



## **Summary of the audit findings**

From April - June 2007 the Swiss Federal Audit Office (SFAO) carried out an audit on the topic of "recurring services" in the construction and property bodies of the Confederation and examined the efficiency of service contracts spanning several years. At the same time it investigated to see if its recommendations from the 1998 audit on servicing work concerning combustion plants had been implemented. The SFAO audit covered contracts for servicing lifting platforms, lifting appliances, crane systems, lift installations, air conditioning systems and combustion plants. Servicing performance in particular was assessed and the following questions were of particular importance to the examination:

- Do the current service contracts guarantee cost-effective maintenance?
- Is the maintenance in its current form necessary to this degree?
- Where and to what extent is there a potential to make specific savings?

### **There is a considerable potential for savings**

If the answer to the two first questions was "yes" for the Federal Office for Buildings and Logistics, the Swiss Federal Institute of Technology Zurich and the Paul Scherrer Institute in Villigen, for the Armed Forces Logistics Organisation the answer was "no". In the case of the Federal Office for Civil Protection, the information to be able to make a statement was not available.

The SFAO noted that the potential for savings is considerable and could be as much as a million francs. A framework agreement concluded at the interdepartmental level, brought savings of approximately 5%. In the case of collective contracts relating to the servicing of oil burners, reductions of up to 20% are possible. In the case of special appliances, the saving in costs can even be as much as 30%.

The deficiencies which the SFAO already noted in the audit of combustion plants in 1998 continue to exist. The SFAO criticised at that time duplication, the lack of critical examination of existing contracts and the lack of public invitations to tender. The same observations had to be made in the current audit. By implementing the new recommendations, these deficiencies should be rectified.

The SFAO was able to examine lists with 2,990 service and maintenance contracts. Due to incomplete information in the Armed Forces Logistics Organisation, the Confederation's biggest property manager, the total expenditure was not able to be determined. The SFAO audited 120 contracts with a total annual expenditure of CHF 1.2 million. The contracts were selected in particular according to the criteria of financial materiality and the number of orders.

### **Generally speaking contract management is conducted professionally**

In the case of the Swiss Federal Institute of Technology Zurich, the Paul Scherrer Institute in Villigen and the Federal Office for Buildings and Logistics, the SFAO noted that the service contracts had been carried out professionally. Contractual controlling is actively attended to. In the case of the Armed Forces Logistics Organisation and the Federal Office for Civil Protection, the audit re-

vealed significant room for improvement, which is due to both official bodies taking on new tasks with contracts from the previous organisation armasuisse in 2006 and 2007. It is for this reason that the Armed Forces Logistics Organisation to a large extent lacks the management, business and support processes as well as the corresponding resources which are required to provide operator services. In the case of the Federal Office for Civil Protection, its own processes and completion and fine tuning of the certified integrated management system concerning the overriding requirements from the "Department of Defense, Civil Protection and Sports" Property Handbook have not yet been implemented.

### **Creation of more competition required**

In the case of all construction and property bodies of the Confederation, efficiency could be increased through the creation of more competition. The SFAO has recommended the following measures:

- In general servicing and maintenance services, together with investment projects should be disposed of by invitation to tender and should be a component in the evaluatory criteria.
- The currently in operation service and maintenance contracts entered into by direct agreement should as quickly as possible be reawarded through an invitation to tender. The contracts should as far as possible be consolidated and put out to contract globally. Should this not be possible for legal reasons, rebates may be negotiated.

The SFAO pinpointed the following room for improvement in the case of the Armed Forces Logistics Organisation:

- The Armed Forces Logistics Organisation should without delay establish the absent management, business and support processes to manage operator services. Based on this, integrated resources and those based on the processes should be set up for contract management, controlling and reporting.

The following opportunities for optimization in particular were highlighted for armasuisse, the Armed Forces Logistics Organisation and the Federal Office for Civil Protection:

- The quantity structure for operator services, in particular the data for infrastructure facilities and plant, as well as service contracts for operations and maintenance, should be updated and completed as quickly as possible, so that in future the operator can plan and make provisions for the order on the basis of a complete set of data.
- The interfaces between the different electronic data processing systems should be adapted and optimised, so that the reciprocal data flow and the exchange of information is in line with the new structures and processes.

All the audited administrative units are in agreement with the SFAO report. They have commented on the recommendations, have taken decisions concerning the measures required and have already initiated them.

In its comments, the Confederation's Coordination of the Federal Construction and Properties Services put forward a plan for a uniform "KBOB service contract" for 16 specialised areas. In addition representatives of big private developers and the umbrella organisation of the Swiss construction industry "bauenschweiz" should also be represented in the working group constituted on a basis of parity to structure the standard sales contract.