



## **Audit Conclusion**

**18/17**

### **State property and funds spent on the acquisition and distribution of uniform items for the military personnel of the Army of the Czech Republic**

The audit was included in the Supreme Audit Office's Audit Plan (hereinafter referred to as 'SAO') for 2018 under the number 18/17. The audit was conducted and the Audit Report was elaborated by the SAO Member Mr. Petr Neuvirt.

The objective of the audit was to examine whether the Ministry of Defence (hereinafter referred to as the 'MoD') managed state property and funds related to the acquisition and distribution of uniform items for military personnel of the Army of the Czech Republic in accordance with legal regulations and in a manner complying with the justified needs of the Army Czech Republic.

The audit was carried out from August 2018 to February 2019.

The audited period was from the year 2015 to 2017, and in the case of factual context, also the preceding and following periods.

**Audited entity:**

The Ministry of Defence.

## KEY FACTS

THE DIFFERENCE BETWEEN THE TOTAL VALUE OF THE SOLDIERS' ENTITLEMENT TO MILITARY UNIFORM ITEMS AND THE FUNDS SPENT ON THEIR ACQUISITION

**CZK 1.05 billion**   **CZK 0.95 billion**   **CZK 1.12 billion**

IN 2015

IN 2016

IN 2017

THIS DIFFERENCE LED TO IMPOSED RESTRICTIONS ON DISPENSING UNIFORM ITEMS TO MILITARY PERSONNEL OF THE CZECH ARMY IN 2015 AND 2016.

SINCE JANUARY 1, 2018



**+90%**

the value of uniform items for professional **female soldiers** has been increased by 90%, from CZK 30,860 to **CZK 58,660**



**+85%**

the value of uniform items for professional **male soldiers** has been increased by 85%, from CZK 34,103 to **CZK 63,119**

A SIGNIFICANT INCREASE IN THE VALUE OF UNIFORM ITEMS WAS NOT TAKEN INTO ACCOUNT BY THE MINISTRY OF DEFENCE WHILE PLANNING THE ARMY UNIFORMS FOR 2018. THUS, THE RESTRICTION ON DISPENSING UNIFORM ITEMS MAY BE IMPOSED AGAIN.

## THE CZECH ARMY DISTRIBUTION CENTRES FOR DISPENSING UNIFORMS



THE MINISTRY OF DEFENCE DID NOT IMPLEMENT THE PROCESS FOR DISPENSING UNIFORM ITEMS ECONOMICALLY AND USER-FRIENDLY.

## **Summary of the Audit Report**

In the period under scrutiny, the Ministry of Defence did not meet the needs of Czech military personnel when acquiring and dispensing uniform items. In 2015 and 2016, the Ministry of Defence had to regulate dispensing of uniform items for the Czech military personnel due to low stock.

Funds spent on uniform items in 2015 to 2017 did not correspond to the needs of the Czech military personnel. In 2018, the Ministry of Defence adopted a new regulation for dispensing uniforms which significantly increased the value of essential uniform items needed by Czech military personnel. However, the Ministry of Defence did not take into account this increase in planning of uniform items' acquisition and replacement, and in preparing the 2018 budget, even though, it had data on the basis of which the acquisition and replacement of uniform items could be effectively planned. Thus, in the following years, the regulation of dispensing uniform items can repeat due to the growing number of military personnel. The providing uniform items for military personnel is the basic prerequisite for the proper and safe military service.

The system of dispensing uniform items to military personnel is outdated and does not correspond to the current technical possibilities. The Ministry of Defence was already considering to change the system of military uniforms' dispensing in 2004. However, the Ministry of Defence did not implement the planned projects during the period under scrutiny.

The Ministry of Defence purchased uniform items in accordance with legal regulations.

### **International comparison of distribution systems for uniforms**

During the audit, the SAO carried out a comparison of a distribution system of military clothing in the Czech Republic and in selected European countries. The SAO addressed foreign audit institutions in this respect and sent them a questionnaire. You can find the questions and the answers in Annex of the Audit Report. Based on the answers, it can be stated that the distribution system of uniform items in the Czech Republic described in the previous chapters is comparable to systems in the Republic of Poland, the Slovak Republic and in the Federal Republic of Germany. A different distribution system of uniform items is practiced in the Republic of Finland, where the distribution is provided by an external (private) entity and where there is an electronic system for ordering uniform items that are delivered directly to soldiers via postal services. Compared to the Czech Republic, the Finnish system is more advantageous as it eliminates the repeated trips of soldiers to pick up their uniform items and with these trips associated reimbursement of travel expenses, reimbursement for meals and the time spent on these trips when soldiers cannot carry out their regular assignments.

## International comparison of distribution systems for uniforms – answers to our questions

	Question	SAI of the Czech Republic	SAI of Poland	SAI of Finland	SAI of Germany	SAI of Slovakia
1.	<b>Who is responsible (which body) for the provision of uniform items for soldiers?</b>	Ministry of Defence	Inspectorate for Armed Forces Support	External (private) service provider	Federal Department of Defence – Service provider: state-owned enterprise Bundeswehr Bekleidungsgesellschaft mbH	Investments and Acquisitions Office of the Ministry of Defence
2.	<b>Is the process of the provision of uniform items regulated by law or another regulation (specify which one)?</b>	Act No. 221/1999 Coll., On Professional Soldiers, and Internal Regulations of the Ministry of Defence.	Act on Public Procurement of 29 January 2004	Terms of Collective Agreement for State Civil Servants in Finland	Federal Civil Service Remuneration Act (Bundesbesoldungsgesetz), Art. 69	Act No. 281/2015 On Civil Service of Professional Soldiers of 25 September 2015 and other internal regulations of the Ministry of Defence
3.	<b>Are military uniform items given to professional soldiers' ownership or are they only lent to them?</b>	Ownership	Ownership	Ownership, except for camouflage clothing and combat uniforms which are lent	Lent - remain state owned, except for footwear and underwear which passes to soldiers' ownership at the end of their military service.	Ownership

4.	<b>Are military uniform items delivered directly to soldiers or picked up by soldiers at designated locations?</b>	Soldiers pick up their uniform items at the Czech Army Distribution Centres.	Uniform items are being picked up at military support units.	The supplier delivers uniform items directly to orderers / soldiers by postal parcel.	Uniform items are picked up at service centres operated by state-owned enterprise  Bundeswehr Bekleidungs-gesellschaft mbH	Uniform items are picked up at designated centres.
5.	<b>What system for replacement of uniform items is in place (a valid claim for periodical replacement, system of points, financial allowances, etc.)?</b>	Soldiers are provided with contributions in-kind in the form of military outfit points and a replacement of the outfit is performed at the end of their life cycle.	Uniform items are replaced at the end of their life cycle.	Two categories of replacement - annual replacement, replacement every 10 years	Uniform items are replaced when they are no longer usable.	Soldiers are provided with contributions in-kind in the form of military outfit points or in cash payment.
6.	<b>Do you have any system of prioritizing in place providing uniform items to groups of soldiers? If yes, which?</b>	Yes- newly recruited soldiers, foreign missions, active reserves.	YES - newly recruited soldiers, international and foreign missions	YES - newly recruited soldiers, annual replacement of uniform items, otherwise replacement of uniform items once every 10 years	There is no system of prioritizing in place	YES - newly recruited soldiers, international and foreign missions, honorary guard of the President of the Republic, extraordinary security measures.

7.	<b>Do soldiers have a possibility to book or reserve their uniform items electronically?</b>	No (on-line reservation is not available)	No (Polish Armed Forces do not have an electronic ordering system in place)	The Finnish Armed Forces and Service Providers have an electronic ordering system that professional soldiers use to order their clothes.	Officers can book some of the uniform items and sportswear on the online-shop of the service provider.	No (on-line reservation is not available)
8.	<b>Did the SAI make an inquiry about the unit price of the uniform items, or is this information available from public sources?</b>	SAO made an inquiry about the unit price of uniform items during its audit no. 18/17	Available on the Ministry of National Defence's website.	SAI has not made any inquiries on the prices of military clothing.	SAI has obtained pricelists of uniform items. This information is not available from public sources.	SAI has not made any inquiries on prices for military clothing.