Opening statement to the Fifth Committee on the Board of Auditors report on the Capital Master Plan (CMP) A/72/5 Vol. V for the year ended 31 December 2016

November 2017

Mr. Chairman,

Distinguished representatives,

On behalf of the Chairman, Mr. Rajiv Mehrishi, Comptroller and Auditor General of India and the other Board Members Professor Mussa Assad, Controller and Auditor General of the United Republic of Tanzania, Mr. Kay Scheller, President of the German Federal Court of Auditors, I have the honour to introduce the Board’s Board of Auditor’s report on the CMP.

Background

The capital master plan is a complex, high value project to modernize and improve the operating efficiency of the United Nations Headquarters to modernise, secure and preserve the architecture of the 1950s campus without compromising day-to-day operations.

Key findings

The CMP is in its final phase after nearly 15 years and an expenditure of $2.3 billion. All major procurements are finalised, major construction works are complete, residual works are in progress, and the administrative close out of completed contracts continues.

Financial status

The anticipated final cost of the capital master plan project, excluding the renovation of the Dag Hammarskjöld Library and the South Annex Buildings has remained largely unchanged. While the savings reported from cancelation of prior year obligations are
specifically included in a separate and distinct budgetary line in the CMP annual progress reports, providing visibility to the total value of savings over the entire project from its inception, it is not possible to drill down the savings to the specific project components and the reasons thereof.

The main contractor has filed two notices of arbitration against the United Nations seeking indemnification, in the event it is required to settle substantial claims from its subcontractors. The United Nations has now filed a claim in the first case seeking declaratory relief that it is not obligated to indemnify the main contractor under its contract with the main contractor. The outcome of the cases may have an impact on the final cost of the project.

*Managing the campus*

The Administration needs adequate human resources for basic preventive maintenance. Administration had planned to engage a specialized firm at the end of 2017 after 12 months of maintenance data is available in the Plant Maintenance module of Umoja. The firm was expected to undertake an external independent review of the maintenance practices and approaches and assess the balance between outsourcing and the in-house provision of maintenance, ensuring the cost-effective use of resources. The commissioning of the specialist firm to review its approach to maintaining the renovated campus has now been planned for late 2018 on account of delayed deployment of the Umoja Plant Maintenance Module.

After the renovation of the buildings under the capital master plan projects, the Administration was unable to locate 208 assets (20.8 per cent) out of 1,000 assets physically verified in four of the buildings covered under the capital master plan, which is a concern.

*Maximising the benefits of the renovated campus*

Though the Energy Dashboard and Reporting Tool (EDART) became operational in January 2016, the Administration is not in a position to demonstrate benefits from energy
efficiency. Administration noted that EDART system had proven to be unreliable in accurately recording usage of steam, gas, and water.

The capital master plan had implemented accessibility elements in the Headquarters campus like braille signs, fully accessible toilets etc. However, the effectiveness of these measures can only be validated by the users.

The Administration has implemented flexible workplace in three floors of the Secretariat building and it plans to cover five more floors during 2017. The full cost of the project spread over three years is likely to be offset by reduction in rent and maintenance by 2023 as per the Secretary General’s report on the progress on the implementation of flexible workplace at the United Nations headquarters.

Recommendations

Out of the 12 outstanding recommendations contained in the Board’s reports, 2 (17 per cent) have been implemented and 10 (83 per cent) were under implementation.

In this year’s report, the Board has made 6 recommendations.

This concludes my introductory statement. I, along with my colleagues, would be happy to provide any clarifications or additional information that the Committee may require.

Thank you.

Anand Bajaj

Director of External Audit, India
Chair, Audit Operations Committee