

Audit of the granting of subsidies to private disability organisations

Federal Social Insurance Office

Key facts

Disability insurance (IV) is a compulsory social insurance scheme designed to combat the consequences of disability. In addition to insurance benefits, IV pays subsidies to disability organisations. This is based on Article 74 and Article 75 of the Federal Act on Invalidity Insurance. The services covered by these subsidies range from advice to the production of specialist information and courses. Some fifty organisations share just over CHF 155 million per year. Most of them delegate the provision of services to hundreds of sub-contractors. The Federal Social Insurance Office (FSIO) is responsible for implementing this subsidy.

The Swiss Federal Audit Office (SFAO) audited whether the subsidy is granted on a needs basis and in line with the IV's objectives, and whether its effects are sufficiently taken into account. The audit revealed that the FSIO could make better use of its room for manoeuvre in defining the range of services it offers, that its subsidy system is not flexible enough and that the flat-rate basis for calculating the amount of subsidies is more than ten years old. The SFAO has suggested improvements to remedy these shortcomings.

An office with no influence on the services offered

Following parliamentary scrutiny, the subsidy system was radically overhauled some twenty years ago. The aim of this reform was to reduce the office's administrative tasks and, through service level agreements, to provide it with a means of steering the services offered by the organisations.

Under the current system, although the FSIO finances more than 43% of the cost of services, it has virtually no influence on what services are offered. It requires organisations to tailor their services according to needs. The FSIO's activities are mainly focused on monitoring compliance with contractual requirements and the legality of the services provided. The subsidy, the ceiling of which is set ex ante, is calculated ex post on the basis of the services actually provided.

In the SFAO's view, this approach remains too passive. The FSIO, which is at the hub of many sources of information, should give more impetus to the direction of services offered. It should be able to assess whether the needs of disabled people are being met, identify any gaps in provision and formulate certain priorities for implementation by the organisations. The SFAO is pleased to note that the FSIO started to move in this direction from the 2020–2023 subsidy period. It recommends that it develop its activities in this direction.

A blocked subsidy system

At present, as long as an organisation offers a sufficient volume of services, it is guaranteed to have a contract with the FSIO for the same amount of money forever. If an organisation permanently reduces its activity in the area covered by Article 74 of the InvIA or ceases to exist, the "unused" amount is not redistributed. This leads to a slow and inexorable

reduction in the total amount of subsidy. There are certain possibilities for adjusting financial assistance upwards. In particular, the conditions set out in the IV regulations mean that the FSIO, which is responsible for making the decision, has never done so since the turn of the century.

The system is too rigid. The SFAO recommends that the FSIO should make the method of determining financial assistance more flexible by setting a limit that allows its development to be monitored and by clarifying the situations where adjustments are to be made.

Certain calculation parameters to be updated and transparency to be improved

Effective financial assistance is always calculated ex post on the basis of the services actually provided. The office gives the organisations some leeway when it comes to calculating the services which they have agreed to provide, which means that most of them receive the full amount set out in the agreement.

The office uses tariffs that were calculated more than ten years ago to establish the link between services and the amount of the subsidy. In order to avoid distortions, these tariffs must be periodically re-evaluated.

Finally, the SFAO also recommends that the FSIO improve the transparency of this subsidy. It can draw on its own practice with regard to subsidies paid to private organisations that provide assistance to the elderly.

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