

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)**

Mr. Chairman, distinguished delegates,

On behalf of the Board of Auditors, it is my privilege to present our third 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 serves as a framework for both the renovation of the Palais des Nations and the construction of a new building to meet the requirements of the Organization and address health, safety and working conditions. As to the development and implementation of the Strategic Heritage Plan, the Board of Auditors provides oversight assurance and reports to the General Assembly upon request.

Key Findings

Let me first share some general thoughts on project progress with you. After that I will turn to the major findings of our audit. When we last visited the site, during our audit visit in January 2020, the works on the new permanent building H were advancing at all building levels. In the light of the progress under way on the building site, the Board deemed it almost impossible that the new permanent building H would be finished by July 2020.

The very ambitious overall project schedule has become even tighter due to the outbreak of the COVID-19 pandemic in March 2020. The Strategic Heritage Plan anticipated in June 2020 that the completion date of the new permanent building H was more likely to fall in the range of January to April 2021.

In November 2019, the contract for renovating the Palais des Nations was concluded with the construction firm. At the time when we last visited the site this year, the pre-construction services phase was still ongoing. Originally, the start of the renovation works was scheduled for June 2020. Due to the COVID-19 pandemic, the commencement of the renovation works was postponed to September 2020.

According to reports of the independent risk management firm, the likelihood to deliver the Strategic Heritage Plan programme within the available budget declined from 66 per cent in August 2018 to 23 per cent in April 2020.

Apart from concerns related to the available budget and the timely overall completion of the project, further improvements are needed. Such improvements relate to the contracting strategy for the renovation work, building information modelling, energy savings, sustainability and alternative sources of project financing. Let me highlight some of the key findings in more detail:

Contracting strategy for renovation work

Management decided that the contracting strategy should follow an open-book approach with a guaranteed maximum price. Under this approach the risk of delivering the project within the price limit was transferred from the United Nations to the contractor. As a result, vendors expressed reservations on their ability to calculate in detail the costs and risks of such a major renovation project in the time allocated. Then, Management modified its contracting strategy and included a pre-construction services period of six months in the draft contract in order to obtain a guaranteed maximum price. With regard to future procurement of renovation construction works, Management should incorporate lessons learned and from the outset, implement, contracting strategies that balance risks in an appropriate way.

Building information modeling

Building information modelling is a method for making a profound use of computer technology in the design, engineering, construction and operation of built facilities. Although the United Nations Office at Geneva has used this Modeling for almost five years, the Office not yet defined the benefits that can be achieved by applying the method beyond the construction phase. There is also no documentation on whether modelling for the new permanent building H was approved at the end of the conceptual and detailed design stage. Management should define and document a pro-active strategy on how Modelling can support the Office throughout the entire lifetime of the buildings of the Palais des Nations. Management should also document the design progress and quality of the digital models at the end of each design stage.

Energy savings

The reduction of energy consumption by approximately 25 per cent at the Palais des Nations is one of the key objectives of the Strategic Heritage Plan project. Information on the current status of energy reduction provided in January 2020 showed that management has taken some important steps. These steps include adjusting the baseline energy consumption by taking only the main buildings of the Palais des Nations into account and determining 2015 as the baseline energy consumption year. The energy savings target has been adjusted accordingly. For the new permanent building H, expected energy consumption calculations have also been updated. However, the decrease in energy use due to the Swiss donation is still not consistent in every aspect needed for a sound calculation. Management should conduct more detailed reviews and continue to further refine the calculation of energy saving measures and of expected energy use.

Sustainability

Carbon emissions from buildings is a key component in the global fight against climate change. A careful analysis should be performed at the beginning of the design process to ensure that embodied carbon is reduced across-the board. The Strategic Heritage Plan team did not identify all carbon “hot spots”, which include materials or systems that contribute most to emissions. Management should assess and apply measures to lower carbon emissions when planning and constructing future buildings. In doing so, Management should also take a life-cycle assessment into account.

Alternative sources of project financing

In order to reduce the overall cost burden placed on Member States, the Secretary-General should continue to explore all possible alternative funding mechanisms. Valorization was previously identified as one possible source of project financing. However, reports, requests and supplementary information on valorization partially differed in scope, detail and wording. Management should aggregate all relevant information on valorization in a structured, concise and coherent document and use this document to inform stakeholders.

Status of implementation of previous audit recommendations

Out of the 22 recommendations made in the Board’s previous reports on the Strategic Heritage Plan, 14 (64 per cent) have been implemented, six were under implementation (27 per cent) and two (9 per cent) were overtaken by events.

The Board has made 22 recommendations in its current report.

This concludes my introductory statement. I will be happy to answer any questions and provide any information the Committee may require.

Thank you.



Peter Korn
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Chairman, Audit Operations Committee