

Audit of the initiation of the compensation for loss of earnings digitalisation programme

Federal Social Insurance Office

Key facts

Every year, over 200,000 people perform military, civilian or civil defence service, or take part in leadership courses for "Youth+Sports" or for young marksmen. They receive compensation payments for loss of earnings (EO), which total more than CHF 700 million per year. In addition to the EO recipients, their employers, the service organisations, the Central Compensation Office (CCO) and the compensation funds are involved in the payment process. The Federal Social Insurance Office (FSIO) is implementing the "EO digitalisation" programme to digitalise this process. It is expected to be implemented by 2025 and bring annual savings of around CHF 6 million.

The Swiss Federal Audit Office (SFAO) audited the programme shortly after the initiation phase was completed and concluded that it makes sense. However, the framework conditions are challenging due to the high degree of autonomy that the organisations involved enjoy. Although funding has been promised in principle, the total costs for the projects are unknown. Moreover, it is not certain whether additional resources that are needed can be obtained. A consolidated overview is still missing at the programme level. The processes necessary for coordination still need to be defined in concrete terms and stakeholder management needs to be strengthened.

Federal Social Insurance Office has limited decision-making powers

Programme management is the responsibility of the FSIO, which also manages two of the projects included in the programme. In addition to this office, the CCO and eAHV/IV, as compensation fund stakeholders, also run one project each.

The programme and project management disagree on certain topics, e.g. on the introduction of a standard for the exchange of salary data between employers and the compensation funds. However, due to the legal framework conditions, the programme sponsor has little power to impose mandatory requirements on the projects. The FSIO therefore bears overall responsibility without full control. Under these circumstances, effective stakeholder management is key: the sponsor must work to mediate and persuade. The stakeholders' interests should be analysed as a prerequisite for this.

Unknown costs and lack of overall view

The individual projects are financed by the respective organisations involved, which in principle pledged the necessary financial and human resources and, where foreseen during the course of the project, have approved them. The CCO needs additional human resources to implement the new processes; their financing has not yet been secured.

The FSIO does not have access to the detailed expenditure of the individual projects, meaning that the total costs of the programme are also unclear. For example, the costs incurred

by the compensation funds were only roughly estimated and not taken into account in the project expenditure.

There is no consolidated overall view of the programme in the status reports. Furthermore, there are unexplained differences between the controlling reports and the principles of the programme. In order for the programme to be managed effectively, all costs must be taken into account and reported transparently. In addition, decisions should be made based on economic efficiency considerations, which requires an up-to-date economic efficiency calculation.

Not all processes have been defined and implemented yet

Principles for the management of risks, changes and dependencies, as well as a performance review, have been defined. However, the processes have not yet been defined in concrete terms nor have they been implemented. In addition, the independence of the quality and risk manager is currently not guaranteed – this situation should be remedied as soon as possible.

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