



General Assembly

Distr.: General
2 December 2015

Original: English

Seventieth session

Agenda item 131

Financial reports and audited financial statements, and reports of the Board of Auditors

Implementation of the recommendations of the Board of Auditors contained in its report on the strategic heritage plan of the United Nations Office at Geneva

Report of the Secretary-General

Summary

The present report provides information in response to the recommendations of the Board of Auditors contained in its report on the strategic heritage plan of the United Nations Office at Geneva (A/70/569) that was issued pursuant to section V, paragraph 11, of General Assembly resolution 68/247 A. The report is submitted in accordance with paragraph 7 of Assembly resolution 48/216 B, in which the Secretary-General was requested, at the same time as the recommendations of the Board of Auditors are submitted to the Assembly, to provide the Assembly with responses and to indicate measures that would be taken to implement those recommendations.

The Administration has accepted all the recommendations (one in part) of the Board of Auditors. The Administration expresses its sincere appreciation to the Board for its comprehensive audit of the strategic heritage plan and, in particular, the spirit of cooperation in which it conducted the audit and its overall finding that there is nothing to inhibit project approval at this time.

The Administration notes that this first audit of the strategic heritage plan was unusual in that it preceded project approval. The Administration appreciates the efforts made by the Board of Auditors to advance and accelerate the time frame for the audit, with a view to enabling better synchronization of the issuance of its report with the approval process for the strategic heritage plan project.



Status of implementation of the recommendations contained in the first report of the Board of Auditors on the strategic heritage plan of the United Nations Office at Geneva (A/70/569)

1. The present report provides responses to the recommendations contained in the first report of the Board of Auditors on the strategic heritage plan of the United Nations Office at Geneva (A/70/569).
2. In paragraph 81 (a) of its report, the Board of Auditors recommended that the Administration monitor the implementation of various activities to minimize time overruns and take proactive remedial measures to meet project timelines without any dilution of the quality and scope of the project deliverables.
3. The Administration agrees with this recommendation. Actions in line with this recommendation have been under way over the course of the last year as part of the overall strategic heritage plan contract management framework. The strategic heritage plan team is closely monitoring the progress of the design contractor and taking proactive steps to ensure that the project timelines are met without loss of quality. The start of detailed design for the new building and the renovation were delayed to ensure that quality standards for the concept design were adhered to fully before moving to the next step in the process. To mitigate this delay, the new building detailed design was fast-tracked so that the design for the new building, which is on the schedule's critical path, could be started on 28 September 2015. Mitigation strategies to recover the schedule are being developed and appear to be achievable. The strategic heritage plan team has adopted mechanisms to monitor progress and ensure that design work at each prescribed stage of work is satisfactory. These mechanisms include, but are not limited to, maintaining a cost-loaded detailed project schedule using Primavera Project Planner software and convening meetings regularly at different levels to discuss the status of progress of ongoing deliverables and review ongoing and upcoming milestones/submittals.
4. In paragraph 81 (b) of its report, the Board of Auditors recommended that the Administration expedite such activities as the development of project manuals, including change control, ensure inclusion of security standards at the design stage itself and maintain a consultation process with all stakeholders to ensure a smooth transition.
5. The Administration agrees with this recommendation. Substantial progress has been made in all three areas over the last year. Given that the schedule for this project is aggressive, all aspects are being expedited, including the Project Manual, which is substantially complete, with the last remaining substantive section on change management now in its final stages. In addition, the development of the overall procurement strategy, which will also have an impact on the Project Manual, is currently in progress. The security standards that are available at this time and that are within the scope of the new and existing buildings have been included in the design and the budget. Extensive consultations with stakeholders have taken place over the last year and will continue during the entire length of the project.
6. In paragraph 81 (c) of its report, the Board of Auditors recommended that the Administration formulate specific risk mitigation plans for each identified risk area

so that there is no impediment during the course of implementation of the project that compromises stipulated cost or timelines.

7. The Administration agrees with this recommendation. Specific actions in line with this recommendation have been under way over the last year and will continue to be implemented through the course of the project. Specific risk mitigation plans have either been developed or are being developed for all identified risks in the project risk register.

8. In paragraph 81 (d) of its report, the Board of Auditors recommended that the Administration refine and update the preliminary budget estimates on the basis of a standard schedule and proper analysis of rates with reference to standardized pricing books and established industry guidelines set by internationally recognized standard-setting bodies, with enhancement for local conditions as may be necessary.

9. The Administration agrees in part with this recommendation and offers the following clarification. Management has hired a professional cost consultant who, in line with industry guidelines and best practices, has developed a comprehensive project cost estimate using actual pricing data from recent nearby projects. This consultant is working closely with the design team to understand the details of the designs being developed and is fully responsible for the quality of their work. While the consultant may refer to standardized pricing books on occasion, the estimate is based on cost data that is more accurate and relevant to this project and this location. Management has reviewed the current project estimate in detail and has gone through a number of cost optimization workshops and value engineering exercises with the consultant. Management is confident that the cost estimate in its current form provides a solid basis to move forward with the detailed design and provides the foundation for on-time and on-budget project delivery. Management maintains its view that professional cost estimation is the most appropriate methodology for a project of this size and complexity, and continues to refine and update the cost estimates during the design development process accordingly.

10. In paragraph 81 (e) of its report, the Board of Auditors recommended that the Administration establish a more refined policy as to how inclusions and exclusions of projects funded by donations or voluntary contributions shall be given effect in the budget and cost estimates of the strategic heritage plan, particularly as the project enters the construction phase, and initiate steps to see how maintenance requirements would be funded after completion of the project.

11. The Administration agrees with this recommendation. Specific actions in line with this recommendation are already under way. A proposed donation policy has been included in section VI of the Secretary-General's second annual progress report on the strategic heritage plan (A/70/394). If approved by the General Assembly, this policy will be used as a framework to manage future donations that may help to offset project costs. Proposed donations will be managed on a case-by-case basis. For those that can be used to accomplish project scope, the works will be removed from the plan's scope and budget accordingly. Over time and as construction gets under way, potential donors will be guided towards donation projects that are not yet under construction to avoid delaying the overall works or creating confusion for the construction contractor. While a maintenance fund has been proposed as part of the donation policy, it has not yet been approved.

12. In paragraph 81 (f) of its report, the Board of Auditors recommended that the Administration refine the terms of reference of the Advisory Board and the Steering Committee for clarity, with clear definition of their responsibilities and jurisdiction.

13. The Administration agrees with this recommendation and intends to continue to further refine the terms of reference of both the Advisory Board and the Steering Committee once the project is approved by the General Assembly and over time as the project moves from preliminary design into tendering and construction.

14. In paragraph 81 (g) of its report, the Board of Auditors recommended that the Administration engage with both its own staff and clients to ensure that the project progresses without impediments and while causing minimum dislocation of essential services.

15. The Administration agrees with this recommendation. Stakeholder engagement is a core part of the strategic heritage plan management framework. Extensive consultations with stakeholders have taken place over the last year and will continue during the entire period of the project. Operational continuity is one of the primary objectives of the project and one of its most significant challenges.

16. In paragraph 81 (h) of its report, the Board of Auditors recommended that the Administration ensure adherence to the provisions of the Financial Regulations and Rules of the United Nations and the Procurement Manual to protect the interests of the Organization and minimize deviations therefrom. Where deviations are deemed necessary, there must be clear and transparent justification along with approval of the competent authorities.

17. The Administration agrees with this recommendation. Regarding the non-inclusion of liquidated damages, the Administration does not consider there to be a significant divergence between the procurement strategy and the adherence to the provisions of the Financial Regulations and Rules of the United Nations and the United Nations Procurement Manual. However, the Administration agrees with the Board of Auditors about the need to ensure timely and satisfactory contractor performance, and best efforts will be made in applying the provisions of the Procurement Manual to protect the interests of the Organization.
