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Highlights

Highlights of [GAO-09-870R](#), a report to Ranking Member, Richard G. Lugar

Why GAO Did This Study

In 2008, the United Nations (UN) began construction associated with its Capital Master Plan (CMP) to renovate its headquarters complex in New York City. As the UN's host country and largest contributor, the United States has a substantial interest in the success of the CMP. In this requested update, GAO reviewed the following key areas: schedule, cost, funding, risk management, procurement, and oversight.

To perform this work, GAO reviewed UN documents and met with officials from the CMP office and other UN departments. GAO also reviewed select CMP schedules to assess the extent to which they met best practices for scheduling contained in GAO's *Cost Estimating and Assessment Guide*.¹ To assess oversight and monitoring, GAO reviewed UN documents and oversight reports and interviewed officials from the UN's Office of Internal Oversight Services and officials from the U.S. Department of State (State).

¹GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, [GAO-09-3SP](#) (Washington, D.C.: March 2009).

What GAO Recommends

The Secretary of State and the U.S. Permanent Representative to the UN should work with other member states to direct the CMP office to implement the best practices for scheduling contained in GAO's *Cost Estimating and Assessment Guide*, to the extent practical for the CMP. State and the UN generally agreed with GAO's findings and recommendation.

View [GAO-09-870R](#) or key components.

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UNITED NATIONS

Renovation Still Scheduled for Completion in 2013, but Risks to Its Schedule and Cost Remain

What GAO Found

Schedule: Despite delays in starting construction, UN officials still expect to complete the project in 2013. The likelihood of meeting this date will be clearer once detailed schedules for the renovation work are finalized as part of the contracting process. Contracts have been awarded for the Temporary North Lawn Building and one of the six buildings to be renovated and contracts for two more buildings are expected to be signed later this year. The CMP's integrated master schedule and the subschedule GAO reviewed met, to some extent, most of nine scheduling best practices. The UN has not formally analyzed the risks to either schedule to quantify their potential impact on meeting the project's completion date.

Cost: The CMP's estimated cost is \$97.5 million over its \$1.88 billion budget, down from \$190 million over budget in April 2008. CMP officials are optimistic about further reducing the cost, in part because of the recent downturn in the economy. However, member states are considering whether to add up to \$206.6 million in related costs to the CMP. This would include \$186 million in associated costs, such as furniture and equipment, and \$20.6 million for a secondary data center. Some of these related costs are currently being paid from the CMP budget.

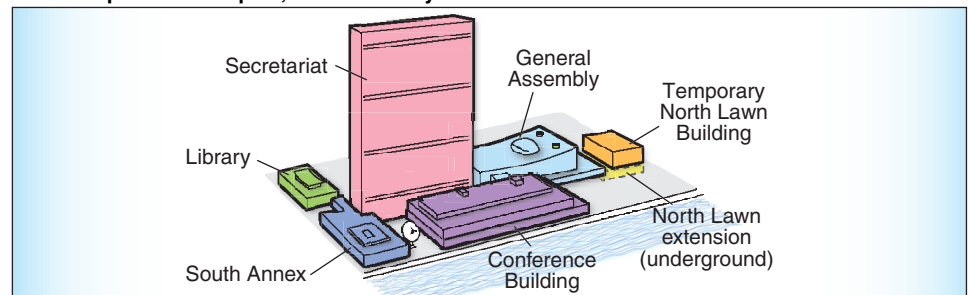
Funding: Member state payments are on track and CMP officials expect the payments to cover renovation expenditures through 2011. However, CMP officials project funding shortfalls in 2012 and 2013 if the current budget overrun is not resolved and the General Assembly decides that the \$206.6 million for related costs will be absorbed into the existing CMP budget.

Risk management: The CMP office and its management consultant continue to assess risks to the project, resulting in an annual risk register, which identifies risks and mitigating strategies. The ability of the CMP office to complete the project within the original budget of \$1.88 billion and the timeliness of the contracting process remain high-risk areas.

Procurement: The UN has awarded contracts for 8 of an expected 22 contracts to the construction manager. It also reviews the construction manager's subcontracting process. The CMP office expects U.S. workers to provide most of the on-site labor for the renovation.

Oversight: OIOS continues to monitor the CMP, has issued reports, and plans annual reviews of security-related issues. According to OIOS, it has enough staff to perform the work. State also monitors the CMP.

UN Headquarters Complex, New York City



Source: GAO and United Nations.