



INTERNAL AUDIT DIVISION

REPORT 2025/082

Follow-up audit of the Strategic Heritage Plan at the United Nations Office at Geneva

UNOG largely resolved past systemic issues related to contract management, stakeholder engagement, and invoice processing, but it needed to address contract specific issues related to the design, renovations, and the new building contracts that have persisted

24 December 2025

Assignment No. AE2025-310-03

Follow-up audit of the Strategic Heritage Plan at the United Nations Office at Geneva

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted a follow-up audit of the Strategic Heritage Plan (SHP) at the United Nations Office at Geneva (UNOG). The objective of the audit was to assess the adequacy and effectiveness of actions taken by UNOG in implementing previous OIOS recommendations relating to SHP. The audit covered the recommendations raised in the three OIOS audit reports issued from 2019 to 2024 and focused on the implementation of 16 recommendations relating to: (a) contract management; (b) stakeholder engagement; and (c) invoice and payments processing.

Systemic issues in contract management, stakeholder engagement, and invoice processing identified in past audits had been largely addressed. However, most of the contract specific issues and concerns related to the design, renovations, and the new building contracts have persisted. These are in the areas of risk management and resolution of outstanding issues and defects. Furthermore, there were concerns that technical units were not adequately involved in the descoping process necessitated by a CHF 30 million shortfall in funding allocation.

OIOS made six recommendations. To address issues identified in the audit, UNOG needed to:

- Reassess the risks associated with Contract A and evaluate if the performance security requirement should be reinstated, or if any additional risk mitigating measures should be established in the upcoming amendment of the contract.
- Allocate adequate staff time and resources to expedite the resolution of the long outstanding issues under Building H.
- Engage with relevant stakeholders in assessing risks associated with the design contract to help inform its strategies and actions plans for addressing performance risks and challenges and protect the Organization's interests.
- Assess the non-compliance and other risks associated with the renovations contracts and formalize the identification and management of mitigating measures with input from the UNOG Legal Office and the Department of Operational Support as appropriate.
- Ensure that technical units, particularly the Facilities Management Section, are adequately involved in ongoing descoping and budget alignment decisions to ensure that project adjustments identify and minimize the impact on long-term maintenance needs.
- Clarify and streamline the respective roles and responsibilities of SHP project management team, the Facilities Management Section, and the renovation contractor to ensure timely and effective resolution of defects and issues in completed sections of the renovation.

UNOG accepted the recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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Follow-up audit of the Strategic Heritage Plan at the United Nations Office at Geneva

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted a follow-up audit of the Strategic Heritage Plan at the United Nations Office at Geneva (UNOG).

2. The Strategic Heritage Plan project (SHP) is an initiative launched by UNOG to preserve and rehabilitate the Palais des Nations in Geneva (UNOG's home since 1946); enhance its capacity to meet the current and future operational requirements of the Organization; and address health and safety conditions.

3. SHP was promulgated through General Assembly resolutions 68/247 of 27 December 2013 and 70/248 of 23 December 2015, which collectively approved the project's mandate, governance and initial budget of CHF 836.5 million (\$1,046 million). Through resolution 79/297 of June 2025, Member States approved an additional allocation of CHF 87.7 million (\$110 million), bringing the total project budget to CHF 924.2 million (\$1,155 million). The SHP project is being implemented in three phases: Phase 1: construction of a new office building, (2017-2020); Phase 2: renovation of the historical Palais des Nations buildings (2020-2027); and Phase 3: construction of the Building E tower (2025-2027).

4. The SHP project management team is responsible for planning, monitoring and controlling project delivery. The team is led by a Project Director at the D-2 level and consists of 22 temporary posts including a dedicated team of six operational experts in key technical areas - procurement, information technology, security, mechanical, and architecture. As the project advances, the posts will be gradually phased out, with five expected to be abolished by the end of 2026.

Table 1: SHP staff as of 30 June 2025

Approved posts	D2	D1	P5	P4	P3	P2	G6	Total
Project staff	1	2	2	6	1	1	3	16
Operational experts	-	-	-	3	3	-	-	6
Total	1	2	3	9	4		3	22

5. As of June 2025, the project had incurred a cumulative expenditure of CHF 590.4 million (\$738 million), representing 64 per cent of the approved budget. Of this amount approximately CHF 200 million (\$250 million) was spent on programme management with the remaining CHF 390 million (\$488 million), representing 66 per cent of the expenditure, being spent on construction activities.

Table 2: SHP budget and expenditure as of 30 June 2025 (amounts in CHF)

SHP project element	Approved baseline costs	Expenditure
SHP programme management team	41,340,075	44,374,134
Other consultancy services	43,270,541	45,014,713
Design services	87,091,968	111,973,521
Sub-total programme management	171,702,584	201,362,367
Building H	161,468,667	123,469,539
Renovation of historic buildings (A, B, C, D and S)	296,687,486	246,726,394
Building E (including demolition of tower)	206,641,263	18,807,030
Sub-total building and construction	664,797,416	389,002,963
Total	836,500,000	590,365,330

6. UNOG uses United Nations corporate platforms including Umoja, Office 365 and Inspira as its main information management systems for administrative transactions. SHP also uses a project management information system, which is designed to support end-to-end management of construction and engineering projects across all phases of their life cycle.

7. Comments provided by UNOG are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess the adequacy and effectiveness of actions taken by UNOG in implementing previous OIOS recommendations relating to SHP.

9. This audit was included in the 2025 risk-based work plan of OIOS due to recurring financial and operational risks associated with the implementation of SHP.

10. OIOS conducted this audit from June to November 2025. The audit covered the recommendations raised in the three OIOS audit reports issued from 2019 to 2024, as summarized in tables 3 and 4. The audit focused on the implementation of 16 recommendations relating to: (a) contract management; (b) stakeholder engagement; and (c) invoice and payments processing.

Table 3: OIOS SHP recommendations from 2019 to 2024 by audit

Report number	Audit title and year	No of recommendations
2024/016	Audit of the Strategic Heritage Plan at UNOG	8
2021/076	Audit of the Strategic Heritage Plan at UNOG	8
2019/094	Audit of contract management in SHP at UNOG	5
Total		21

Table 4: OIOS SHP recommendations from 2019 to 2024 by focus area

Focus area	Implemented	In progress	Total
Contract management	10*	1	11
Stakeholder engagement	3*	-	3
Invoice and payment processing	3*	-	3
Claims and variations	1	-	1
Human resources management	2	-	2
Project monitoring	1	-	1
Total	20	1	21

*Recommendations covered by the audit

11. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) assessment of data management systems; (d) analytical review of data on project expenditure, contract amendments, claims, and variations; and (e) sample testing.

12. OIOS assessed the reliability of data pertaining to claims, variations and project expenditure by interviewing UNOG personnel knowledgeable about the data and tracing a random sample of data to underlying source documents. Based on the assessment, OIOS determined that the data was sufficiently reliable for the purpose of the audit objectives.

13. The audit was conducted in accordance with the Global Internal Audit Standards.

III. AUDIT RESULTS

A. Contract management

Vendor performance evaluation, coordination with procurement units, and contract amendment processes were strengthened

14. Eleven of the 21 SHP related recommendations that OIOS issued in 2019 to 2024 related to contract management. Five of the recommendations addressed contract management issues related to specific contracts, while the remaining six addressed systemic gaps in key areas such as: (a) vendor performance evaluations; (b) coordination between SHP and the Purchase and Travel Section (PTS); (c) systems for capturing lessons learned; and (d) contract amendment processes. OIOS' review showed that adequate actions had been taken to address the six recommendations that addressed systemic gaps as discussed below.

(a) Vendor performance evaluations

15. Vendor performance evaluations are an essential component of contract management that enable annual reflections on performance issues and strategies for their resolution. The 2024 OIOS audit of SHP (Report 2024/016) identified gaps in timeliness and quality of vendor performance reports and recommended corrective measures. In response, UNOG issued a memorandum in July 2024 defining processes, roles, responsibilities and timelines for preparing vendor performance reports - 45 days after year-end for design and construction contracts, and 15 days for other multi-year contracts. The memorandum also required attaching minutes of contract review meetings to vendor performance reports, documenting lessons learned, and fostering collaboration between SHP and PTS in rating performance and identifying remedial measures.

16. OIOS reviewed 15 of the 27 vendor performance reports prepared between January 2024 and June 2025 and confirmed compliance with the new requirements, noting timely completion and improved content including more detailed assessments of performance issues. Supporting documentation such as meeting minutes and notices for remedial actions were also attached, where applicable.

(b) Coordination between SHP and PTS

17. Both the 2021 and 2024 OIOS audits of SHP found that coordination issues between SHP and PTS were affecting timeliness of procurement and contract amendment actions, and quality of contract management tasks. OIOS' review showed that UNOG had strengthened coordination mechanisms between PTS and SHP in line with OIOS recommendations. This included weekly operational meetings between SHP and PTS and weekly senior management meetings involving the Director of Administration, SHP Project Director, Chief of Programme Management, and Chief of PTS. The SHP Director also issued a memo clarifying roles and emphasizing that only PTS staff were authorized to carry out commercial negotiations. Further, OIOS reviewed performance documents for key SHP and PTS staff for the 2024-2025 performance cycle and noted that coordination goals were duly reflected in the performance documents.

(c) Systems for capturing lessons learned

18. The need to track lessons learned was recommended in the 2021 OIOS audit of SHP (Report 2021/076). UNOG undertook several initiatives to strengthen its lessons-learned processes. In 2022, SHP conducted a comprehensive lessons-learned exercise on the implementation of Phases 1 and 2 of the project,

and incorporated key lessons learned into SHP's practices including the adoption of a design-build procurement approach, inclusion of sub-agreements to mitigate contractor-related risks, and the establishment of quantifiable performance indicators in major contracts. Further, in 2024, UNOG introduced a lessons-learned tracker to record insights and best practices and serve as a reference tool for ongoing improvements in contract management, design coordination, and procurement. OIOS reviewed the lessons-learned tracker and found that it included a range of relevant entries reflecting lessons from both operational and strategic aspects of project implementation. However, following the departure of the official responsible for maintaining the tracker in August 2024, updates to the tracker became inconsistent creating a risk that key knowledge and best practices might not be captured in a timely manner. UNOG agreed to review the responsibilities for recording lessons learned and ensure the lessons-learned tracker is updated and maintained.

(d) Contract amendments

19. The 2019 OIOS audit of SHP recommended that UNOG ensures contract amendments are initiated in a timely manner; duly reviewed and validated prior to signature; and where applicable, address emerging shortcomings and ambiguities in contract provisions identified during project implementation. OIOS reviewed the existing contract amendment practices and found that the recommendations were implemented effectively. PTS maintains a contract tracking system that monitors key contract milestones such as the contract expiry dates and the not-to-exceed (NTE) balances of long-term contracts. The system sends automatic email notifications to the designated PTS and SHP staff to initiate renewals or amendments. Initial notifications are submitted within 180 days prior to contract expiry date and upon reaching 75 per cent of the approved NTE amount. These thresholds were internally established by UNOG as the Procurement Manual does not define specific timelines for initiating renewals and amendments.

20. OIOS' review of 13 of the 25 amendments made in 2024-2025 showed that contract amendments were generally initiated and processed in a timely manner and some contract terms were improved or clarified, except for one case related to a long-term contract of \$16.6 million for provision of services originally approved in 2016 (Contract A) - in December 2023, UNOG submitted to the Headquarters Contracts Committee (HCC), a case to remove performance security requirements from the contract. UNOG premised its actions on the financial difficulties faced by the vendor, and newly adopted alternative risk mitigation measures, which required the vendor to submit proof of payments to its consultants, prior to UNOG approving the monthly vendor payments.

21. HCC did not endorse the amendment due to concerns that it would expose the Organization to financial and performance risks, noting that the adopted risk mitigation actions may not be adequate. After assessing the overall contractual and operational risks, and within its delegated authority, UNOG proceeded with the amendment citing that enforcing the performance security would necessitate termination of the contract due to breach and cause significant delays to SHP. The vendor was subsequently liquidated in 2025 and its operations transferred to a court appointed entity. UNOG obtained the required approvals from the Vendor Registration and Outreach Section in the Department of Operational Support to assign the contract to a court appointed entity under the same terms and conditions.

22. OIOS is of the view that the removal of the performance security requirements and assignment of the contract to a new entity changed the contract's risk profile. Performance securities help to mitigate financial risks and provide the Organization with leverage in case of performance-related issues. OIOS noted that performance security requirements have been incorporated in other similar SHP contracts such as the programme management services contract and the design contract. With Contract A set to expire on 31 December 2025, UNOG has an opportunity to reassess the contract risks and adequacy of mitigating measures and explore whether a performance bond or other less expensive performance security options

such as demand drafts, cashier's cheques, or irrevocable cheques certified by a bank would be warranted to minimize risks.

(1) UNOG should reassess the risks associated with Contract A and evaluate if the performance security requirement should be reinstated; or if any additional risk mitigating measures should be established in the upcoming amendment of the contract.

UNOG accepted recommendation 1 and stated that it would reassess the risks and consult with the contractor on reinstatement of the performance security in exchange for lifting the mitigation measures.

Need to strengthen arrangements for managing contract specific risks and challenges

23. Five of the OIOS SHP recommendations related to specific contracts such as: (i) new office building construction contract; (ii) the design contract; and (iii) renovations contracts. OIOS' review showed that UNOG was continuously engaging with the vendors and managing the risks and claims associated with each contract. Vendor evaluation review meetings were conducted to discuss performance and operational issues. Further, regular meetings were held with the Office of Legal Affairs at the operational level, and written legal advice was sought when needed. The senior legal officer position at the Director-General's Office was filled in November 2024 after being vacant for approximately a year and was an additional resource for legal perspectives.

24. Despite these efforts, performance issues and challenges in the design, renovations, and new building construction contracts have persisted. The long-term nature of these contracts coupled with the complexity of the SHP project presented additional challenges in addressing the performance issues particularly because the vendors have acquired valuable institutional knowledge that is critical to the project's success. OIOS' review showed that there were opportunities for further engagement on some legal issues, operational challenges, and risks in each contract.

(a) New office building construction contract

25. The contract for the construction of the New Office Building (Building H) was a four-year, CHF 116 million (\$145 million) contract signed in September 2017. Substantial completion was achieved in October 2021, followed by a two-year defects notification period that ended in October 2023. The 2024 OIOS audit of SHP (report 2024/016) recommended that UNOG establish a clear plan to resolve the outstanding issues and defects in Building H. The recommendation was still recorded as outstanding in the OIOS recommendation database.

26. Most of the issues identified in the previous audit were yet to be addressed. The final building completion certificate had not been issued four years after the building was handed over to UNOG in October 2021. The delays in resolving outstanding Building H issues were communicated to the Steering Committee, as well as to the Member States through the annual UNOG SHP report to the General Assembly. UNOG was at the time of the audit engaging with the contractor to appoint a Principal Expert to assist in resolving a dispute relating to water seepage in the terraces.

27. The long-drawn-out closure increased administrative workload for the Facilities Management Section and the SHP team and undermined the realization of the SHP project's benefits. The project manager's dual responsibilities of managing contract closure as well as the ongoing renovation works may have limited focus on finalizing the Building H issues.

28. OIOS concluded that the recommendation raised had been partially implemented and proposes closing it and replacing it with more targeted actions outlined in recommendation 2.

(2) UNOG should allocate adequate staff time and resources to expedite the resolution of the long outstanding issues under Building H.

UNOG accepted recommendation 2 and stated that it would update the punch list and negotiate with the contractor on the final completion of Building H. The value of the incomplete items on the punch list will be defined and the retention amount withheld will be used to complete the work.

(b) The design contract

29. The design contract was initially for Phase 1 of the project, but the scope was progressively expanded to cover the design of all the eight historical buildings and Building E. The NTE was increased from an initial CHF 51 million (\$64 million) to CHF 119 million (\$149 million). OIOS recommended in its 2024 audit of SHP (report 2024/016) that UNOG should perform a holistic review of the design contract to identify root causes of delays, design errors and omissions. In response, UNOG carried out a comprehensive analysis of the delays and made some adjustments by adopting a design-build approach for Phase 3 of the project and strengthening processes in its overall engagement with the design firm based on lessons learned.

30. However, design errors continued to represent a significant challenge. The 2024 vendor performance report included details of delays, errors and omissions. As of June 2025, the SHP Change Control Log showed that design changes were about CHF 47 million, accounting for approximately 60 per cent of all programme modifications, which totaled CHF 79 million. UNOG had, however, not yet conducted an analysis to ascertain the extent to which the CHF 47 million in design changes could be attributed to design errors or omissions by the design firm. Design-related risks were also listed as top-rated items in the SHP risk register. The design firm has provided UNOG with a CHF 1.25 million performance security, which, according to SHP, may not sufficiently cover all losses associated with design errors. There was no conclusive decision on how to deal with past design issues and, more importantly, no clear forward-looking action plan for managing the design contract risks.

(3) UNOG should engage with relevant stakeholders in assessing risks associated with the design contract to help inform its strategies and actions plans for addressing performance risks and challenges; and to ensure that optimal mitigating measures are implemented to protect the Organization's interests.

UNOG accepted recommendation 3 and stated that it would streamline the design function for Building E by assigning most of the technical design work to the main contractor. On the historical buildings, UNOG will analyze changes due to design errors and omissions to determine the viability of claims against the design firm.

(c) The renovations contracts

31. The CHF 269 million (\$336 million) contract for the renovations of the historical Palais buildings (renovations contract 1) was signed in September 2019 for a seven-year period ending September 2026. Following a competitive procurement process, the same company was awarded the contract for the renovations of Building E (renovations contract 2) with contract price of CHF 164 million, (\$205 million) for a 4.5-year period ending August 2027.

32. The 2024 OIOS SHP audit (report 2024/016) recommended that UNOG conduct a comprehensive lessons-learned exercise of the renovation contractor's performance in renovation contract 1 and ensure that the lessons are applied in developing action plans for managing renovation contract 2. OIOS also recommended that UNOG should follow up with the renovations contractor and obtain the required financial information for review and appropriate action.

33. In response, UNOG performed detailed vendor performance reviews and lessons learned exercises, which informed improvements in procurement, contract, and project management. Key actions taken included subcontracting phase 3 renovations to a new subcontracting entity and adopting lean management methodologies to optimize workflows. Updated project management instructions were also issued to improve controls over variation orders.

34. Despite the improvements, there were delays by the vendor in closing sections of the renovated buildings already handed over to UNOG. The renovations contractor did not also consistently provide the contractually obligated financial and cash flow statements and those submitted were not segregated for each contract as required. Further, OIOS noted that while presentations made to the Steering Committee on the sub-contracting arrangements explained the benefits of the arrangements, they did not go into details about risks and how they were being mitigated.

35. OIOS concluded that while the prior recommendations have been implemented, performance and compliance issues persist, and there are new risks or challenges related to the sub-contracting arrangements. Conducting a comprehensive assessment of the risks at least annually with input from relevant stakeholders as needed, would help provide assurance on adequacy of risk-mitigating measures and identify areas of improvements in managing contract risks. During such assessments, the option of invoking penalties and liquidated damages provided for in the contract could be explored.

(4) UNOG should assess the non-compliance and other risks associated with the renovations contracts and formalize the identification and management of mitigating measures with input from the UNOG Legal Office and the Department of Operational Support as appropriate.

UNOG accepted recommendation 4 and stated that it would perform financial due diligence on all parties of the joint venture and will share additional information on the subcontracting arrangements for Building E with the Office of Legal Affairs and with the Steering Committee.

B. Stakeholder engagement

Mechanisms for engaging with stakeholders were improved but there was a need to involve technical units in the descoping process

36. In the 2021 audit of SHP (report 2021/076), OIOS recommended that UNOG strengthen engagement between SHP and key stakeholders to ensure that requirements are clearly defined and that clients formally acknowledge and take ownership of agreed design changes in a timely manner; and to report to the General Assembly the design changes that have a significant impact on the SHP in terms of cost, delay or achievement of objectives.

37. In response to the recommendations, UNOG introduced new guidelines defining a structured process for submitting, reviewing, and approving stakeholder-initiated design programme changes. The guidelines mandate that all stakeholder requests for changes be formally documented; approved by the requesting unit's director; reviewed by SHP; and approved by the Director of Administration prior to

implementation. OIOS reviewed three of the six design programme changes processed in 2024-2025 and determined that they were processed in line with the new guidelines.

38. OIOS also reviewed SHP's engagement with stakeholders during the 2024-2025 budget realignment and scope reduction process. This was necessitated by a shortfall of CHF 30 million (\$38 million) in the funding allocations required to complete the project to its full scope. To offset this shortfall, the General Assembly mandated UNOG to initiate necessary cost reduction and descoping measures, while assuring code compliance of the entire project with regard to health, and safety standards. The impact of the shortfall was to affect the remaining phase of the project (Building E).

39. At the time of the audit, details of the proposed scope reductions were still being analyzed and were expected to be finalized in November 2025. OIOS noted that SHP had discussed the descoping measures with the Director of Administration and the Director-General and communicated them to the heads of other functional organizational units (for example the Facilities Management Section and Safety and Security Service) through the regular weekly coordination meetings. The Department of Safety and Security was also engaged regarding security considerations. The residual risks related to scope reductions were recorded as critical in the UNOG enterprise risk register.

40. However, there were concerns that the scope reduction decisions did not sufficiently incorporate long-term maintenance and operational requirements. Technical units, particularly the Facilities Management Section were of the view that they should have greater involvement in the descoping process to ensure that decisions remained consistent with sustainability and preservation needs.

41. SHP indicated that the constrained funding situation significantly undermined its ability to accommodate all stakeholders' requirements in making descoping decisions. OIOS is of the view that any foreseeable significant impact of descoping on long-term maintenance costs needs to be discussed with the affected offices to help ensure the impact is properly assessed for future planning purposes.

(5) UNOG should ensure that technical units, particularly the Facilities Management Section, are adequately involved in ongoing descoping and budget alignment decisions to ensure that project adjustments identify and minimize the impact on long-term maintenance needs.

UNOG accepted recommendation 5 and stated that it would integrate the Facilities Management Section into the review of the refined scope of works in Building E.

Need to strengthen the arrangements for resolving defects during the post-handover period

42. The 2021 OIOS audit of SHP (report 2021/076) made three recommendations that UNOG should ensure close coordination between the Facilities Management Section and SHP to facilitate efficient handover of completed sections of the works, including handover of operation and maintenance manuals; and ensure that outstanding punch list items are remedied in accordance with contractual requirements.

43. As of September 2025, SHP and the renovation contractor had completed and handed over three of the four sections of the Palais des Nations buildings scheduled for completion during 2024-2025. Each handover was accompanied by the required inspection, testing, and commissioning procedures, and was formalized through substantial completion certificates signed by SHP, the design firm and the renovation contractor. The certificates were supported by annexes that included punch lists of outstanding works and defects to be rectified within the defect liability period. Internal handover forms were signed by SHP, Facilities Management Section, Information, Communication and Technology Service, and Safety and Security Service.

44. SHP developed a dedicated software application to log and track defects and coordinated with the Facilities Management Section through regular meetings to assess the resolution of outstanding issues. The Facilities Management Section also maintained a helpdesk system. However, there were significant delays by the contractor in addressing punch list items and handing over technical documentation. As of September 2025, a substantial portion of the outstanding items for Buildings A, C and D (completed in 2023) remained unresolved and no clear deadlines had been established for resolving them. In addition, there were some complaints about the quality of work.

45. Staff interviewed attributed the delays to the renovation contractor's limited capacity to allocate resources concurrently to resolve defects for completed sections and ongoing work, as well as to prioritize resources toward new construction activities. Furthermore, complications arose from ambiguity over responsibility and accountability between SHP, the Facilities Management Section and the renovation contractor for certain defects noted after handover. Since the SHP project did not cover all aspects of the buildings, it was sometimes unclear whether the identified defects were attributable to SHP works or constituted routine maintenance issues under the responsibility of the Facilities Management Section. For instance, there was ambiguity regarding responsibility for repairing several damaged doors that were outside the scope of SHP but were damaged during the renovations potentially due to oversight or negligence by the contractor. Such ambiguity contributed to disputes and operational inefficiencies increasing the risk of delays in scheduling work.

46. OIOS concluded that, while the handover process was formally established, operational weaknesses in closing out defects persisted. There is a need for clearer delineation of responsibilities to facilitate timely and efficient resolution of outstanding issues. Furthermore, with the project nearing completion, it is also an opportune time to re-evaluate the division of responsibilities between SHP and the Facilities Management Section in resolving outstanding defects during the post-handover period. This could help with the dedication of resources to this aspect of the project and would have the added benefit of enhancing knowledge transfer to the Facilities Management Section.

(6) UNOG should clarify and streamline the respective roles and responsibilities of the Strategic Heritage Plan project management team, the Facilities Management Section, and the renovation contractor to ensure timely and effective resolution of defects and issues in completed sections of the renovation.

UNOG accepted recommendation 6 and stated that it would review the roles and responsibilities involved in operational readiness and resolution of the punch list and defects list.

C. Invoice processing

Invoice process controls were generally satisfactory

47. The 2019 and 2021 OIOS audits of SHP (reports 2019/094 and 2021/076) made three recommendations to address some shortcomings in invoice processing. One recommendation was systemic, while the other two were specific to individual contracts (the risk management contract and Contract A - referenced earlier in the report in the section dealing with contract amendments). All the recommendations had been closed as implemented.

48. Through detailed testing of invoice payments of CHF 44.4 million (\$55.5 million), across five major SHP contracts with a cumulative value of approximately CHF 424 million (\$530 million), OIOS determined that UNOG had largely addressed the gaps and shortcomings noted in prior audits. The invoices reviewed were accurate, aligned with approved purchase orders and contractual milestones, and were

supported by appropriate documentation, including certification that services paid for were provided. Adequate controls were also in place to manage the replacement of expert personnel engaged under the service contracts.

49. The only exception was the recommendation regarding Contract A, which had not been effectively addressed. The recommendation required UNOG to ensure that the payments made under Contract A are in accordance with the on- and off-site rates specified in the contract; and to formally clarify whether off-site rates apply exclusively to part-time consultants only. In addressing the recommendation UNOG amended the contract to clarify that on-site rates would apply in cases when consultants assigned to SHP under the contract provided services from Geneva or while telecommuting within an 80-kilometre radius, in line with the UNOG policy on flexible working arrangements. In practice, however, the on-site rates continued to be applied in all cases and from June 2024 the consultants stopped indicating on their time sheets whether they were working on- or off-site.

50. Review of task orders showed that two of the nine consultants engaged under Contract A were permitted to work both on- and off-site but were paid at the higher on-site daily rate without establishing the locations from which they provided the services. Going by the contractual daily on- and off-site rates of CHF 981 (\$1,226) and CHF 757 (\$946) respectively, OIOS estimates that there could be a potential overpayment of CHF 224 (\$280) for any day that any of the two consultants worked off-site. SHP management maintained that the consultants worked on-site and therefore no overpayments were made, but OIOS was unable to validate this because the time sheets did not specify work location. UNOG agreed to ensure that in future, time sheets and invoices are in line with the task orders with respect to on- and off-site attendance.

IV. ACKNOWLEDGEMENT

51. OIOS wishes to express its appreciation to the management and staff of UNOG for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Follow-up audit of the Strategic Heritage Plan at the United Nations Office at Geneva

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	UNOG should reassess the risks associated with Contract A and evaluate if the performance security requirement should be reinstated; or if any additional risk mitigating measures should be established in the upcoming amendment of the contract.	Important	O	Receipt of the results of UNOG's reassessment of risks associated with Contract A and related actions.	30 June 2026
2	UNOG should allocate adequate staff time and resources to expedite the resolution of the long outstanding issues under Building H.	Important	O	Receipt of evidence of actions taken to expedite the resolution of the outstanding issues under Building H.	31 December 2026
3	UNOG should engage with relevant stakeholders in assessing risks associated with the design contract to help inform its strategies and actions plans for addressing performance risks and challenges; and to ensure that optimal mitigating measures are implemented to protect the Organization's interests.	Important	O	Receipt of details of strategies and action plans established to address performance risks and challenges associated with the design contract following a comprehensive assessment of risks.	30 June 2027
4	UNOG should assess the non-compliance and other risks associated with the renovations contracts and formalize the identification and management of mitigating measures with input from the UNOG Legal Office and the Department of Operational Support as appropriate.	Important	O	Receipt of evidence that non-compliance and other risks associated with the renovation contracts have been assessed and mitigating measures formalized with input from relevant stakeholders.	30 June 2026
5	UNOG should ensure that technical units, particularly the Facilities Management Section, are adequately involved in ongoing descoping and budget alignment decisions to ensure that project adjustments identify and minimize the impact on long-term maintenance needs.	Important	O	Receipt of evidence that the Facilities Management Section has been integrated into the ongoing descoping and budget alignment reviews.	31 December 2026

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by UNOG in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Follow-up audit of the Strategic Heritage Plan at the United Nations Office at Geneva

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
6	UNOG should clarify and streamline the respective roles and responsibilities of the Strategic Heritage Plan project management team, the Facilities Management Section, and the renovation contractor to ensure timely and effective resolution of defects and issues in completed sections of the renovation.	Important	O	Receipt of evidence that roles and responsibilities have been clarified and streamlined to ensure timely and efficient resolution of punch list items and defects in completed sections of works.	31 December 2026

APPENDIX I

Management Response

Management Response

Follow-up audit of the Strategic Heritage Plan at the United Nations Office at Geneva

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNOG should reassess the risks associated with Contract A and evaluate if the performance security requirement should be reinstated; or if any additional risk mitigating measures should be established in the upcoming amendment of the contract.	Important	Yes	Chief of Programme Management, Strategic Heritage Plan	30 June 2026	UNOG will re-assess the risks and will consult with the contractor on reinstatement of the performance security in exchange for lifting the mitigation measure.
2	UNOG should allocate adequate staff time and resources to expedite the resolution of the long outstanding issues under Building H.	Important	Yes	Senior Programme Management Officer (Building H and historic renovations), Strategic Heritage Plan	31 December 2026	UNOG will update the punch list and will negotiate with the contractor the final completion of building H. The value of the incomplete items on the punch list will be defined and the retention amount will be used to complete the work.
3	UNOG should engage with relevant stakeholders in assessing risks associated with the design contract to help inform its strategies and actions plans for addressing performance risks and challenges; and to ensure that optimal mitigating measures are implemented to protect the Organization's interests.	Important	Yes	Chief of Programme Management, Strategic Heritage Plan	30 June 2027	UNOG will streamline the design function for building E by assigning most technical design work to the main contractor. On the historical buildings, UNOG will analyse the changes due to design errors and omissions to determine the viability of claims against the design firm.

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

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4	UNOG should assess the non-compliance and other risks associated with the renovations contracts and formalize the identification and management of mitigating measures with input from the UNOG Legal Office and the Department of Operational Support as appropriate.	Important	Yes	Chief of Programme Management, Strategic Heritage Plan	30 June 2026	UNOG will perform financial due diligence on all parties of the joint venture and will share additional information on the subcontracting arrangements for building E with the Office of Legal Affairs and with the Steering Committee
5	UNOG should ensure that technical units, particularly the Facilities Management Section, are adequately involved in ongoing descoping and budget alignment decisions to ensure that project adjustments identify and minimize the impact on long-term maintenance needs.	Important	Yes	Senior Programme Management Officer (Building E), Strategic Heritage Plan	31 December 2026	UNOG will integrate the Facilities Management Section into the review of the refined scope of works in building E.
6	UNOG should clarify and streamline the respective roles and responsibilities of the Strategic Heritage Plan project management team, the Facilities Management Section, and the renovation contractor to ensure timely and effective resolution of defects and issues in completed sections of the renovation.	Important	Yes	Senior Coordination Officer, Division of Administration	31 December 2026	UNOG will review the roles and responsibilities involved in operational readiness and resolution of the punch list and defects list.