Directives on IT security in the Federal Administration, the Command Support Organisation did not fully meet those requirements⁴³. For its part, the Command Support Organisation agreed to take steps to meet the requirements by 31 March 2021.

⁴² The report for audit mandate 19403 is available on the SFAO's website.

⁴³ The report for audit mandate 19364 is available on the SFAO's website.



Guaranteeing the reuse of specialist master data

However, there is room for improvement as regards the coordination of master data between the FTA and other offices. In its audit, the SFAO noted that a first roadmap had been drawn up for standardising the management of master data at federal level. But the shared use of this data is not planned until 2022 at the earliest. This raises the risk that other large projects – SUPERB, DaziT, ERPSYSVAR, etc. – will generate their own, separate solutions for managing master data⁴⁴, which would have negative repercussions on synergies at federal level, and would also run counter to the progress made on digitalisation.

The example of beer tax illustrates the problem. Originally, this was a customs project aimed at introducing a new tax identification number for people subject to this tax. However, this new number was not coordinated with the FTA. As a result, these taxpayers would have had two accounts for their tax dealings with the Confederation... Luckily, this redundancy of master data between the FTA and the FCA was identified and the problem was resolved.

B. THE MODERNISATION OF ARMED FORCES COMMUNICATIONS IS PROGRESSING WELL

The replacement of the Armed Forces communications system (TC A) is a large key ICT project for the DDPS. It is aimed at improving the Armed Forces' voice communications and mobile data transport. This system must allow troops to remain operational in a crisis or during a cyberattack by providing a means of communication that is both proven and modern. The project is divided into seven phases, and has a budget of over CHF 1.8 billion. According to DDPS projections, it is due to run for 17 years.

The findings from an assessment of the second project phase were good⁴⁵. The choice of procurement procedure and the performance of the procedure were appropriate. Despite a Swiss tender, the solution from the Israeli company Elbit Systems Ltd. was ultimately selected in October 2019, given its superior performance, better value for money and development potential. During the audit, the formal conditions for requesting procurement of the solution selected in line with the 2020 dispatch on the Armed Forces were met. The dispatch was adopted by Parliament in September 2020.

⁴⁴ See section 3 of chapter 1 in this regard.

⁴⁵ The report for audit mandate 19258 is available on the SFAO's website.



9. FEDERAL IT PROJECTS

The SFAO's auditors discovered that there were nonetheless shortcomings in the TC A project as regards usability for the troops. In 2017, 300 shortcomings had been noted, compared to 70 in 2019, of which 15 were assessed as critical. As regards armasuisse, it is expected that this supplier will remedy the shortcomings by the time the final model is released. In the SFAO's view, these shortcomings pose a risk to the entire project: it recommends that the remedial measures be closely monitored right up until the serial model is rolled out.

The entire project architecture and timetable should be monitored

Managing and planning a project of this kind remains a challenge. For example, the SFAO observed that, every year, the project was extended by one year relative to the original timetable drawn up in 2012. The DDPS must therefore improve how it deals with fundamental issues, in particular with regard to architecture in the case of such long-term projects.

This was the subject of an SFAO recommendation in 2017⁴⁶. The work relating to the development of the architecture was not awarded until 2016. In their new audit, the SFAO auditors observed that the recommendation made previously had not been implemented, even though a significant degree of maturity had already been achieved. Questions on the architecture for the chosen solution – which is currently being prepared together with the supplier – and on the completion and rollout of the business architecture (Architecture V concept) are likewise still open.

Ultimately, the SFAO considers that the global TC A project is still relevant several years after it was launched. For the first time, it provides the Armed Forces with an overview of systems and priorities. The assessed documentation shows that the TC A project and all its sub-projects must function as a whole. This harmonised network solution is to replace the current systems, which were purchased separately at the time and used in isolation from each other.

⁴⁶ The SFAO also assessed the state of progress in implementing the recommendations made in two previous audits (audit mandates 16613 and 17619), the reports for which are available on the SFAO's website. Out of four recommendations, two have been implemented and two are still outstanding.



SPOTLIGHT

SECURITY VULNERABILITIES IN BUILDING AUTOMATION

At the Federal Administration, technical building automation (“domotics”) covers building automation per se, the infrastructure and networking of systems, and safety and security systems. External suppliers install and maintain these systems, which are generally designed for long-term operation of seven to twenty years. With a six-strong team, the FOBL is the service provider for the Federal Administration in this area. The team operates approximately 200 applications on around 90 servers at about 130 sites.

The SFAO’s audit⁴⁷ focused on an appropriate level of IT security for domotics systems, and on whether the use and operation of such systems can be managed securely. The audit revealed shortcomings as regards monitoring and vulnerability scanning. The FOBL has acknowledged the need to address IT security in building automation and has introduced targeted measures. Full implementation of all planned measures will take several years.

⁴⁷ The report for audit mandate 20469 was submitted to the Finance Delegation.



10. CORONAVIRUS: AUDITS OF FEDERAL MEASURES AND THEIR MONITORING

10. CORONAVIRUS: AUDITS OF FEDERAL MEASURES AND THEIR MONITORING

The health crisis linked to the spread of the coronavirus pandemic (COVID-19) impacted the work of the SFAO. On 24 March 2020, it redirected its audit work to support the Federal Administration, which was drawing up a package of aid measures for the country⁴⁸. The SFAO teams evolved as the framework boundaries shifted. Initially, they based their activities on the Federal Council's emergency ordinances, before these texts were transposed into federal law, amended and approved by Parliament in autumn 2020⁴⁹.

For the first time in Switzerland, it was possible to cross-check data contained in a variety of large federal databases (social security, tax, commercial register, etc.), in order to identify potential abuse or errors.

Since the spring, the SFAO has published four interim reports on this package of support measures, as well as a specific audit on short-time working compensation⁵⁰. Overall, the initial trends observed since June 2020 have been confirmed, in particular as regards abuse. At first, the SFAO exercised caution when interpreting these findings. But over time it noted that, although not a mass phenomenon, the number of suspicious cases across the entire package of measures had risen appreciably.

In 2021, the SFAO will continue its data analyses of the main measures relating to the pandemic. In fact, the federal offices do not have the necessary legal basis, the infrastructures, complete data, the staff to carry out this analysis and detection work, or the specialist know-how.

A. JOINT BRIDGING LOANS: SWIFT ASSISTANCE, BUT SUSPICIOUS CASES ON THE RISE

One of the landmark measures put in place by the Confederation was the granting of joint and several loans and guarantees, i.e. federally guaranteed bank loans to companies. In the view of the SFAO's auditors, this arrangement was rolled out swiftly and, right from the outset, funds were paid out to recipients within a few hours. During its last audit, the SFAO examined 133,053 loans worth CHF 16.4 billion, with an average guarantee amount of CHF 123,300. At the end of July 2020, the first loan defaults were observed (332 cases, involving 29 mn), while at the end of October 2020, the first repayments were made (2,900 cases, with a volume of 576 mn).

⁴⁸ SFAO, "Swiss Federal Audit Office reorients its audit activities to support Federal Administration", press release of 24 March 2020.

⁴⁹ Federal Act on the Statutory Principles for Federal Council Ordinances on Combating the COVID-19 Epidemic (COVID-19 Act), 25 September 2020, SR 818.102.

⁵⁰ These four interim reports (audit mandates 20529, 20529a, 20529b and 20529c) and the specific audit (mandate 20513) are available on the SFAO's website.



The number of suspicious cases referred by the SFAO to the State Secretariat for Economic Affairs (SECO) rose as the months passed. During its last audit, 4,646 cases were submitted to it for examination. Nearly CHF 1.2 billion (or around 7.3% of the loans analysed by the SFAO) is at stake. Suspicion is centred mainly around two aspects. First, the payment of dividends to shareholders of companies that received a guarantee credit. Second, a discrepancy between the turnover declared to the FTA for VAT purposes and the figure reported to commercial banks when obtaining the bridging loan⁵¹. The table below lists the suspicious areas identified by the SFAO.

Potential infringements	Number of guarantees	Guarantees in CHF mn
Multiple applications	51	10,2
Company set up on 1 March 2020 or later	283	7,9
Company set up after 1 January 2020, guarantee amount exceeding CHF 50,000	112	17,9
Dividend distribution during the term of the guarantee credit	1 003	264,2
Repayment of capital contributions during the term of the guarantee credit	6	1,5
Not headquartered in Switzerland	15	1,5
Discrepancies in turnover, additional irregularities	611	252,3
Discrepancy in turnover > 25% for loans from CHF 100,000 to CHF 500,000	2 565	640,9
TOTAL suspicious cases reported	4 646	1 196,4

⁵¹ As a reminder: the amount of credit granted must not exceed 10% of the applicant company's turnover.



10. CORONAVIRUS: AUDITS OF FEDERAL MEASURES AND THEIR MONITORING

B. RISKY PRACTICE IN SHORT-TIME WORKING COMPENSATION PAYMENTS

Another key element was the emergency measures announced for unemployment insurance. Here, too, the federal authorities devised a mechanism for responding to claimants as fast as possible. A summary procedure was defined with the aim of simplifying the calculation of the amount of short-time working compensation. This procedure waived the obligation for companies to provide the detailed data required to calculate the short-time working compensation for each employee, requiring instead only that they document the payment to the beneficiaries. At the end of September 2020, over CHF 7.5 billion had been paid as part of this arrangement.

In a specific audit, the SFAO observed that potential abuse, without any realistic means of control, was high with the summary procedure. It regretted that the arrangement was extended until 30 June 2021.

To underline its finding, the SFAO pointed out that several hundred reports of potential abuse had been received by the unemployment insurance funds and by the SFAO via its whistleblowing platform⁵². These reports were passed on to SECO, which carried out 36 onsite inspections between July and September 2020. These resulted in nearly CHF 1.1 million being recovered and criminal charges being filed in six cases. As part of its audit, the SFAO examined the procedures in five cantons (cantonal unemployment offices and cantonal unemployment insurance funds). Its auditors found minor shortcomings in the internal control system. One recommendation was issued to SECO in this connection.

⁵² See part 2, section 4 of this annual report for more details on the SFAO's whistleblowing platform. At the end of 2020, the SFAO had received 290 reports relating to short-time working compensation.

C. MINOR CORRECTIONS IN COMPENSATION FOR LOSS OF EARNINGS

Like the bridging loans and the short-time working compensation, the COVID-related compensation for loss of earnings was set up in record time. At the end of October, nearly CHF 2 billion had been paid out; CHF 1.8 billion of this went to self-employed persons (business closures and cases of hardship).

In its audits, the SFAO did not detect systematic errors or abuses. For this purpose, it used the databases of 84 compensation offices and a million data sets. Nonetheless, its analyses uncovered nearly 540 cases requiring closer examination. These files were passed on to the FSIO. According to the FSIO, very few corrections were necessary.

D. COMPENSATION IN THE CULTURAL SECTOR COMPLIES WITH THE RULES

At the end of October 2020, nearly 14,800 applications for aid were received from those employed in the cultural sector, amounting to CHF 552 million. Of these, 8,800 applications were approved, triggering payments of CHF 131 million. The SFAO examined 17 specific cases. These involved cultural undertakings whose potential losses exceeded CHF 1 million. To this end, the SFAO's auditors travelled to the cantons. They concluded that the work was performed appropriately and that the compensation decisions were justified.

Between June and September, however, the SFAO detected a risk of overpayment; under the arrangement, there was the potential for the total amount of compensation to exceed the amount of damage caused by the health crisis.

SPOTLIGHT

INTEREST REVENUE FOR THE LENDING BANKS

In its second interim report of June 2020, the SFAO pointed out that the commercial banks granting the COVID-19 credits did not do so for free. They refinance themselves at the SNB. The reference interest rate at that time was -0.75%, meaning that the banks were able to earn interest revenue on each federally guaranteed credit they granted. Potential annual revenue was in the order of CHF 110 million, based on CHF 15 billion in loans granted as at 29 May 2020.

PART 2

MEANS AND FIGURES OF FINANCIAL SUPERVISION IN 2020

PART 2: MEANS AND FIGURES





1. FINANCIAL SUPERVISION: OBJECTIVES, RESOURCES AND AUDIT AREAS

A. OBJECTIVES

The SFAO is the Confederation's supreme financial supervisory body⁵³. It assists the Federal Assembly with its supreme supervision and the Federal Council with its supervision of the Federal Administration. Its audit scope covers:

- The Federal Administration and its central and decentralised units
- Parliamentary Services
- The recipients of financial aids and grants
- Public bodies, institutions and organisations that the Confederation has charged with performing public tasks
- Enterprises in which the Confederation has a majority shareholding
- Federal Courts, FINMA and the Federal Audit Oversight Authority (FAOA), if this comes under supreme supervision by the Federal Assembly⁵⁴.

The SFAO's audits focus on management. Its resources are allocated to financial supervision, particularly performance audits and evaluations.

The SFAO also takes on audit body mandates if they allow for synergies with other audits, if they are interesting by their very nature, if they are desirable from a political viewpoint or if they are in the public interest.

The SFAO cooperates with the central administration's internal audit bodies, working to strengthen them and to ensure the quality of their work and their independence.

The SFAO works with the cantonal audit offices, particularly for the supervision of the new fiscal equalization system.

The SFAO coordinates the audits of audit bodies in order to prevent overlaps and shortcomings that are unacceptable for audits. It coordinates its programmes with the internal audits and the parliamentary supervisory authorities. However, this coordination reaches its limits, e.g. when the audit methods and mandates diverge too much or when the parliamentary supervisory committees change the priorities because of what is in the news.

⁵³ Federal Audit Office Act of 28 June 1967.

⁵⁴ The only exceptions are as follows: the SNB and the Swiss Broadcasting Corporation (SRG SSR) are not subject to SFAO supervision. However, the Head of the Federal Department of the Environment, Transport, Energy and Communications (DETEC) can instruct the SFAO to perform special audits at the SRG SSR. With the exception of its military insurance sector, SUVA is not subject to SFAO supervision either.



B. FROM AUDITING THE ACCOUNTS TO BROADER SUPERVISION

The SFAO checks the Confederation's financial statements every year. However, its external auditor mandates also cover:

- The compensation funds for AHV, IV, compensation for loss of earnings (EO) and ALV
- The Railway infrastructure fund
- The Motorway and urban transportation fund
- The Swiss Federal Institutes of Technology Domain (ETH)
- The Swiss National Science Foundation
- The FCA's Division alcohol and tobacco (former Swiss Alcohol Board)
- Swissmedic
- The Swiss Federal Institute of Intellectual Property
- The Swiss Federal Institute of Metrology
- FINMA and the FAOA
- The Universal Postal Union and the World Meteorological Organization.

Financial supervision does not deal solely with accounting consistency; it also covers issues to do with substantive legality, economics, profitability and the effectiveness of expenditure. In this regard, the SFAO checks whether resources are used economically and whether expenditure achieves the desired effect⁵⁵. Finally, the Federal Council and Parliament, thanks to its Finance Delegation, can give the SFAO special mandates.

The financial supervision audit reports help the Finance Delegation to perform its supreme supervision of the Federal Administration. If need be, it can go to the Federal Council.

⁵⁵ Article 5 of the Federal Audit Office Act.



C. QUALITY ASSURANCE AND RESOURCES

Proof of a constantly improving administration for the community, financial supervision is based on know-how, professional experience and social skills. Just like a private audit firm, the SFAO is duly registered with the FAOA.

The SFAO attaches great importance to training and continuing professional development for its employees. The latter are required to deepen their knowledge in their field and to disseminate it within the SFAO. Courses are organised in January for the staff of the SFAO, the central federal administration's internal audits and, to some extent, those of the cantonal audit offices.

For fiscal 2021, the Federal Assembly gave the SFAO additional funds to allow it to better cover the risks identified. It has granted the SFAO a budget of CHF 31 million, compared to CHF 29.8 million for 2020. SFAO employees will carry out almost 90% of the annual programme. The remaining 10% will be performed by duly mandated⁵⁶ external employees working under the responsibility and management of the SFAO.

D. MAIN AUDIT AREAS

Based on its statutory mandate, strategy and annual objectives, the SFAO defined the following main focus areas for its annual programme.

State financial statements

Parliament has to be able to ensure that the federal financial statements have been verified by an independent auditor, i.e. the SFAO, before they are approved and that the figures correctly reflect the Confederation's financial situation. The internal audits are involved in auditing the accounts in the individual units. The audit findings are then delivered to the Finance Committees in an attestation report and to the FFA in a detailed explanatory report, which the SFAO also submits to the Finance Delegation.

⁵⁶ Article 3 of the Federal Audit Office Act.



Swiss Federal Institutes of Technology

The SFAO audits the annual accounts of the ETH Domain, i.e. the accounts of the ETH Board, the two institutes of technology and the four research institutions. The auditing of the ETH Domain's various accounts facilitates the performance of more in-depth audits in terms of financial supervision.

Rail links through the Alps

The SFAO is tasked with performing supreme financial supervision and coordinating the various audit services and supervisory bodies for the construction of transalpine rail crossings. Each audit body assumes responsibility for its own audits. The SFAO ensures that there are no overlaps or gaps. The SFAO also conducts its own audits, particularly on work sites, and verifies the accounts of the Railway infrastructure fund.

Fiscal equalization

Effective since 2008, the SFAO has been auditing the calculation basis as well as the determination of resource equalization and cost compensation indices in the 26 cantons and at the federal offices. An error in the baseline data or the processing of such data could have a considerable financial impact for the cantons and the Confederation. The aim is to verify that the tax data of all of the cantons over a four-year period is transferred correctly.

IT audits

The SFAO traditionally audits federal IT. Checking the security, development, operation and profitability of the numerous ICT applications and platforms is part of its annual programme.

Key ICT projects

In March 2013, the Federal Council charged the SFAO with auditing and monitoring key ICT projects within the Confederation. These are projects which cost more than CHF 30 million or are of strategic importance. A dozen such projects are thus audited every year.

Performance audits and evaluations

For the SFAO, performance audits include the criteria of economy, efficiency and effectiveness. Evaluations fall within this category. For the SFAO, an evaluation involves systematically and objectively analysing and assessing the concept, realisation and impact of public subsidies, policies, programmes and projects. During evaluations, the participation of the relevant stakeholders and target groups is of paramount importance for the SFAO. An evaluation's success depends on it.



Subsidy audits

The SFAO is obliged to verify that the Confederation's contributions are used legally, correctly and economically. Audits of the competent offices and recipients are planned, particularly in the areas of culture, development assistance, the economy, science, the environment and health. These audits also cause the SFAO to verify projects abroad, such as within the framework of development assistance or the contribution to EU enlargement.

Construction and procurement audits

The SFAO carries out special construction and procurement audits. It can check specifications or projects before they are approved. The audits are conducted during the construction phase, but primarily at an early stage, as that gives greater leeway in the event of adjustments.

Environmental issues as well as public-private partnerships and building automation systems are becoming increasingly important. The audits cover critical needs analysis, sustainable task execution and lifecycle costs.

With regard to the core procurement area, the SFAO examines both economic criteria and compliance with the legal requirements. In the case of suppliers that have a monopoly, it also verifies that they have not abused that position. Finally, the SFAO checks that there are smooth relations between internal service providers and those who use these services within the administration.

Federal government enterprises

The SFAO's audits of federal government enterprises help Parliament with its supreme financial supervision tasks and target specific risks for the owner and therefore for the taxpayer.

International organisations

The SFAO performs several mandates at international organisations. These traditionally fall to Switzerland – e.g. the Universal Postal Union, based in Bern, and the World Meteorological Organization, based in Geneva – or have to be taken on by Switzerland on a rotating basis as a member of the corresponding organisation. With regard to auditing the accounts of the UN's specialised agencies, the SFAO is part of the United Nations' nine-member panel of external auditors. This provides a forum for the mutual exchange of experience with foreign audit authorities.



2. RECOMMENDATIONS FOR AUDITED ENTITIES AND REPORTS TO THE FEDERAL COUNCIL

A. RECOMMENDATIONS ISSUED TO AND ACCEPTED BY AUDITED ENTITIES

In its audit reports, the SFAO essentially issues recommendations on how to improve the situation at audited entities. In 2020, only three recommendations were rejected by an addressee (versus 14 in 2019). On average, the audit findings contain between three and four recommendations. This table shows the progression over the last four years:

	2017	2018	2019	2020
Completed audits with recommendations	87	87	84	64 ⁵⁷
Recommendations issued	368	295	270	257

SOURCE: SFAO

B. OPEN RECOMMENDATIONS WITHIN THE OFFICES

Implementation by the audited entities of the accepted recommendations differs from case to case. At year-end, the SFAO takes stock of the recommendations that are still pending and must be implemented by the deadlines agreed with the audited entities.

	2017	2018	2019	2020
Recommendations still open at audited entities (as at 31 December)	569	593	453	397
Recommendations accepted by the audited entity but not yet implemented (as at 30 September, Prio A)⁵⁸	8	18	13	12

SOURCE: SFAO

⁵⁷ Out of this total, there were 12 audits related to the COVID-19 pandemic that were not originally planned in the 2020 annual audit programme.

⁵⁸ These are the recommendations that the SFAO considers to be most important. They have featured in the SFAO's annual report since 2014.



Furthermore, the SFAO found that several of its most important recommendations (Prio A) that had been accepted by the offices concerned had not been implemented by the agreed deadline. It has listed them in the table below (as at 30 September 2020). A red asterisk indicates added recommendations relative to the situation a year earlier.

Audit at	Topic	Development	First deadline ⁵⁹
DDPS	Inadequate legal basis for the subsidy to a third party	The SFAO has found since 2001 that there is no legal basis for the subsidy granted to the Foundation for the Museum and Military Material of the Swiss Air Force. The DDPS has been instructed to explain the legal basis and to justify the sums granted.	31.12.2013
FSIO	Disability insurance medical measures (3 recommendations)	The SFAO recommended that the FSIO strengthen steering and supervision, and also create the necessary framework conditions: the FSIO must include quality indicators and objectives in its agreements with the IV offices. It is also necessary to establish more effective supervision that focuses more on risks. The FSIO should support the creation of specialised centres of expertise per specific medical domain. Moreover, the framework conditions have to be created for more rigorous examination of complex cases and costly cases (<i>Hochkostenfälle</i>) by the competent authorities.	31.12.2014
MeteoSwiss	Business Continuity Management (BCM)	The SFAO recommended that MeteoSwiss examine and evaluate the need for a multi-site concept for its BCM project. Before considering the construction or lease of another data centre, it is necessary to verify the extent to which existing or planned federal data centres can be used.	30.11.2015
Federal Office of Communications (OFCOM)*	Supervision Concept	The SFAO recommended that OFCOM should continue with the development of its full supervision concept and prepare it within the planned timeframe. OFCOM needs to clearly define its approach to supervision and anchor it in this concept. The SFAO recommended that OFCOM break down the objectives at staff level and involve employees more actively in achieving the performance and impact objectives.	31.12.2017

⁵⁹ The reference date entered here indicates when the audited entity concerned and the SFAO agreed the first deadline for implementing the recommendation. In some cases, new deadlines were granted to the audited entities and approved by the SFAO.



FSIO	Unified accounting standards	The SFAO recommended that the FFA, together with SECO and the FSIO, should establish uniform accounting standards for the AHV/IV/EO and ALV compensation funds. That should give the various stakeholders a clear picture of the financial situation of social security schemes. If there are no applicable standards, standards similar to those of 2nd pillar institutions (Swiss GAAP FER) should be developed.	31.12.2017
FSIO	AHV/IV/EO year-end accounts	The SFAO recommended setting precise boundaries for insurance contributions and benefits as part of the AHV/IV/EO year-end accounts.	31.12.2017
FDFA*	Staff and allocation of positions	The SFAO recommended that the FDFA Directorate for Resources assess all positions in terms of the expertise required and the ideal deployment period before they are advertised.	31.12.2018
FEDRO	Vehicle licensing system	The SFAO recommended that FEDRO, together with the cantons, undertake a critical analysis of the current distribution of responsibilities and processes in the area of vehicle licensing (eliminating duplications).	31.12.2019
FOJ*	Commercial register	The SFAO recommended that the FOJ examine the legal, technical and financial possibilities for simplifying the commercial register's IT environment in the medium term.	31.12.2019
FOPH	Information and simplification of invoices	Since 2010, the SFAO has recommended that the FOPH improve information for patients and encourage the simplification of invoices so that they can be checked by patients themselves.	Not available

SOURCE: SFAO, 2020



C. REPORTING OF MAJOR IRREGULARITIES TO THE FEDERAL COUNCIL

The SFAO has to inform the Federal Council immediately if it finds anomalies or deficiencies of fundamental significance or considerable financial importance⁶⁰. It did this once in 2020, versus three times in 2019. The table below gives an overview:

Date	Topic
10.12.2020	Risk of collapse of the roof of a hangar for F/A-18 aircraft (DDPS)

SOURCE: SFAO, 2020

SPOTLIGHT

POTENTIAL FOR IMPROVEMENT IN RELATIONS WITH THE FEDERAL COUNCIL

The Parliamentary bodies made several recommendations in the report on the INSIEME project fiasco. The 11th recommendation “invites the Federal Council to meet regularly with the SFAO management to be informed about important pending revisions. It shall take the necessary measures to ensure that the SFAO has privileged access to it or its delegations”.

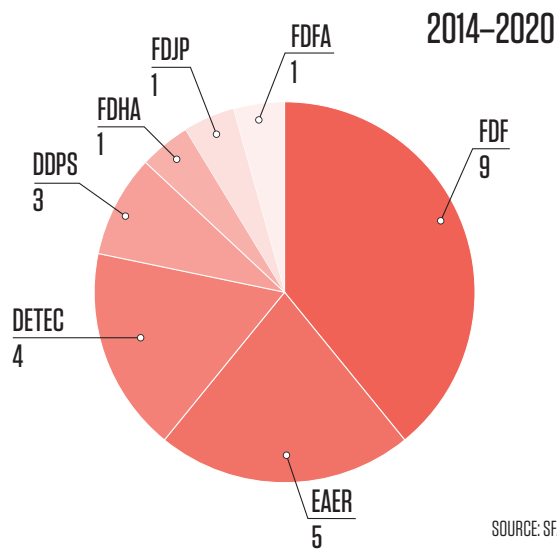
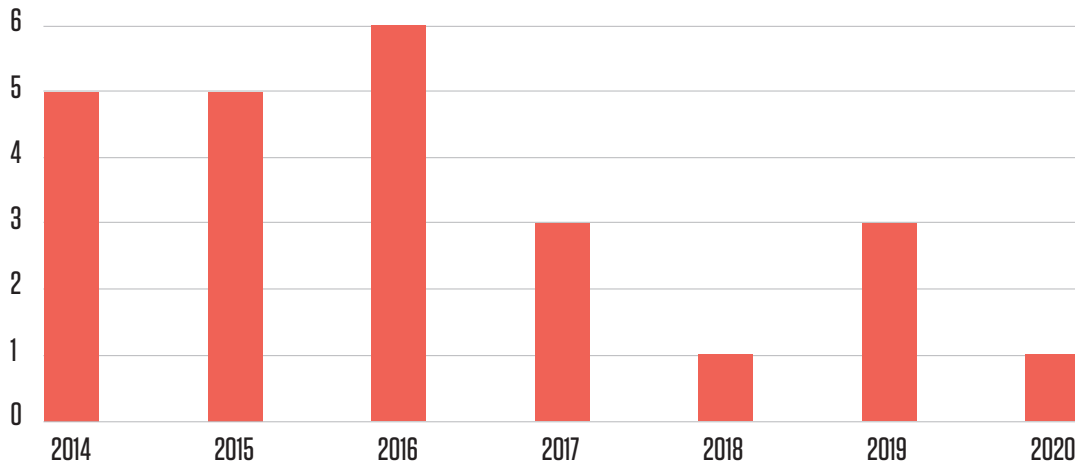
A special procedure, the details of which were decided by the Federal Council on 17 February 2016, provides for the ad hoc establishment of a Federal Council supervisory delegation. To date, the conditions for the creation of such a delegation have not yet been met. Meetings between the SFAO and a Federal Council delegation are thus limited to sporadic meetings with the Federal Council delegation for financial matters (heads of the FDF, EAER and DETEC). There were none in 2020, and the last one was held on 3 June 2019.

⁶⁰ Article 15 paragraph 3 of the Federal Audit Office Act.



Shortcomings with major repercussions or of particular financial importance

Number of SFAO reports to the Federal Council (2014–2020, by department)



SOURCE: SFAO



SPOTLIGHT

THE SFAO'S WORK WITH PARLIAMENT AND ITS COMMITTEES IN 2020

As the Confederation's supreme financial supervisory body, the SFAO supports Parliament in a variety of ways. It collaborates most closely with the supervisory bodies of the Federal Assembly. During its meetings, the Finance Delegation discusses all SFAO audit reports on the basis of notes personally signed by the Director of the SFAO. At their meetings, the Finance and Control Committees receive information on selected reports, like with the presentation of the report on the procurement of the 12cm mortar 16 by armasuisse. As the committees were also reconstituted following the parliamentary elections, the SFAO's current topics were additionally presented to the members of the Finance and Control Committees at an information event during the 2020 spring session.

Aside from participating in meetings, the SFAO also occasionally accompanies the subcommittees on field visits to federal offices. This may be when the State Secretariat for Migration (SEM) does an initial assessment of the accelerated asylum procedure or how, together with the cantons, it is integrating refugees and temporarily admitted persons more quickly into the working world and society in order to reduce their dependence on social assistance, or when the Swiss Agency for Development and Cooperation (SDC) explains Switzerland's commitment to the Global Fund to combat epidemics (AIDS, malaria, tuberculosis, etc.) in low-income countries.

Moreover, in the past three years, the SFAO has stepped up its cooperation with the specialist committees. Since these preliminary consultation bodies deal with legislative revisions or parliamentary initiatives, this is an area where the SFAO can also add value. It provides these committees with selected newly published audit reports. The specialist committees call on the SFAO for independent expert knowledge as needed, e.g. in the case of discussions as part of the hearing on the revision of the ETH Act, where the SFAO can draw on the findings of various audits of the ETH Domain.

In this way, experience gained in the field during SFAO performance audits can be included in the legislative revision process in accordance with Article 27 of the Parliament Act.



3. PUBLICATION OF SFAO AUDITS AND ACCESS TO INFORMATION

A. PUBLICATION OF AUDITS

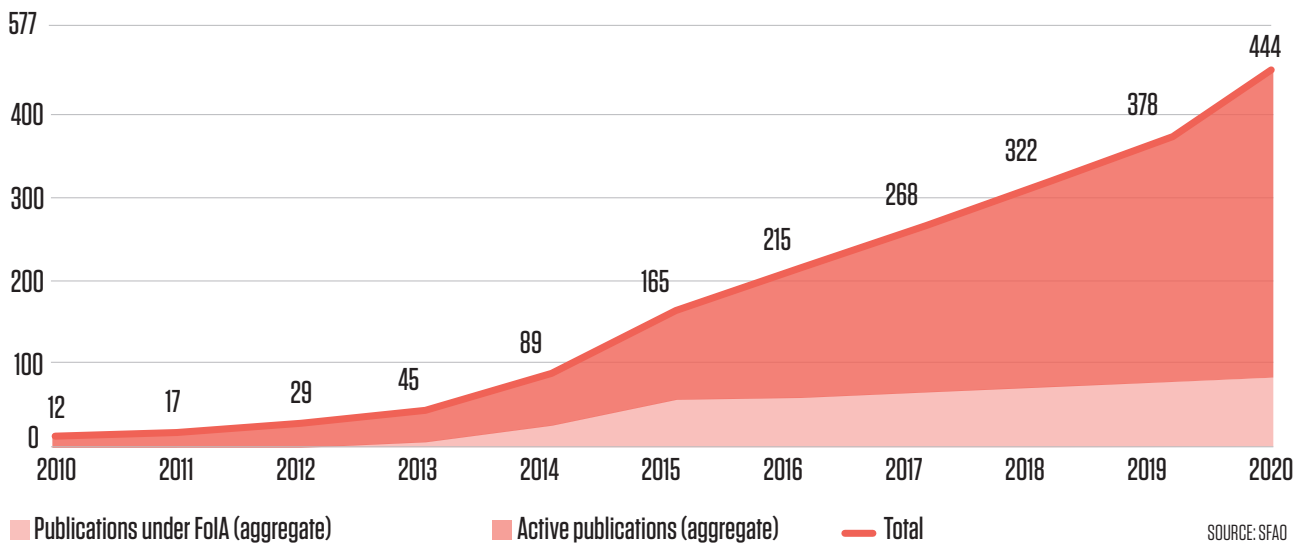
Since 2014, the SFAO has actively published audits which are of public interest. 2020 was no exception: 63 audits were published on the SFAO's website – 14 more than the previous year.

Between 2010 and 2014, the SFAO published around a dozen audit reports a year on average. In the period from 2015 to 2020, this figure rose to an average of almost fifty reports per year with the full implementation of the SFAO's new publication strategy.

As the chart above shows, official SFAO documents are sometimes released under the Freedom of Information Act (FoIA). However, this channel remains the exception to the rule (see section 3.3).

A constant effort to publish audit reports since 2014

Number of reports scheduled for publication by the SFAO vs. SFAO documents obtained under the FoIA





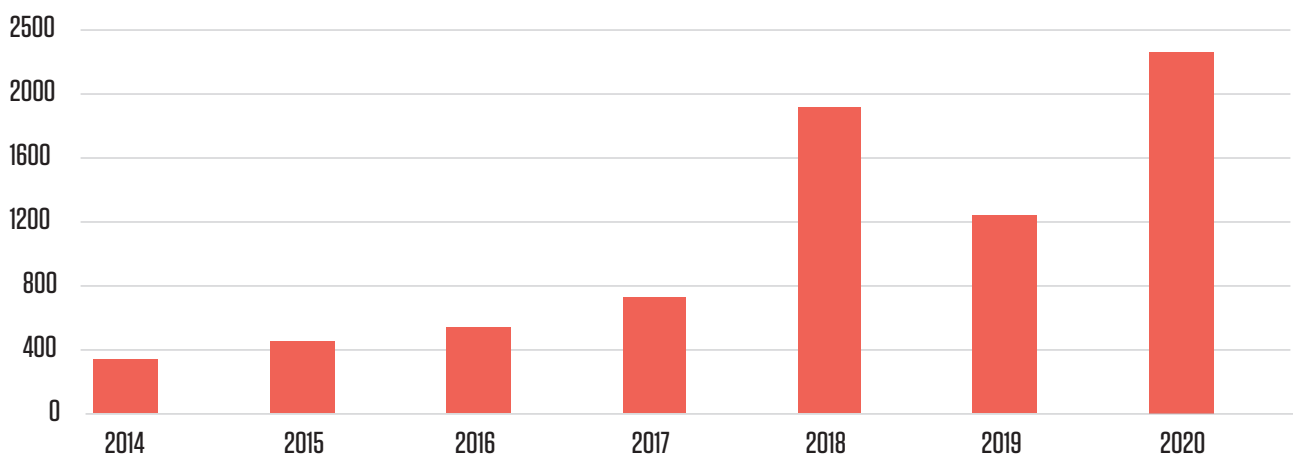
B. THE SFAO'S MEDIA PRESENCE AND REQUESTS FOR INFORMATION

The planned publication of audit and assessment reports by the SFAO has impacted its relationship with media representatives. In 2020, it responded to 96 formal requests (94 in 2019) from the media (requests for audit reports, additional information, technical clarifications, interviews, etc.). 70.8% of these requests came from German-speaking media (65.9% in 2019) and 26% from French-speaking media (34.1% in 2019). In the vast majority of cases, the SFAO responded to these media requests within 24 hours.

Since 2014, the findings of SFAO audits have featured regularly in the media. In 2020, 2,302 articles published either in hard copy or online, or aired on the radio or television, referred to SFAO findings (versus 1,236 in 2019). The main channel was print media (51.9%), followed by online media (45.7%) and radio and television (2.8%). Finally, 70.8% of these articles were in German, 26% in French and 2.1% in Italian or Romansh.

SFAO's media presence

Number of print, online or radio/TV items citing the SFAO



Note: Due to media concentration, the same item may be counted several times even though it is released in several different places.

SOURCES : SWISSDOX, SFAO



SPOTLIGHT

SFAO GETS GOOD MARKS FROM FRENCH COUR DES COMPTES

The French Cour des comptes delivered its peer review to the SFAO management at the end of 2020⁶¹. The French experts examined four aspects of the SFAO: its independence, communication and relations with stakeholders, ethics and compliance with the principles of good governance, and finally its audit approach. Carried out in challenging circumstances because of the health crisis, this peer review provided an opportunity to give a voice to the SFAO's auditees, its clients in the Federal Administration, and its various target audiences both in Parliament and in the media.

The French Cour des comptes indicated that a reflection on the SFAO's level of affiliation and on the legal provisions defining its mandate could lead to "formalising its management autonomy and its freedom of planning, and giving it general power to audit public finances and inform citizens". With regard to communication, the French experts believe that diversifying media coverage or making better use of past publications and their follow-up could "further enhance people's view of the SFAO's role and work". The SFAO could draw up its own code of ethics to comply with the profession's standard, ISSAI 30. Finally, the French Cour des comptes encouraged the SFAO to pursue its current strategy of programming audits that cover high-stake risks, reducing the number of mandatory audits – especially concerning the financial statements – in order to expand the scope and reach of its other audits.

To this end, the French Cour des comptes made six recommendations to the SFAO, which fully accepted them. They will be implemented from 2021. The peer review also made it possible to confirm that the SFAO had effectively implemented nine recommendations issued by the European Court of Auditors in 2015.

⁶¹ The report 19511 of this peer review is available on the SFAO's website.



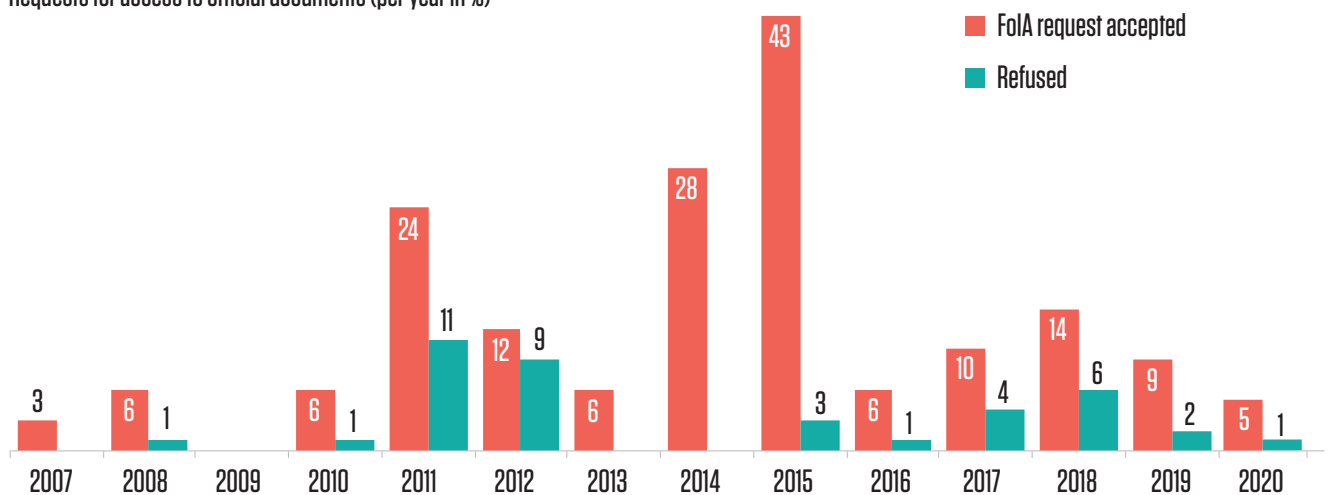
C. ACCESS TO OFFICIAL DOCUMENTS

The FoIA⁶² came into force in 2006. Since then, the SFAO has regularly received requests for its audit reports from the media or individuals with an interest in its work.

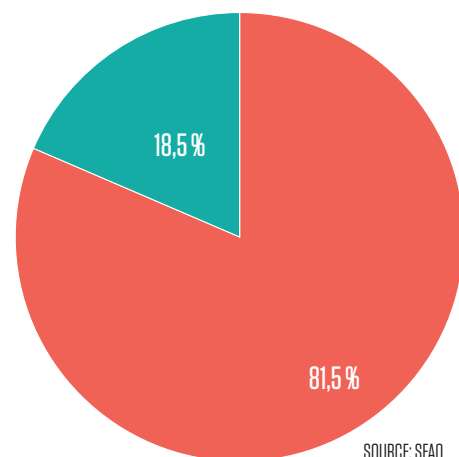
In 2020, there were five requests for access. These requests sometimes concerned the same document. Full access was granted to two audit reports. Partial access was granted in only one case. Finally, access to one document was refused based on the exceptions set out in Article 5 of the FoIA (para. 3).

Application of the Freedom of Information Act by the SFAO (2007–2020)

Requests for access to official documents (per year in %)



Note: Several requests and refusals can concern the same audit report or any other official SFAO document.



SOURCE: SFAO

⁶² The text of the Act is available on the Confederation's website (www.admin.ch), SR 152.3.



4. WHISTLEBLOWING

Since 2011, the Confederation has had a legal basis for protecting whistleblowers. The Federal Personnel Act makes provision for an obligation to report an offence, a right to report irregularities and protection for federal employees who make use of these. The SFAO is the point of contact for whistleblowers, both within and outside the Federal Administration. For this purpose, it launched a secure web platform (whistleblowing.admin.ch) in June 2017.

In 2020, the SFAO's Whistleblowing Unit processed and analysed 484 reports, up from 187 in 2019. That dramatic increase was due to 313 reports related to the COVID-19 health crisis and the support measures taken by the Confederation⁶³. As the table below shows, 76 cases were from federal employees, while the remaining cases were from persons not employed by the Confederation (suppliers, individuals, employees of private companies, etc.). In 2020, excluding COVID-19 reports, the proportion of reports from persons not employed by the Confederation was stable relative to 2019 (56%).

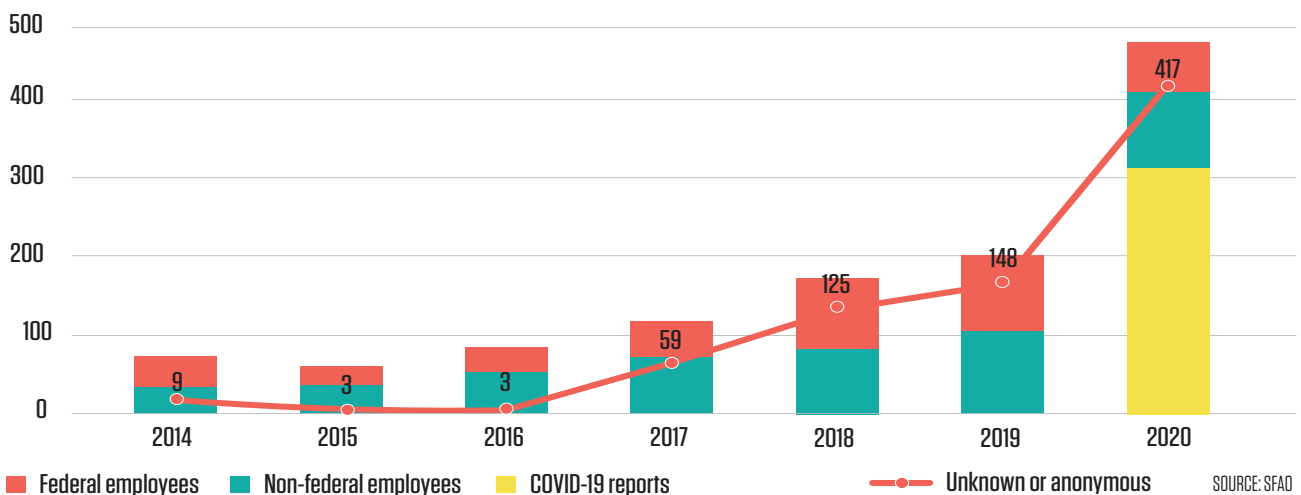
Of the total, 417, or nearly 86% of cases, were anonymous. The SFAO was able to communicate with 311 whistleblowers via an encrypted system of electronic mailboxes, which demonstrates the usefulness of the platform. In 2020, more than nine out of ten reports reached the SFAO through this secure channel, while less than 7% of the reports were received through other channels (interview, telephone, post).

The SFAO conducts additional verification work on this information. In 2020, excluding COVID-19 reports, 115 reports were useful for audits already under way or future audits, or will trigger new investigations in the not-too-distant future. Consequently, over 67% were useful and help to improve how the Administration functions. This share remained stable relative to 2019.

Like in 2019, only one case needed to be reported to the OAG in 2020.

⁶³ These reports mainly concerned cases related to joint bridging loans (23) and short-time working compensation (290), which were sometimes combined.

Reports from whistleblowers received by the SFAO (2014–2020)





5. ORGANISATIONAL CHART OF THE SFAO



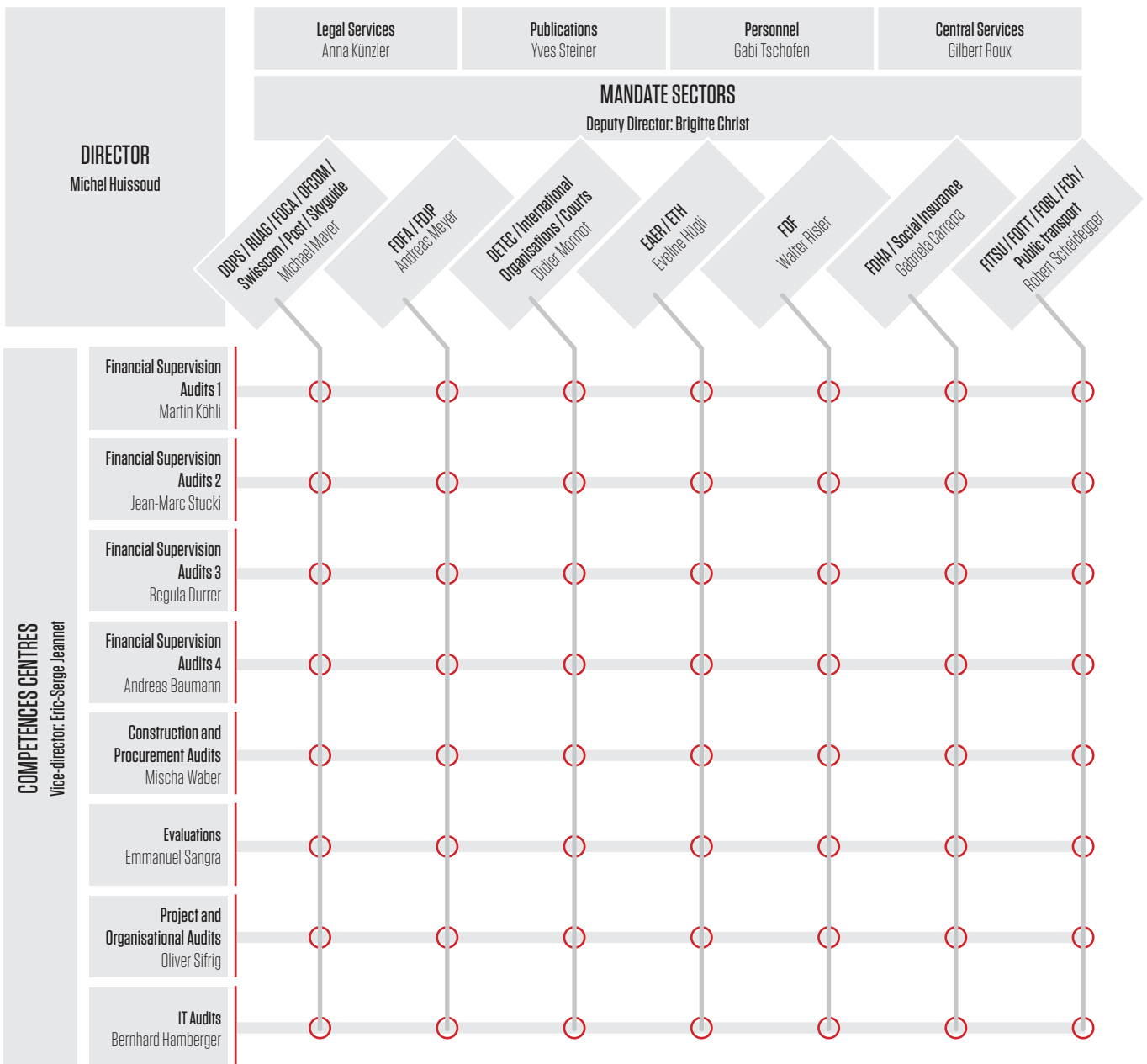
Brigitte Christ,
Deputy Director



Michel Huissoud,
Director



Eric-Serge Jeannet,
Vice-director





6. THE SFAO: HUMAN RESOURCES AND FINANCES

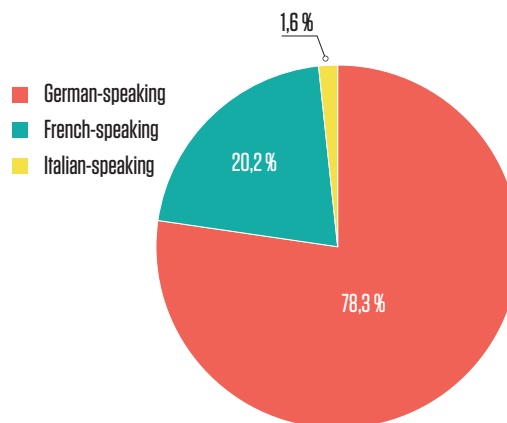
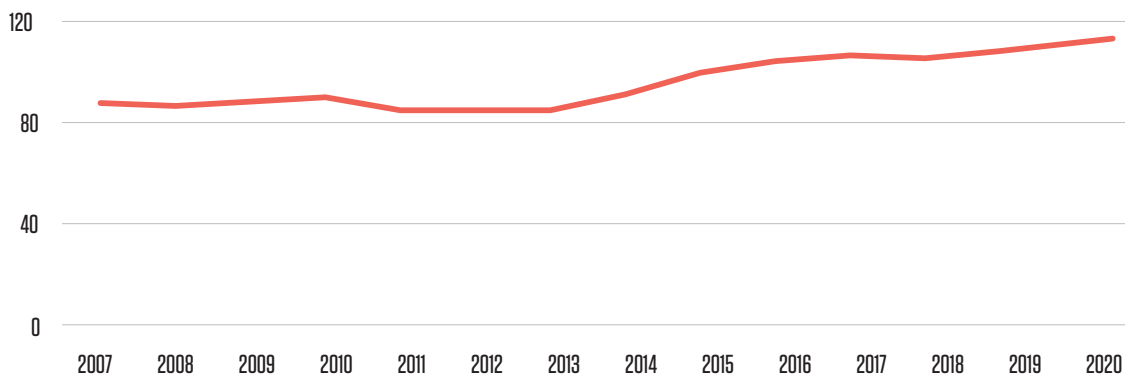
A. SFAO STAFF

On 31 December 2020, the SFAO had a staff of 129 (117.3 FTEs), versus 119 (108.3 FTEs) a year earlier. In 2020, net employee turnover was 6.4% (6.8% in 2019).

At year-end 2020, 43 women (33.3%) and 86 men (66.7%) worked for the SFAO. There were 101 native German speakers, 26 native French speakers and two native Italian speakers.

Evolution and linguistic origin of SFAO employees (2007–2020)

Number of employees in full-time equivalents (FTEs) and language of staff



SOURCE: SFAO



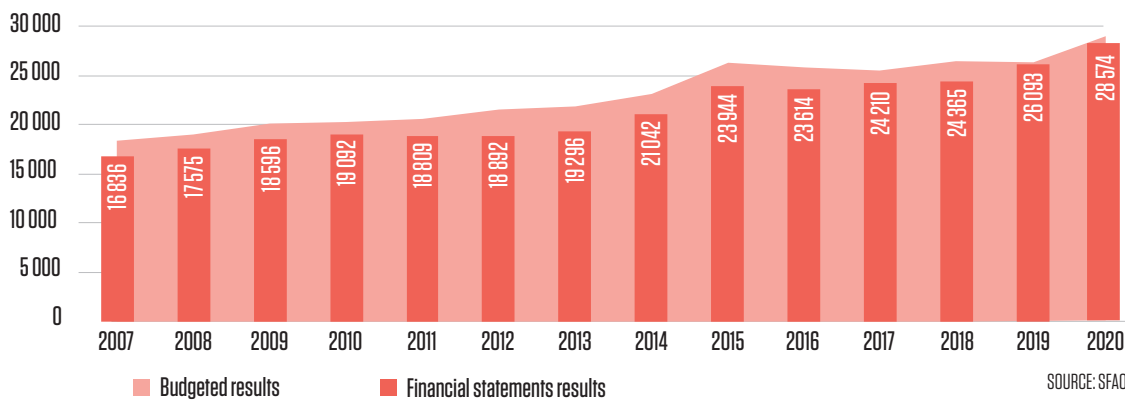
B. SFAO FINANCES

In 2020, the SFAO's expenses amounted to CHF 29.8 million. Its revenue came to almost CHF 1.3 million.

	2018 financial statements	2019 financial statements	2020 Budget	2020 financial statements	Difference vs. 2020 budget
Expenses (in thousands of CHF)	25 914	27 416	30 469	29 843	627
Revenue (in thousands of CHF)	-1 549	-1 323	-1 595	-1 268	327
Results (in thousands of CHF)	24 365	26 093	28 874	28 574	300

SOURCE: SFAO

The SFAO and its budget management (2007–2020, in CHF thousands)



APPENDICES

COMPLETED AUDITS IN 2020 ABBREVIATIONS

APPENDICES

OVERVIEW OF COMPLETED AUDITS (MANDATE NUMBERS)

FEDERAL COUNCIL

- COVID-19: Audit of federal measures (20529)*

OFFICE OF THE ATTORNEY GENERAL OF SWITZERLAND

- Audit on international mutual assistance in criminal matters (18293)*
- Procurement audit (19242)*

FEDERAL DEPARTMENT OF FOREIGN AFFAIRS

Swiss Agency for Development and Cooperation

- Audit of the sustainability of bilateral development cooperation projects (19379)*

Directorate for Resources

- Follow-up audit of implementation of main recommendations (19215)*
- Audit of the total refurbishment project for the Washington chancery building (19383)*
- Audit of service continuity management (20060)*
- Functional audit of the personnel process – part of the audit of the federal financial statements (20272)

FEDERAL DEPARTMENT OF HOME AFFAIRS

General Secretariat

- Audit of the introduction of the electronic patient record (19265)*
- Follow-up audit on the implementation of key recommendations (20264)*

Federal Office of Culture

- Follow-up audit on the implementation of main recommendations (20260)*
- COVID-19: Audit of federal measures (20529)*

Federal Office of Meteorology and Climatology

- Follow-up audit of main recommendations (19107)*

Federal Office of Public Health

- Audit of the procedural efficiency of health technology assessments (19084)*

- Audit of the introduction of the electronic patient record (19265)*
- Follow-up audit on the implementation of key recommendations (20264)*
- COVID-19: Audit of federal measures (20529)*

Federal Statistical Office

- Audit of the 2021 fiscal equalization between the Confederation and the cantons (20016)*

Federal Social Insurance Office

- Audit of direct supervision of the occupational pension system (19386)*
- Follow-up audit of the implementation of main recommendations (19395)*
- Follow-up audit of the vested benefits institutions in occupational benefits provision (19480)*
- COVID-19: Audit of federal measures (20529)*

Federal Food Safety and Veterinary Office

- Procurement audit (20464)*

FEDERAL DEPARTMENT OF JUSTICE AND POLICE

General Secretariat

- Functional audit of personnel cost controlling – part of the audit of the federal financial statements (20384)

Federal Office of Justice

- Audit on international mutual assistance in criminal matters (18293)*

State Secretariat for Migration

- Audit of projects and systems of the EU Internal Security Fund (19290)

IT Service Centre ISC-FDJP

- Functional audit of personnel cost controlling – part of the audit of the federal financial statements (20384)

* published ** special mandate ordered by Parliament *** special mandate ordered by Parliament and published

FEDERAL DEPARTMENT OF DEFENCE, CIVIL PROTECTION AND SPORT

General Secretariat

- Review of the procurement of the 12cm mortar 16 (19279)*
- Functional audit of personnel cost controlling – part of the audit of the federal financial statements (20384)
- Audit of the implementation of the 2013 deployment concept (20418)*

Federal Intelligence Service

- Governance audit of the ACHAT Phase 2 procurement project (19019)**

Federal Office of Sport

- COVID-19: Audit of federal measures (20529)*

Federal Office for Civil Protection

- Price audit (18547)

Defence – Armed Forces Staff

- Audit of the key ICT project Armed Forces telecommunications (19258)*
- Functional audit of personnel cost controlling – part of the audit of the federal financial statements (20384)
- Audit of the implementation of the 2013 deployment concept (20418)*
- COVID-19: Audit of federal measures (20529)*

Defence – Command Operations

- Audit du projet informatique clé Télécommunication de l'armée (19258)*

Defence – Armed Forces Logistics Organisation

- Audit of the key ICT project Armed Forces telecommunications (19258)*
- Audit of the Armed Forces Pharmacy SAP migration (20473)*
- COVID-19: Audit of federal measures (20529)*

Defence – Armed Forces Command Support Organisation

- Governance audit of the ACHAT Phase 2 procurement project (19019)**
- IT General Controls audit – part of the audit of the federal financial statements (19314)
- Audit of IT security (19364)
- Audit of the Armed Forces Pharmacy SAP migration (20473)*

armasuisse Federal Office for Defence Procurement

- Audit of the key ICT project Armed Forces telecommunications (19258)*
- Price audits (19268, 20426)
- Review of the procurement of the 12cm mortar 16 (19279)*

armasuisse Science and Technology

- Audit of the key ICT project Armed Forces telecommunications (19258)*

armasuisse Real Estate

- Audit of the implementation of the 2013 deployment concept (20418)*

FEDERAL DEPARTMENT OF FINANCE

General Secretariat

- Audit of the key ICT project Fiscal IT (19403)*

Federal Finance Administration

- Audit of the risk management system at Swisscom (19202)
- Audit of correctness of FileNet for SAP (19478)
- Audit of the 2021 fiscal equalization between the Confederation and the cantons (20016)*
- Audit of the federal financial statements (19294, 20132)*
- COVID-19: Audit of federal measures (20529)*

Savings bank for federal employees

- Audit of the financial statements (20138)

Central Compensation Office

- Audit of the Rehosting application migration programme (19411)*

Federal Tax Administration

- Audit of the key ICT project Fiscal IT (19403)*
- Audit of Billag's VAT accounting (19516)**
- Audit of the 2021 fiscal equalization between the Confederation and the cantons (20016)*
- Functional audit of the withholding tax and stamp duty receipt processes – part of the audit of the federal financial statements (20381)
- Audit of financial situation of the corporate radio and television fee (20383)

Federal Customs Administration

- Functional audit of the personnel process – part of the audit of the federal financial statements (19321)
- Audit of the effectiveness of precious metals controls (19476)*
- Functional audit of receipt processes for mineral oil tax and CO₂ tax – part of the audit of the federal financial statements (20270)



Federal IT Steering Unit

- Audit of the key ICT project Fiscal IT (19403)*
- Audit of the development and operation of the public key infrastructure (19465)
- Audit of the security and operation of mobile device management MDM (20206)
- Follow-up audit on the implementation of main recommendations (20399)*
- Audit of the key ICT project SUPERB23 (20407)*
- Audit of IT security in building controls (20469)

Federal Office of Information Technology, Systems and Telecommunication

- IT General Controls audit – part of the audit of the federal financial statements (19309)
- Audit of the key ICT project Fiscal IT (19403)*
- Audit of the development and operation of the public key infrastructure (19465)
- Audit of correctness of FileNet for SAP (19478)
- Audit of the security and operation of mobile device management, MDM (20206)
- Audit of IT security in building controls (20469)

Swiss Federal Audit Office

- 2020 Peer Review (19511)*

Federal Office of Personnel

- Audit of the report on management salaries in federal enterprises and institutions (19271)***
- Functional audit of the personnel process – part of the audit of the federal financial statements (19320)
- Audit of the financial statements (20137)
- Functional audit of processes in the information system for personnel data management – part of the audit of the federal financial statements (20273)
- Functional audit of personnel cost controlling – part of the audit of the federal financial statements (20384)
- Horizontal audit of expense claims in a selection of administrative units (20401)*

Federal Office for Buildings and Logistics

- Construction audit of stage two of the new administrative building in Zollikofen (19244)*
- Functional audit of real estate management in the ETH Domain – part of the audit of the federal financial statements (19276)
- Audit of the total refurbishment project for the Washington chancery building (19383)*

- Follow-up audit of the implementation of recommendations for the Posieux construction project (20026)*
- Follow-up audit on main recommendations (20205)*
- Audit of the key ICT project SUPERB23 (20407)*
- Audit of IT security in building controls (20469)

FEDERAL DEPARTMENT OF ECONOMIC AFFAIRS, EDUCATION AND RESEARCH

State Secretariat for Economic Affairs

- Effectiveness audit of internal auditing (19282)
- Audit of the economic sustainability of tax relief within the framework of regional policy (19437)*
- Horizontal audit of expense claims in a selection of administrative units (20401)*
- COVID-19: Audit of federal measures (20529)*

Agroscope

- Follow-up audit of the implementation of recommendations for the Posieux construction project (20026)*

FEDERAL DEPARTMENT OF THE ENVIRONMENT, TRANSPORT, ENERGY AND COMMUNICATIONS

General Secretariat

- Audit of the risk management system at Swisscom (19202)

Federal Office of Transport

- Audit of the implementation of measures related to railway access for the disabled (18376)*
- Audit of the divisional accounts (19343)*
- Audit of the financial statements (20187)*
- Evaluation of the reports of the NRLA audit bodies and the coordination meetings with the audit bodies (20188)

Federal Office of Civil Aviation

- Audit of subsidies (19375)*

Swiss Federal Office of Energy

- Audit of the financial statements (20190)
- Follow-up audit of implementation of main recommendations on SwissEnergy subsidies (20213)*
- Audit of the procedure to finalise the closing statement for the building program, Part A (20230)*

* published ** special mandate ordered by Parliament *** special mandate ordered by Parliament and published

Federal Roads Office

- Functional audit of the investment process – part of the audit of the federal financial statements (20334)

Federal Office of Communications

- Audit of Billag's VAT accounting (19516)**

Federal Office for the Environment

- Follow-up audit on the implementation of main recommendations (20242)*

FEDERAL FOUNDATIONS, INSTITUTES, FUNDS AND SPECIAL ORGANISATIONS

Unemployment Insurance Fund

- Audit of the financial statements (19021, 20002)
- Audit of the AHV accounts for unemployment insurance compensation (20296)
- COVID-19: Audit of federal measures (20529)*

Billag AG

- Audit of Billag's VAT accounting (19516)**

BLS AG

- Audit of the divisional accounts (19343)*

FCA's Division alcohol and tobacco (former Swiss Alcohol Board)

- Audit of the financial statements (20259)

Swiss Federal Institute of Aquatic Science and Technology (Eawag)

- Audit of the financial statements (20312)

Swiss Financial Market Supervisory Authority (FINMA)

- Audit of the financial statements (19296, 20135)
- Audit of cybersecurity supervision for financial service providers (20013)*

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

- Audit of the financial statements (20308)

Federal Coordination Commission for Occupational Safety (FCOS)

- Follow-up audit on the implementation of key recommendations (20264)*

Swiss Federal Laboratories for Materials Science and Technology (Empa)

- Audit of the financial statements (20310)

Federal Audit Oversight Authority (FAOA)

- Audit of the financial statements (20258)

Swiss Federal Institute of Technology Lausanne (EPFL)

- Construction audit of the heating and cooling plant and the data centre in Ecublens (19436)*
- Audit of the financial statements of the "Société pour le Quartier de l'Innovation de l'EPFL" (20245)
- Audit of the financial statements (20316)
- Audit of the financial statements of the "Société simple du Quartier Nord" (20318)

Swiss Federal Institute of Technology Zurich (ETH Zurich)

- Audit of the financial statements (20306)

Swiss Federal Institute of Intellectual Property (IIP)

- Audit of the accounts of SECO cooperation projects (20254)
- Audit of the financial statements (20255)

Swiss Federal Institute of Metrology (METAS)

- Audit of the financial statements (20252)

ETH Domain

- Functional audit of real estate management in the ETH Domain – part of the audit of the federal financial statements (19276)
- Audit of the financial statements (20183)

ETH Board

- Audit of the financial statements (20303)

Swiss Landscape Fund (FLS)

- Audit of the financial statements (20185)

Forest and Wood Research Fund (WHFF)

- Audit of the financial statements (20184)

Innosuisse

- Audit of the financial statements (19479, 20327)

Motorway and urban transportation fund

- Audit of the financial statements (20191)*

Paul Scherrer Institute (PSI)

- Audit of the financial statements (20314)

RUAG International Holding AG

- Audit of risk and compliance management (20432)*
- Audit of the process of financial unbundling (20535)**

Swiss Agency of Accreditation and Quality Assurance in Higher Education (AAQ)

- Audit of the financial statements of the Accreditation Council and its Agency (20321)



Swiss Federal Railways SBB

- Audit of the tender process and contract management of a construction project (19230)*

Swiss University Conference (SUC)

- Audit of the financial statements (20325)

Swiss Conference on Informatics (SIK/CSI)

- Audit of the financial statements (20017)
- Audit of the eOperations Switzerland financial statements (20234)

Swiss Coordination Centre for Research in Education (SCCRE)

- Audit of the financial statements (20326)

Swiss National Science Foundation (SNSF)

- Audit of the financial statements (20322)

Swiss National Park Foundation (SNP)

- Audit of the financial statements (20186)

Swisscom AG

- Audit of the risk management system (19202)

Swissmedic

- Audit of the financial statements (19016, 20006)
- Audit of compliance management system (20269)*

swissuniversities

- Audit of the financial statements (20324)

Switzerland Global Enterprise (SGE)

- COVID-19: Audit of federal measures (20529)*

Universal Postal Union (UPU)

- Performance audit (20091)
- Audit of the financial statements (20338, 20343, 20344)
- Audit of the 2019 accounts of the United Nations Development Programme (20340)

World Meteorological Organization (WMO)

- Audit of the lessons learned in project management based on the example of the INMET project (19038)
- Audit of the financial statements (20345)
- Audit of the financial statements of affiliated organisations and funds in trust (20351)

INTERNATIONAL ORGANISATIONS AND COOPERATION

European Free Trade Association (EFTA)

- SFAO membership of the Audit Committee (20437)

Intergovernmental Organisation for International Carriage by Rail (OTIF)

- Audit of the financial statements (20337)

International Rhine Regulation (IRR)

- Audit of the financial statements (20229)

Inter-Parliamentary Union (IPU)

- Audit of the financial statements (20336)

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ABBREVIATIONS

AFCSO	Armed Forces Command Support Organisation	FOT	Federal Office of Transport
AHV	Old-age and survivors' insurance	FPA	Federal Personnel Act
BCM	Business continuity management	FSIO	Federal Social Insurance Office
BD	Board of directors	FSVO	Federal Food Safety and Veterinary Office
DDPS	Federal Department of Defence, Civil Protection and Sport	FTA	Federal Tax Administration
DETEC	Federal Department of the Environment, Transport, Energy and Communications	FTE	Full-time equivalent
DFTA	Federal Act on Direct Federal Taxation	HTA	Health technology assessment
EAER	Federal Department of Economic Affairs, Education and Research	IPSAS	International Public Sector Accounting Standards
EMS	Nursing homes	ISSAI	International Standards of Supreme Audit Institutions
EO	Compensation for loss of earnings	IV	Disability insurance
EPFL	Swiss Federal Institute of Technology Lausanne	OAG	Office of the Attorney General of Switzerland
EPR	Electronic patient record	OFCOM	Federal Office of Communications
EPRA	Electronic Patient Record Act	OKP	Compulsory health insurance
ETH	Swiss federal institute of technology	PMC	Precious Metals Control
FAOA	Federal Audit Office Act	PMCA	Precious Metals Control Act
FCA	Federal Customs Administration	RPT	Regional passenger transport
FCC	Federal Criminal Court	SBB	Swiss Federal Railways
FDf	Federal Department of Finance	SECO	State Secretariat for Economic Affairs
FDFA	Federal Department of Foreign Affairs	SFAO	Swiss Federal Audit Office
FDJP	Federal Department of Justice and Police	SNB	Swiss National Bank
FEDRO	Federal Roads Office	VAT	Value added tax
FFA	Federal Finance Administration		
FINMA	Swiss Financial Market Supervisory Authority		
FMSC	Federal Medical Services Commission		
FOBL	Federal Office for Buildings and Logistics		
FoIA	Freedom of Information Act		
FOITT	Federal Office of Information Technology, Systems and Telecommunication		
FOJ	Federal Office of Justice		
FOPH	Federal Office of Public Health		

