

United Nations Nations Unies

BOARD OF AUDITORS
NEW YORK
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Opening statement to the Fifth Committee

Introduction to the UN Board of Auditors report on the capital master plan for year ended 31 December 2012 (A/68/5 VOL. V)

31 October 2013

Dear Chairman,

Distinguished delegates

On behalf of the Chairman, Mr. Amyas Morse, (UK) and the other Board members, Mr Liu Jiayi (China) and Mr Ludovick Utouh (Tanzania), I have the honour to introduce the report of the United Nations Board of Auditors on the capital master plan (CMP) for the year ended 31 December 2012.

Background

The circa \$2 billion refurbishment of the UN headquarters in New York, the capital master plan, is a complex, high value and high profile refurbishment project to modernize, secure and preserve the architecture of the iconic 1950s campus. This latest annual progress report from the Board focuses on the key developments since we last reported to the Committee in 2012.

Key findings

There has been considerable physical progress since our last report, and with 91 per cent of the available financing committed, and two of the three main buildings largely completed, and the total level of risk to the delivery of the capital master plan is reduced. The Secretariat building has been re-occupied, the renovation of the Conference building is largely complete (May 2013), and work on the General Assembly building has commenced (June 2013). Overall, the CMP is on schedule to complete in 2015, but only with an intense effort from a highly skilled and committed project team, agreement on how to finance the current cost overrun, and a change in scope due to the

enhanced security upgrade and the use of \$65 millio

and had presented options to fund the remaining elements of the capital master plan from within existing resources, with the exception of the associated costs. Permission to use existing funds will not reduce the reported budget overrun, but will enable the Administration to reduce the funding gap, or as we have termed it, the cost overrun.

The position on the Library and South Annex has not changed. At the time of audit the Administration had not presented a costed solution to re-house the functions of these buildings elsewhere and find an alternative use for the buildings in light of security concerns. It was made clear during the audit that this is not the responsibility of the Office of the Capital Master Plan, but is part of wider thinking on the New York campus being led by Under-Secretary-General, Department of Management. We note that the latest Secretary-General's report contains some high-level options. The estim1.7465()-210.881(i)-7q9(m

In response to the Board’s recommendations, the Administration has started a project to assess the cost and benefits of flexible use of office space. We view this as a positive development, while noting that our first recommendation on this matter was made in 2011. We believe more flexible use of office space could potentially realise significant cost efficiencies, not least the potential to reduce rented office accommodation in New York. In the meantime, we remain unable to verify the level of occupancy of the renovated United Nations’ campus. The Administration could not provide the Board with an auditable basis for the total number of personnel working within the Secretariat or other Headquarters buildings, nor did it have actual occupancy data over a representative period of time. Good information on occupancy is integral to the United Nations developing a practical understanding of its current and future estate requirements, both in New York and across the wider global estate.

The UN does not have a long term asset management strategy for the newly renovated campus or globally for the entire UN estate. But we note that the Administration has commenced a strategic capital review of its estate which we welcome.

Finally, there are a number of lessons in how to deliver a major capital project in

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Table 1: Anticipated final cost against budget & available funding, 31 March 2013 (\$million)

*Capital Master
Plan*