



Audit conclusion from Audit No.

16/26

Expenditure on the operation and the use of immovable property, including expenditure on the provision of information support related to the management, operation and maintenance of immovable property

The audit was included in the audit plan for the Supreme Audit Office (SAO) for 2016 under number 16/26. The audit was managed by a member of the SAO, Josef Kubíček, who also produced this audit conclusion.

The objective for the audit was to examine the efficiency and effectiveness of the operation and use of immovable property under the Ministry of the Interior, and the provision of information support for data collection, analyses and decision-making leading to the optimisation of property costs.

Organisations audited:

Ministry of the Interior (Ministerstvo vnitra)

Service Facility for the Ministry of the Interior (Zařízení služeb pro Ministerstvo vnitra, ZSMV),

Office for Government Representation in Property Affairs (Úřad pro zastupování státu ve věcech majetkových, ÚZSVM).

The audit was performed at these organisations between September 2016 and April 2017.

The period audited was from 2014 to 2015, and the preceding and subsequent periods where relevant.

The heads of the audit groups issued their decisions on objections filed against the audit report by the Ministry of the Interior and ÚZSVM. The appeals that ÚZSVM filed against these decisions were addressed in a resolution by the Board of the SAO.

The Board of the SAO at its XV session on 23 October 2017, **approved** in Resolution No. 9/XV/2017 **this audit conclusion:**

I. Summary and evaluation

By law,¹ the administrators of state budget chapters are obliged to systematically monitor and evaluate the economy, efficiency and effectiveness of spending in their chapters, and to ensure that spending by the institutions they manage is as economical, efficient and effective as possible. This duty naturally also includes spending on managing and using immovable property.² Given the extent of the property concerned, government institutions³ have introduced and now use special information systems. In 1992 the Czech Republic set up the Government Dislocation Committee (Vládní dislokační komise, VDK), and in 2006 the Regional Dislocation Committees (Regionální dislokační komise, RDK).⁴ These committees *inter alia* coordinate the use of administrative buildings, operating as hubs for government institutions' deployment needs and proposing solutions. At the start of 2014 the Czech government set as a priority the gradual centralisation of registering and managing⁵ the property used by the state, which should help rationalise the property portfolio and optimise its use.

The Czech Republic's central information system for registering property used by government institutions is the *Central Register of Administration Buildings* (Centrální registr administrativních budov, CRAB), which should by law⁶ facilitate the effective and economical use of buildings by government institutions. CRAB was set up in 2012 to make comprehensive information on property available from a single location, optimise the deployment of government institutions and their staff, including options for sharing premises, and help reduce the costs of managing and leasing property. The Office for Government Representation in Property Affairs (Úřad pro zastupování státu ve věcech majetkových, ÚZSVM)⁷ is obliged to provide methodological support for CRAB.⁸ Since its launch there have been deficiencies in the CRAB system, which the SAO highlighted in its

¹ Section 39(3) of Act No. 218/2000 Coll. on the budget rules, amending certain acts (the Budget Rules).

² Property management refers to a set of activities to ensure the smooth operation of property (e.g. cleaning, repairs, maintenance) and resolve any issues obstructing the use of property. Property management is operated by a property's owner, either independently or using external contractors (i.e. outsourcing).

³ Government institutions are government organisational units and government organisations that come under Act No. 219/2000 Coll. on the property of the Czech Republic and its representation in legal matters.

⁴ Representatives of the Office for Government Representation in Property Affairs (ÚZSVM) and the ministries are members of the government's advisory and coordination bodies (VDK and RDK), which consult on changes in the utilisation and disposal of property and decide on these changes in cases not decided by the Czech government.

⁵ Centralised property management means that property is managed by a single institution.

⁶ Section 14a(1) of Act No. 219/2000 Coll.

⁷ ÚZSVM was established by Act No. 201/2002 Coll. on the Office for Government Representation in Property Affairs, and is a subordinate organisation in the Ministry of Finance chapter. It was instructed to operate CRAB and act as its administrator. The Office acts as a hub for selected state property; for instance it manages and disposes of expendable state property. The Ministry of Finance is the central government authority responsible for managing state property.

⁸ Czech Government Resolution No. 954 of 20 December 2012 on the Central Register of Administration Buildings instructed ÚZSVM to produce a methodology for registering administrative buildings and related property in the Central Register of Administration Buildings. ÚZSVM made user manuals and the data recording methodology available from the non-public CRAB website.

audit conclusion from Audit No. 13/40.⁹ Government institutions³ are obliged to register selected property in CRAB.¹⁰ According to CRAB data for 2015, spending by government institutions³ on managing more than 3,000 administrative buildings was CZK 3.4 billion.¹¹ The largest proportion of buildings listed in CRAB in 2014 and 2015 were buildings registered by the Ministry of the Interior,¹² which accounted for approximately one-third of all buildings.

The SAO chose the Ministry of the Interior as an example to assess the effectiveness and efficiency of spending on property management. For this purpose the SAO used property management data from CRAB and the information systems operated by the Ministry: to register and keep accounts for individual buildings coming under the Ministry, the Ministry set up the Real Estate Management information system, REM, as part of its financial information system, EKIS. Selected buildings coming under the ministry are managed by the Service Facility for the Ministry of the Interior (Zařízení služeb pro Ministerstvo vnitra, ZSMV),¹³ which was established by the Ministry and receives its funding from it. This involves cleaning, security and repair and maintenance work for the buildings, as well as buying other services, including energy supplies.

The SAO examined the effectiveness and efficiency of spending on managing property¹⁴ used by the state, based on the data recorded in the information systems, and it also examined the effectiveness and efficiency of the provision of information support. The SAO focused on the following aspects in particular:

- strategic and conceptual documents concerning property management;
- the duties, powers and responsibilities of the bodies involved with property management;
- the work of ÚZSVM, the Ministry of the Interior and ZSMV in property management;
- the usefulness of the information systems for decision-making leading to the optimisation of property management.

Having audited the aspects listed above, the SAO concludes that the preconditions for effective and efficient expenditure on managing property used by the state have not been met. The SAO has identified the causes of this state of affairs in deficiencies related to the process for managing the transition to centralised management, and the coordination of property management itself at departmental (Ministry of the Interior) and interdepartmental levels, where it found a division between the powers

⁹ Audit conclusion from Audit No. 13/40 – *Managing state property and finances in relation to the use of property by selected government institutions* was published in *Věstník NKÚ* 2/2014.

¹⁰ Section 14a(2) of Act No. 219/2000 Coll., in effect since March 2016, and previously Czech Government Resolution No. 954 of 20 December 2012 on the Central Register of Administration Buildings, and Czech Government Resolution No. 435 of 9 June 2014 on adding data to the Central Register of Administration Buildings.

¹¹ All figures in this audit conclusion are inclusive of VAT.

¹² The Ministry of the Interior was established by Act No. 2/1969 Coll. on the establishment of the ministries and other central government authorities of the Czech Republic. The Ministry of the Interior is a central government authority, a government institution and an accounting entity.

¹³ ZSMV is an accounting entity established and financed by the Ministry of the Interior on 1 January 1998 to provide and procure full services for the Ministry as a central state authority.

¹⁴ As CRAB mostly covers administrative buildings, the SAO focused on buildings of this type.

and responsibilities for managing properties. Another reason is the unsatisfactory quality of the data and the way information support has been set up.¹⁵ Although over CZK 500 million was spent on CRAB and REM in 2010-2016, these information systems do not allow a full evaluation of the efficiency and effectiveness of the management and use of the buildings. Moreover, CRAB does not provide reliable information for decision-making and optimisation for managing state property. Audit results indicates the current way of using the CRAB and REM information systems has not resulted in all of the targets being met, and has not brought the anticipated benefits. The data is incomplete, incorrect and incomparable, making it impossible for the Ministry and ÚZSVM to set values for indicators for all government institutions;³ such indicators could be used to evaluate efficiency and set optimal targets for the management and use of property. The SAO has identified the deficiencies listed below as critical. Until they are resolved, it is impossible to speak of the efficient and effective management and use of property.

1. The Czech Republic has no strategy for managing state property, and the legislation in force has systemic deficiencies

The Czech Republic has not adopted any strategy or concept that would define needs and measurable targets for the management and use of state property. The authorities involved in managing property are therefore unable to take conceptual decisions on its development and management on the basis of targets set by a government strategy. According to data from CRAB, neither the average area per person (state employee) nor the operating costs per square metre of the total area were reduced in 2012-2016, nor did the building occupancy rate increase. In contrast, the United Kingdom for example has a national strategy for property management and ownership, and the instruments and measures adopted resulted in e.g. a 2.6 sqm (i.e. 20 %) reduction in the average area per person in the UK in 2010-2016.

The initial steps towards the centralisation of property management in the Czech Republic were not accompanied by defining any powers that would reflect these changes in property management (bringing property under ÚZSVM administration). This situation was further complicated by a failure to set any targets for property management. The centralisation of property management was only achieved for expendable state property, which must by law¹⁶ be transferred to ÚZSVM. For the other property registered in CRAB, centralisation is voluntary,¹⁷ and at the time the audit was completed only one building had been brought under ÚZSVM administration.

In the event of a change in the usage and disposal of property registered in CRAB, with the adopting of new legislation¹⁸ powers and responsibilities were split between the party

¹⁵ Information support refers to services, information and data provided by individual information systems to support processes related to property management.

¹⁶ Section 19b of Act No. 219/2000 Coll.

¹⁷ Section 19a of Act No. 219/2000 Coll.

¹⁸ The amendment of Act No. 219/2000 Coll. by Act No. 51/2016 Coll., amending Act No. 219/2000 Coll. on the property of the Czech Republic and its representation in legal matters, as amended, and certain other acts.

responsible for the effective and economical use of the property (the head of a government institution³) and the party deciding on any changes to the usage and disposal of the property (the Czech government, VDK, RDK).

In the period covered by the audit, VDK and RDK also decided on insignificant (in terms of expenditure and area) changes in the use of property, but failed to respond to some government institutions' requests for suitable premises for their staff. According to CRAB there are approximately 85,000 sqm of vacant office space.

2. The central property register does not function in a way that could be used to compare buildings in order to optimise property management

When setting up the recording of data in CRAB, ÚZSVM failed to take into account that buildings serve specific purposes (e.g. police stations, fire stations, technical buildings, etc.), and government institutions³ can use their own staff to perform individual activities, or they can use part of a building as office space for the purposes of the confidentiality. A comparison of the data recorded in CRAB did not permit any evaluation of the efficiency of expenditure on managing individual buildings coming under the Ministry of the Interior or other government institutions.³

The scope of CRAB registration was defined by law¹⁹ after it had been operating for four years. The SAO found a discrepancy between the legislation and the user manual. The manual defines the scope of registration more narrowly than the legislation, as it does not cover registration for all buildings serving the state's functions. This fact has also negatively affected the opportunity to compare buildings in order to optimise their usage and reduce the costs of managing them. In line with the user manual, the Ministry of the Interior and ZSMV registered only administrative buildings.

3. The use of CRAB is limited by incomplete and incorrect data entered by government institutions and used by the analytical reports in this register

Since the launch of CRAB in 2012, the quality of the data recorded has remained low, despite the measures implemented by ÚZSVM. ÚZSVM had not implemented effective control mechanisms for CRAB that would alert to any apparently incorrect or illogical values and so help improve the quality of the data.

The SAO presents the following example of incorrect data: for expenditure for 2015, the Ministry of the Interior only entered the data for one quarter into CRAB. This meant that expenditure on managing the Ministry's buildings registered in CRAB was lower by CZK 525 million (i.e. 67 %) than the figures for 2015 recorded in REM, while the revenues that CRAB recorded for 2015 were lower by CZK 12 million (i.e. 86 %). The Ministry also failed to record the true use of office space in CRAB.

Without using the services of the contractor, it is impossible to extract all of the mandatory data on buildings from CRAB reports. As the individual reports use data defined in different

¹⁹ Section 14a of Act No. 219/2000 Coll.

ways, data taken from different reports cannot be compared. The SAO also identified discrepancies between reports using the same database. Performance indicators could be obtained from predefined reports, but it was impossible to link these indicators with additional data that is relevant for an overall assessment of the efficiency of operating a particular building, such as the building's structural condition. The way CRAB reports have been set up limits the usefulness of the data recorded in CRAB.

Despite these findings, ÚZSVM considered the quality of data adequate for its work, documenting this by the way it uses data from CRAB to alert government institutions to any above-average values for the performance indicators monitored, calculate savings in expenditure on property management, generate information relating to deployment for VDK and RDK, etc.

4. ÚZSVM spent more than a half billion Czech koruna on the development and operation of CRAB, but CRAB has not achieved its objectives

In 2010-2016 ÚZSVM spent at least CZK 554 million on CRAB, including its development and operation. Not all of the objectives for the project *Modifying the state property information system as a special graphic data layer over the Registry of Territorial Identification, Addresses and Real Estate* (the "CRAB project") were achieved, in particular the objective of making comprehensive information on property available from a single location. The definition of CRAB's content meant that it provided an overview of the management of only 6 % of state-owned buildings in 2015.²⁰ In 2016 the Ministry of the Interior decided to remove certain property from CRAB²¹ comprising the majority of the Ministry's buildings, which further reduced the overview. Therefore neither ÚZSVM, VDK, RDK nor the Czech government have a centralised overview of all property used, even though the annual costs of running CRAB are in excess of CZK 70 million, meaning that the annual operating costs for CRAB per building were CZK 27 thousand in 2016.

Nor does CRAB produce reliable outputs that the relevant government advisory bodies and institutions³ could use to optimise the use of property as part of redeployment, and reduce the costs of managing it. The SAO concludes that is impossible to assess from data taken from CRAB whether there has been any reduction in the costs of managing and leasing property. ÚZSVM declared savings in expenditure on property management of CZK 525 million in 2014-2016. These savings were supposed to have been achieved thanks to CRAB and ÚZSVM. However, the SAO discovered that because the Ministry of the Interior had entered incorrect data into CRAB, and also due to other discrepancies in how savings from the redeployment of government institutions were calculated, the savings declared by ÚZSVM were not in fact achieved.

²⁰ The basis for 100 % of state-owned buildings was data from the state property map.

²¹ Under Section 14b of Act No. 219/2000 Coll., in effect since 1 March 2016, for reasons of national security and defence the Minister of the Interior can decide in which specific instances certain property managed or used by a government institution headed by the Minister, or which comes under the Minister's powers, will not be included in CRAB, and Section 14a does not apply.

The Government Council for Information Society²² asked ÚZSVM to reduce its dependence on a single contractor for its information systems. At the time of the audit, ÚZSVM was working on materials for a decision on launching a project to develop a new information system for state property management that would also include the present functions offered by CRAB. The SAO evaluated the plan presented by ÚZSVM to combine the functions supporting a range of agendas in a single information system, thereby achieving economies, as risky, as it would not reduce ÚZSVM's dependence on a single contractor.

5. The Ministry of the Interior failed to monitor and evaluate costs on property management

The Ministry of the Interior's annual costs on managing about one thousand administrative buildings was approximately CZK 0.7 billion. The Ministry also failed to set any targets for property management.²³ To monitor specific information on property, the Ministry implemented the REM information system, which did not, however, include information on the locating of individual employees in its buildings, and therefore did not have any information on these buildings' utilisation rate, even though this was one of the system's objectives. As with outputs from CRAB, data from REM cannot be used to compare buildings: it is for instance impossible to distinguish similar from dissimilar buildings, and not all expenditure on managing buildings is recorded. In consequence REM and EKIS do not provide sufficient information to evaluate buildings' usability and expense. However, because REM is linked to the accounts maintained in EKIS, data recorded in these two Ministry of the Interior information systems is more reliable than data recorded in CRAB.

The Ministry did not use any data from the information systems to optimise the utilisation and management of its property. Neither the Ministry nor ZSMV had an overview of what percentage of ZSMV's funding is spent on property management. The Ministry did not monitor or evaluate costs on property management in terms of its effectiveness and efficiency, and as the administrator of a budget chapter it therefore failed to satisfy the requirements of the law.²⁴

The Supreme Audit Office recommends:

- reducing the quantity of data monitored in the central register to the absolute minimum needed to calculate indicators that can be used for strategic and conceptual decision making on property management;

²² The Government Council for Information Society was established by Government Resolution No. 961 of 24 November 2014 establishing the Government Council for Information Society. The Council's chairman then set up a working group for negotiated procedure without publication to discuss whether public tenders for information and communication technologies satisfied the conditions for using negotiated procedure without publication under Section 23 of Act No. 137/2006 Coll. on public tenders. ÚZSVM sent its opinion to the Council on 5 May 2016.

²³ With the exception of targets related to satisfying the conditions for state budget financing for asset replacement programmes.

²⁴ Section 39(3) of Act No. 218/2000 Coll.

- clearly defining the powers and responsibilities of the bodies involved in decisions on the management and disposal of property, including the responsibility for coordination, which permits the promoting of modernising buildings and a greater degree of sharing;
- substantially reducing the annual operating costs of information support for the central register.

Note: All legislation cited in this audit conclusion refers to the versions in effect in the period covered by the audit.

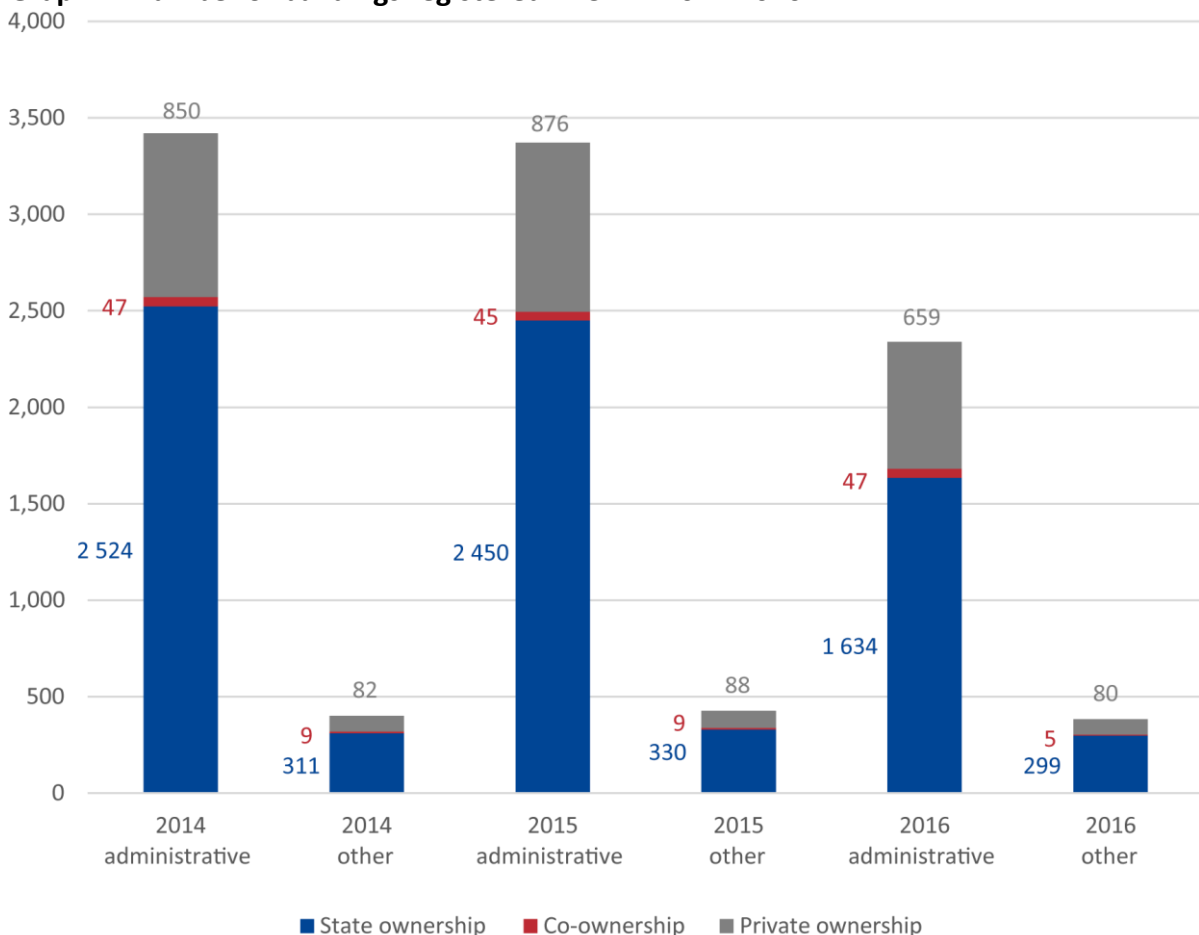
II. Basic information on the subject of the audit

1. Property management in the Czech Republic

The methods and conditions for managing state property are governed by Act No. 219/2000 Coll. Government institutions³ are obliged by law²⁵ to use property effectively and economically to perform the state's functions and their work. They have to make arrangements for the management of property and maintain it. Government institutions³ can arrange to use property not owned by the state if this is necessary for them to perform their work or discharge their responsibilities, and if this will only persist for the period required. The management of state property in the Czech Republic is decentralised, with each government institution³ responsible for managing the property entrusted to it.²⁶

According to data for 2014 and 2015, fewer than four thousand buildings were registered in CRAB, and in 2016 this figure fell by one thousand. This reduction in the number of buildings registered was primarily due to the Ministry of the Interior removing selected buildings from CRAB. Annex 1 illustrates this phenomenon.

Graph 1: Number of buildings registered in CRAB 2014-2016



Source: ad hoc CRAB report

²⁵ Section 14(1) of Act No. 219/2000 Coll.

²⁶ Sections 9 and 55 of Act No. 219/2000 Coll.

As CRAB mostly covers administrative buildings, the SAO focused on buildings of this type.²⁷ Table 1 presents the primary data. With outputs from CRAB, attention must be paid to the poor quality of the data and the discrepancies between the data recorded and the data recording methodology, as described in parts I.3 and III.3 of this audit conclusion.

Table 1: Overview of administrative buildings registered in CRAB

	2014	2015	2016
Number of buildings ('000)	3.4	3.3	2.3
Number of state employees ('000)	142.5	143.7	102.7
Procurement value of buildings (CZK billion)	75.3	74.6	60.8
Operating cost (CZK billion)	3.8	3.4	2.9
Investment (CZK billion)	0.7	1.0	0.8

Source: CRAB Analytical Module Report No. 15 – totals taken from CRAB in April 2017.

According to CRAB data for 2016, the Ministry of Finance (19 %), the Ministry of Justice (19 %) and the Ministry of Labour and Social Affairs (15 %) accounted for the largest proportions of registered state-owned buildings.²⁸ Government institutions³ entered data into CRAB manually, and only the Ministry of the Interior used the automatic transfer option. Annex 2 presents the primary data recorded in CRAB, structured by government institution,³ and includes selected indicators for property management. According to CRAB data for 2016, a total of 22 institutions (including the SAO) had placed more than half of their employees in buildings not owned by the state, under lease agreements.

According to CRAB data for 2016, government institutions³ used in total 3.9 million sqm in administrative buildings. Privately-owned buildings accounted for less than 10 % of this, and less than 10 % of the total was vacant space – see table 2. The fall in the area recorded in 2016 was mainly due to the eliminating of some buildings belonging to the Ministry of the Interior – see parts I.4 and III.4 of the audit conclusion for more details. According to data for 2016, approximately 103,000 state employees were deployed in administrative buildings. The largest proportion of these employees was in Prague (36 %) and the South Moravian Region (10 %) – see Annex 3.

Table 2: Area of administrative buildings registered in CRAB

Year	2014		2015		2016	
	Office	Other	Office	Other	Office	Other
Area used by government institutions	2 024	3 343	2 000	3 363	1 461	2 446
– of which area used by government institutions in privately-owned buildings	270	211	253	219	192	152
Area used by the private sector	85	130	78	125	70	116
Vacant space	116	215	123	209	107	232

Source: CRAB Analytical Module Report No. 15 – totals taken from CRAB in April 2017

²⁷ Administrative buildings are buildings with (level three) usage as public administrative buildings or other administrative buildings according to the CZ-CC classification of construction work.

²⁸ According to CRAB data for 2015 the Ministry of the Interior accounted for the largest proportion (25 %) of total floor space.

According to CRAB data for 2016, more than half (52 %) of state-owned administrative buildings have an energy intensity classification grade between less economical and exceptionally uneconomical (grades D-G). 22 % of state-owned administrative buildings registered in CRAB are graded exceptionally economical to economical (grades A-C). 26 % of buildings registered in CRAB do not list any energy intensity classification grade. The largest number of buildings graded less economical to exceptionally uneconomical is in Prague – see Annex 4.

According to the *Report on the status of achieving national energy efficiency objectives*,²⁹ planned energy savings for 2014-2016 were not achieved. In 2015 the Czech Republic adopted a plan for energy-saving measures by government institutions for 2016-2020, with the aim of achieving the energy savings required by European Union legislation.³⁰

Managing the Ministry of the Interior's property

To monitor information on the Ministry of the Interior's property, the REM information system was set up as part of the *Financial and Project Information System in eGovernment* (SEPIe) project.³¹ REM is used to record data on buildings for which energy and operating costs are charged. The Ministry automatically enters data on administrative buildings³² from REM and other EKIS modules into CRAB. According to data for 2014 and 2015, the Ministry, including ZSMV, entered around one thousand buildings into CRAB, i.e. approximately one-third of the buildings registered in CRAB. The Ministry spent CZK 2.4 million on creating and modifying the program to migrate data to CRAB. The total expenditure for acquiring REM was not recorded separately from the total expenditure on the SEPIe project, which came to CZK 258 million,³³ and expenditure on operating EKIS in 2013-2016 was CZK 667 million.

According to data for 2016, 5,474 buildings were registered in REM, including 1,108 administrative buildings.³⁴ Almost 50,000 employees were deployed in these buildings (with

²⁹ The report was approved in Government Resolution No. 158 of 27 February 2017 on the *Report on the status of achieving national energy efficiency objectives*.

³⁰ Article 5 of Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency obliges member states to ensure that, as from 1 January 2014, 3 % of the total floor area of heated and/or cooled buildings owned and occupied by its central government is renovated each year to meet at least the minimum energy performance requirements. In the Czech Republic this target should be achieved by alternative means, i.e. the level of energy savings must match the energy savings that would be achieved by the annual renovation of 3 % of the floor space of the stock of unsuitable buildings. The minimum energy intensity requirements are satisfied if a building is in energy intensity classification grade C – economical.

³¹ Project No. CZ.1.06/1.1.00/07.06404. The SEPIe project included spending on modernising EKIS and extending its functionality.

³² Administrative buildings are buildings designated as administrative buildings in REM, district police departments and departments of the alien police, i.e. buildings that have been entered into CRAB. The Ministry considered a building where administrative work dominates to be an administrative building.

³³ Expenditure on licences and implementation services related to REM came to CZK 58 million.

³⁴ A preview for exporting data to CRAB was used to analyse the data. It does not include 126 sites with sensitive data, nor does it include buildings used by ZSMV and institutions coming under the Ministry of the Interior that had no property, or did not use REM.

around 43,000 of them in administrative buildings), and approximately 83 % of them were in buildings owned³⁵ by organisations under the Ministry.

The total operating costs for managing property in 2014-2016 were CZK 3.5 billion (of which CZK 2.1 billion was for managing administrative buildings). Table 3 presents a summary of the primary data on administrative buildings under the Ministry of the Interior.

Table 3: Primary data on administrative buildings under the Ministry of the Interior

	2014	2015	2016
Number of buildings	1 136	1 127	1 108
Total area (sqm '000)	1 492	1 532	1 535
Office space (sqm '000)	503	513	512
Other space (sqm '000)	989	1 019	1 023
Number of employees ('000)	43	44	43
Total operating costs (CZK million)	743	688	708

Source: REM.

2. Audit scope and methodology

In its audit the SAO assessed the efficiency and effectiveness of:

- the operation and use of property by the Ministry of the Interior;
- the provision of information support for data collection, analyses and decision-making leading to the optimisation of property costs for the Ministry of the Interior (REM) and for the state as a whole (CRAB).

To this end, in the audit the SAO examined whether the preconditions for effective and efficient expenditure on managing property used by the state have been met, with reference to:

- strategic and conceptual documents concerning property management;
- the duties, powers and responsibilities of the bodies involved with property management;
- the work of ÚZSVM, the Ministry of the Interior and ZSMV in property management;
- the usefulness of the information systems for decision-making leading to the optimisation of property management.

The audit was conducted at three organisations. ÚZSVM was chosen because it manages and operates CRAB, and it was given greater powers to support the centralisation of property management. Like other government institutions, the Ministry of the Interior has a duty to provide CRAB with full and truthful data on its property, and in 2014 and 2015 it accounted for one-third of all buildings registered in CRAB, the highest proportion of any government institution. The Ministry of the Interior is the only government institution to use automatic data transfer to CRAB, apart from data for ZSMV. ZSMV manages the Ministry's administrative buildings, and it enters data on those buildings into CRAB manually.

The audit was conducted as a performance audit. The SAO analysed documents on property management and the data recorded in the information systems. The SAO undertook a

³⁵ Ownership is understood as the government institutions' competence to manage state property, in accordance with Sections 9 and 55 of Act No. 219/2000 Coll.

comprehensive evaluation of the information gathered, covering all three organisations audited, and it verified its findings.

To assess the efficiency of property management, the SAO used data from information systems (CRAB and EKIS). It chose as its method the benchmarking of buildings on the basis of ratios, together with a method using multiple regression models while taking into account a larger number of pieces of data on buildings. The SAO consulted the options for benchmarking the management and use of buildings with experts from the University of Economics in Prague. Selected indicators for administrative buildings were also used for an international comparison of this aspect.

To evaluate the provision of information support, the SAO used a sample of five buildings managed by the Ministry of the Interior and five buildings managed by ZSMV, and by comparing data from the information systems (CRAB and REM) it investigated whether the selected data was complete and correct, and examined the impact of the discrepancies identified on the usefulness of the data recorded in the information systems, in order to assess the efficiency and effectiveness of the management and use of property. The criteria for selecting this sample were the ratios for individual buildings, discrepancies in the data, and the buildings' significance in terms of expenditure, staff numbers and total space (or office space) in comparison with other buildings managed by the Ministry of the Interior or ZSMV.

III. Detailed information on the findings

1. The Czech Republic has no strategy for managing state property, and the legislation in force has systemic deficiencies

At the time the SAO completed its audit, the Czech Republic had not approved or adopted any document in the nature of a strategy or concept that would in general govern and define the needs and objectives for the management of property owned or used by the state. ÚZSVM was involved in producing the *Concept for managing state property 2014-2020*, which was not, however, approved. The concept was aimed at achieving greater efficiency and transparency in the management and use of property, as well as optimising the property portfolio. This was to be accomplished by introducing the centralised administration of property used by the state in 2014-2020, and by extending the powers of ÚZSVM, which was to act as the central manager for state property. As no objectives have been set for the management and use of property, the Czech government, VDK, RDK and government institutions³ are unable to take conceptual decisions on developing and managing property in line with the objectives defined in the government's strategy.

An international comparison revealed that in the United Kingdom the government has taken a long-term and comprehensive approach to tackling the issue of managing state property and optimising it as a whole. The UK government adopted a nationwide property ownership and management strategy in 2013 and updated it in 2014. The main objectives of this strategy include rationalisation of the property portfolio and a reduction in its utilisation

costs. This strategy was drawn up by an organisation that comes under the British Cabinet Office, and whose role is to oversee all government property (land and buildings), and contribute to its effective management and create an effective and efficient government estate. The objective is to achieve an average net internal area³⁶ of 8 sqm per FTE³⁷ in 2018. This objective should be achieved by a basket of measures and policies, from allowing shared desks, working from home, through the construction of more departmental buildings used by a greater number of institutions, to the use of IT technology permitting more efficient property management and greater flexibility for staff. In 2012-2016 these tools and the measures adopted facilitated a reduction in the average area per person of 2.6 sqm (i.e., by 20 %), a reduction in the cost per person by GBP 737 (i.e., by 14 %) and a reduction of unused space by 163,000 sqm (i.e., by 60 %). More information on this international comparison is presented in Annex 5.

One of the Czech government's priorities³⁸ was to register and manage all state property centrally, which was to have resulted in rationalising the property portfolio and optimising its utilisation. ÚZSVM was to be given greater powers that would be applied rigorously. However, this did not happen, as according to the key performance indicators in CRAB neither the average area per state employee nor the operating costs per square metre of the total area were reduced in 2012-2016, nor did the building occupancy rate increase. In 2013 the average area per employee was 38 sqm, average office space per employee was 14 sqm, average expenditure per square metre of the total area was CZK 734 and the building occupancy rate was 91 % – see Annex 5 for more details.

The first legislative steps towards centralising property management came in the form of the amendment of Act No. 219/2000 Coll. by Act No. 51/2016 Coll., amending Act No. 219/2000 Coll. on the property of the Czech Republic and its representation in legal matters, as amended, and certain other acts, which introduced Sections 19a, 19b and 19c with effect from 1 March 2016. Section 19a of Act No. 219/2000 Coll. established a voluntary form of centralised property management based on an agreement to transfer property to ÚZSVM, while the government institution³ in question would continue to use the property. The Ministry declared that this way of managing buildings was unusable for its institutions due to their need to perform specialised work. By April 2017, a year after the new provisions had come into effect, ÚZSVM had only taken over one building from all government institutions. Under Section 19b all expendable property must be transferred to ÚZSVM. Under Section 19c of Act No. 219/2000 Coll. other government institutions are offered the use of property registered in CRAB in a centralised way, via CRAB. Other property is offered on the ÚZSVM website. Individual government institutions³ finance property management from their budgets. The Ministry of the Interior did not evaluate expenditure on managing property in its chapter (see part III.5 of the audit conclusion), and therefore was unable to use this information when compiling its budget.

³⁶ *Net Internal Area* (NIA) includes offices, meetings rooms, kitchens, built-in cupboards, ramps and non-shared entrance halls.

³⁷ *Full time equivalent* (FTE) represents the equivalent of a full-time employee.

³⁸ According to the Czech government's policy statement of 12 February 2014.

Legally the head of a government institution³ or a senior manager with written authorisation from the institution's head acts on behalf of the state.³⁹ This person, who acts on property whether by law or otherwise on account of his or her job description or occupational category, is obliged to perform this work professionally and proceed in line with Act No. 219/2000 Coll. and other regulations. This person is also liable under criminal law, labour law and civil law regulations for any breaches of his or her obligations.⁴⁰

Under Section 14(1) of Act No. 219/2000 Coll., property must be used effectively and economically to perform the state's functions and its work. However, under Section 14a(4) of the Act, changes in the use and disposal of property registered in CRAB are made on the basis of decisions by the Czech government or its authorised advisory and coordination bodies (i.e. VDK or RDK), and a decision by the Czech government or one of its advisory bodies does not replace legal or other arrangements under Act No. 219/2000 Coll. This means that powers and responsibilities are split between the party responsible for the effective and economical use of a property (the head of a government institution³) and the party deciding on any changes to the usage and disposal of the property (the Czech government, VDK, RDK).

Closely related to the management and disposal of a property are the costs of managing it, as a government institution³ is obliged to maintain it.⁴¹ The government institution is obliged to carry out the work related to this in the most economical way.⁴²

The minimum extent of any change to deployment that would be subject to approval by VDK or RDK had not been defined by 30 June 2017. Government institutions³ were therefore obliged to submit proposals, with all the details required, even if the change to deployment only concerned a single employee or an area measuring several square metres. In 2016 for instance VDK and RDK decided on one proposal to increase the space leased by 76 sqm in consequence of moving to another floor in a leased building, with no increase in expenditure on rent, and on another proposal to extend the space leased in a privately-owned building by 35 sqm. Since 1 July 2017⁴³ VDK and RDK have taken note of information from government institutions on ending the deployment of a private sector organisation in an administrative building, and any change to a space not in excess of 20 sqm, and they will decide on changing this deployment when next discussing the proposal for the administrative building in question.

According to CRAB data for 2016 there was 107,000 sqm of vacant office space, of which 85,000 sqm was in administrative buildings owned by the state (i.e. 6 % of the office space registered in CRAB), with 12,000 sqm in Prague. However, CRAB cannot distinguish whether vacant space is on a single floor or in various parts of a building, or whether the object is

³⁹ Section 7 of Act No. 219/2000 Coll.

⁴⁰ Section 47 of Act No. 219/2000 Coll.

⁴¹ Section 14(3) of Act No. 219/2000 Coll.

⁴² Section 45(2) of Act No. 218/2000 Coll.

⁴³ Czech Government Resolution No. 481 of 26 June 2017 on amending the Statutes of the Government Dislocation Committee and the Regional Dislocation Committees.

usable or in need of reconstruction. Some government institutions with insufficient suitable space for their employees have proposed erecting new buildings. The Ministry of the Interior plans to build a new complex of administrative buildings at the Police Presidium of the Czech Republic in Zbraslav in Prague 5. In Audit No. 16/22⁴⁴ the SAO discovered that the Road and Motorway Directorate was discussing the deployment of its employees with ÚZSVM, and when ÚZSVM reported that it had no suitable administrative building, the Road and Motorway Directorate began discussing building premises with the Ministry of Transport.

2. The central property register does not function in a way that could be used to compare buildings in order to optimise property management

Under the CRAB data structure,⁴⁵ Government institutions³ have to enter at least 255 pieces of data for each building registered in CRAB. However, even with this amount of data it is impossible to distinguish buildings serving specific purposes (e.g. police stations, fire stations, technical buildings, etc.). When comparing buildings registered in CRAB it is impossible to take into account any similarities on the basis of the activities performed there. A government regulation⁴⁶ set out the scope and structure of data recorded in CRAB and the time limits for entering it with effect from April 2017, but it is still impossible to use this data to distinguish buildings serving specific purposes.

The recording of individual pieces of data in CRAB was decided in 2011 by the project team, which comprised the CRAB contractor and representatives of ÚZSVM and selected ministries, including the Ministry of the Interior. To record financial data the project team decided to record expenditure items related to individual buildings. The structure of the data recorded was approved by the project's leader, who was from ÚZSVM.

The data recording methodologies for the obligatory recording of data refer to the budget structure;⁴⁷ if an organisation does not use the budget structure, it fills in the individual fields with values that correspond to their descriptions. The expenditure monitored for a building may not correspond to the building's costs in a given year. Any comparison of expenditure with true fuel and energy consumption is therefore limited, as they may not cover the same period. A sample of Ministry of the Interior buildings revealed that in 2015 gas consumption in one building was 375 m³ and expenditure on gas in 2015, calculated in accordance with the data recording methodology for CRAB, was CZK -373,000.⁴⁸ In 2015 the Ministry of the Interior had received an overpayment for the period from January 2014 to January 2015 that was more than the advance payments made in 2015. It is therefore impossible to compare expenditure with consumption in the year in question. In CRAB there is no obligation to record expenditure on services procured internally, nor is there any

⁴⁴ Audit conclusion from Audit No. 16/22 – *State property and finance managed by the Road and Motorway Directorate of the Czech Republic* was published in *Věstník NKÚ* 3/2017.

⁴⁵ The items entered in CRAB, with a description of the individual items, are listed in the data recording methodology.

⁴⁶ Government Regulation No. 41/2017 Coll. on data in the central register of administration buildings, in effect since 1 April 2017.

⁴⁷ Ministry of Finance Implementing Decree No. 323/2002 Coll. on the budget structure.

⁴⁸ The building was declared expendable; it was not used by the Ministry and was put up for sale.

information that not all data has been included for a particular building. In such cases outputs from CRAB do not allow any assessment to be made of the effectiveness and efficiency of spending by simply comparing the data recorded in CRAB.

If an office subject to official secrecy used space in a given building, full data on the number of employees was not recorded for the building, nor was there any information that the data was incomplete.

The SAO also found a discrepancy between the legislation⁴⁹ and the user manual.⁵⁰ In the manual ÚZSVM states that CRAB serves to register administrative buildings used by government institutions for their work, and covers state-owned property and property owned by other legal and natural persons and used by government institutions; an administrative building is a building that serves the performing of the defined activities, with the exception of technical buildings (stores, garages, workshops, etc.) and buildings used for accommodation and recreation. With effect from 1 March 2016, Act No. 219/2000 Coll. has included Section 14a, according to which buildings and related immovable property or parts thereof should be registered in CRAB if they are located on the territory of the Czech Republic and serve or should serve judicial, legislative, administrative and related purposes as part of the functions of the state.

In 2014-2016 the Ministry of the Interior only registered in CRAB – for the entire department other than ZSMV – buildings where administrative work dominated, and buildings used as district police departments and departments of the alien police. In line with the user manual, neither the Ministry nor ZSMV registered separate buildings designated as workshops, garages, archives or stores.

Following the amendment of Act No. 219/2000 Coll., ÚZSVM failed to amend the definition of an administrative building in the user manual and on the non-public CRAB website.⁵¹ The SAO rated this as a risk that government institutions would not register buildings in a uniform way, further worsening the comparability of buildings registered in CRAB.

3. The use of CRAB is limited by incomplete and incorrect data entered by government institutions and used in CRAB reports

In the audit the SAO found that for some buildings:

- total office space did not equal the sum of office space that was in use or vacant;
- the organisation using the building and the financial data had not been entered, even though the office space in the building was recorded as in use and the building was not disposed property;
- it was stated that buildings were registered later than they were removed from the register;

⁴⁹ Act No. 219/2000 Coll.

⁵⁰ The user manual *Práce v systému CRAB obecně* of 2 October 2013, version 5.1 dated 22 March 2016.

⁵¹ In the “Frequently Asked Questions” section.

- no valid legal relation was recorded, even though financial data was recorded for the year in question;
- leased space listed in CRAB reports differed from the data in the legal relations recorded in the standard user view for the building in question in CRAB;
- zero expenditure was listed in CRAB reports even though expenditure was recorded for the building in question in the standard user view in CRAB;
- there was more data with extremely high values when compared with the preceding year, e.g. staff numbers varied year-on-year by hundreds of percentage points.

Although ÚZSVM is aware of the poor quality of the data recorded in CRAB, it has not implemented any effective control mechanisms that would alert users (when entering data into CRAB or subsequently) to any manifestly incorrect, illogical or markedly deviating values. To improve the quality of the data recorded in CRAB, ÚZSVM carries out physical checks of buildings, but it only verifies selected data from the register.

When comparing the data recorded in EKIS and CRAB for a sample of buildings, the SAO found that neither the Ministry of the Interior nor ZSMV had proceeded in line with the data recording methodology when entering data into CRAB, as they did not record recharged expenditure for individual buildings, recording costs rather than expenditure in CRAB.⁵² For all five buildings it registered in CRAB, ZSMV undervalued expenditure for water, sewage and rainwater charges in 2015 by CZK 210,000 (i.e. 13 %). ZSMV also failed to record in CRAB expenditure on outsourced cleaning services for three buildings amounting to CZK 57,000. Of a sample of five buildings, the Ministry of the Interior listed expenditure on electricity for two buildings that was lower by CZK 2.4 million (i.e. 74 %), and for two buildings the Ministry failed to record expenditure on waste disposal amounting to CZK 108,200, and for one building the Ministry recorded expenditure on gas that was CZK 378,500 higher than true expenditure.

The Ministry of the Interior was the sole government institution³ that since 2013 had entered data into CRAB automatically by means of off-line migration.⁵³ The SAO found that in 2015 the Ministry had migrated data for the final quarter as data for the whole of 2015, with expenditure of CZK 261 million and revenues of CZK 2 million. However, according to data from EKIS and REM, 2015 expenditure on managing Ministry of the Interior buildings registered in CRAB was CZK 786 million, and revenues from leasing buildings was CZK 14 million. As the Ministry had registered around a thousand buildings in CRAB by 2015, which was approximately one-third of all buildings registered in CRAB, this was a significant error in recording data which negatively affected the quality of outputs from CRAB for 2015. The Ministry also failed to record the true use of office space in buildings, and recorded gas consumption in gigajoules rather than cubic metres. The Ministry only recorded vacant office

⁵² In its information systems (REM and EKIS) the Ministry of the Interior only monitored the property management costs for buildings. According to the Ministry the yearly difference between expenditure and costs for property management is negligible, and the cost billed gives a more accurate figure for consumption in a given year.

⁵³ The migration of data from EKIS for the Ministry of the Interior, apart from ZSMV, which entered data into CRAB manually.

space in buildings if they were expendable property that was being sold off, and for other buildings it recorded all office space as in use, regardless of a building's true utilisation.

The SAO also examined the completeness and correctness of data recorded in CRAB in other audits. In Audit No. 16/18⁵⁴ the SAO discovered that the State Institute for Drug Control had not entered full and truthful data into CRAB,⁵⁵ as it had failed to record information on office space rented from other entities measuring a total of 1,067 sqm. In Audit No. 13/40 the SAO also found discrepancies in the data recorded in CRAB.

Although CRAB contains more than 30 predefined reports and ad hoc reports,⁵⁶ the SAO discovered that without using the contractor's services it was impossible to obtain a data set from CRAB that would include all of the mandatory data entered into CRAB, structured by the buildings and the organisations using them. The contractor estimated that this request would need four man-days, costing CZK 80,000. The SAO therefore used the reports available from CRAB and did not ask for other sets to be created.

The reports only include select data from CRAB and use various databases, so it is impossible to compare the data obtained from individual reports. According to ÚZSVM the way CRAB is currently set up is satisfactory. Performance indicators can be obtained from the predefined CRAB reports, but they cannot be linked with additional data about a building, e.g. its structural condition. Selected indicators for the Czech Republic as a whole are presented in Annex 5 (tables 5-8), and selected indicators for individual government institutions³ are listed in Annex 2.⁵⁷ The area of buildings used by individual government institutions can only be obtained from CRAB report no. 9 – a summary for the purposes of RDK, VDK or the government. However, report no. 9 only generates a data set for the current date, so it is impossible to obtain retrospective yearly summaries of the total area used by government institutions and the historical trends. Technically CRAB does allow records to be searched and sorted according to the criteria selected, and reports to be printed, which was one of the main objectives for CRAB, but the aforementioned factors limit searching in CRAB and using reports. The SAO also found discrepancies between reports using the same database.

4. ÚZSVM spent more than half a billion koruna on the development and operation of CRAB, but CRAB has not achieved its objectives

One of the objectives for the CRAB project was to make comprehensive information on property available from a single location. According to ÚZSVM, in 2015 CRAB data was 99.9 % complete, but this figure was not based on a clearly-defined overview of property

⁵⁴ Audit conclusion from Audit No. 16/18 – *State property and finance managed by the State Institute for Drug Control* was published in *Věstník NKÚ* 3/2017.

⁵⁵ Section 14a of Act No. 219/2000 Coll.

⁵⁶ An ad hoc report lets a CRAB user create a data set according to the items chosen by the user, but it only works with selected data from the analytical module. The CRAB data structure means that government institutions are obliged to record 255 pieces of data for a building, but an ad hoc report only allows a selection to be made from 137 of them.

⁵⁷ An overview of data from CRAB and selected indicators structured by government institution is available from the National Open Data Catalogue at: <http://data.nku.cz/download/vystupy-z-kontrol/ka-16-26/udaje-z-CRAB.xlsx>.

items, merely on a professional estimate reflecting ÚZSVM’s empirical experience. In 2015 ÚZSVM created a state property map using an inventory of state property listed in the Cadastre of Real Estate. According to this analysis the state owned approximately 44,000 property items in 2015, of which approximately 43,000 were structures and fewer than 1,000 were residential and non-residential units. More than 97 % of these items were 100 % owned by the state, with the remainder in co-ownership. Given that CRAB is defined as a register of administrative buildings, only a negligible proportion of property items owned by the state was registered in CRAB in 2015, with fewer than 3,000 property items in state or co-ownership (i.e. 6 % of the property items owned by the state).

In June 2016 the Minister of the Interior decided to remove certain property from CRAB.²¹ At the time this audit ended not all of these buildings had been removed from CRAB. Individual buildings can be traced in CRAB by transferring buildings to the disposed property administrator, but current data is not recorded for them and they are not included in all CRAB reports. The buildings are therefore not used when calculating indicators in CRAB. The Ministry of the Interior migrated data on more than 1,000 buildings to CRAB, most recently in the first quarter of 2016. The Ministry did not subsequent update the data on buildings already registered in CRAB. The Ministry disposed of 985 buildings in total – see Annex 1 for more details.

Table 4: Expenditure on operating CRAB per building registered⁵⁸ in CRAB

	2014	2015	2016
Expenditure on operating CRAB (CZK million)	75	76	74
Number of buildings in CRAB	3 823	3 798	2 724
Expenditure per building (CZK)	19 703	19 908	26 998

Source: invoices and ad hoc CRAB reports for 2014, 2015 and 2016.

ÚZSVM spent a total of CZK 254 million on the CRAB project in 2010-2012. There was other ÚZSVM expenditure related to the CRAB project, in particular to secure project management and a second round of inventorying buildings, which came to at least CZK 10 million including VAT. In 2012-2016 expenditure on operating CRAB was CZK 290 million, so expenditure on operating CRAB accounts for more than CZK 70 million each year. Annual expenditure per building in 2016 was therefore CZK 27,000 – see table 4.

For comparison, the United Kingdom for instance has since 2000 used the e-PIMS⁵⁹ system as a source of information on property. Originally e-PIMS only featured an application that functioned as a central property register, but over the years other applications were developed in response to the government’s requirements: an application to find vacant space in government-owned buildings, and property and land for lease or sale. e-PIMS

⁵⁸ Buildings registered in CRAB are only those buildings displayed in all types of CRAB reports, and they can be used for making decisions on property management (buildings registered to the disposed property administrator are therefore excluded).

⁵⁹ Electronic Property Information Mapping Service.

therefore serves similar purposes to CRAB. Each year approximately CZK 17 million is spent on running e-PIMS.⁶⁰

The objectives for the CRAB project were also to facilitate the comparability of data, to optimise the deployment of government institutions and their staff, including sharing premises, and to help reduce the costs of managing and leasing property. In the opinion of the SAO, these objectives are a precondition for using CRAB as an instrument that should facilitate the effective and economical use of buildings for government institutions, as prescribed by the legislation.⁶¹ However, achieving these objectives has been hampered by the factors described in parts III.2 and III.3 of the audit conclusion. As the data recorded in CRAB is incomplete and incorrect, and because without modifying the reports it is impossible to obtain all the obligatory data on buildings entered into CRAB, structured by organisation, it is impossible to use data from CRAB to assess whether there has been any reduction in the costs of managing and leasing property.

Other objectives for the CRAB project have been met: to provide a single location to present offers of government institutions' expendable property, a single location to transparently present offers of property to be built, available to a broad public, and the geospatial screening of property and resolving any conflicts related to sites, an integrated access point for planned central registers, including access to existing registers, and unifying the methodology for clearly identifying property in order to prevent any duplication due to incoherency between records.

In its annual report for 2016, ÚZSVM declares that thanks to its work and how it used data from CRAB (e.g. alerting to excessive values, redeploying staff), savings were achieved in spending on operating buildings. Based on CRAB reports for 2015, ÚZSVM also evaluated the level of spending on services and commodities, square metres of office space per employee, and rent per square metre. ÚZSVM compared office space per employee with a benchmark figure that it set at 12 sqm. For all other indicators it compared how far they deviated from the average. Through its delegates on VDK and RDK, ÚZSVM then addressed individual institutions where excessive values had been identified and asked them to adopt appropriate measures or provide an account of these values. However, this approach depends solely on the willingness of other government institutions to cooperate with ÚZSVM and its delegates on VDK and RDK.⁶²

In its annual report for 2016, ÚZSVM states that there was a year-on-year reduction of CZK 409 million in spending on buildings used by the state. ÚZSVM calculated this level of savings on the basis of a simple comparison of the data recorded in CRAB for 2014 and 2015. When checking CRAB data, the SAO discovered that the Ministry of the Interior had entered incomplete data for 2015 into CRAB, and had reduced the funds spent on managing buildings by CZK 525 million – see part III.3 of the audit conclusion for details. The SAO maintains that when using the same calculation method and taking into account complete

⁶⁰ i.e. GBP 500,000 p.a. at the average GBP/CZK exchange rate in 2016 (GBP 1 = CZK 33.121).

⁶¹ Section 14a(1) of Act No. 219/2000 Coll.

⁶² Of a total of 2,475 alerts in 2015-2016, the institutions concerned did not respond to 866 (30 %) of them.

data for the Ministry of the Interior for 2015, there was in fact a year-on-year increase of CZK 116 million in total expenditure on managing buildings registered in CRAB. The savings declared were therefore not achieved.

ÚZSVM also claimed⁶³ that working with data from CRAB had resulted in year-on-year savings of CZK 100 million. According to ÚZSVM, in 2015 and 2016 there were 90 redeployments of government institutions, bringing total savings of CZK 116 million p.a. The SAO did not examine redeployment in 2016, with savings of CZK 29 million, and focused only on redeployment in 2015, which apparently brought savings of CZK 87 million. The SAO found that in some cases redeployment had not been implemented on the basis of the work of ÚZSVM or data from CRAB, or that it was not implemented at all, or was based on incorrect data. For these reasons the SAO concludes that savings for redeployment implemented in 2015 were a maximum of CZK 26 million (i.e. 30 % of the savings declared for 2015).

In response to a request from the Government Council for Information Society for an analysis looking at options for remedying the exclusive reliance on a single contractor, a document was produced, *Preparing RFI*,⁶⁴ for a new information system for ÚZSVM. The document covers the option of terminating CRAB and transitioning to a new system that should include the functions of the ISMS and CRAB systems, even though these systems support different agendas, different activities and different users. This strategy will not reduce ÚZSVM's reliance on a single contractor for its information systems, as the new information system will include and support multiple agendas that are incompatible in terms of their content and functions.

Based on the legislation and the functioning to date of support for information system processes and architecture, the SAO judged CRAB to be a self-contained information system. ISMS supports processes related to the management of the property that ÚZSVM is responsible for managing. ISMS was defined as an important public administration information system with a high degree of accessibility. It supports the management of state property, and any system downtime has a critical impact on the work of ÚZSVM. CRAB supports processes for the registration of buildings in which state employees are placed, and records expenditure related to managing these buildings. Information from CRAB on administrative buildings transferred to ÚZSVM in accordance with the legislation have to be re-entered into ISMS, and if the data in ISMS is upgraded it is exported back to CRAB at the defined time intervals.

The SAO classified CRAB as a self-contained information system because:

- CRAB supports different activities than ISMS and serves all government institutions, not just ÚZSVM;

⁶³ Available at: <http://www.uzsvm.cz/cervenec-2434-0-85/ministerstvo-financi-zpristupnilo-dalsi-data-tentokrat-z-registru-budov-125111/>.

⁶⁴ Request for Information.

- users access CRAB by means of licences issued especially for this purpose – like all government institutions, ÚZSVM employees have to use special codes and licences to access CRAB and do not enjoy any preferential treatment related to their access to ISMS;
- CRAB was technologically separated, its accessibility was set lower than ISMS, and any system downtime should not affect the work of ÚZSVM;
- CRAB has its own event log;
- CRAB has its own application database;
- data entered into CRAB can be used in another information system, but only via a data communications interface (this also applies to ISMS).

CRAB is a public administration information system, but at the time the SAO completed this audit it had not been added to the list of public administration information systems.⁶⁵ The information system on public administration information systems does not therefore have data on the administrator and operator of CRAB, its purchasing costs and annual operating costs, its data elements and any information on whether CRAB has a public component.

The existence of CRAB was established with effect from 1 March 2016 by legislation⁶⁶ that also transferred the function of system administrator from ÚZSVM to the Ministry of Finance. However, the function was not in fact transferred to the Ministry of Finance, as both parties considered the legislation to be defective, and the Ministry of Finance never acted as the administrator for CRAB. With effect from 1 July 2017, new legislation⁶⁷ transferred the role of CRAB administrator back to ÚZSVM.

5. The Ministry of the Interior failed to monitor and evaluate expenditure on property management

The Ministry of the Interior did not set any targets for the department as a whole for property management in the period 2014-2015, other than targets related to satisfying the conditions for state budget financing for asset replacement programmes, especially when they concerned investments in immovable property that resulted in technical improvements to it. The Ministry did not therefore create the preconditions for setting criteria, in line with Section 4(2) of Act No. 320/2001 Coll. on financial auditing in public administration, amending certain acts (Financial auditing Act), that would facilitate an evaluation of the economy, efficiency and effectiveness of expenditure on immovable property in 2014 and 2015. ZSMV produced annual investment plans that included the most essential use of investments.

In an internal regulation the Ministry of the Interior set out the procedure for the ministry's departments when defining the floor area and furnishings for employees' rooms in the

⁶⁵ Section 5(2)(e) of Act No. 365/2000 Coll. on public administration information systems, amending certain acts.

⁶⁶ Act No. 51/2016 Coll., amending Act No. 219/2000 Coll. on the property of the Czech Republic and its representation in legal matters, as amended, and certain other acts.

⁶⁷ Act No. 104/2017 Coll., amending Act No. 365/2000 Coll. on public administration information systems, amending certain acts, as amended; Act No. 181/2014 Coll. on cyber security, amending related acts (Cyber Security Act); certain other acts.

ministry's individual buildings, in line with their occupational category, and the criteria for classifying the different types of offices were the way in which they were laid out and the number of desks in an office. However, REM does not allow any monitoring of the relations between posts and individual properties and rooms. In REM the use of office space is derived merely from data on the need for a particular building.

The SAO concludes that despite minor deficiencies, apart from data concerning legal relations, data from the Ministry of the Interior's information systems provides a basis for analyses aimed at evaluating the efficiency of managing buildings.

In the sample selected the SAO discovered that ZSMV had entered different data on staff numbers into CRAB and REM. Neither CRAB nor REM have full information on a building (e.g. the number of employees) if a building includes offices that come under some degree of classification.⁶⁸ Nor was it possible to use data from REM to determine the exact nature of a building. For instance, both a chateau with 254 sqm of office space (12 % of the total) and a fire station with 16 sqm of office space (3 % of the total) were listed as administrative buildings. ZSMV also registered an atomic shelter with 183 sqm of office space (3 % of the total) as an administrative building, even though ZSMV has stated that it does not satisfy the criteria for an administrative building. In contrast, a building with 927 sqm of office space (77 % of the total) and another building with 1,392 sqm of office space (57 % of the total) were not listed as administrative buildings. When defining the type of building, the Ministry's employees did not always proceed in a uniform way, meaning it is impossible to distinguish buildings used for specific activities and compare these buildings in order to optimise property management. These deficiencies must be taken into account when evaluating data to assess the efficiency of the management and utilisation of property.

Table 5: Ministry of the Interior performance indicators

Indicator	2014		2015		2016	
	Total	Admin. buildings	Total	Admin. buildings	Total	Admin. buildings
Total costs per sqm (CZK)	476	556	446	513	454	520
Total cost per employee (CZK)	28 885	19 254	28 317	18 049	28 960	18 435
Total space per employee (sqm)	61	35	63	35	64	35
Office space per employee (sqm)	13	12	13	12	13	12
Other space per employee (sqm)	47	23	51	23	51	24

Source: REM.

Table 5 presents the performance indicators calculated from the data recorded in the Ministry of the Interior's information systems. Based on calculating the performance indicators for 2014-2016, it can be claimed that there was greater cost-effectiveness for property management, as the costs per square metre fell by CZK 36 and the costs per employee fell by CZK 819, even though total space and the total number of employees increased over this period. However, it must be noted that the data recorded is incomplete.

⁶⁸ In accordance with Act No. 412/2005 Coll. on the protection of classified information and on security capability.

The performance indicators are affected by the fact that not all employees deployed in a given building are recorded, and also because not all property management costs are recorded for a building. As in CRAB, only expenditure on outsourced services is recorded for buildings, while the costs of work performed by the Ministry's employees are not divided among the buildings. ZSMV, which provides cleaning services for 45 of the Ministry's buildings, calculated the expenses for wages and cleaning products to be CZK 31 million in 2015, but these costs were not recorded for the individual buildings.

The SAO discovered that for selected Ministry and ZSMV buildings the performance indicators diverged from the average values, e.g. because specialised offices were located in the buildings. Electricity costs for the Ministry diverged from their anticipated values because they were only recorded for one building even though the electricity was consumed in two buildings located at different sites, or a building was expendable.

Having applied the selected methods⁶⁹ to determine the values for the indicators that should be used to assess the efficiency and effectiveness of expenditure on managing property, the SAO concludes that on the basis of the data recorded in the information systems (REM and CRAB) it is impossible to determine the values for these indicators. For an objective determination of the reasons for the discrepancies between true and anticipated or average costs, each building has to be analysed individually and the causes and circumstances identified that lead to the deviation from the anticipated values. To date, however, the Ministry of the Interior has not carried out these analyses.

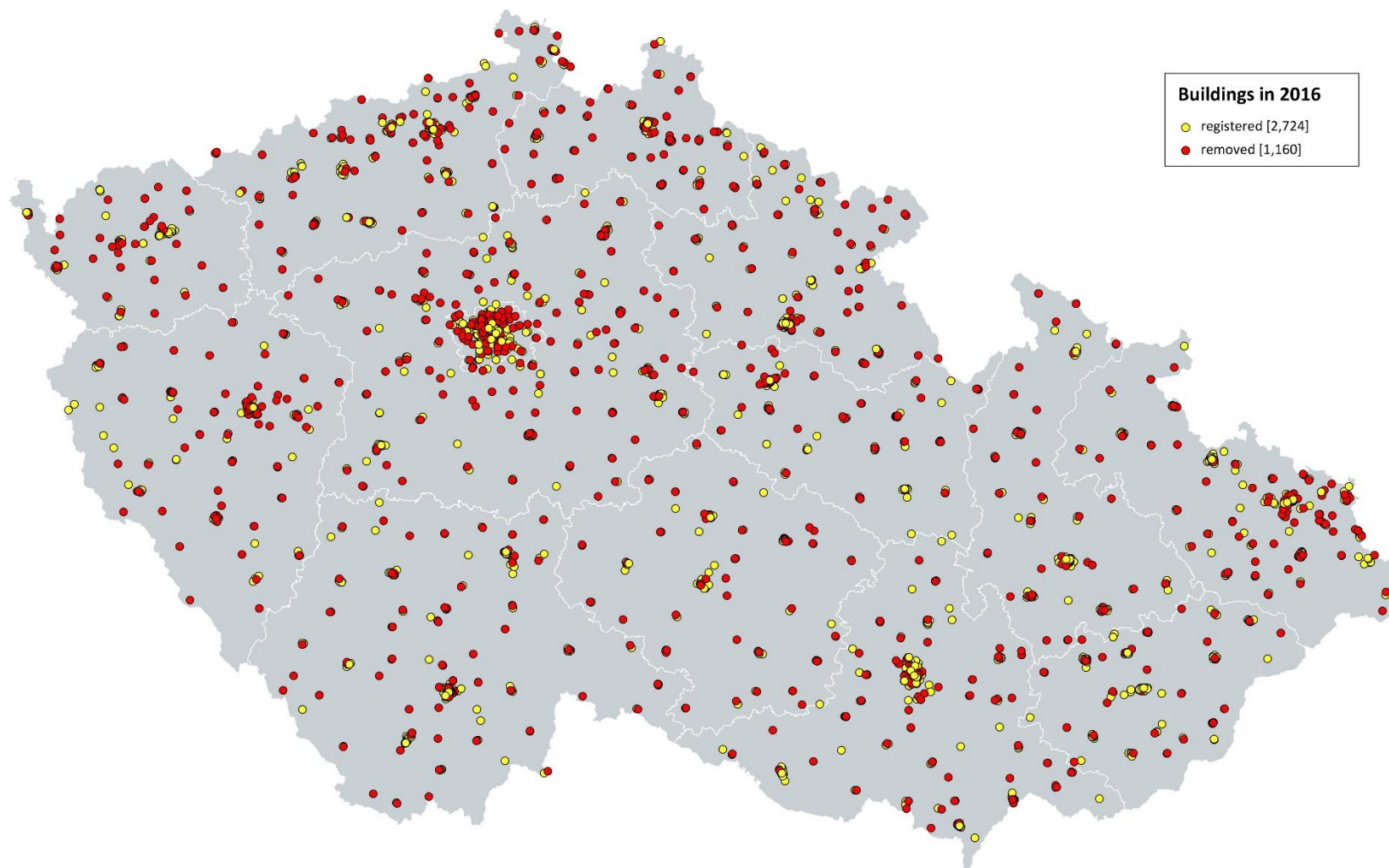
From the data recorded in EKIS for decision-making by management, the Ministry of the Interior only processed a list of property and an overview of contractual relations and any changes to them. The Ministry did not assess the level of expenditure on property management. In the period covered by the audit, the Ministry did not propose any systemic measures for its subordinate organisations concerning managing the Ministry's property. The Ministry did not satisfy the requirements of Section 39 of Act No. 218/2000 Coll., as it failed to monitor or evaluate expenditure on managing the Ministry's property, and it failed to use information from EKIS and REM for decision-making by management. In 2015 and 2016 ZSMV also failed to use data from the information systems for decision-making by management, and it also failed to monitor or evaluate expenditure on managing property. The ZSMV did not have an overview of expenditure on managing property that was financed from its operational funding from the Ministry of the Interior.

⁶⁹ Comparing buildings based on ratios calculated from the data recorded in the information systems, and a method using multiple regression models while taking into account a larger number of pieces of data on buildings.

Abbreviations

CEM	Central Property Register (the information system in Slovakia)
CRAB	Central Register of Administration Buildings (the information system in the Czech Republic)
ČR	The Czech Republic
EKIS	Financial Information System of the Ministry of the Interior (the information system in the Czech Republic)
e-PIMS	Electronic Property Information Mapping Service (the information system in the UK)
FTE	Full time equivalent
GPA	Government Property Agency
GPF	Government Property Finder
GPU	Government Property Unit
HU	Hungary
ISMS	State Property Information System (the information system in the Czech Republic)
JŘBU	negotiated procedure without publication (public procurement procedure)
KPI	Key performance indicators
MV	The Ministry of the Interior
NERV	The National Economic Government Council
NKÚ	The Supreme Audit Office
projekt CRAB	the EU subsidized project Modifying the state property information system as a special graphic data layer over the Registry of Territorial Identification, Addresses and Real Estate
PuRE-net	Public Real Estate Network (the international organization)
RDK	Regional Dislocation Committees
REM	Real Estate Management (the information system in the Czech Republic)
ROPK	Register of Offered Government Assets (the information system in Slovakia)
SEPIe	Financial and Project Information System in eGovernment (the information system in the Czech Republic)
SK	Slovakia
UK	The United Kingdom
ÚZSVM	The Office for Government Representation in Property Affairs
VDK	the Government Dislocation Committee
ZSMV	the Service Facility for the Ministry of the Interior

Annex 1: Change in the number of buildings registered in CRAB according to data for 2015 and 2016



Note: 2,724 buildings registered in CRAB according to data for 2016 are shown in yellow. 1,160 buildings no longer registered in CRAB according to data for 2016 are shown in red. Of these, according to data for 2015 1,111 buildings were registered in CRAB with a specific building administrator, and according to data for 2016 they were newly registered to the disposed property administrator. According to data for 2015, the remaining 49 buildings were registered in CRAB with a specific building administrator, but according to data for 2016 they were no longer registered in CRAB. The administrators for 985 buildings that according to data for 2016 were registered to the property administrator were, according to data for 2015, organisations under the Ministry of the Interior.

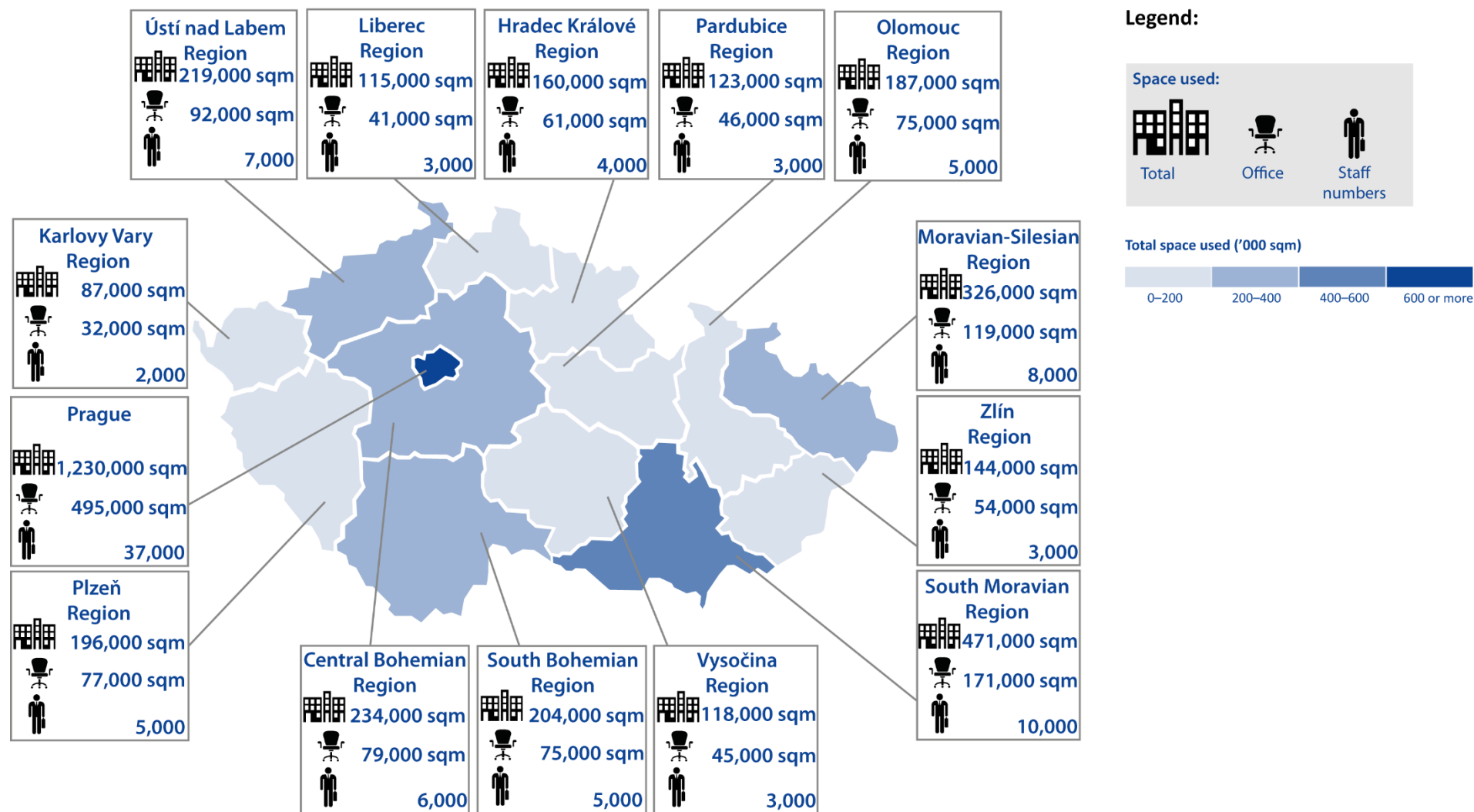
Source: ad hoc CRAB report for 2015 and 2016.

Annex 2: Data from CRAB for 2016 by state institution

This annex is available from the National Open Data Catalogue at:

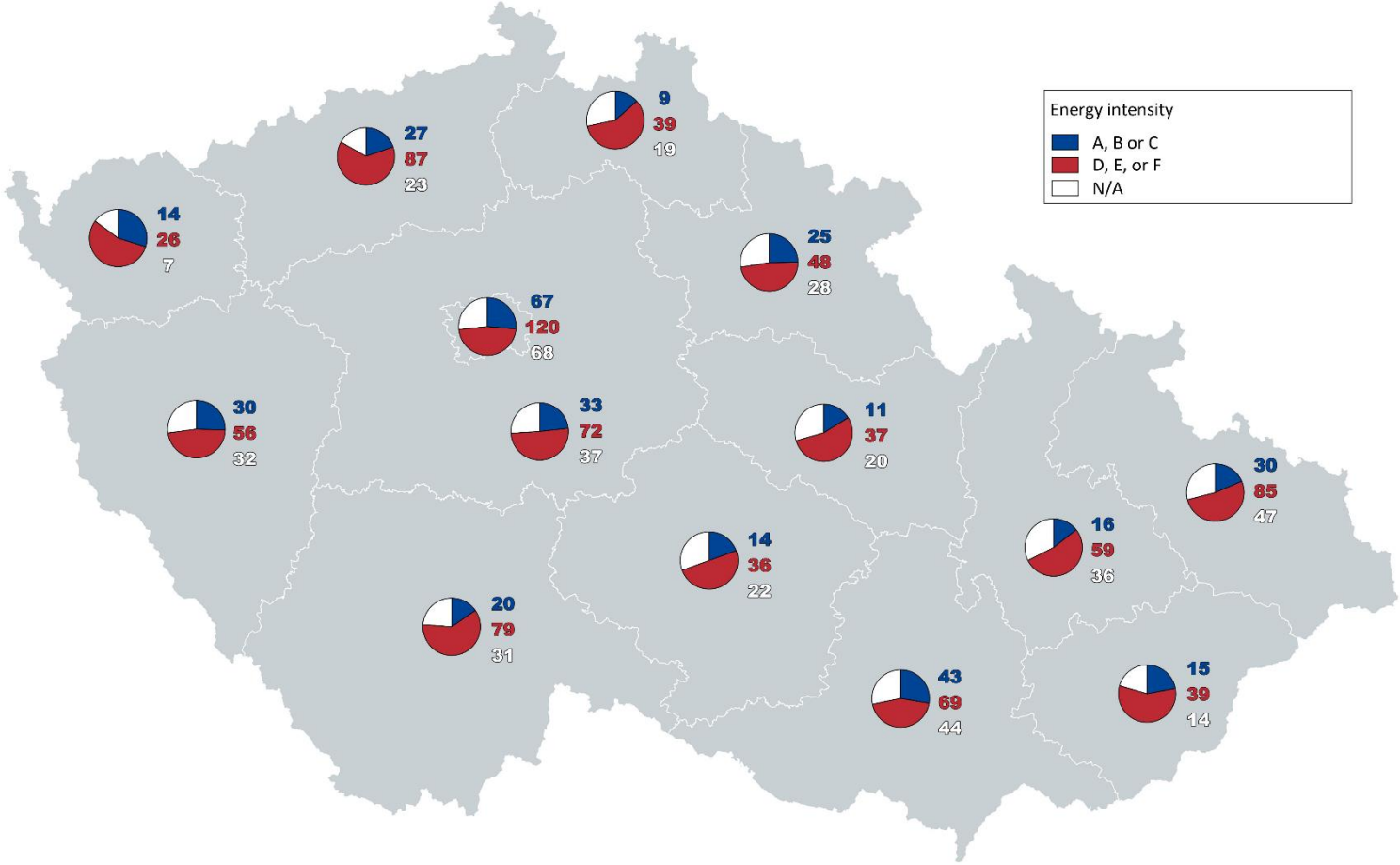
<http://data.nku.cz/download/vystupy-z-kontrol/ka-16-26/udaje-z-CRAB.xlsx>.

Annex 3: State institutions by region – space used and number of employees in 2016



Source: CRAB Analytical Module Report No. 16a – average space per person and average expenditure for running and maintenance per sqm for 2016.

Annex 4: State-owned administrative buildings by energy intensity classification in individual regions



Note: Building energy intensity: A – exceptionally economical, B – very economical, C – economical, D – less economical, E – uneconomical, F – very uneconomical, G – exceptionally uneconomical.
 Of the total 428 buildings for which no energy intensity classification grade was listed, the energy label had not been completed for 14 buildings, and the remaining 414 buildings were not subject to the obligation to carry out an energy audit.

Source: ad hoc CRAB report for 2016.

Annex 5 – International Comparison

Within the scope of international cooperation on the BIEP⁷⁰ project, the SAO compared immovable property (hereinafter referred to as “property” or “estate”) management systems in place in Slovakia, Hungary and the United Kingdom (UK), specifically how they are set up and function, as well as the related information support. Due to historical circumstances, the Czech Republic, Slovakia and Hungary had similar starting positions. These three states have now been gradually taking basic steps leading to rationalisation decisions in property management. Several of these steps have already been implemented in the United Kingdom and have made it possible to track chosen performance indicators not only on the level of public administration in its entirety, but also on the level of individual property items, such as buildings. Table 1 contains a comparison of the property management systems and how they function in each of the mentioned countries, including the information systems used in this field.

The selected countries (the Czech Republic, Slovakia, Hungary and the United Kingdom) share a characteristic attribute in their government property management: a decentralised system. This is understood as an approach that is based on property management by the various government institutions that usually use these buildings for their needs. Unlike Slovakia and Hungary, the United Kingdom has taken steps to centralise property management⁷¹ through a government executive agency: The Government Property Agency (the “GPA”), which planned to begin operations in September 2017.⁷²

To date, the Czech Republic and Slovakia have not adopted or implemented property strategy that would comprehensively address the objectives, needs and visions of the government in this area. The United Kingdom is different in this respect, as the issue of management, use and optimisation of government property is dealt with continually. Testifying to this is a host of strategic documents and decisions adopted in recent years. The UK government adopted a nationwide property ownership and management strategy in 2013 and updated it in 2014. The main objectives of this strategy include rationalisation of the property portfolio and a reduction in its utilisation costs, as well as using property as an enabler for local economic growth and transforming the way the civil service works through ‘smart working’⁷³. This strategy was drawn up by the Government Property Unit (the “GPU”), which is part of the Cabinet Office of the UK government, and whose role is to oversee all

⁷⁰ The Benchmarking Information Exchange Project (BIEP) is implemented based on Section 16 of Act No. 166/1993 Coll., on the Supreme Audit Office.

⁷¹ The New Property Model should arrange by 2020 the centralisation of ownership and management of central government office space and other real estate and then transfer such property to a new agency (the GPA), which will be responsible for managing it. The GPA is then to let or sublet such space to government tenants at market prices. The purpose of such tenant fee is to ensure greater transparency of costs and provide motivation for greater cooperation.

⁷² Progress on the government estate strategy, report is available on: <<https://www.nao.org.uk/report/progress-on-the-government-estate-strategy/>>

⁷³ Smart Working is about taking a comprehensive and strategic approach to modernising working practices across Government.

government property (land and buildings), and contribute to its effective management and create an effective and efficient government estate.⁷⁴

⁷⁴ Government Estate Strategy 2014

Table 6: Comparison of property management systems in selected countries

Assessed area	Czech Republic	Slovakia	Hungary	United Kingdom
Centralised property management	No	No	No	In progress
Organisation contributing to/taking part in property management decisions on the central level	Government Dislocation Committee (VDK), Regional Dislocation Committee (RDK), Office for Government Representation in Property Affairs (ÚZSVM)	None	No	GPU, GPA
Organisation managing immovable assets	Government institutions, ÚZSVM	Government institutions	Government institutions	Government institutions, GPA
Property management strategy	No	No	N/A	Yes
Centralisation of management of expendable property	Yes, at ÚZSVM according to Section 19b of Act No. 219/2000 Coll.	No, only central register of expendable property (ROPK)	No	No, only central register of expendable property (Government Property Finder e-tool)
Offer of expendable property	Property registered in CRAB (Central Register of Administrative Buildings) is offered to other government institutions in CRAB. Other property not registered in CRAB is offered on the ÚZSVM website according to Section 19c of Act No. 219/2000 Coll.	ROPK	e-auction	GPF
Existence of central property register	Yes, only assets defined under Section 14a of Act No. 219/2000 Sb. (CRAB)	CEM	Yes	e-PIMS
- Administrator/operator	Ministry of Finance / ÚZSVM	Ministry of Finance / DataCentrum	NAM	GPU
- Public/non-public	Non-public (open-data)	Partially public and non-public	non-public	Non-public (open-data)
- Content of register	Registration data, economic data	Only registration data	N/A	Registration data, economic data
- Data checks/corrective measures	Physical check	No	N/A	Yes
Key performance indicators	Yes	No	Yes	Yes

Source: Information obtained from audits and within international cooperation of supreme audit institutions (BIEP).

One of the UK's objectives in property management is to achieve an average net internal area⁷⁵ of 8 sqm per FTE⁷⁶ in 2018. This objective should be achieved by a set of measures aimed at optimising property use and management and changes in employment policy, i.e., from greater support and expansion of the shared desk and home office concepts, through the development of hubs (i.e., buildings used by several departments, including public bodies), to the maximum use of information and communication technologies that will allow greater efficiency and job flexibility.⁷⁷ The implementation of such measures in the UK contributed in 2012-2016 to a reduction in an average area per person of 2.6 sqm (i.e., by 20%), a reduction in cost per person by £ 737 (i.e., by 14 %) and a reduction of unused space by 163,000 sqm (i.e., by 60%). See tables 2, 3 and 7 for more information.

Unlike utilised property, long-term expendable property in the Czech Republic is transferred and concentrated at a specific institution: The Office for Government Representation in Property Affairs (Úřad pro zastupování státu ve věcech majetkových, "ÚZSVM"), which is responsible for managing property and its other uses. ÚZSVM offers expendable property to other government institutions or leases or sells it to parties outside public administration. In Slovakia and the UK, expendable property is registered centrally and placed on offer, with Slovakia using the electronic Register of Offered Government Assets (Register ponúkaného majetku štátu, "ROPK") and the UK using the electronic Government Property Finder ("GPF"). Expendable property in these countries and in Hungary are not centrally managed by a specific institution.

From the perspective of information support, neither Slovakia nor Hungary have a system similar to the Central Register of Administration Buildings (Centrální registr administrativních budov, "CRAB"). In Hungary real estate assets are centrally registered and the evidence is managed by the National Asset Management organisation ("NAM"), however no further information on this evidence has been found. Supreme audit institution Hungary has not performed this kind of audit yet. In Slovakia, the Central Property Register (Centrálná evidencia majetku, "CEM") is used for keeping a central record of basic data on property used for government operations. CEM is a database accessible to the public on the respective website, which provides basic information about a building, except for data about its management. Economic data is recorded in separate information systems used by various government institutions; nevertheless, no unified, mandatory classification of data by building is laid down. For now, economic data is not used for analysing and benchmarking as is the case in the Czech Republic or the UK.

Since 2000, the UK has been using the Electronic Property Information Mapping Service ("e-PIMS"). Since 2005, all central government bodies have been under the obligation to enter information about property. What was originally just a recording tool has, over time,

⁷⁵ Net Internal Area (NIA) is the usable area within a building measured to the internal face of the perimeter walls at each floor level. It includes meetings rooms, kitchens, built-in cupboards, ramps and non-shared entrance halls.

⁷⁶ Full time equivalent (FTE) represents the equivalent of a full-time employee.

⁷⁷ Government Estate Strategy 2014

become an information platform for a host of applications supporting property management, allowing for the benchmarking of various buildings, the recording and monitoring of engineering projects and the sharing of space for the purpose of minimising expenditures. This entire application platform costs £ 500,000⁷⁸ a year to run⁷⁹. The e-PIMS information system serves the same objectives as CRAB; however, the e-PIMS information system costs markedly less to run annually than CRAB.

e-PIMS records various types of buildings and land; conversely, CRAB records predominantly administrative buildings and the land on which these buildings stand.

Table 7: Data on property in the United Kingdom

Data on property	2012	2013	2014	2015	2016
Number of property records (including land) in e-PIMS	-	-	≥100 000	150 000	209 000
Number of holdings	5 957	5 469	5 195	4 900	4 653
Net internal area (NIA) in sqm '000	9 720	9 040	8 580	8 314	8 007
Vacant space in sqm '000	274	223	204	164	111
Total annual operating cost ⁸⁰ in £ millions	3 135	2 989	2 924	2 697	2 550

Source: The State of Estate in 2012, 2013, 2013/2014, 2014-15, 2015-16.

When comparing countries, the UK, the Czech Republic and Hungary monitor and assess the key performance indicators (“KPIs”) associated with optimisation in the area of property management and utilisation. Hungary monitor the KPI⁸¹ only for the needs of the National Building Energy Strategy and Action Plan.

In the UK, the GPU monitors KPI benchmarking in these areas: efficiency⁸², environmental sustainability⁸³ and effectiveness⁸⁴. The selected KPIs are set in Tables 3, 7 and 8.

Table 8: Selected KPIs in 2012–2016 in the United Kingdom

Indicator	2012	2013	2014	2015	2016
Cost per person (employee) in £ ⁸⁵	5 324	4 918	4 944	4 727	4 587
Space per workstation ⁸⁶ in sqm	13	12	11	10	10

Source: The State of Estate in 2012, 2013, 2013/2014, 2014-15, 2015-16.

⁷⁸ Preliminary calls for public tenders are available on:

<<http://ted.europa.eu/udl?uri=TED:NOTICE:355005-2012:TEXT:EN:HTML>>.

Basic information about concluded e-PIMS operation agreements can be found on:

<<http://ted.europa.eu/udl?uri=TED:NOTICE:123264-2013:TEXT:EN:HTML>>

⁷⁹ The department staff costs relating to evidence of data are not included.

⁸⁰ Total annual operating cost includes annual property occupation costs, property management costs, business support costs and capital charges. Income from sub-letting and charges for use of facilities are subtracted from total expenditure.

⁸¹ Average space m², Average specific energy consumption kWh/m²/year, Renovation depth, Building heating energy demand.

⁸² Cost per person, space per workstation, cost per sqm, space per person.

⁸³ CO₂ per person/per sqm, non-recycled waste per person, water consumption per person, management practice score.

⁸⁴ Facilities score, compliance and flexibility score, work environment score, health and safety score, functional suitability score.

⁸⁵ Cost per person is the annual running cost of a building divided by the number of FTE staff based at the property.

⁸⁶ The space per workstation is calculated as the total number of workstations divided by the occupied usable space (sqm NIA) in the building.

In the UK, only certain buildings recorded in e-PIMS are benchmarked. Administrative office occupations over 500 sqm must be included in the benchmarking; smaller offices may also be included, however. About a thousand buildings with a total area of almost 3 million sqm are included in the benchmarking (i.e., 35% of the total area of the buildings). See Table 4 for more information.

Table 9: Data included in the calculation of indicators in the United Kingdom

Data included in the calculation of indicators	2012	2013	2014	2015	2016
Benchmarked occupations	1 117	988	965	951	1 031
Net internal area (NIA)/Total occupied space in sqm '000	3 569	3 214	2 965	2 817	2 833
Total office-based FTE in '000	274	271	263	271	273
Total benchmarked property cost in £ millions	1 463	1 331	1 300	1 281	1 254

Source: The State of Estate in 2012, 2013, 2013/2014, 2014-15, 2015-16.

The National Economic Government Council (Národní ekonomická rada vlády, “NERV”), which was an independent advisory body to the government, was tasked with setting up and implementing KPIs in the Czech Republic in 2009–2013. NERV had eleven working groups, of which one focused on KPIs in public administration. The working group analysed the possibility of using KPIs for managing the government and its institutions to achieve savings⁸⁷ in, e.g., property management, and proposed to the government a more effective system for managing government operating costs using KPIs.⁸⁸ The working group focused on the various KPIs, not on the method of obtaining the necessary input data. The working group also recommended grouping data particularly by size, the public service provided and character of an organisation’s function.

As stated in Parts I.2 and III.2 of the audit conclusion, CRAB does not allow differentiation of the character of buildings that serve specific purposes. Using the data recorded in CRAB to calculate KPIs is also limited by the fact that in the case of each building, not all employees who are deployed there are recorded, nor are the costs recorded for each building complete. In its various reports, CRAB makes it possible to display about 80 KPIs, such as office space per person, operating cost per sqm of space/per person, actual rent paid per sqm of space/per person, etc. All KPIs relate to the effectiveness of the buildings. KPIs for environmental sustainability, satisfaction etc. are not used in the Czech Republic; furthermore, the data required to calculate such indicators are not recorded in CRAB. KPIs obtained from CRAB are used particularly for calling the attention of government institutions to above-average values by way of letters sent by ÚZSVM or the dislocation committees⁸⁹.

As mentioned in Parts I.3 and III.3 of the audit conclusion, it is not possible to obtain complete information about buildings from CRAB, and CRAB reports cannot be compared

⁸⁷ This emerged from analysed experience from abroad, the experience of experts and the results of the pilot project.

⁸⁸ The document *Management of Selected Areas of Public Administration using KPIs* developed by the working group can be found at: <https://www.vlada.cz/assets/media-centrum/aktualne/NERV_JanProchazka_KPI.pdf>.

⁸⁹ Government Dislocation Committee (Vládní dislokační komise, “VDK”) and Regional Dislocation Committee (Regionální dislokační komise, “RDK”).

against one another; it is therefore not possible to obtain the value of all KPIs in respect of the same database. Parts I.3 and III.3 of the audit conclusion also describe discrepancies in the data recorded in CRAB. Table 5 sets out the indicators from a chosen CRAB report. Indicators are calculated from administrative buildings, i.e., buildings with their purpose of use being office space according to the CZ-CC classification of construction work⁹⁰.

Table 10: Selected KPIs in 2013–2016 in the Czech republic

Indicator	2013	2014	2015	2016
Purchase of fuel and power per sqm of total usable floor space ⁹¹ in CZK	363	339	285	220
Actual rent paid per sqm of sublet space ⁹² in CZK	1 401	1 262	1 150	1 559
Actual rent paid per person in sublet space ⁹³ in CZK	26 280	30 721	25 804	32 032
Actual rental income per sqm of sublet space ⁹⁴ in CZK	1 250	1 193	1 563	1 657

Source: CRAB Analytical Module Report No. 13b – Building expenditure indicators (average for the Czech Republic) and CRAB Analytical Module Report No. 14b – Comparison of rental income and expenditure indicators over time (average for the Czech Republic).

Selecting and setting KPIs are also discussed within the international organisation Public Real Estate Network (“PuRE-net”)⁹⁵, whose members include the Czech Republic, Slovakia and the UK. Within this organisation, KPIs are used to help compare and assess property management; this effort is, however, complicated by the markedly different position (due to different legal forms, powers, financing, entrusted portfolio, etc.), classification of data in the information systems and the objectives of each member organisation.

In May 2017, a meeting of PuRE-net took place in Prague to discuss KPIs in connection with government property management. The most frequently mentioned KPIs that PuRE-net members agreed to share and compare were:

- Occupancy rate
- Operating cost per sqm
- Space per person

Comparing KPIs between each country is limited by the different input value methodologies used. For example, the Czech Republic records total and office space, while the UK records net internal area. Furthermore, the Czech Republic requires that expenditure be recorded with respect to buildings, while the UK requires cost. The value of indicators for the Czech Republic are further influenced by the fact that until 2014, CRAB was not filled with data, and as of 2016, the number of registered buildings fell by almost a third.

⁹⁰ Available at: <https://www.czso.cz/csu/czso/klasifikace_stavebnich_del_-cz_cc-_platna_od_1_10_2009>

⁹¹ The indicator is calculated as fuel and power expenditures divided by total area. Only validated occupations that do not have a zero value and do not have zero expenditure on consumption are included in the calculation.

⁹² The indicator is calculated as rental expenditure divided by sublet space according to legal relationships. Only validated occupations and validated and effective user rights are included in the calculation.

⁹³ The indicator is calculated rent expenditure divided by the number of FTEs. Only validated occupations and validated and effective user rights are included in the calculation.

⁹⁴ The indicator is calculated as rental income divided sublet space by legal relationship. Only validated occupations and validated and effective user rights are included in the calculation.

⁹⁵ This organisation associates predominantly government entities managing property in their respective country. PuRE-net was established in 2007 and now associates institutions from 21 European countries. The objective is the exchange of experience to increase effectiveness of management of government property, particularly buildings.

Table 11: Building occupancy rate⁹⁶

Country	Indicator	2012	2013	2014	2015	2016
CR	Space used by government institutions	-	-	5 368	5 363	3 907
	Unused space	-	-	331	332	338
	Building occupancy rate ⁹⁷ in %	-	-	93.8	93.8	91.3
UK	Building occupancy rate ⁹⁸ in %	97.2	97.5	97.6	98.0	98.6

Source: CRAB Analytical Module Report No. 15 – Total, The State of Estate in 2012, 2013, 2013/2014, 2014-15, 2015-16.

In the UK, unused building space fell faster than net internal area, and in the period 2012–2016, the building occupancy rate increased to 98.6 %. In comparison, the building occupancy rate in the Czech Republic in the period 2014–2016 dropped to 91.3%.

According to CRAB data for 2016, average used office space per person amounted to 14 sqm, whereas the recommended office space⁹⁹ was 12 sqm per person. Whereas in the UK, as a result of a comprehensive approach, the average area per person is decreasing, in the Czech Republic it is remaining the same (see Table 7). As net internal area used in the UK also includes meeting rooms, kitchens, built-in cupboards, ramps and non-shared entrance halls, the average space per person indicator in the UK should be compared rather with the average total space per person, as office space includes only offices. In the Czech Republic, average total space per person in sqm is three times the average space per person in the UK.

Table 12: Average space per person indicator

Country	Indicator	2012	2013	2014	2015	2016
CR	Average total space per person ¹⁰⁰ in sqm	-	34	37	37	38
	Average office space person ¹⁰¹ in sqm	-	13	14	14	14
UK	Average space per person ¹⁰² in sqm	13	12	11	10	10

Source: CRAB Analytical Module Report No. 16a – Average space per person and average expenditures for operation and maintenance per sqm, The State of Estate in 2012, 2013, 2013/2014, 2014-15, 2015-16.

According to CRAB, the average operating cost per sqm in the CR amounted to CZK 734 (see Table 8). In 2016,¹⁰³ the cost per sqm in the UK was, when converted to Czech crowns, almost CZK 14,000 higher. This is very likely to be influenced by different input data, different utility prices and the building occupancy rate. If this comparison is to be more informative, purchasing power parity would also have to be taken into account.

⁹⁶ Percentage of utilized area in all objects and total area of all objects.

⁹⁷ The building occupancy rate indicator values were calculated as the difference between the space used by government institutions and unused space divided by the space used by government institutions.

⁹⁸ The values were calculated from the values indicated in Table 2 as the difference between net internal area and unused space divided net internal area.

⁹⁹ The space recommended by ÚZSVM to government institutions while calling attention to above average values.

¹⁰⁰ The indicator is calculated as total usable space obtained from legal relationships divided by the number of FTE staff. Only validated occupations and validated and effective user rights are included in the calculation.

¹⁰¹ The indicator is calculated as total usable office space obtained from legal relationships divided by the total number of FTE staff. Only validated occupations and validated and effective user rights are included in the calculation.

¹⁰² Average space per employee is calculated the net internal area divided by the number of FTE staff.

¹⁰³ The average 2016 exchange rate was used to convert to CZK, specifically £ 1 = CZK 33.121.

Table 13: Running cost/expenditure per sqm indicator

Country	Indicator	2012	2013	2014	2015	2016
CR	Average running and maintenance expenditure per sqm of total space ¹⁰⁴ in CZK	-	877	713	642	734
UK	Cost of space per sqm ¹⁰⁵ in £	409	414	438	455	443

Source: CRAB Analytical Module Report No .16a – Average space per person and average expenditure for running and maintenance per sqm, The State of Estate in 2012, 2013, 2013/2014, 2014-15, 2015-16.

¹⁰⁴ The indicator is calculated as running and maintenance expenditure divided by total usable space obtained from legal relationships. Only validated occupations and validated and effective user rights are included in the calculation. The running cost includes fuel and energy costs, service costs, rent, repair and maintenance of up to CZK 40,000 and technical improvements on fixed tangible assets of up to CZK 40,000.

¹⁰⁵ Cost per sqm is calculated as the annual running cost of a building divided by the usable space in that property.