



INTERNAL AUDIT DIVISION

REPORT 2014/015

Audit of selected guaranteed maximum price contracts in the Office of Capital Master Plan

Overall results relating to the audit of selected guaranteed maximum price contracts in the Office of Capital Master Plan were initially assessed as partially satisfactory. Implementation of one important recommendation remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

**27 March 2014
Assignment No. AC2013/514/01**

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2
Regulatory framework	3-8
IV. ACKNOWLEDGEMENT	9
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

AUDIT REPORT

Audit of selected guaranteed maximum price contracts in the Office of Capital Master Plan

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of selected guaranteed maximum price contracts in the Office of Capital Master Plan (CMP).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The General Assembly, in its resolution 62/87 authorized the Secretary-General to enter into an additional swing space arrangement needed for a single-phase renovation of the Secretariat building. The United Nations entered into four construction management agreements with guaranteed maximum prices (GMP) with Skanska USA Building Inc. (construction manager) for swing spaces in New York. The swing spaces were leased and refurbished to accommodate the staff moving from the United Nations compound.

Table 1: Total base value of the GMP contracts for swing space as of date of contract

GMP	Value (US \$)	Date of GMP contract
305 East 46 th Street	22,220,151	21 November 2008
United Nations Federal Credit Union	8,588,900	9 December 2008
North Lawn Conference Building	133,550,436	2 April 2009
380 Madison Avenue	34,033,002	9 April 2009

4. Comments provided by the Department of Management are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

5. The audit was conducted to assess the adequacy and effectiveness of the Office of CMP governance, risk management and control processes in providing reasonable assurance regarding the **effective management of selected GMP contracts**.
6. The audit of GMP contracts was included in the 2012 OIOS risk-based work plan due to financial and reputational risks related to major construction contracts.
7. The key control tested for the audit was related to regulatory framework. For the purpose of this audit, OIOS defined regulatory framework as the controls that provide reasonable assurance that policies and procedures are implemented consistently to guide contract payments and ensure compliance with the terms of contracts, and ensure reliability and integrity of financial and operational information.

8. The key control was assessed for the control objectives shown in Table 2.
9. OIOS conducted this audit between 1 October 2012 and 25 September 2013. The audit covered the period from December 2008 to June 2013. OIOS conducted an audit of three out of four GMP contracts for swing spaces: 305 East 46th Street, 380 Madison Avenue, and the North Lawn Conference Building (NLCB).
10. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

11. The Office of CMP governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding **the effective management of selected GMP contracts**. OIOS made one recommendation to address issues identified in the audit. The Office of CMP had established stringent controls with regards to the review of invoices, change orders, contingency and allowance usage requests submitted by the construction manager to ensure compliance with the terms of GMP contracts. The overall mandate of moving staff to swing spaces was achieved in a timely manner. However, due to the pressure on the construction schedule, the GMP contracts for swing spaces were negotiated and executed before the technical documentation had been fully completed. Also, requirements from all stakeholders including host country authorities, utility companies, Department of Safety and Security and other user departments had not been fully finalized before the GMP contracts were signed, and in some instances were changing during the execution of GMP contracts. This resulted in multiple changes in design documentation and a high percentage of change orders.
12. The Office of CMP was able to draw lessons learned from the experience gained during the capital master plan project. The Office included some high-level lessons applicable to future capital projects in the eleventh annual progress report on the implementation of the capital master plan. However, there was a need to develop a management tool, specifically a lessons learned register, to record good practices and institutional knowledge, such as the lessons identified by this audit, which may be drawn upon to assist in managing future Secretariat capital projects.
13. The initial overall rating was based on the assessment of key controls presented in Table 2 below. The final overall rating is **partially satisfactory** as implementation of one important recommendation remains in progress.

Table 2: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of selected GMP contracts	Regulatory framework	Partially satisfactory	Satisfactory	Satisfactory	Satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Regulatory framework

Record-keeping and organization of documentation was comprehensive

14. OIOS examined the terms of the GMP contracts and considered them to be comprehensive and consistent with other GMP contracts used in the execution of the CMP and examined by OIOS in previous audits.

15. All invoices reviewed by OIOS were adequately supported. All invoices and supporting documentation were scanned and recorded in NOVA, a financial management system used by the Office of CMP, with the audit trail of approval history and dates of approval.

Invoices from the construction manager were subject to detailed reviews by the architects, consultant programme manager and the Office of CMP

16. Before the Office of CMP approved invoices submitted by the construction manager for payment, the architect, and the consultant programme manager examined supporting documents. OIOS reviewed invoices from the construction manager and supporting documentation including timesheets, labour rates, cost of materials and general conditions costs, and concluded that the invoices reviewed were arithmetically correct, subject to scrutiny before payment, and approved by the authorized officials. OIOS reviewed invoices on a sample basis as presented in Table 3.

Table 3: OIOS sample of invoices

GMP contract	Total value of invoices for the audit period (US \$)	Value of invoices reviewed by OIOS (US \$)	Percentage of OIOS sample
305 East 46 th Street	24,446,565	13,690,076	56
380 Madison Avenue	43,411,284	27,349,109	63
NLCB	172,478,589	46,569,219	27

Lessons learned related to the United Nations tax exempt status

17. The United Nations is a tax exempt organization under international conventions and this exemption applies to New York sales tax as well as other taxes. The tax exemption conditions were complicated and a firm of consultants was commissioned to review the construction manager's contracts in relation to the treatment of the tax exemption status of the United Nations. The final report issued on 8 October 2007 recommended the United Nations establish an agency relationship with the construction manager with regards to general conditions consumables and for the construction manager to establish an agency relationship with individual trades.

18. OIOS noted that sales tax had been included on some invoices paid for 305 East 46th Street and queried whether this was correct in view of the tax exempt status of the United Nations. The Office of CMP stated that the construction manager had been appointed as an agent of the United Nations to enable the benefit of tax exempt purchase of specified categories of goods and services, but that this appointment agreement had not been signed until 30 July 2009. Regarding the long lead time between the recommendations issued by the consultants and their implementation, the Office of CMP stated that the

activity to negotiate and execute the first GMP contract with the construction manager was carried out concurrently with the process to research and fully understand the actions needed to maximize the benefits to the capital master plan under the United Nations tax exempt status. On the basis of outside consultancy advice, the Department of Management determined that the process was complex with careful review required of the relative contracting arrangements for labour, materials, equipment, plant and consumables not incorporated in the works. Furthermore, the United Nations sought to extend the ability for second tier suppliers (subcontractors) to raise invoices exclusive of sales tax. The process involved consultations with the United Nations Treasury, Accounts Division and Office of Legal Affairs, plus correspondence with New York State tax authorities and the construction manager's legal representatives.

19. Since the CMP project is scheduled to complete in late 2014, there is little value in making a recommendation that addresses the tax exempt status. However, it is important for the Organization to be able to draw upon institutional knowledge of the CMP project to assist in managing future Secretariat capital projects. Lessons learned regarding putting in place arrangements for maximizing the benefits of the United Nations tax exempts status, such as hiring of a tax consultant, engaging in consultations with the responsible departments within the United Nations and discussions with Host Country authorities, and establishing a timeframe for starting the process, are examples of lessons to be included in a lessons learned register as described in recommendation 1 below.

(1) The Department of Management should develop a lessons learned register, for use on future construction projects, which captures the institutional knowledge and good practices learned from the experience with the capital master plan project. This register should be developed before the completion of the CMP with input from the Office of CMP, the Office of Central Support Services, the Department of Safety and Security, the Office of Legal Affairs and other stakeholders. The Department of Management should consider including lessons learned identified in this report in the lessons learned register.

The Department of Management accepted recommendation 1 and stated that the Department of Management will update the lessons learned based on this recommendation. Furthermore, the Office of Central Support Services has been mandated by the General Assembly to be the repository of lessons learned from major construction projects and to ensure that these lessons are applied to all current and future new construction and major renovation projects. Recommendation 1 remains open pending issuance of the lessons learned document.

Lessons learned related to coordination between relevant stakeholders

20. OIOS reviewed a sample of change orders whose total values are summarized in Table 4.

Table 4: OIOS sample of change orders

GMP contract	Total change orders and contract amendments (US \$)	Value of change orders reviewed by OIOS (US \$)	Percentage of OIOS sample
305 East 46 th Street	2,226,414	1,847,923	83
380 Madison Avenue	16,224,094	7,138,601	44
NLCB	38,928,153	13,731,090	35

21. OIOS observed that the change orders quotations from the trade contractors had been subject to robust challenge and adjustment by the construction manager and consultant programme manager before approval by the Director of Construction and the Executive Director of CMP. OIOS concluded that mark-up calculations and cost of labour and materials were accurate. OIOS also had additional observations regarding the change orders for some of the GMP contracts reviewed as detailed below.

380 Madison Avenue

22. The value of change orders increased the guaranteed maximum price before close-out by 47.7 per cent. The Office of CMP explained that many of the changes arose because designs were subject to changes and were taking long to complete. For example, the initial decision to retain the pre-existing office floor plans and layouts was subsequently changed. This resulted in additional changes to infrastructure such as modifications to the fire alarms and sprinklers.

23. The Office of CMP also explained that: (i) a need to move staff from the Secretariat Building combined with late delivery of design drawings led to pressure on the CMP schedule; (ii) it was therefore necessary to accelerate the works required to prepare 380 Madison Avenue for occupancy; and (iii) costs and benefits had been assessed, and the alternative to accelerating Secretariat works would have been more costly.

24. Design drawings should have been delivered in September 2008, but were not completed until May 2009. This left very little construction time before the building was occupied in July and August 2009. Design coordination was not always effectively carried out and initial drawings had not been consolidated into a working set. This resulted in seven sets of drawings which were not always compatible. For example, lighting was not always correctly positioned above work stations. The time lost during the design stage inevitably caused inefficiencies during the execution of the contract. Trade contractors were working during all three shifts during the construction phase, which was costly, but resulted in 41 out of 42 clients moving into the swing space on time.

North Lawn Conference Building

25. The value of change orders increased the cost of the construction by 29 per cent. The Office of CMP explained that the building was constructed on a fast-track basis, with multiple design packages in sequence. The fast-track strategy led to additional scope changes during construction including changes not initially foreseen. For example, there were change orders due to: (a) host country security requirements; (b) additional floor area and accommodation; (c) unforeseen sub-surface conditions on site; (d) end user requirements; and (e) requirements of public utility companies. OIOS observed that many change orders occurred due to lack of complete technical documentation from architects and engineers or

public utility companies at the time when the GMP contract was negotiated and signed. The fast-track strategy, however, achieved the objective of moving the staff of the Secretariat on schedule. The Department of Management commented that moving the overall work of the CMP forward according to schedule was critical as consequences of delay could lead to reputational risks and significant financial implications to the Organization.

26. Since the CMP project is scheduled to complete in late 2014, there is little value in making a recommendation that addresses coordination between relevant stakeholders. However, it is important for the Organization to be able to draw upon institutional knowledge of the CMP project to assist in managing future Secretariat capital projects. Lessons learned, such as the requirement for pre-construction programmes to be prepared and agreed with all stakeholders in close coordination from an early stage between the design team, the project team, and the construction manager to assist in managing future construction projects more efficiently, are examples of lessons to be included in the lessons learned register described in the recommendation 1 of this report.

Lessons learned related to coordination on safety and security issues

27. Article 10 of the GMP contracts stipulated that the contracts include construction manager’s controlled contingency in the amount of 3 per cent of the trade contract costs and general conditions. The contingency was established to enable the construction manager to be paid for costs that were not anticipated, costs not included in the cost of work or for changed market conditions, overtime and omissions. The United Nations reserved the right to pre-approve the construction manager’s use of contingency.

28. OIOS reviewed the usage of contingencies on a sample basis as presented in Table 5.

Table 5: OIOS sample of construction manager’s controlled contingency

GMP contract	Total contingency usage (US \$)	Value of contingency usage reviewed by OIOS (US \$)	Percentage of OIOS sample
305 East 46 th Street	1,576,661	611,369	38
380 Madison	532,331	532,331	100
NLCB	8,153,097	3,662,588	45

29. OIOS observed that the contingencies generally had been subject to review by the consultant programme manager before they were authorized by the Office of CMP. OIOS also had additional observations regarding the construction manager’s controlled contingency for each reviewed GMP contract as detailed below.

305 East 46th Street

30. OIOS examined 12 authorized contingency expenditure notifications and found that the amounts charged were supported by adequate documentation. Most notifications did not state the reasons why the contingency was being utilized and had descriptions such as “use of construction manager controlled contingency is for United Nations budgetary measures only” or “contingency used for convenience.” The Office of CMP stated that this GMP contract was one of the early contracts and it did not require United Nations to pre-approve the use of the construction manager controlled contingency. However, control

was increased for subsequent contracts when the construction manager was required to obtain approval in advance. Specifically, (i) explanations had to be provided for the use of construction manager's controlled contingency; and (ii) the programme management firm had to review each request to use contingency and make its recommendation for further review and approval by the United Nations. OIOS verified the existence of these controls in subsequent GMP contracts for swing space.

380 Madison Avenue

31. The contingency of 380 Madison GMP contract was used only once to fund the provision of lobby turnstiles with a total value of \$532,331. The Office of CMP stated that turnstiles were not included in the original design partly because the security consultant had not coordinated well with architects at the design stage. The installed turnstiles were not operational due to technical issues and the landlord's objections regarding a proposed fixed position for security personnel. This resulted in inefficiencies, however, the lease permitted the removal of the turnstiles and restoration of the floor, and the Office of CMP planned that the turnstiles would be used elsewhere.

North Lawn Conference Building

32. Two usages of contingency at NLCB, totaling \$155,269, were a result of trade contractors damaging the work of other trade contractors. The Office of CMP explained that the damages were a result of coordination difficulties among the different parties including the security consultant who was getting instructions from Department of Safety and Security, the project team and two firms of architects. Also, security specifications were delivered late and were not coordinated with door frame designs. Efficiencies would have been gained, and damages could have been avoided had all teams better coordinated construction programme delivery and schedule. Another usage of contingency at NLCB, in the amount of \$87,828, was paid to compensate for additional work outside the original contract scope of work, including running conduit, reinstalling door contacts, and removal and reinstallation of wiring for cameras. The Office of CMP commented that most of these work orders were as a result of changes to security enhancements which were recommended after works had progressed.

33. Since the CMP project is scheduled to complete in late 2014, there is little value in making a recommendation that addresses coordination on safety and security issues. However, it is important for the Organization to be able to draw upon institutional knowledge of the CMP project to assist in managing future Secretariat capital projects. Lessons learned, such as the requirement for a close liaison between the project manager and the Department of Safety and Security to ensure that security and safety needs are ascertained from the outset and appropriately incorporated in the project design, are examples of lessons to be included in the recommended lessons learned register described in the recommendation 1 of this report.

The Office of CMP established adequate controls over allowances

34. According to the Article 10 of the GMP contracts, allowances are amounts, approved by the Office of CMP for a specific purpose, and are included in the value of the GMP. Allowances may be used when there is uncertainty with regard to the design, scope of works or specification at the time of GMP contract negotiations.

35. The construction manager had to seek written approval from the Office of CMP before spending an allowance. The Office of CMP, the consultant programme manager, architects and engineers had to review the scope and cost of an allowance before it was authorized by the Executive Director of CMP. OIOS made the following observations regarding the allowances for each reviewed GMP contract as detailed below.

305 East 46th Street

36. The GMP contract had a provision for \$2,347,943 in allowances. OIOS reviewed allowance notifications valued at \$1,855,832 (79 per cent of the total value) and concluded that they were properly authorized and supported.

380 Madison Avenue

37. OIOS reviewed allowance notifications valued at \$5,034,407 (56 per cent of the total value) out of \$8,968,233 expended. OIOS observed that a few allowance use request forms at the initial stage of the construction period were not supported by quotes. It was stated that the consultant programme managers were not involved in checking these requests at this early stage, but this process was amended to incorporate such checks for later allowance use requests. Otherwise, supporting documents for allowances were examined and found to be correctly approved and accurately calculated.

North Lawn Conference Building

38. The total estimated allowance final provision was \$27,128,392. OIOS reviewed allowance notifications valued at \$4,394,807 (16 per cent of the total value) and concluded that they were properly authorized and supported.

Lessons learned related to the need for comprehensive studies on the condition of leased buildings prior to entering into lease agreements

39. The United Nations entered into a lease for a property that needed substantial work before it could be utilized as office space. The Office of CMP explained that the building's proximity to the Secretariat and the lack of suitable alternative accommodations made 305 East 46th Street the best option at the time. In the course of its negotiations with the landlord, the Office of CMP was conscious of the need to enter into an agreement urgently so that the CMP schedule was not delayed, which would have had serious cost implications. Also, a tight deadline of 90 days for the signing of the lease had been set by the General Assembly. Some of the remedial works, as well as number of building violations outstanding with the City, only became apparent after the lease had been signed. This resulted in a need to accelerate the construction schedule. A payment of \$7,482,400 was made to the United Nations by the landlord on 15 October 2009 as the landlord's contribution for works carried out. OIOS sought a breakdown of total expenses incurred as a result of the United Nations taking remedial works against the amount that was paid by the landlord but this was not available. The Office of CMP explained that the figure was agreed after robust negotiations with the landlord.

40. Since the CMP project is scheduled to complete in late 2014, there is little value in making a recommendation regarding comprehensive studies on the condition of leased buildings prior to entering into lease agreements. However, it is important for the Organization to be able to draw upon institutional knowledge of the CMP project to assist in managing future Secretariat capital projects. Lessons learned, such as the requirement for comprehensive swing space surveys and checks on outstanding violations to ensure that an agreement on the remedial works and responsibilities of the parties can be reached before the Secretariat enters into swing space lease agreements, are examples of lessons to be included in the recommended lessons learned register described in the recommendation 1 of this report.

IV. ACKNOWLEDGEMENT

41. OIOS wishes to express its appreciation to the Management and staff of the Department of Management for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of selected guaranteed maximum price contracts in the Office of Capital Master Plan

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The Department of Management should develop a lessons learned register, for use on future construction projects, which captures the institutional knowledge and good practices learned from the experience with the capital master plan project. This register should be developed before the completion of the CMP with input from the Office of CMP, the Office of Central Support Services, the Department of Safety and Security, the Office of Legal Affairs and other stakeholders. The Department of Management should consider including lessons learned identified in this report in the lessons learned register.	Important	O	Issuance of the lessons learned register.	30 June 2015

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by the Department of Management in response to recommendations.

APPENDIX I

Management Response



TO: Ms. Carmen Vierula, Chief, New York Audit Service DATE: 4 March 2014
A: Internal Audit Division
Office of Internal Oversight Services
THROUGH: *pp. ferni ferni*
Christian Saunders, Director
S/C DE: Office of the Under-Secretary-General for Management
FROM: *Mario Baez*
Mario Baez, Chief
DE: Policy and Oversight Coordination Service
Office of the Under-Secretary-General for Management

SUBJECT: **Draft report on the audit of of selected guaranteed maximum price contracts in**
OBJET: **the Office of Capital Master Plan (Assignment No. AC2013/514/01)**

1. In response to your memorandum dated 11 February 2014 on the above subject draft report, we are pleased to provide the consolidated comments of the Department of Management (DM) on paragraphs 13 and 20, and recommendation 1 of the draft report.

Paragraph 13

The Office of CMP had established stringent controls with regards to review of invoices, change orders, contingency and allowance usage requests submitted by the construction manager to ensure compliance with the terms of GMP contracts. The overall mandate of moving staff to swing spaces was achieved in a timely manner. However, due to the pressure on the construction schedule, the GMP contracts for swing spaces were negotiated and procured before the technical documentation had been fully completed. Also, requirements from all stakeholders including host country authorities, utility companies, Department of Safety and Security and other user departments had not been fully finalized before the GMP contracts were signed, and in some instances were changing during the execution of GMP contracts. This resulted in multiple changes in design documentation and a high percentage of change orders.

2. DM considers that any major construction project (especially one involving refurbishment and relocation in and out of swing space, with multiple end users and stakeholders) is subject to change and the design documentation will reflect this. DM would like to highlight the risk that the Organization may incur higher long term costs overall if bidding and contract execution is delayed until design documentation is fully fixed. As such, DM requests that the wording word '*procured*' in the paragraph above be revised to '*executed*' as this more accurately reflects that the timing of bidding and execution is led by the project management process rather than by the procurement process.

14-00535
4 March 2014

**Paragraph 20**

OIOS noted that sales tax had been included on some invoices paid for 305 East 46th Street and queried whether this was correct in view of the tax exempt status of the United Nations. The Office of CMP stated that the construction manager had been appointed as an agent of the United Nations to enable the benefit of tax exempt purchase of specified categories of goods and services, but that this appointment agreement had not been signed until 30 July 2009. Regarding the long lead time between the recommendations issued by the consultants and their implementation, the Office of CMP stated that the activity to negotiate and execute the first GMP contract with the construction manager was carried out concurrently with the process to research and fully understand the actions needed to maximize the benefits to the capital master plan under the United Nations tax exempt status. On the basis of outside consultancy advice, the Department of Management determined that the process was complex with careful review required of the relative contracting arrangements for labour, materials, equipment, plant and consumables not incorporated in the works. Furthermore, the United Nations sought to extend the ability for second tier suppliers (subcontractors) to raise invoices exclusive of sales tax. The process involved consultations with the United Nations Treasury, Accounts Division and Office of Legal Affairs, plus correspondence with New York State tax authorities and the construction manager's legal representatives.

3. DM wishes to note that, even by adopting the outside consultancy's recommendations fully, some aspects of construction expenditure were not fully tax exempt and thus some invoices would occasionally show a small element of sales tax (e.g. some 'consumables' as well as vehicle fuel).

Recommendation 1:

The Department of Management should develop a lessons learned register, for use on future construction projects, which captures the institutional knowledge and good practices learned from the experience with the capital master plan project. This register should be developed before the completion of the CMP with input from the Office of CMP, the Office of Central Support Services, the Department of Safety and Security, the Office of Legal Affairs and other stakeholders. The Department of Management should consider including lessons learned identified in this report in the lessons learned register.



4. DM agrees in principle with the recommendation but wishes to note that while the lessons learned from the CMP can be a valuable tool to future projects in providing a framework from which to establish their own arrangements, there are location-specific topics such as tax exemptions which depend on the agreements with the host country. Furthermore, guidelines developed for a construction project in the United States of America may not be applicable to a project in a different country. The market for leases is even more specific to the existing economic conditions and the geographical location of the space. As with the tax exemptions, lease guidelines can only serve as a starting point.

Management Response

Audit of selected guaranteed maximum price contracts in the Office of Capital Master Plan

Rec. no.	Recommendation	Critical/ ¹ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The Department of Management should develop a lessons learned register, for use on future construction projects, which captures the institutional knowledge and good practices learned from the experience with the capital master plan project. This register should be developed before the completion of the CMP with input from the Office of CMP, the Office of Central Support Services, the Department of Safety and Security, the Office of Legal Affairs and other stakeholders. The Department of Management should consider including lessons learned identified in this report in the lessons learned register.	Important	Yes	Assistant Secretary-General, CMP & Chief, FMS/OCSS	30 June 2015	Most of the lessons learned were presented in the 11th annual progress report as a follow-up of the Board of Auditors' recommendation. DM will update the lessons learned based on this recommendation. OCSS has been mandated by the General Assembly to be the repository of lessons learned from major construction projects and to ensure that these lessons are applied to all current and future new construction and major renovation projects.

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.