

## **Defence Group/Armed Forces Logistics Organisation**

### **Procurement audit**

#### **Key points**

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The Swiss Federal Audit Office (SFAO) conducted a procurement audit on four areas of the Armed Forces Logistics Organisation (Armed Forces Pharmacy, Passenger Vehicles Service, Medical Services Inspectorate, Armed Forces Veterinary Service). The procurement volume of these areas amounted to CHF 51.1 million in 2014, which corresponds to about 8% of the procurement volume of the entire AFLO in 2014.

#### **Armed Forces Logistics Organisation made some purchases without a written delegation agreement**

Up to now, the AFLO has made procurements by mutual agreement with the procurement office. There was no written delegation agreement for transactions exceeding CHF 20,000. On 10 December 2014, armasuisse gave Armed Forces Pharmacy a delegation agreement. At the time of the audit, some ways in which procurement is organised and some processes were in need of improvement.

#### **Contract with the National Equestrian Centre Bern not put out to tender**

To date, a public tender procedure has not been carried out for the services of the National Equestrian Centre. These services amount to between CHF 2.15 million and CHF 2.7 million each year. According to the AFLO, there is no other institution in Switzerland that can cover the needs of the Armed Forces.

#### **Savings potential regarding saddle horses**

In 2014, the Armed Forces' saddle horses were in use for an average of 70 days. Closer inspection of this use throughout the year reveals that it is not consistently high but rather peaks during a few weeks when a high number of horses is used. Improved distribution of the training camps and courses over the year could reduce the number of horses required at the same time. The SFAO estimates that savings of 10% or more could be made in this way.

#### **Armed Forces Pharmacy: room for optimisation in procurement procedure**

The SFAO audited nine procurement dossiers for the period 2011 to 2014. The choice of procedure used for some transactions did not appear clearly documented for third parties. Parts of the valuation model used by the Armed Forces Pharmacy are not transparent. Because the evaluation reports are lacking in detail, it is difficult for third parties to understand them.

#### **Passenger Vehicles Service generally makes procurements correctly**

The Passenger Vehicles Service's room for manoeuvre is limited by the directives imposed on it. Within these limitations, the service generally makes procurements properly. Where possible, it uses the potential for bundling. It controls and monitors the economic efficiency of its vehicles. If the Defence Group would like to reduce costs, all career military officers would have to be given a standardised vehicle instead of a customised car.

#### **Original text in German**