

Check against delivery

Statement of the Vice-Chairman of the Advisory Committee on Administrative and Budgetary Questions to the Fifth Committee

Capital master plan

ACABQ report: A/67/548;

Reports of the Secretary-General: A/67/350 and Add.1; A/67/319;

Report of the Board of Auditors: A/67/5 (Vol. V);

Report of the Office of Internal Oversight Services (OIOS): A/67/330

Mr. Chairman,

I am pleased to introduce the Advisory Committee's report (A/67/548) on the implementation of the capital master plan and the financing of the associated costs.

The recommendations of the Advisory Committee for actions requested of the General Assembly are contained in paragraph 71 of its report.

On the implementation of the recommendations of the Board of Auditors, the Advisory Committee shares the concern of the Board about the low implementation rate of the Board's previous recommendations.

The Advisory Committee is of the view that the Secretary-General should ensure rapid and full implementation of all the accepted recommendations of the Board.

Mr. Chairman,

Concerning the in-depth technical construction audit report of OIOS, the Advisory Committee notes from the report that the governance, risk management and control processes of the Office of the Capital Master Plan that were examined were partially satisfactory in providing reasonable assurance regarding the effective planning and implementation of the project.

Notwithstanding this finding, OIOS indicated that the Office of the Capital Master Plan was managing and controlling the project appropriately, given the size, complexity and duration of the project.

With respect to the cost overruns of the capital master plan, OIOS audit identified root causes including changes in the project execution strategy; leadership change; unbudgeted associated costs, and increased security requirements. According to OIOS, the overall capital master plan costs were reasonable for the scope of work performed.

Mr. Chairman,

In section IV of its report, the Advisory Committee has discussed a number of issues, as lessons learned, such as those related to project progress reporting, governance, management of project contingency, and policies and procedures for future large capital projects.

On the project governance, the Advisory Committee is of the view that the lack of an independent governance mechanism still poses a risk to the capital master plan.

However, given the stage of project implementation and the reasoning provided by the Secretary-General, the Committee is prepared to accept the rationale that it is too late to establish a steering committee for the capital master plan project governance.

Looking forward, the Advisory Committee is of the view that, for future major capital projects, a formal oversight committee or governance body should be established to support and independently challenge the project team.

The Advisory Committee stresses that the lessons learned should inform the planning and implementation of future large-scale capital projects, and where appropriate, to the remaining stages of the capital master plan.

A number of overlapping issues addressed by both the Board of Auditors and OIOS and the relevant observations of the Advisory Committee are also reflected in sections V and VI of the Advisory Committee's report. As for the post-construction handover and transfer of management, the Advisory Committee stresses the importance of planning for the transition and handover process from the Office of the capital master plan to the Department of Management and notes steps already taken in this regard.

For the swing space and the use of office space, the Advisory Committee is very concerned that the Secretary-General does not have accurate information regarding on and off-campus space utilization in New York City, which could result in overestimation in space needs and potential overexpenditure on off-campus office space.

The Advisory Committee stresses that the maximum possible number of staff should be accommodated at the renovated Headquarters campus, and that off-campus rental should be kept at minimum level and under constant review.

In this connection, the Advisory Committee reiterates its view that the implementation of the flexible use of office space, including "hot-desking", which allows staff to carry out their responsibilities and work at any workstation, merits serious consideration in the United Nations system.

As for the renovated Secretariat Building, the implementation of such flexible arrangements needs to be urgently introduced.

The Advisory Committee concurs with the Board of Auditors that the Secretary-General must provide a complete, well-justified and robust anticipated final cost of the capital master plan.

In the view of the Committee, the revised consolidated cost estimate provided by the Secretary-General, as at 31 July 2012, is still not the basis for the Committee to provide assurance to the General Assembly as to its validity.

The Advisory Committee, therefore, requests the Board of Auditors to scrutinize the revised cost estimates of the capital master plan in its next audit of the project.

Noting the cost reduction and financing proposals in section XII, The Advisory Committee is not fully convinced that the Secretary-General's proposals conform to the request by the General Assembly.

The Advisory Committee, therefore, reiterates its recommendation that the Secretary-General manage large-scale projects to limit the possibility of the de-scoping or deferral of key project deliverables as a means to contain cost or time overruns.

Furthermore, the Advisory Committee is of the view that the proposals by the Secretary-General are mainly one-time cost reductions or deferrals of planned activities, and as such do not constitute cost savings.

The Advisory Committee's observations with respect to the North Lawn Building, the Dag Hammarskjöld Library and the South Annex Building are contained in paragraphs 57 to 61 of its report.

In regards to North Lawn Building, the Advisory Committee considers that the information provided to it is insufficient and not the basis on which to make decisions on its future use.

The Advisory Committee is of the view that taking into account the Assembly's support for the timely deconstruction and removal of the temporary North Lawn Building upon the completion of the Headquarters renovation work, is up to General Assembly to decide.

In addition, the Advisory Committee recalls that issues related to the use of the North Lawn have also been discussed in the context of the feasibility study on the United Nations Headquarters accommodation needs 2014-2034.

With respect to the Library and South Annex Building, while the Advisory Committee notes that the renovation of the South Annex Building and the Library will continue to be suspended due to security concerns, it considers that, given its potential impact on the scope of the capital master plan, the Secretary-General should present costed options for the two buildings as recommended by the Board of Auditors and agreed by the Secretary-General.

Regarding financing the associated costs and the secondary data centre, the Advisory Committee has, in principle, no objection to the Secretary-General's proposal, but recommends that financing of these costs should be considered by the General Assembly only at a time when the final expenditures are really certain. In this context, the Committee encourages the Secretary-General to further contain associated costs.

I thank you, Mr. Chairman.