

AUDIT

Audit of subsidies to research institutions of national importance

State Secretariat for Education, Research and Innovation

KEY FACTS

The Confederation allocates federal contributions to research institutions of national importance in line with the possibilities afforded by Article 15 of the Federal Act on the Promotion of Research and Innovation. Three categories of institution with independent legal status are supported: research infrastructures, research institutions and centres of technological excellence. For the 2021–2024 period, the State Secretariat for Education, Research and Innovation (SERI) provided CHF 457 million in federal contributions to 34 research institutions.

The Swiss Federal Audit Office (SFAO) examined whether this subsidy tool is fit for purpose. Using a sample of institutions, it mainly assessed whether the subsidies awarded are appropriate and if SERI's supervision is effective. The subsidies were awarded in accordance with the special legal basis and the strategy defined by the Federal Council in its dispatch on the promotion of education, research and innovation for 2021 to 2024. Certain criteria provided for in subsidy law, such as performing the task at the lowest possible cost, taking other financing options into account or the institution's interest in performing the activity, must be better taken into consideration, in order to ensure the economical and correct use of subsidies. As regards supervision, SERI must take measures to make this more effective and efficient.

The assessment of requests must be completed

In its dispatch on the promotion of education, research and innovation, the Federal Council sets out its strategy for supporting research institutions of national importance for a four-year period. This strategy sets the priorities and provides guidance on the Federal Council's potential disengagement at the end of the period. However, Parliament may challenge the strategy. SERI and the Swiss Science Council refer to the conditions set by the legal basis and the adopted strategy when examining subsidy requests and issuing recommendations, respectively.

When examining subsidy requests, SERI does not systematically assess compliance with certain conditions provided for in subsidy law. Each institution must ensure that the prerequisites for economical and correct use of the subsidy are met, that they take account of the capacity for self-financing when calculating the amount of the subsidy, and that they avoid a windfall effect in the event that the institution requesting the subsidy has a particular interest in performing the activity and the economic capacity to do so.

Supervision must be modified to make it more effective and efficient

SERI uses a standardised approach for supervising institutions. Yet the SFAO's audit revealed that each institution carries its own risks as regards the use of federal contributions. A risk assessment must be carried out at institutional level, in order to adapt the examination of requests and make supervision more efficient. In addition, SERI must verify the effective use of federal contributions, in order avoid paying them out too precipitately.

Institutions receiving federal contributions of at least CHF 5 million for four years are subject to a service level agreement. They must submit a short report to SERI every year. This should provide an overview of the agreed activities or services. This procedure poses efficiency problems. Firstly, the service level agreements contain no indicators which would permit an objective assessment; secondly, writing the short report is resource-intensive for the institutions; and finally, SERI does not perform any detailed assessment on the basis of this report.

Using the financial information provided by the institutions each year, SERI checks that the ceiling for subsidies, which is set at 50% of net eligible expenses, is not exceeded.

The SFAO considers that this calculation must be corrected in some cases, especially when an institution claims services in kind which are unjustified, or when they report expenses which are not justified economically, such as provisions for future expenses.

Independence of supervisory staff should be strengthened

SERI employees do not regularly sign a declaration of independence with regard to their supervisory role and the institution dossiers to which they are assigned. They can be assigned to supervise the same institution for a number of years. Moreover, they act as observers on the boards of the main institutions, which creates a privileged relationship with their management bodies. SERI should therefore take measures to reinforce the independence of its staff.