

## Implementation of the qualitative objectives of the renter model

### Key points

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Within the scope of the audit of the General Secretariat of the Federal Department of Defence, Civil Protection and Sport (GS-DDPS), the SFAO clarified to what extent the DDPS real estate management had successfully implemented the strategic goals and principles set out, i.e. improvements in the areas of transparency, cost awareness and economical behaviour.

#### **Eight years of the renter model: the objectives have not been achieved as hoped for, further efforts are needed**

The DDPS renter model was introduced in 2007. The overriding goal was "to reduce real estate costs by using a management system with transparent rental costs with the objective of improving the optimal use of existing infrastructures and increasing the effectiveness of investments".

With the DDPS's current real estate management, the rental costs are calculated for each item and notified to the renter. However, these are mostly seen purely as information and are not used in financial management. Primarily investment credits rather than rental costs are used for controlling purposes. This can lead to a restricted overview, to shortcomings in role perception and to insufficiently broadly-based decision-making.

The weaknesses of the existing solution have been known for some time. The DDPS itself conducted a corresponding analysis and identified various opportunities for improvement.

#### **Despite guidelines: important key figures for controlling are missing, the guidelines are not implemented**

One of the key control parameters for the management of real estate costs is the item occupancy effectively required. Although instructions for determining this were available at the latest from 2009, these were not implemented consistently and no comprehensive data in this regard was available at the end of 2014.

#### **Management in the GS-DDPS without a well-developed management information system**

The strategic policy management of DDPS real estate management is at the department level. In this role, the GS-DDPS has to ensure controlling as periodic reporting by all key roles. There is no reporting system which systematically documents the condition and qualitative development of the real estate portfolio as well as the effective occupation.

#### **The new renter model project should provide help – an implementation is planned from 2017**

To remedy the weaknesses, the DDPS formed a real estate task force under the leadership of the DDPS General Secretary in the autumn of 2014, and started a new project "Optimisation of DDPS real estate management – renter model project". This covers all identified weaknesses in detail and should be introduced at the end of 2016.

The SFAO sees this as an ambitious project. It is positive that the DDPS has conducted a comprehensive weakness analysis of the renter model and wants to realise optimisation potential within the scope of a new project. However, it is acknowledged that it will take nearly three years to find a solution, and this with a model which has already been in use for several years. There are also plans



for adjustments to the IT systems and, as is the case with all projects, the selective deployment of external staff.

The economic efficiency of the project – estimated overall costs of CHF 1.4 million and planned savings of multiples of this amount in rental costs – was not audited by the SFAO because of the lack of reliable data (given that the assumptions are based on future occurrences). From today's standpoint, the estimated total costs seem to be rather conservative given the size of the project.

**Original text in German**