



Highlights of [GAO-08-513R](#), a correspondence to the Committee on Foreign Relations, U.S. Senate

## Why GAO Did This Study

The United Nations (UN) headquarters in New York City neither conforms to current building codes nor meets UN technology or security requirements. As the UN's host country and largest contributor, the United States has a substantial interest in the success of the Capital Master Plan (CMP), a project to renovate the complex. In this update, GAO reviewed the following key areas: renovation approach, schedule, cost, funding, risk management, project progress, procurement, and oversight.

To perform this work, GAO reviewed UN documents and met with officials from the CMP office and other UN departments. To assess oversight and monitoring, GAO reviewed UN documents and oversight reports and interviewed UN officials from the Office of Internal Oversight Services (OIOS) and officials from the U.S. Department of State (State).

## What GAO Recommends

GAO recommends that the Secretary of State and the U.S. Permanent Representative to the UN work with other member states to direct the CMP office to establish a procedure that would require the construction manager to inform the office of issues with its subcontractors that could negatively affect the project's cost or schedule. State and the UN agreed with GAO's findings and recommendation.

To view the full product, including the scope and methodology, click on [GAO-08-513R](#). For more information, contact Terrell Dorn at (202) 512-6923 or [dorn@gao.gov](mailto:dorn@gao.gov) or Thomas Melito at (202) 512-9601 or [melitot@gao.gov](mailto:melitot@gao.gov).

## UNITED NATIONS

### Renovation Schedule Accelerated after Delays, but Risks Remain in Key Areas

#### What GAO Found

**Renovation approach:** The UN accelerated the CMP schedule by changing the renovation approach, which it reported would make up for past delays, reduce costs, and mitigate key risks. It will now renovate buildings in single phases, rather than in multiple phases as previously planned.

**Schedule:** Under the accelerated approach, the UN plans to begin construction of the temporary building in 2008 and start renovations in early 2009. Barring delays, the UN now intends to complete the project by mid-2013. Under the previous approach, the completion date had slipped to mid-2015. Delays in relocating UN staff could extend the schedule, creating additional costs. UN officials told us the CMP's Executive Director would make relocation decisions in spring 2008, with most moves following in early 2009.

**Cost:** The CMP office currently estimates the total cost is \$2.07 billion—\$190 million over the \$1.88 billion budget. The CMP office is looking for cost savings, but this effort may not be sufficient to bring estimated costs back to budget without potentially impacting the buildings' functionality.

**Funding:** According to CMP officials, projected payments from member states will be enough to cover expenditures under the accelerated schedule. As of December 31, 2007, member states had paid \$380.9 million, and \$127.5 million in payments were late, including \$64.2 million from the United States.

**Risk management:** The CMP office identified risks to the schedule and cost and developed strategies to mitigate them. For example, cost increases resulting from decision-making delays are a major risk the CMP office intends to mitigate by having the CMP Executive Director communicate proactively with key UN stakeholders.

**Procurement:** To mitigate weaknesses in UN procurement, the UN is piloting a streamlined process for approving CMP contract amendments in an effort to balance timely decision making with adherence to the procurement manual. The Procurement Division obtained authority to approve amendments up to \$2.5 million—increased from \$200,000—which can expedite the approval of such amendments by about 5 weeks, according to officials. While a subcontracting process has been developed, it does not include a procedure for the UN to monitor issues that may arise between the construction manager and its subcontractors that could affect the cost and schedule.

**Oversight:** While OIOS had funding to hire staff, its inability to quickly fill vacancies resulted in minimal oversight of the CMP during 2007. In 2007, OIOS completed one audit report on CMP and identified no significant issues. OIOS has recently completed the hiring of two auditors dedicated to CMP. The Board of Auditors has continued to conduct oversight, and State has continued to monitor the CMP.