

AUDIT

Audit of Defence Group portfolio management

Armed Forces Staff

KEY FACTS

In its audit of the resource management of the Armed Forces Command Support Organisation (AFCSO), the Swiss Federal Audit Office (SFAO) identified significant shortcomings in the management of resources within the Defence Group.⁴ Among other issues, there was a marked imbalance between the number of approved projects and the financial and human resources available. Promised resources were lacking during project implementation, for instance, or later during system operations. A portfolio management system – meaning the systematic and goal-oriented planning, steering and control of all initiatives and projects within the units of the Defence Group – was absent.

Against this background, the current Defence Group portfolio management was launched within the Armed Forces Staff in 2021 to regain control over resources. The Defence Portfolio Division is organised into three thematic focus areas and staffed with 18 employees. It is responsible for presenting the overall planning of defence resources and for managing the project portfolio across the areas of armaments, real estate, IT and organisation.

Key improvements have been made compared to the situation in 2022. The Defence Portfolio Division now provides Armed Forces Command with management-relevant information covering the entire Defence Group portfolio. However, overall portfolio management remains at a relatively low level of maturity. It is still not possible to adequately measure the effectiveness of the portfolio. The SFAO identified various areas requiring action, most of which have already been addressed within the Defence Group.

Portfolio expansion must reflect the development of military capabilities

The evaluations of the Defence Group's portfolio management to date are a first step towards improved management. However, they are not yet sufficient to manage the large number and complexity of plans and projects comprehensively.

The measures introduced are intended to ensure professional consistency within the Defence Group and to make capability development measurable.

Due to the growing number of IT projects and their agile implementation, the need to apply modern methods such as lean portfolio management is also increasing. However, this requires a clear framework, which must still be developed in collaboration with all stakeholders. Existing regulations must also be taken into account.

The further development of portfolio management must be actively pursued to ensure that future decisions are based on clear information, capabilities can be developed in a targeted manner and resources are used effectively. The most important measures have already been initiated and are moving in the right direction.

The data governance of the Defence Group is not yet fully developed

Good, standardised data is essential for the reliable management of the Defence Group portfolio. This includes both administrative data from the Armed Forces and operationally relevant information and metadata. The foundations for handling this data need to be better aligned and further developed within the Defence Group.

It is also important to define how accurate and complete the data must be to enable meaningful insights into the entire portfolio. Although this need has been acknowledged, no concrete steps have been taken yet. The

⁴ Audit mandate 22125, AFCSO resource management; the audit report is available on the SFAO website (www.efk.admin.ch)

SFAO therefore recommends that the Armed Forces Staff actively address the issue and establish clear regulations on data governance within the Defence Group.

DDPS portfolio management must be further developed

With the topics addressed in the DDPS management development project and the initial results achieved, the GS-DDPS has taken a step towards standardised project portfolio management within the DDPS. However, an overarching, strategically aligned overall management is not yet possible due to the current stage and scope of implementation. The administrative units within the DDPS have not yet made sufficient progress in developing their portfolios, and there is a lack of clear alignment with the DDPS's overarching strategies. Furthermore, information is not yet available or consistent, making management at departmental level more difficult.

At the time of the audit, the GS-DDPS was developing options to improve project management and supervision within the department. The proposed variants will have far-reaching implications for existing roles and responsibilities in project management and oversight. The consequences of these variants must be thoroughly worked out within the Defence Group – armasuisse – GS-DDPS constellation.