

Infrastructure fund: federal contributions for urban transport

Federal Office of Transport

Key points

The Swiss Federal Audit Office (SFAO) audited how the Federal Office of Transport (FOT) provides supervision of the implementation of and accounting for urgent and construction-ready rail projects for urban transport. These projects are subsidised by the Confederation within the scope of the Infrastructure Fund Act (IFA) of 6 October 2006. The Federal Roads Office (FEDRO) is responsible for fund administration.

The audit took place at the Canton of Aargau's department for construction, transport and the environment and at the Glattal AG (VBG) transportation companies in July and August 2014. It concerned the projects for a separate train path for the Wynental and Suhrental railways from Aarau via Buchs to Suhr (ETABS) and the second stage of the Glattal railway (1A2). For this, the maximum amounts of CHF 40 million (ETABS) and CHF 99.25 million (1A2), or 50% of the eligible investment costs, were approved by the federal decree of 4 October 2006 on the total credit for the infrastructure fund. The subsidies were based on April 2005 prices and in addition were increased to take account of inflation and VAT.

The audit results painted a positive picture. But the SFAO also discovered weaknesses in the FOT's supervisory activities.

Reporting has been ensured

Both the project organisations and the project structures were set up by the developers appropriately and in a targeted way. The tools used specifically for project management and controlling/reporting were used in line with task requirements. They allowed the agreed quality of reporting to the FOT and to the Confederation to be maintained.

The contributions were received by the FOT in tranches on the basis of services provided. There were no advance payments from the Confederation.

Improvements could be made to supervisory activities

The FOT's practice on instalments contradicts the regulation in accordance with Article 23 of the Subsidies Act whereby no more than 80% of financial aid or compensation may be paid out before determination of the final accounts. In the case of one project, this led to too much being paid in federal funds, which had to be claimed back. The question thus arises as to the extent to which services provided have to be substantiated and recognised as eligible before instalments are triggered.

The FOT controlling guidelines provide very little information on what specifically is to be expected from the bodies in charge of the project. Moreover, the content of the call for funds form issued by the FOT is not in line with the specifications defined in the financing agreement.

The project accounts are indicative of good and reliable cost management both overall and in detail. The transparency of the procedures is worthy of particular note.



It is inexplicable that the scope of services and the calculation of federal contributions in the financing agreements are tied to different levels of project maturity. This procedure harbours the risk that applicants will not be treated equally when determining the investment costs to be included.

Inflation verification was carried out properly in line with the rules. However, the defined procedure is considered to be complex and time-consuming overall. Up to now, urgent projects have not benefited from modifications as already provided for jointly by FOT and FEDRO. The reason for this is that the infrastructure fund controlling directives for urban transport projects which have now been revised by the Federal Department of the Environment, Transport, Energy and Communications (DETEC) explicitly do not apply to projects designated as urgent in the federal decree.

Based on the assessment of individual aspects, the SFAO recommends that the FOT make improvements to the call for funds, in the case of instalments and the controlling guidelines. In addition, the FOT should examine whether or not it is possible for the methods for chargeable inflation in urgent projects to be defined based on a simplified procedure similar to the one used in other investment fund projects (as described in the 2013 DETEC infrastructure fund controlling directives).