



Audit of financial supervision  
Switzerland Tourism  
Key points

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Switzerland Tourism (ST) is tasked with promoting Switzerland as a tourist destination. As such, the Confederation has allocated a global budget of CHF 222 million to it for the period from 2012 to 2015. The State Secretariat for Economic Affairs (SECO) supervises ST's activities based on an agreement relating to policy control, reporting and monitoring (hereinafter referred to as the "2012-2015 Agreement").

The Swiss Federal Audit Office (SFAO) audited the economics, compliance and traceability of the use of the financial resources made available by the Confederation to ST. This audit was carried out between June and August 2014 at the central headquarters in Zurich and in London, one of the 26 ST branches situated abroad. Parallel to this, the SFAO received three whistle-blower reports between 2012 and 2014, which it took account of within the scope of this audit.

**Functional organisation, increased receipts, contained spending...**

Overall, the result of this audit is positive. ST has a functional and transparent organisational structure. The work processes are well documented, with the notable exception of procurement. In May 2014, the organisation manual and the main procedures were ISO 9001 certified. Personnel management can be described as good. The financial and accounting process ensures the integrity and completeness of the costs found in the financial statements.

ST's activities are in compliance with the legal objectives of the 2012-2015 Agreement. Based on an integrated marketing system, ST periodically conducts different market analyses with a view to focussing its attention on the most attractive target audiences.

ST has improved its self-financing ability thanks to the increase in receipts linked to strategic partnerships. These partnerships generated 8.9 million francs in 2013. In addition to clear containment of spending, ST has implemented measures to systematically ensure tenders are in compliance with public procurement tendering procedures.

Eleven key performance indicators (KPIs) were drawn up for ST monitoring and reporting activities. The SFAO makes no comment on the relevance of these indicators but noted that they help ensure sufficient traceability of the implementation of the 2012-2015 Agreement objectives.

According to SECO's own internal auditing, the monitoring activities of SECO are in line with the established principles. According to this internal auditing, potential for improvement was identified regarding the economical use of the resources allocated to supervisions activities at ST.



**... but key measures need to be taken in the areas of procurement and IT.**

The SFAO nevertheless identified a series of actions that need to be taken. On the one hand, the appointment process for the Head of the external audit body needs to be reviewed by revising the Ordinance on Switzerland Tourism and the 2012-2015 Agreement. On the other, the reporting on control activities also needs to cover the 26 ST representations abroad.

At the level of the foreign representations, the SFAO again calls upon ST to implement periodic and systematic management of the main operational risks that might arise. The SFAO also recommends to ST to define a process for supervising the activities of the foreign representations which includes the tasks of financial audits, reporting and monitoring of key performance indicators.

The SFAO noted that the procedures for awarding external mandates should be tightened to be in line with the provisions of the Ordinance on Public Procurement<sup>4</sup>. Measures should be taken to better document and supervise this sector. ST has been subject to this since 1 August 2010 but only became aware of it in September 2013 due to a letter from SECO. Each year, ST's procurement volume amounts to nearly CHF 30 million.

Alongside other economic players, ST is a shareholder of STC Switzerland Travel AG (STC), to which it pays an annual contribution of CHF 2.18 million, namely for the operation of the customer contact center for ST. The SFAO welcomes the willingness of ST to subject this participation in STC to a transparent tender procedure and recommends that it move forward in this direction as quickly as possible. As regards the amount given annually to STC, the audit failed to find the benchmark to validate this amount. The SFAO urges ST to critically examine its relations with STC with particular regard to the lump-sum remuneration conditions established with it.

Concerning the financial and accounting component, the SFAO is of the opinion that there must be improved transparency regarding the development and use of hidden reserves (approximately 10 million at the end of 2013) as well as the definition of utilisation rules for the long-term provisions for dealing with extraordinary events (close to CHF 5 million according to the 2013 figures).

Finally, in the area of IT, the SFAO urges ST to take organisational measures to boost security in particular relating to the interfaces between its systems and to simplify internal processes. Control procedures can be optimised to ensure data integrity whilst reinforcing information security aspects. The SFAO recommends that ST ensure continuity of IT management for all of the interfaces in the area of IT.

**Original text in French (summary and chapters 1-4 & 7) and in German (chapters 5-6)**

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<sup>4</sup> See chapter 3 of the Ordinance on Public Procurement – PPO – RS 172.056.11