

Internal and External Audit in Switzerland

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A Supervisory System Reflects the Underlying Political System

Each system of supervision reflects the underlying political system

- *Court of auditors holding judicial powers (Napoleonic model)*
- *Court of auditors without judicial powers (e.g. Germany, Austria)*
- *Independent audit authority standing outside the administration (Westminster model)*
- *Switzerland, a special case*

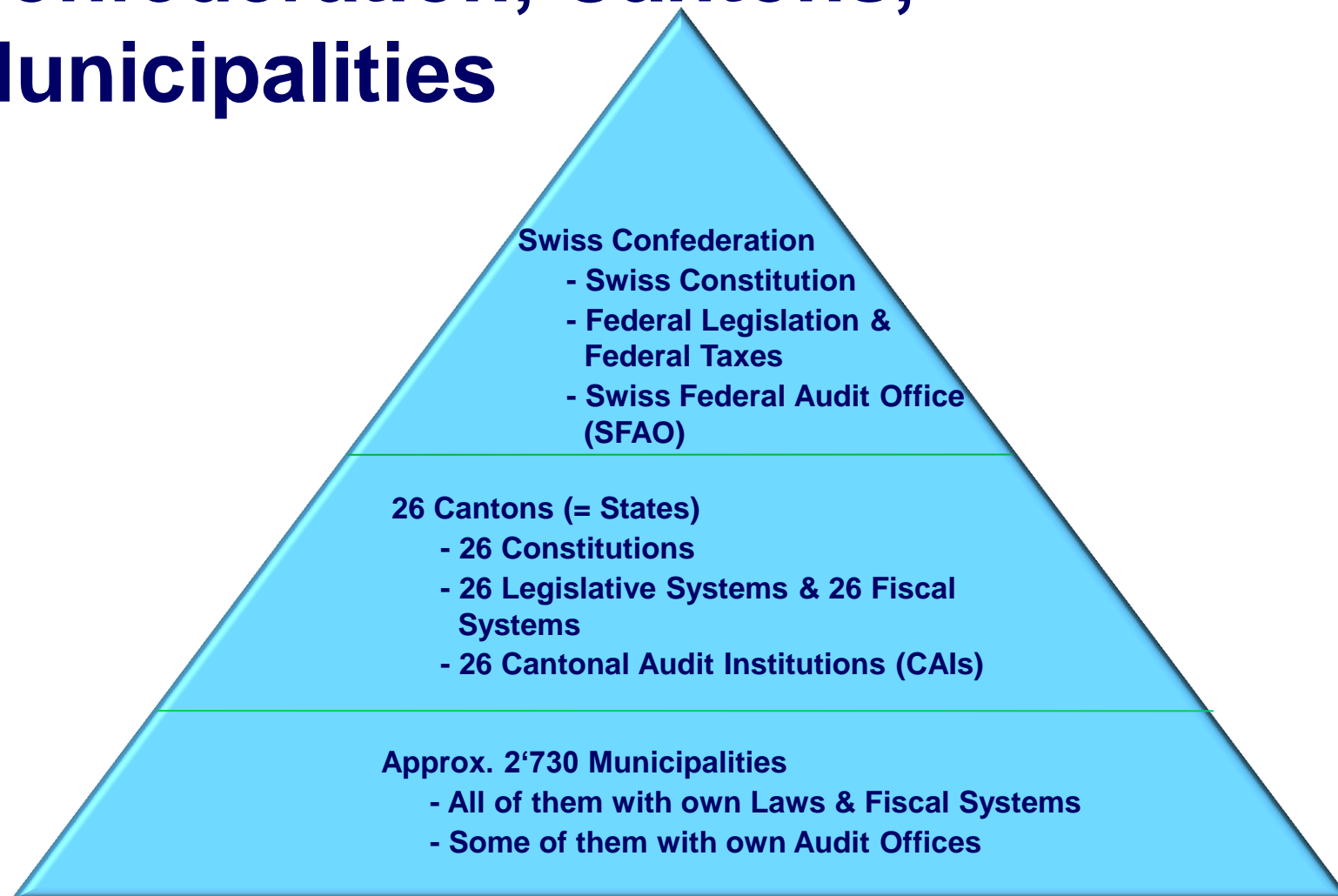


Characteristics of the oversight system in Switzerland

- *Direct democracy and rights of the people in financial and fiscal matters*
- *Federalism with high autonomy of the cantons and municipalities*
- *System of concordance with checks and balances*



Confederation, Cantons, Municipalities



Mission of the SFAO

- *We ensure that the administration utilises the taxpayers' money efficiently.*
- *We assist parliament, the government and the administration.*
- *We are experts in auditing. We are well acquainted with the administration.*
- *We are the leading specialists on public financial oversight.*

The Principles of INTOSAI

Declaration of Lima (1977) and Mexico (2007)

Three Basic Principles

- **Organizational independence: no influence of audited authorities on structure and careers**
- **Functional independence: autonomy to establish its own audit program**
- **Financial independence: sufficient resources, approved directly by Parliament**

www.intosai.org

Federal Law on the SFAO

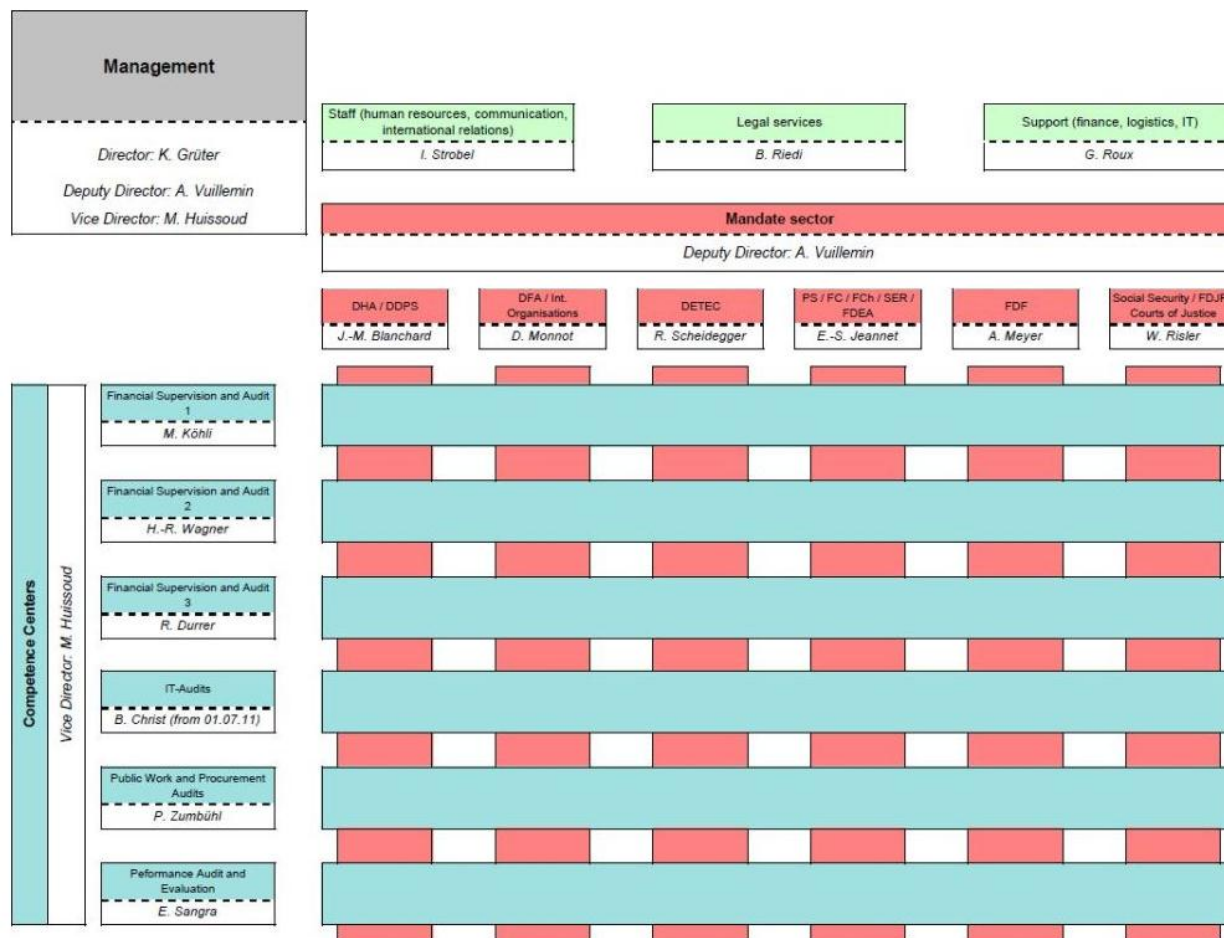
SFAO: an independent institution

- *Bound only by the law and the constitution*
- *Sets the work programme itself*
- *Budget autonomy*
- *Auditor General elected by the Government for six years and approved by the Parliament*
- *Auditor General has comprehensive authority*
- *Publishes reports independently*



What constitutes the SFAO?

Organisational Chart





Facts and Figures about SFAO

- ***100 employees***
- ***Audited expenditure: 50 Billions US \$***
- ***40 external audits at federal institutions***
- ***10 audits at international organizations***
- ***more than 100 audits based on the three audit criteria economy, efficiency, effectiveness***
- ***Resources are used for: 30% mandatory audits, 60% risk analysis based audits, 10% audits based on requests by the Parliament and Government***
- ***SFAO annual budget: 21 Million US \$***

Audit areas

- *Federal courts (only administrative sector)*
- *Central and peripheral federal administration*
- *Recipients of subsidies*
- *Private supporter of public duties*
- *Administration of the parliament*
- *Joint stock companies, in which the Confederation has a majority holding*

Core tasks





Cooperation with the Parliament

Audit programme



Completion of special assignments



Audit reports



Annual report



Information "Special Events"

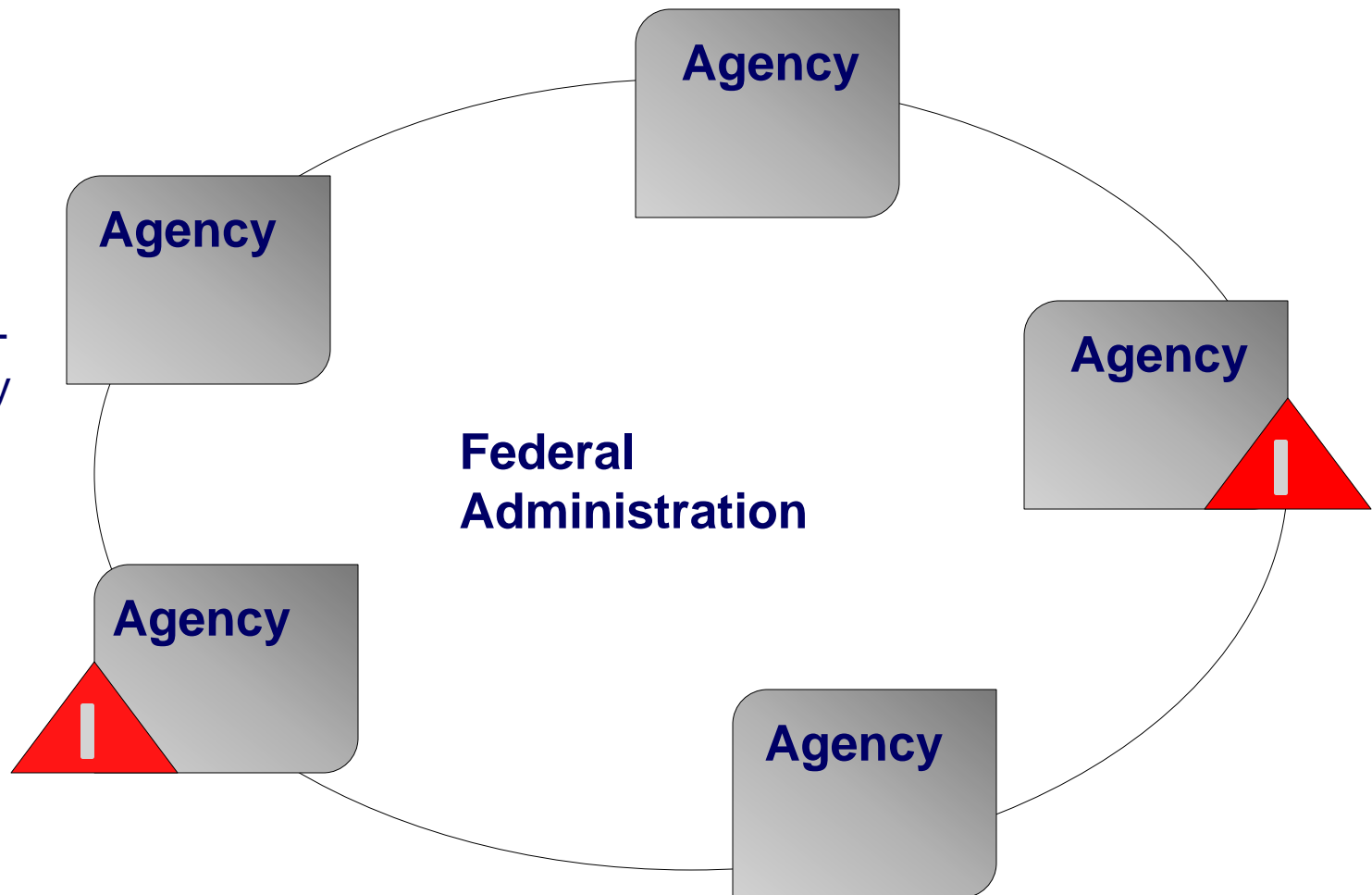


Parliament



Internal Audit

- Finance
inspectorates –
directly subordi-
nated to agency
management



Who is who at the Parliament

EDA	EDI	EJPD	VBS	EFD	EVD	UVEK
Generalsekretariat	Generalsekretariat	Generalsekretariat	Generalsekretariat	Generalsekretariat	Generalsekretariat	Generalsekretariat
Staatssekretariat	EBG	BJ	Verteidigung	EFV	SECO	BAV
DEZA	BAK	FEDPOL	Armasuisse	BPV	BBT	BAZL
	BAR	METAS	BABS	ESTV	BLW	BFE
	MeteoCH	BFM	BASPO	EZV	BVET	ASTRA
	BAG	IGE		EPA	BWL	BAKOM
	BFS	SIR		BIT	BWO	BAFU
	BSV	ESBK		BBL	WEKO	ARE
	SBF	BA		EAV		
	ETH			EBK		
				ZAS		

Supervisory bodies

Cooperation between finance inspectorates of SFAO

SFAO

- Approval of rules of procedure of finance inspectorates
- Training application of a finance inspectorate
- Monitoring effectiveness of finance inspectorates
- Technical instructions
- Training and advanced training of finance inspectorates

Finance Inspectorates

- Notification of their programmes
- Delivery of audit reports
- Immediate notification of grave deficiencies



Audit areas

Criteria relating to financial supervision

Cost effectiveness

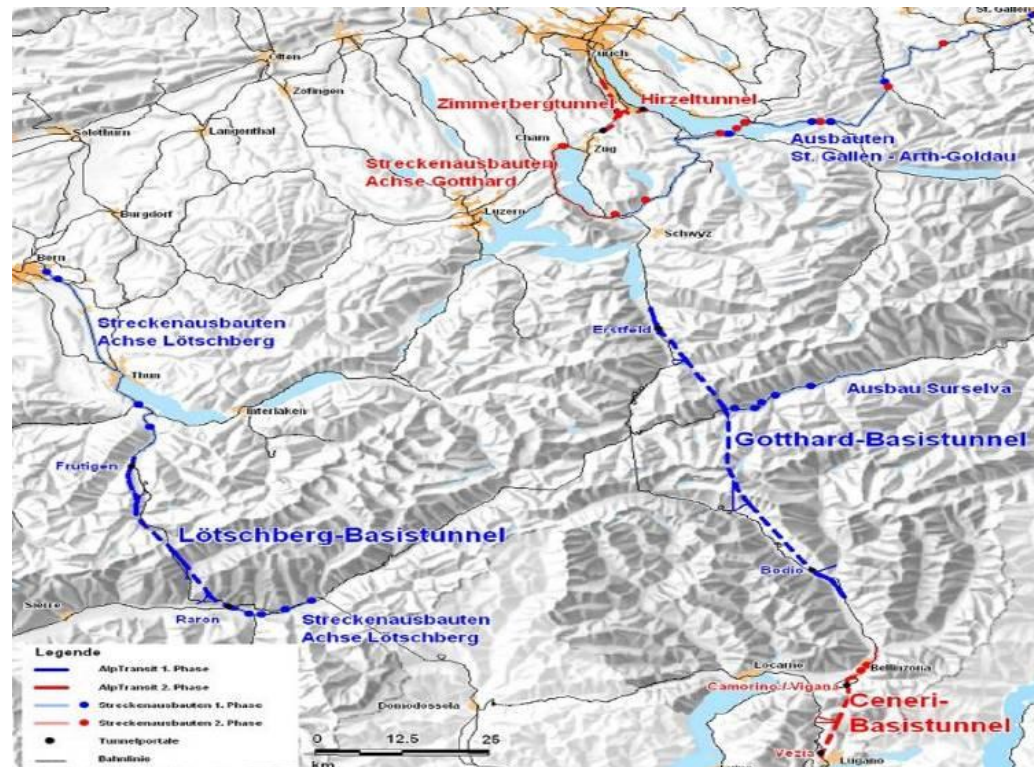
Legality

Regularity



Example: New railway links through the alps

AlpTransit Gotthard AG und BLS AlpTransit AG





Facts & Figures

- | | |
|---|---|
| <ul style="list-style-type: none">– Lötschberg Tunnel<ul style="list-style-type: none">– Max. speed 250 km/h– Total of 110 trains per day (20 hour period of operation)– Length of railway line 57 km– Total length of tunnelling system 92 km– Base tunnel length 35 km– Total of 16 million tonnes of material extracted from the tunnels– Max. gradient of 13 ‰– Threshold of 654.2 to 776.5 metres above sea level | <ul style="list-style-type: none">– Gotthard Tunnel<ul style="list-style-type: none">– Max. speed 250 km/h– Total of 300 trains per day (24 hour period of operation)– Length of railway line 67 km– Total length of tunnelling system 154 km– Base tunnel length 57 km– Total of 25 million tonnes of material extracted from the tunnels– Max. gradient of 6,4 ‰– Threshold of 549.3 to 312.5 metres above sea level |
|---|---|

Tunnel Blasting

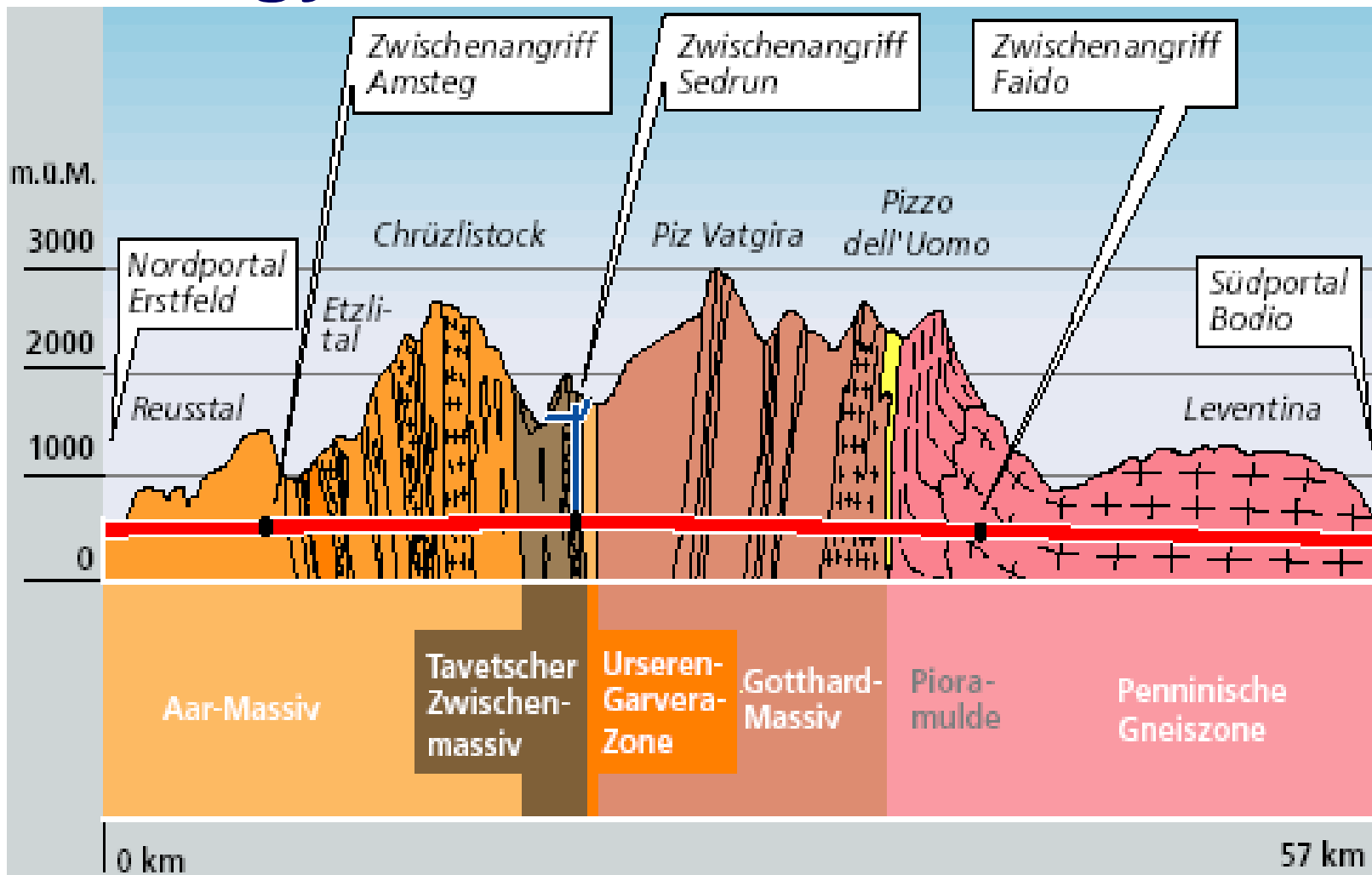




Tunnel Drilling

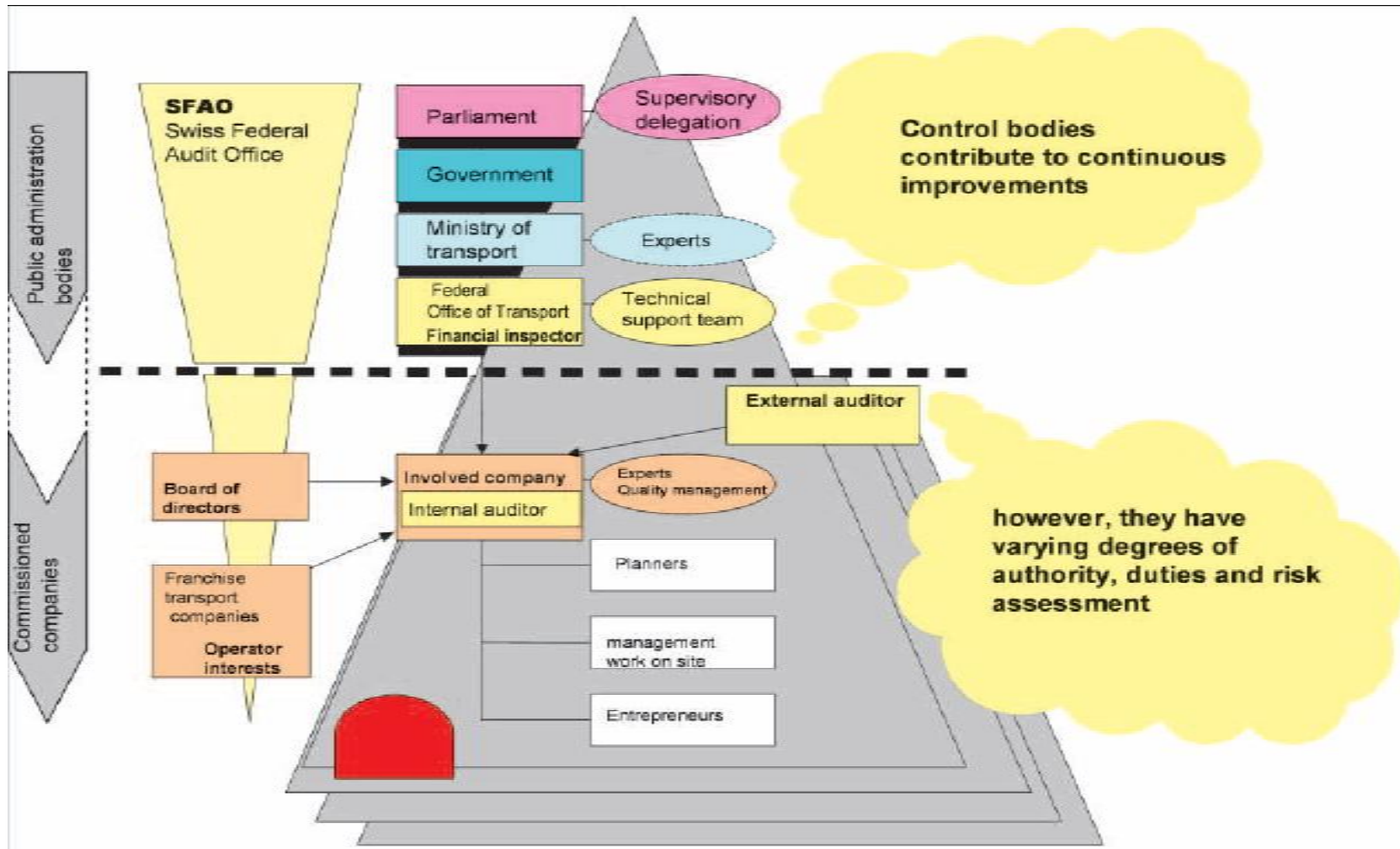


Geology





Oversight – how it is organised



Role of the SFAO

Coordination by the SFAO to determine the audit activities of all supervising institutions.

Audit planning and implementation of all auditing offices, having sole responsibility in field of activity.

Draw up risk analysis, define main focus of auditing areas and its goals, scheduling and resource planning, sole responsibility.

Responsibilities of the SFAO

Determine audit plans:

- high relevance
- realistic programme
- no duplication
- in the case of high risks, no auditing loopholes

Analysis of the audits

Audit Concept

Risk-oriented audit approach:

- Audits are based on a selection of predefined potential audit categories
- Risk analysis of all offices
- SFAO to be informed immediately about programme changes and results

The Audit Strategy

- Benefit to all stakeholders
- Ensuring of an economical use of resources, cost-benefit ratio through performance audits
- Audits before entering into commitments e.g. performance specifications / projects before approval
- Continuous examinations of construction procedures already in early phases
- Sustainability of mandate fulfilment - keeping an eye on life-cycle costs



Audit Approach

- “Fund for large railway projects” and allocation of resources to projects
- Process of claims for unplanned additional works
- Final cost prognosis process
- Contractual procedures
- Milestone Controls
- Segregation of the assessment and construction management functions
- Rail technology: integrating requirements into the project managing assigned service providers

Information Exchange

- Summary of the results
- Ad hoc discussions during the course of the year
- Information on risk assessment and possible audit topics
- Information on risk analysis of the offices and planned audits

Operation of the Lötschberg Axis has started



... the Auditors work has been completed



Our Website

www.sfao.admin.ch

EIDGENÖSSISCHE FINANZKONTROLLE
CONTRÔLE FÉDÉRAL DES FINANCES
CONTROLLO FEDERALE DELLE FINANZE
SWISS FEDERAL AUDIT OFFICE



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