

United Nations Nations Unies

BOARD OF AUDITORS
NEW YORK
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Opening Statement to the Fifth Committee on the report of the Board of Auditors on the strategic heritage plan of the United Nations Office at Geneva (SHP) A/73/157

Madam Chairperson,

Distinguished members of the Committee,

On behalf of the Board of Auditors, it is my privilege to present our second report on the implementation of the strategic heritage plan in Geneva.

Background

The United Nations Office at Geneva is the representative office of the United Nations Secretary-General at Geneva. The Palais des Nations is the historical office of the United Nations and serves as the largest United Nations conference centre in Europe. The strategic heritage plan involves the renovation of the Palais des Nations and the establishment of a new building to meet the requirements of the Organization and address health, safety and working conditions. With respect to the development and implementation of the strategic heritage plan, the Board of Auditors provides oversight assurance and reports thereon to the General Assembly upon request.

Key Findings

Let me now share some general thoughts with you before turning to the major findings of our audit. As of the most recent audit visit, the strategic heritage plan project was at the early stages of construction work for the new building and the procurement procedure for renovation work. The already very ambitious overall project schedule has become even tighter, due to delays in construction work for the new building, the implementation of the flexible workplace strategies and pressures relating to the change in the implementation strategy for the renovation work. Especially the timeline for the remaining technical design for renovation work prior to tendering is considered to be ambitious. Delays in this design work may have an impact on the start of renovation work.

Besides the concern related to the timely completion of the project, further improvements are needed in the fields of risk management, building design, construction and maintenance and in the field of valorisation. Furthermore, procurement procedures need to be enhanced for keeping sensitive data confidential. Let me highlight some key findings more detailed:

Risk management strategy and risk reporting

While Management has implemented a risk management strategy, the strategy needs to be updated for closer alignment with the guidelines for the management of construction projects. Furthermore, the risk reporting did not meet the strategic heritage plan risk management strategy for part of 2017.

Flexible workplace strategies

The contract for the construction work for the new building is mainly based on plans and designs issued in December 2016, without taking into consideration the full implementation of flexible workplace strategies. The construction work for the new building started at the end of 2017. Implementing flexible workplace strategies will lead to changes for example in the technical design of the architectural interior and electrical installation. According to the analysis of the consultants, these changes may lead to extra costs of up to CHF7 million. Management should urgently decide on how to implement flexible workplace strategies on all levels of the new building to avoid any further risk of amendments, delays and extra costs.

Building design, construction and maintenance

The data provided by the United Nations Office at Geneva and the strategic heritage plan project team regarding energy consumption at the Palais des Nations differ significantly. Envisaged energy saving targets need to be reviewed and the referring baselines need to be determined. Otherwise it will not be possible to measure energy savings achieved through the implementation of the strategic heritage plan. Furthermore, a sound and clear maintenance strategy is already needed for the renovation work, and the maintenance and operational cost expected in the future are yet to be calculated.

Potential alternative sources of project financing

The applicable and potential rental income of premises was not based on current contracts and data. Regarding the assumption of the potential future rental income from the Office of the United Nations High Commissioner for Human Rights, the calculations were based on data from 2012 and 2013. In addition, Management did not develop a timely strategy to achieve a higher rental income or sale at market level although it already knew in 2014 about valorisation potentials and realistic local lease conditions of several parcels owned by the United Nations Office at Geneva. Management should develop a detailed valorisation strategy regarding all parcels with valorisation potential.

Status of implementation of previous audit recommendations

Out of the eight recommendations made in the Board's first report on the strategic heritage plan, six (75 per cent) have been implemented and two (25 per cent) were overtaken by events.

The Board has made 39 recommendations in its current report.

This concludes my introductory statement. My colleagues and I will be happy to provide any clarification or additional information the Committee may require.

Thank you.

A handwritten signature in black ink that reads "Parama Sen". The signature is written in a cursive style with a large initial 'P'.

Parama Sen
Director of External Audit, India
Chairperson, Audit Operations Committee