

Procurement audit

Federal Roads Office

Key facts

In spring 2019, the Swiss Federal Audit Office (SFAO) audited the procurement organisation at the Federal Roads Office (FEDRO). Procurement for the planning, construction and maintenance of motorways is the responsibility of FEDRO. In 2017, some 3,000 procurements worth over CHF 1.4 billion were carried out. The SFAO audited the organisation and processes in centralised procurement for services and ICT, as well as in decentralised procurement for motorways, using the branch 3 in Zofingen as an example.

Strategic procurement powers need extending, audits are target-oriented

There is a training concept with a comprehensive range of training courses, which guarantees basic training for the employees. However, there is a lack of strategic procurement skills, especially in the branches. Many primarily strategic purchasing tasks are carried out by external suppliers. This results in a loss of know-how, interdependencies and potential conflicts of interest. FEDRO should examine the costs of these procurements as a whole across all branches.

Every two years, FEDRO schedules well planned, independent and transparent procurement audits. They are carried out at regular intervals, which increases awareness and acceptance in the branches. Furthermore, they are targeted and focus on the same pre-defined audit questions in all branches. The SFAO's case audits confirm a consistently positive picture with regard to the quality of FEDRO's procurement processing.

No organisation-wide planning or supplier risk management

ASTRA does not currently have a central and comprehensive procurement planning system. Consequently, potential synergies are not systematically identified. Procurements are processed and executed by the purchasing department on a case-by-case basis, and there is little bundling between the branches. The SFAO recommends that similar services be made available to all branches via centralised framework agreements.

Risks on the supplier side are managed at head office, as well as in branch 3 for larger projects. FEDRO uses various methods for this purpose and manages suppliers via the project organisation. In addition, there is a general operational risk management framework for FEDRO projects. However, there is no official process for managing supplier risks. Given the large volume of contracts awarded, the SFAO recommends that FEDRO conduct a cross-branch evaluation of the suppliers with the highest turnovers.

Central procurement unit under development

Procurement in the motorway sector has built-in redundancy due to the regional, decentralised organisational structure. On the positive side, this allows each branch to act quickly and autonomously; conflicts of responsibility do not occur. However, this is a disadvantage in terms of cooperation between the branches. Joint projects for similar services in the construction sector do not yet exist.

Motorway procurement is highly standardised. Tenders are very uniform, always conducted according to the same criteria, which means that projects can be realised quickly and sources of error minimised.

Since existing process descriptions are outdated, a redesign is currently in progress. The introduction of a new process management software is planned. In addition, a project is underway to use software to support parts of the branches' procurement process. The SFAO welcomes these developments and believes that automation should be further promoted.

The case audit revealed only a few deficiencies in the procurement processes. In this regard, the SFAO notes the lack of a needs analysis within the procurement documentation and recommends that FEDRO issue clear and specific instructions to the requesting parties (or project managers). The taxonomy in tenders should also be made more transparent.

The procurement processes carried out by FEDRO itself include operational activities and project management. There is no strategic procurement unit at FEDRO for tasks such as conducting tenders. For such procurements, the Zofingen branch always purchases external support from specialised contractors. In order to achieve more independence, minimise costs and make better use of synergies, FEDRO should review its structures in this respect once the purchasing coordination unit has been set up.

Original text in German