

Digital transformation: Audit of the process efficiency of core IT

Federal Tax Administration

Key facts

The Federal Tax Administration (FTA) intends to digitalise its processes over the next five years and make the online channel the default option, thereby increasing user-friendliness and efficiency. To implement its digitalisation initiative, the FTA has requested and been granted additional funding of CHF 31.2 million from Parliament for the period 2023–2027. The IT budget for 2023 amounts to CHF 52.9 million. In 2021, the FTA collected federal taxes totalling CHF 56.5 billion.

The Swiss Federal Audit Office (SFAO) audited the preceding project FISCAL-IT on several occasions.¹ It was completed and put into operation in 2018. The productive system landscape is called Core-IT and comprises a large number of individual applications and interfaces. In this context, the SFAO examined whether the opportunities of the digital transformation were and still are being used.

In order to proceed through the various phases of the digital transformation, the FTA is increasingly relying on agile methods and promoting overarching cooperation between the specialist divisions, software development and IT operations, whereby the latter two are primarily located at the Federal Office of Information Technology, Systems and Telecommunication (FOITT).

The FTA set itself ambitious objectives and has already achieved success with its existing range of online services. The digital transformation at the FTA continues to progress following FISCAL-IT, but is being slowed down by external factors. There is therefore a risk that the FTA will not be able to achieve its goal of complete digitalisation in the next five years. There is a need for optimisation with regard to reliable, overarching management and planning for the digital transformation, which addresses the framework conditions in a forward-looking and realistic manner.

Online services and efficiency constantly increasing

On its central online portal, the FTA is constantly expanding its range of digital services and ensuring the most user-friendly applications possible for taxpayers, cantonal administrations, financial institutions and other partners. As digitalisation advances, the FTA is creating more efficient processes both internally and externally. For example, it was possible to cut 30 scanning jobs between 2015 and 2021, while the digitalisation initiative is expected to result in an efficiency gain equivalent to 20 positions from 2028 onwards.

¹ "Audit of the former key ICT project FISCAL-IT" (audit mandate 19403) and "Audit of the key ICT project FISCAL-IT" (audit mandate 18466, PA 17441, PA 16153, PA 14539, PA 13506), are available on the SFAO website.

Digital transformation slowed down due to difficult framework conditions and sub-optimal management

Several of the FTA's digitisation projects had to be postponed because the FOITT was unable to commit the necessary specialists or existing specialists were unexpectedly withdrawn in order to develop other priority applications, such as the COVID-19 app. The FTA itself has difficulties in acquiring enough suitable specialists with experience in digitalisation. With 80% of experts being external, there is a high level of dependency. In addition, the FTA has to reckon with approx. 30% higher operating costs for the FOITT, which limits the financial room for manoeuvre for innovations and new developments despite the additional funding. To counteract this, the FTA and the FOITT have taken several measures, the effect of which has yet to be seen.

The FTA does react quickly to changing framework conditions by reprioritising digitalisation projects and reallocating resources. However, frequent reprioritisation is costly and slows down the digital transformation compared to the original schedule, resulting in internal and external expectations not being met. These risks can be better addressed through proactive management that is adapted to the framework conditions.

Limited and untapped potential for efficiency gains from digital transformation

As early as 2020, the SFAO objected to the fact that the Federal Administration's current financing and cost allocation models make an agile approach difficult.² These still exist and lead to high administrative costs at the FTA.

The FTA operates its own partner management system, which is not identical to the master data management offered by the SUPERB programme at the federal level. At the time of the audit, both SUPERB Master Data Governance (MDG) and the FTA were not yet ready to merge their systems; among other things, master data/codes had to be standardised and data cleaned up. In terms of the multiple use of data, i.e. the once-only principle, this represents unexploited potential for increasing efficiency at the federal level. The FTA should not delay in preparing for participation in SUPERB MDG.

Original text in German

² "Audit of the former key ICT project Fiscal IT" (audit mandate 19403) is available on the SFAO website.