



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

RISK ASSESSMENT

Capital Master Plan

1 May 2008

Assignment No. AC2008/514/01

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE

TO: Mr. Michael Adlerstein, Executive Director
A: Capital Master Plan

DATE: 1 May 2008

REFERENCE: IAD: 08- 01293

FROM: Dagfinn Knutsen, Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AC2008/514/01 - Capital Master Plan Risk Assessment**

OBJET:

1. I am pleased to present OIOS' risk assessment of the Capital Master Plan (which was carried out with the assistance of the consulting services of Deloitte & Touche LLP) for your information. While we do not require a formal response to this report, you are welcome to discuss any of the issues raised further.

2. OIOS encourages the Office of the Capital Master Plan to use the results of this risk assessment to put in place appropriate risk mitigation measures. OIOS will update the risk assessment periodically, based on subsequent audits or additional information obtained.

3. I take this opportunity to thank the management and staff involved in the risk assessment for the assistance and cooperation provided to the project team in connection with this assignment.

cc: Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS

INTERNAL AUDIT DIVISION

FUNCTION

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

CONTACT INFORMATION

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PARTICIPANTS

The OIOS risk assessment team conducted workshops and interviews with the following staff members of the Capital Master Plan, to gain an understanding of existing organizational relationships, risks, controls and process issues.

Focus Area	Name and Functional Title
Focus Areas: - Strategic Management & Governance - Financial Management - Human Resource Management - Procurement & Contract Admin - Logistics Management - Information Technology Management - Programme & Project Management - Conference & Documents Management - Property & Facilities Management - Safety & Security	Michael Adlerstein, Assistant Secretary-General and CMP Executive Director John Clarkson, former CMP Programme Director Katherine Grenier, Chief, Design and Construction, CMP Vivian van de Perre, Chief, Administration and Communication, CMP

SUMMARY OF RISK RATINGS

The risk assessment identified the following areas as Higher, Moderate and Lower Risk. A summary of the identified risks is shown below. Full details of the identified risks are listed in the Risk Register.

The overall risks presented in the attached risk register have been rated as "higher risk", "moderate risk", or "lower risk" based on OIOS' assessment of the likelihood and impact of the occurrence of events or actions that might adversely affect the Organization's ability to successfully achieve its objectives and execute its strategies, after taking into account the representations made by programme managers concerning actions they have taken to prevent or mitigate the identified risks.

Focus Area	Overall Risk
i. Strategic Management and Governance ii. Financial Management iii. Procurement and Contract Administration iv. Logistics Management v. Programme and Project Management vi. Property and Facilities Management vii. Safety and Security	Higher Risk
i. Information Technology Management ii. Conference and Documents Management iii. Human Resource Management	Moderate Risk
	Lower Risk

RISK REGISTER

Risk Assessment of : New York Audit Service - Capital Master Plan

Focus Area:		Strategic Management and Governance	Possible	High	Higher Risk
Interview/Review Summary (Description of risk)		OIOS Assessment	Likelihood	Impact	Overall Risk
No			Remote	High	Moderate Risk
I	<p>Lack of Commitment</p> <p>There may be a lack of commitment to the project from other UN directorates which may manifest itself by:</p> <ul style="list-style-type: none"> -lack of decision making capability -unwillingness to engage with project team -lack of pro-activeness to make the project happen -departments are not giving highest priority to project needs 	<p>Secretary-General and Executive Director actively championing and driving project needs.</p> <p>Identify delays that have happened to date due to delays for decisions being made and gain lessons learned.</p> <p>Pro-active communication strategy to be maintained.</p>	Remote	High	Moderate Risk
II	<p>Decision-Making</p> <p>Lack of standing committee or authoritative body for recorded decision-making may increase the risk of decisions being changed, thereby causing delays in the program as well as unexpected increases in costs.</p> <p>Delays may occur to project schedule because of continuing requests for additional data impairs speedy decision-making.</p> <p>Conflict between consensus driven decision making process and construction projects.</p> <p>Conflicting stakeholder objectives.</p> <p>Timeframes for obtaining decisions unpredictable.</p> <p>Decisions can also be amended at a later date.</p>	<p>Pro-active lobbying by CMP Executive Director and backing by Secretary-General creating a decision making culture. GA endorsed the establishment of an Advisory Board about 3 years ago, but this has not happened yet.</p> <p>Pro-active lobbying by CMP Executive Director and backing by Secretary-General creating a decision making culture.</p> <p>Pro-active lobbying by CMP Executive Director and backing by Secretary-General creating a decision making culture.</p> <p>When key decisions have to be made anticipate and prioritise those that need to be made outside consensus process. Experienced construction manager hired to join the CMP team.</p>	Possible	High	Higher Risk
III	<p>Procedural Limitations</p> <p>Inability of meeting time demands due to the required procedures to be taken. Contractual claims may result.</p>	<p>Pro-active lobbying by CMP Executive Director and backing by Secretary-General creating a decision making culture. Effective forward planning.</p>	Possible	High	Higher Risk

1	Focus Area:	Strategic Management and Governance	Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
	Lengthy approval procedures imposed by Office of Programme Planning, Budgeting and Accounts may result in delays in the project.	Pro-active lobbying by CMP Executive Director and backing by Secretary-General creating a decision making culture.	Possible	High	Higher Risk
	Inadequate delegation of authorities can cause significant disruption to project due to the lengthy procurement process, recruitment, financial reporting and payments. For example, speedy decisions may be required with respect to change orders to avoid possible claims for delay.	Delegated authority up to \$5.0m has been given to chief of procurement which has significantly reduced change orders from 16 weeks to approximately 4-8 weeks. If no delegated authorities are achieved then departments need to provide real time support which enables speedier decision making.	Remote	High	Moderate Risk
IV	Fraud and Corruption Adequate anti-corruption measures not in place.	Anti-corruption policy will be included in procurement terms and condition for all contracts. Links with appropriate law enforcement authorities, including labour organisations. Put in place a contract compliance function for CMP either sourced internally or externally. Regular audit process will look for any sign of fraud or corruption on project (OIOS). Adoption of steps to be implemented by CM to proactively identify and prevent fraud/ corruption.	Remote	High	Moderate Risk
	Lack of integrity monitoring around procurement and change orders and claims may result in possible fraud and corruption (including kickbacks) not being detected or addressed.	Anti-corruption policy included in procurement terms and condition for all contracts. Links with appropriate law enforcement authorities, including labour organisations. Put in place a contract compliance function for CMP either sourced internally or externally. Regular audit process will look for any sign of fraud or corruption on project (OIOS). Adoption of steps to be implemented by CM to proactively identify and prevent fraud/ corruption.	Remote	High	Moderate Risk

1	Focus Area:	Strategic Management and Governance	Possible	High	Higher Risk
	Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
No			Remote	Medium	Lower Risk
V	<p>Leadership, Roles and Responsibilities</p> <p>Change in UN leadership may cause a new review of the project.</p> <p>Unclear roles and responsibilities with no clarity on who is to manage CM.</p> <p>Lack of understanding / visibility of CMP/ UN responsibilities leading to:</p> <ul style="list-style-type: none"> -Lack of understanding by UN departments as to what is required of them -Lack of ownership of work scope -Key requirements or processes not in place or being defined. <p>Risk assessment of CMP is performed by the same company that is contracted to manage the project. This may result in a conflict of interest.</p> <p>Close relationships between CMP, Skanska and G&T may result in lack of role clarity, inefficient use of resources and compromise the need for separation of duties.</p> <p>Lack of clarity between roles of CMP and Facilities Management.</p>	<p>Governance</p> <p>Operational</p> <p>Governance</p> <p>Governance</p> <p>Operational</p>	<p>Remote</p> <p>Remote</p> <p>Possible</p> <p>Remote</p> <p>Possible</p> <p>Remote</p>	<p>Medium</p> <p>Medium</p> <p>Medium</p> <p>Low</p> <p>Medium</p> <p>Low</p>	<p>Lower Risk</p> <p>Lower Risk</p> <p>Moderate Risk</p> <p>Moderate Risk</p> <p>Moderate Risk</p> <p>Moderate Risk</p> <p>Lower Risk</p>

Risk Assessment of : New York Audit Service - Capital Master Plan

2	Focus Area:	Financial Management	Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
I	Market Forces Market forces creating construction escalation greater than forecast. Overheating in construction industry results in a step change in construction costs. Unavailability of the construction market to support delivery of the project.	Market impact on project is being tracked and included within estimate. Contained within cost escalation cost line and reviewed on quarterly basis. Schedule and resourcing reviews by CM.	Possible	High	Higher Risk
II	Funding and Payments Funding of the project may not be in place. Prior to any award of construction contract under host nation regulation the full funding must be available, otherwise no contractor will commit to the project. Lack of payment or late payments from the member states may create a cash flow problem. Payment of contractor invoices not on time. Adequacy of available resources may be unable to cope with volume and dollar value of payments.	General Assembly has agreed that a Letter of Credit will be obtained to provide the necessary commitment. General Assembly has agreed that a Letter of Credit will be obtained to provide the necessary commitment. Payments are currently within 30 days. Any difference then addressed in next payment. From recent experience there has been minor issues. G&T have doubled resources to reduce payment approval times and also to take account of future increase of transactions.	Possible Remote	High	Higher Risk Moderate Risk
	The project is having to fund the cost of delays from the original budget. Value engineering proposals have been developed but the current design has already been value engineered to a minimum price. As a result that the curtain walling has to replicate the existing in appearance for preservation purposes the curtain walling is bespoke. Currently no supplier on board so there is a risk that estimation is not sufficient.	Value engineering being undertaken to match budget with affordable specification without sacrificing functionality and sustainability. Value engineering being undertaken to match budget with affordable specification without sacrificing functionality.	Possible	High	Higher Risk
			Possible	High	Higher Risk

2	Focus Area:	Financial Management		Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	There are numerous sculptures on the General Assembly Eastern elevation and also on the Northern elevation of the Library building for which the project has not included for removal storage and repositioning.	Value engineering being undertaken to match budget with affordable specification without sacrificing functionality.	Financial	Possible	High	Higher Risk
III	Budgeting and Accounting Processes The biennial budgeting process is not aligned to needs of the CMP project, resulting in many administrative steps to be taken and inefficient use of resources to ensure encumbrances are properly reflected.	No mitigations evident.	Financial	Possible Likely	Low	Lower Risk Moderate Risk
	Lack of consideration of IPSAS conversion during the implementation and execution of the CMP may result in the inability to attain IPSAS compliance.	Nova system has the capability to produce the required opening balances.	Financial	Remote	Low	Lower Risk

Risk Assessment of : New York Audit Service - Capital Master Plan

3	Focus Area:	Human Resource Management		Remote	High	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	<p>Lack of human resources Lack of human resources needed to meet the needs of the Administration and Communication services of the CMP project.</p> <p>Possibility of turnover of staff during the last phase of the project due to the use of temporary posts may result in insufficient resources and lack of continuity to complete project in time.</p>	<p>Staff requirements are under review and proposal will be made for an increase in the near future.</p> <p>A longer term problem as staff are likely remain until the later stages of the project.</p>	Human Resources	Remote	Medium	Lower Risk
II	<p>Succession Planning As a result of the length of the project, key staff could be lost from the project which may lead to loss of knowledge and or leadership.</p>	<p>Put into place succession planning. Request that for key members of staff either within UN/CMP/Consultants/Contractor there is always a deputy/assistant who has same knowledge as key individual.</p>	Human Resources	Remote	High	Moderate Risk
				Possible	High	Higher Risk

Risk Assessment of : New York Audit Service - Capital Master Plan

4	Focus Area:	Procurement and Contract Administration	Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
I	<p>Guaranteed Maximum Price The use of the guaranteed maximum price approach for individual sub-contracts may still result in the overall project being delivered over budget.</p>	<p>Global estimates suggest overall costs per square foot seem achievable. Value engineering will be used to lower costs.</p>	Possible	High	Higher Risk
II	<p>Market Diversity There is a requirement that the project engages with emerging markets and procures resources. There is a risk that as the specification is linked to the host nation requirements, emerging markets may not be able to meet standards and specification. Strong unions will also affect this requirement e.g. electrician requirements on locally manufactured equipment to be used on all projects</p>	<p>Compliance CMP and CM to identify methods which may help in the achievement of this objective. CMP team maintain communication to Member States of proof that this is being achieved. CMP to ensure that all expression of interest notices issued by CM and all related contract awards are posted on CMP website.</p>	Possible	Medium	Moderate Risk
III	<p>Contract Terms & Conditions The proposed UN contract may have terms and conditions which are not acceptable to the market and leading to increased pricing as the contractors price the risk, or there are a limited number of companies willing to contract with UN.</p>	<p>Operational CMP and CM to identify methods which may help in the achievement of this objective. CMP team maintain communication to UN members of proof that this objective is being achieved.</p>	Possible	Medium	Moderate Risk
III	<p>Contract Terms & Conditions The proposed UN contract may have terms and conditions which are not acceptable to the market and leading to increased pricing as the contractors price the risk, or there are a limited number of companies willing to contract with UN.</p>	<p>Strategy The proposed contracts have been used within the market place and the only main issue is that if there is any contractual conflict it has to be addressed via adjudication there is no recourse to suing within American Judicial system. It may be beneficial that the authors of the contract are retained by CMP for advice and conflict resolution.</p>	Possible	High	Higher Risk
III	<p>It may be a challenge to ensure that subcontracts are established under the UN procurement policies and procedures as this was not a specific requirement of the Agreements.</p>	<p>Compliance Executive Director liaises closely with Construction Manager and UN procurement. Contractor performance and safety record will be considerations when selecting contractors.</p>	Possible	Medium	Moderate Risk

4	Focus Area:	Procurement and Contract Administration		Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	Contractual arrangements may result in UN expectations regarding compliance with UN procurement and contracts procedures not being fully satisfied. There could be a consequential reputation risk.	Executive Director liaises closely with Construction Manager and UN procurement. Contractor performance and safety record will be considerations when selecting contractors.	Compliance	Possible	High	Higher Risk
	Inadequate insurance arrangements	Experience of construction manager & CMP Team	Financial	Remote	High	Moderate Risk
IV	Client Expectations Resolutions and expectations of the GA may not be properly interpreted. This could result in design and implementation not being fully aligned with UN intentions.			Possible	High	Higher Risk
V	Procedures Lack of flexible and expeditious procurement process may create delays in the schedule and cost overruns.	Much reliance is placed on the Executive Director and his design team.		Possible	High	Higher Risk
	Valuation of the monthly invoices based on percentages of completion of sub-contracts may be over estimated, resulting in a front loading of payments.	Executive Director liaises closely with Construction Manager and UN Procurement Division. Pro-active lobbying by CMP Executive Director and backing by Secretary-General creating a decision making culture. Procedures for checking accuracy and reasonableness of payments have been established.	Operational	Possible	High	Higher Risk
	Inability to remain on schedule and budget may result in a reputational risk and loss of credibility for the UN. Procurement processes during construction phase may require a different approach to be more in line with industry practice.	Procedures and value engineering promote control of costs. Construction Manager now part of the team and majority of procurement will be done through CM. Procurement delegated authority and also strengthening of UN procurement team with construction experience is proving beneficial to project.	Financial	Possible	Medium	Moderate Risk
			Operational	Possible	High	Higher Risk
			Operational	Possible	High	Higher Risk

4	Focus Area:	Procurement and Contract Administration		Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
VI	<p>Best Value may not be Achieved</p> <p>Value engineering could compromise sustainability objectives, and this would result in a reputational risk to the organization and higher operational costs in the future.</p> <p>The construction manager may not achieve the best value in subcontract agreements when balancing cost with quality, safety and geographic diversity criteria.</p> <p>Lack of authority to issue change orders as required may result in delays and increased costs.</p>	<p>CMP team believe that cost controls resulting from value engineering will not affect functionality or design objectives.</p> <p>CMP team and consultants will provide oversight to achieve best value.</p> <p>Delegated authority up to \$2.5m has been given to Director of Procurement Division which has significantly reduced change orders from 16 weeks to approximately 4-8 weeks. If no delegated authorities are achieved then departments need to provide real time support which enables speedier decision making.</p>	Operational	Possible	High	Higher Risk
	<p>Increase of labor and material rates in New York City may give the contractor an incentive to pursue claims to mitigate increased costs.</p> <p>As a result of the complex nature of the works and their high profile status, insurance policies may add special requirements.</p> <p>Existing maintenance contracts may overlap with new works. Validity and contract length for each maintenance contract to be reviewed to suit project phasing.</p> <p>Maintenance strategy post works to be defined.</p>	<p>CMP team, Construction Manager and consultants will provide oversight for scrutiny and safeguarding UN's interests.</p> <p>Consult with the Insurance Department.</p> <p>Review duration of existing contracts together with projected completion of existing contracts. Review maintenance requirements within contractor contracts post handover of completed works.</p>	Operational	Possible	High	Higher Risk
	<p>Use of trade contractors who perform badly could occur if steps are not taken to ensure that their performance is reviewed and considered when further works are due to be procured.</p>	<p>CMP team, Construction Manager and consultants will provide oversight for scrutiny and safeguarding UN's interests.</p>	Operational	Possible	Low	Lower Risk
			Operational	Possible	Medium	Moderate Risk
			Operational	Possible	Medium	Moderate Risk

Risk Assessment of : New York Audit Service - Capital Master Plan

5	Focus Area:	Logistics Management	Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
I	<p>Swing Space Management Risk of complaints and non compliance on the part of end users around swing space management could cause delays and increased costs.</p> <p>Need to perform double moves in order to accommodate proximity needs to the UN may result in increased costs, as well as end user resistance and consequential delays.</p>	<p>Director of Facilities Management Division reports to CMP Executive Director. Consultant will identify the needs of the departments for swing space.</p> <p>Director of Facilities Management Division reports to CMP Executive Director. Consultant will identify the needs of the departments for swing space.</p>	<p>Possible</p> <p>Possible</p>	<p>High</p> <p>High</p>	<p>Higher Risk</p> <p>Higher Risk</p>
II	<p>Project Management Changes in the sequencing and logistics may affect the planned spending curve resulting in cash flow issues or budget overruns.</p>	<p>G&T maintains schedules that are constantly reviewed.</p>	<p>Possible</p> <p>Possible</p>	<p>High</p> <p>High</p>	<p>Higher Risk</p> <p>Higher Risk</p>

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6	Focus Area:	Information Technology Management		Possible	Medium	Moderate Risk
	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
No						
I	Systems Limitations Inappropriateness of IT systems to support business needs of the project. Required manual inputs into IMIS system may result in inefficiencies as well as being subject to errors.	Construction Manager will contribute expertise. NOVA system is reconciled with IMIS everyday.	Information Resources Information Resources	Possible Possible Remote	Medium Medium Low	Moderate Risk Moderate Risk Lower Risk
II	Insufficient Availability of Information There is lack of knowledge across the organisation as to how past decisions have been made, and what implications were considered for future plans and actions. Lack of a public helpline/information to address issues or questions may create uncertainty and confusion for both internal and external parties.	Knowledge Management System should be considered for dissemination of information to stakeholders. Awareness of the importance of stakeholder management within the CMP team.	Information Resources Information Resources	Possible Remote Possible	Medium Medium Medium	Moderate Risk Lower Risk Moderate Risk

Risk Assessment of : New York Audit Service - Capital Master Plan

7		Focus Area:	Programme and Project Management	Possible	High	Higher Risk
		Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
No	I	<p>Stakeholder Relations</p> <p>The construction activities could upset the community due to the inherent disruption and environmental impact. This could be a reputational risk for the UN.</p> <p>Ineffective planning and communication relating to staff relocations and swing space could affect staff morale and lead to resistance to change and delays.</p> <p>Any bad publicity of the project could affect the market place. Suppliers may include a premium within prices. Difficulty in recruiting adequate experienced resources may affect decision making process.</p>	<p>CMP will use a consulting firm which will help mitigate the relocation and communications issues.</p> <p>Need for DPI to implement proper forms of communication. I.e.: hotline, communication of data that's live, current, detailed and accessible.</p> <p>CMP team to engage with market place and keep them informed of project.</p> <p>Inform the wider public and construction sector what the team are actually doing e.g. the design is undertaking a considerable amount of preservation.</p>	<p>Possible</p> <p>Possible</p> <p>Possible</p> <p>Possible</p>	<p>High</p> <p>High</p> <p>Medium</p> <p>Medium</p>	<p>Higher Risk</p> <p>Higher Risk</p> <p>Moderate Risk</p> <p>Moderate Risk</p>
		<p>Ineffective management of stakeholder aspirations, or unexpected changes in stakeholder aspirations.</p> <p>Project has numerous internal and external stakeholders which require to be managed.</p> <p>The definition of substantial completion and when a section of the building can be handed over to the end user may be unclear leading to late delivery and snagging work being undertaken after end-user has moved in.</p>	<p>Develop a stakeholder management plan to identify stakeholders, their aspirations and how the project is addressing them.</p> <p>Standard definition of substantially complete and when assets are able to be handed over to be inserted in all contracts.</p>	<p>Possible</p> <p>Remote</p>	<p>High</p> <p>High</p>	<p>Higher Risk</p> <p>Moderate Risk</p>
	II	<p>Limitations on Work Practices</p> <p>Restriction on regular hours of working could have an adverse effect on programme & construction flexibility. Constraints on methods of working. Claims for delay could be a consequence.</p>	<p>Review working hours assumption and possible future requirements.</p> <p>Communication programme.</p>	<p>Possible</p> <p>Possible</p>	<p>High</p> <p>High</p>	<p>Higher Risk</p> <p>Higher Risk</p>

7	Focus Area:	Programme and Project Management		Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	As a result of the particular status of the UN within the host nation environment, there is a risk that UN processes and requirements may be in conflict with normal construction practice within New York causing possible labour issues or industrial action.	Develop a stakeholder management plan to identify stakeholders, their aspirations and how the project is addressing them.	Strategy	Possible	High	Higher Risk
	The project has an aspiration of designing to suit New Building codes. There are numerous issues affecting this aspiration: -Ability to achieve grandfather rights for parts of structure. -Ability to achieve all filing requirements whilst preserving UN security requirements. -Building code may have conflicts with specific UN requirements. -Current building essentially "does not exist" within New York city building dept so asking for amendments to existing building is an issue. -Union agreements are linked to certain filings.	Dialogue with New York City is on going. Recent mutual agreement on alignment requirements. Independent review of consultant team design.	Strategy	Remote	High	Moderate Risk
	Inability to undertake much work during GA main session periods. The impact of undertaking works during the September to December period may be more onerous than expected.	CM to build up detailed schedule and verify that with a loss of productivity during GA main session period the project can still be completed to required timescales.	Operational	Possible	High	Higher Risk
	The actual disruption to operations of the UN may be more than expected, causing staff morale issues and constant requests to CMP to amend construction activities to further minimise disruption.	As a result of Accelerated Plan this risk has been substantially reduced. Communication strategy. Continued dialogue with existing building users. Regular meetings between CM/contractor and operational units such as DSS and facilities managers.	Operational	Possible	High	Higher Risk

7	Focus Area:	Programme and Project Management		Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	CMP works may be stopped by other UN departments due to lack of recognition that a certain level of noise and disruption is required to deliver the project	As a result of single phase option this risk has been substantially reduced. Communication strategy Continued linked with existing building users Regular meetings between contractor and operational units such as DSS and facilities managers	Operational	Remote	Medium	Lower Risk
	Interface issues between contracts. Each contract is being undertaken by separate teams which may lead to conflicts due to: - overlaps complexity -co-ordination -Physical space overlap -conflict with M&E plant -unclear responsibility for design. Claims could result.	Single phase option has reduced risks Currently co-ordination is being managed by project management team. The CM is on board and he will also take on the role of design integrator and the verification of construction package information is consistent throughout with respect to design.	Operational	Likely	High	Higher Risk
	CMP resources. As a result of the delays in procuring CM, swing space and numerous design changes. The schedule now has a considerable number of concurrent activities which require management and leadership.	Review resource requirements against current schedule.	Operational	Possible	High	Higher Risk
III	Lessons Learned Possible perception that this project may not take on board lessons learned from other projects.	Procedures to be included in Project Manual.	Operational	Possible	Medium	Moderate Risk
IV	Scope Creep On any project there is the risk of scope creep, either from end user requirements being excessive or due to designers putting their aspirations into the design.	All design contracts have clause that they have to design to a budget which has been demonstrated that scope creep is not happening.	Governance	Possible	High	Higher Risk
	The sustainability requirements of the projects may be increased.	There has been backing from the General Assembly to maintain sustainability target. The project is being designed with an objective of achieving a sustainable building whilst achieving value for money.	Governance	Remote	High	Moderate Risk

7	Focus Area:	Programme and Project Management		Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk) The expectations of the UN for the project may increase as project develops over time.	OIOS Assessment Provide additional resources to liaise with UN departments. Identify actual value of specific requirements and impact on overall budget and schedule.	Risk Category Governance	Likelihood Remote	Impact High	Overall Risk Moderate Risk
V	Unforeseen Technical Problems Technical problems could arise with consequences for cost and programme. It may not have been possible to predict these works and consequential change orders at the beginning of the project.	Continuing surveys and testing.	Operational	Likely Likely	High High	Higher Risk Higher Risk

Risk Assessment of : New York Audit Service - Capital Master Plan

8	Focus Area:	Conference and Documents Management		Remote	High	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	Loss of Records and Loss of Confidentiality Lack of proper procedures for the protection and retention of confidential documents may result in the loss of confidential records and confidentiality during relocation of the UN operations.	Stakeholder Management Plan is being prepared and should include instructions on archives and retention procedures.	Governance	Remote	High	Moderate Risk
	Non-compliance with archives and retention policies at the departmental level may result in the loss or disposal of historical records.	Stakeholder Management Plan is being prepared and should include instructions on archives and retention procedures.	Compliance	Remote	High	Moderate Risk
II	Inadequate information for Effective Project Control			Possible	High	Higher Risk
	Inadequate project document management system leads to poor project control and information.	Project Manual will document procedures. Construction Manager is co-located.	Governance	Possible	High	Higher Risk

Risk Assessment of : New York Audit Service - Capital Master Plan

9	Focus Area:	Property and Facilities Management	Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
I	<p>Stakeholder Relations</p> <p>Lack of inclusion of end user's and other stakeholder's considerations in the overall scope and design may result in inefficiencies, an inability to meet end users needs, and delays if changes are not accepted. Change orders may be required.</p> <p>Expectations by Member States of temporary facilities may not be achieved and so there may be a need to enhance temporary facilities after they are put into operation.</p>	<p>Develop a stakeholder management plan to identify stakeholders, their aspirations and how the project is addressing them.</p> <p>Communication strategy to include regular briefing notes</p>	<p>Possible</p> <p>Possible</p>	<p>High</p> <p>High</p>	<p>Higher Risk</p> <p>Higher Risk</p>
II	<p>Inadequate Procedures and Decision-Making</p> <p>Continual change in decisions as to who will move to swing space. Designers have already re-designed to suit changes.</p> <p>Inadequacies in the process for disposal of redundant assets could cause delays and increased costs to the CMP.</p> <p>Space constraints could be experienced if too much redundant documentation is retained.</p> <p>There is a requirement that the temporary building is demountable. Current design requirements and budget has forced the design to be of a traditional design.</p>	<p>Consultant procured who will identify most appropriate department with respect to space and type of space requirements for matching with swing space.</p> <p>Secretary General and Executive Director actively championing and driving project needs. Identify delays that have happened to date due to delays for decisions being made and gain lessons learned. Pro-active communication strategy to be maintained.</p> <p>Communication strategy to include regular briefing notes.</p> <p>Mitigations not specifically identified.</p>	<p>Possible</p> <p>Possible</p> <p>Possible</p> <p>Possible</p>	<p>Medium</p> <p>High</p> <p>Low</p> <p>Low</p>	<p>Moderate Risk</p> <p>Higher Risk</p> <p>Lower Risk</p> <p>Lower Risk</p> <p>Lower Risk</p> <p>Moderate Risk</p>

9	Focus Area:	Property and Facilities Management		Possible	High	Higher Risk
	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
No III	<p>Interfaces with other Works</p> <p>During negotiations for swing space there are works which are required to be undertaken by the Land Lord prior to start of UN fit out works. These works may take longer than expected delaying UN taking over the space.</p>	<p>In the negotiations with land lords it may be beneficial for the UN to undertake the works on behalf of the Land Lord and funded by the Land Lord.</p>	Operational	Possible	High	Higher Risk

Risk Assessment of : New York Audit Service - Capital Master Plan

10	Focus Area:	Safety and Security	Possible	High	Higher Risk
	Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
No			Possible	High	Higher Risk
I	<p>Security Requirements may Disrupt Project The time and resources to deliver appropriate screening of labour and materials may affect productivity and limit the number of companies who want to work on the project</p> <p>The construction activities will require special processes and procedures to maintain the security requirements UN</p>	<p>Security requirements for the construction phase have not been developed to date. CM to aid in the development of a workable solution. All contracts to be explicit of security requirements such that it will minimise claim for delay and disruption</p> <p>DSS has identified a strategy to develop plan CM/ CMP is undertaking construction security strategy for sign off by DSS. The impact of measures may require items such as: -materials inspection off site -security vetting of all personnel prior to starting on site -Additional CCTV monitoring of the areas being worked upon -Onerous security manning by contractors - Construction staff may have to have swipe card access passes which limits access to certain construction a site areas.</p> <p>CMP designers to monitor blast requirements and obtain design freeze by DSS Project has already been affected by this risk whose impact has been taken into account in cost estimate.</p>	Possible	High	Higher Risk
II	<p>Blast mitigation measures are continually being developed around the world which may mean that during the life time of the project the specification may change.</p> <p>Competition could be limited As a result of the confidential nature of some of the security requirements within construction packages it may be difficult to tender. Companies may have to be security vetted prior to issue of tender information.</p>	<p>CM and CMP to define measures to be put into place for contractor tendering</p>	Possible	High	Higher Risk
			Possible	Medium	Moderate Risk

10	Focus Area:	Safety and Security	Possible	High	Higher Risk
	Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
No			Possible	High	Higher Risk
III	<p>Lack of Expertise/Failure to Plan Swing space is being procured but security requirements have not been defined</p> <p>Currently the temporary space is being designed taking the existing space as a model but there may be additional security requirements which will affect design and layout requirements</p> <p>The lessons learnt with respect to security from previous contracts may have not been conveyed to design team.</p> <p>The design may not take account of the working methods that the end user actually undertakes. Also of how the building actually operates in terms of movement of people and logistics. An issue is that a weakness of the current design is replicated within the new building.</p> <p>The CM contractor may not be aware of its responsibilities to provide full security services during the construction period. The contract with the CM may not have been explicit about what security measures are required.</p> <p>There could be a risk that there is a lack of communications during any security incident (fire evacuation or other)</p> <p>There are elements of the infrastructure which are mission critical and should always be available irrespective of construction phasing works</p> <p>There are conflicts into the forces to be used for the curtain walling cladding design from interpretation of the blast specification</p>	<p>Governance</p> <p>Operational</p> <p>Governance</p> <p>Operational</p> <p>Governance</p> <p>Operational</p> <p>Governance</p> <p>Operational</p> <p>Operational</p> <p>Operational</p> <p>Operational</p> <p>Operational</p>	<p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p>	<p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p> <p>Higher Risk</p>	

10	Focus Area:	Safety and Security		Possible	High	Higher Risk
No	<p>Interview/Review Summary (Description of risk)</p> <p>The elements of cladding which have louvres have not as yet achieved a solution to correspond to blast requirements</p>	<p>OIOS Assessment</p> <p>Delay in achieving a fully designed and approved curtain wall system</p>	<p>Risk Category</p> <p>Operational</p>	<p>Likelihood</p> <p>Possible</p>	<p>Impact</p> <p>High</p>	<p>Overall Risk</p> <p>Higher Risk</p>

Focus Areas

Focus areas are the key standard processes that are typically found in United Nations operations. These are categories established by the risk assessment framework to facilitate understanding and communicating common processes or functions within the Organization (common language). They are based on a categorization of objectives, using a hierarchy that begins with high-level objectives and then cascades down to objectives relevant to organizational units, functions, or business processes. The IAD risk assessment framework has identified eleven focus areas as follows:

- 1 Strategic Management and Governance
- 2 Financial Management
- 3 Human Resources Management
- 4 Procurement and Contract Administration
- 5 Logistics Management
- 6 Information Technology Management
- 7 Programme and Project Management
- 8 Conference and Documents Management
- 9 Property and Facilities Management
- 10 Safety and Security
- 11 Other areas (for areas not included in 1 to 10)

Each focus area may be broken down into sub-focus areas. Examples of sub-focus areas are listed below.

No.	Focus Areas	Examples of Sub Focus areas relating to principal focus
1	Strategic Management and Governance	Strategic planning and monitoring, Mandate and mission, Organizational structure and functions, Start up planning, Liquidation planning, Risk management, Policies and procedures, Governing/Legislative bodies, High level committees, Top level offices.
2	Financial Management	Accounting and financial reporting, Results-based Budgeting, Cash management, Treasury, Contributions, Fund raising, Payroll
3	Human Resources Management	Recruitment, Training, Conduct and discipline, Entitlements and allowances, Performance appraisal system and Medical Services, Use of short term staff (consultants, gratis personnel etc
4	Procurement and Contract Administration	Procurement planning, Procurement process, Local contracts committee, Administration of major contracts such as for fuel, rations, airfield services, medical supplies etc.
5	Logistics Management	Travel services, Transport operations, Air operations, Movement control, Fleet Management and Maintenance
6	Information Technology Management	Management of ICT infrastructure, software development, Communications services, ICT operations, Business continuity and disaster recovery, IT Security
7	Programme and Project Management	Management of programmes such as Rule of Law, Human Rights, Child Protection, Public Information, Disarmament , Demobilization and Reintegration, Mine action, Protection of Civilians, Military and Civilian Police operations, and Logistics; Management of projects such as technical cooperation and quick impact projects
8	Conference and Documents Management	Records management, Publications, Editorial services, Conference management, Translation and interpretation services, Web sites
9	Property and Facilities Management	Management of office premises and facilities, Contingent-owned equipment, Expendable and non-expendable property, Building Services, Inventory management, Local Property Service Board
10	Safety and Security	Security of UN staff and installations, Contingency planning, Evacuation procedures and drills, Occupational safety
11	Other areas	This is for illustration purposes only and is not a comprehensive audit and is included for any other focus areas not specified in 1-10. This may include general office administration, executive offices and common services etc.

Risk Categories

Risk categories are common concerns or events, grouped together by the type of risk that will result.

The seven (7) risks used in OIOS Risk Assessment methodology is as follows:

- A. Strategy
- B. Governance
- C. Compliance
- D. Financial
- E. Operational
- F. Human Resources
- G. Information Resources

No.	Risk Category	Description
A	Strategy	Impact on mandate, operations or reputation arising from inadequate strategic planning, adverse business decisions, improper implementation of decisions, a lack of responsiveness to changes to the external environment, or exposure to economic or other considerations that affect the Organization's mandates and objectives.
B	Governance	Impact on mandate, operations or reputation as a result of failure to establish appropriate processes and structures to inform, direct, manage and monitor the activities of the Organization toward the achievement of its objectives. Includes attributes such as leadership, tone at the top, and promotion of an ethical culture in the Organization.
C	Compliance	Impact on mandate, operations or reputation from violations or non-conformance with, or inability to comply with laws, rules, regulations, prescribed practices, policies and procedures, or ethical standards.
D	Financial	Impact on mandate, operations or reputation resulting from: failure to obtain sufficient funding, funds being inappropriately used, financial performance being not managed according to expectations, or financial results being inappropriately reported or disclosed.
E	Operational	Impact on mandate, operations or reputation resulting from inadequate, inefficient or failed internal processes that do not allow operations to be carried out economically, efficiently or effectively.
F	Human Resources	Impact on mandate, operations or reputation resulting from a failure to develop and implement appropriate human resources policies, procedures and practices to meet the Organization's needs.
G	Information Resources	Impact on mandate, operations or reputation resulting from failure to establish appropriate information and communication systems and infrastructure so as to efficiently and effectively.

Risk Assessment Ratings

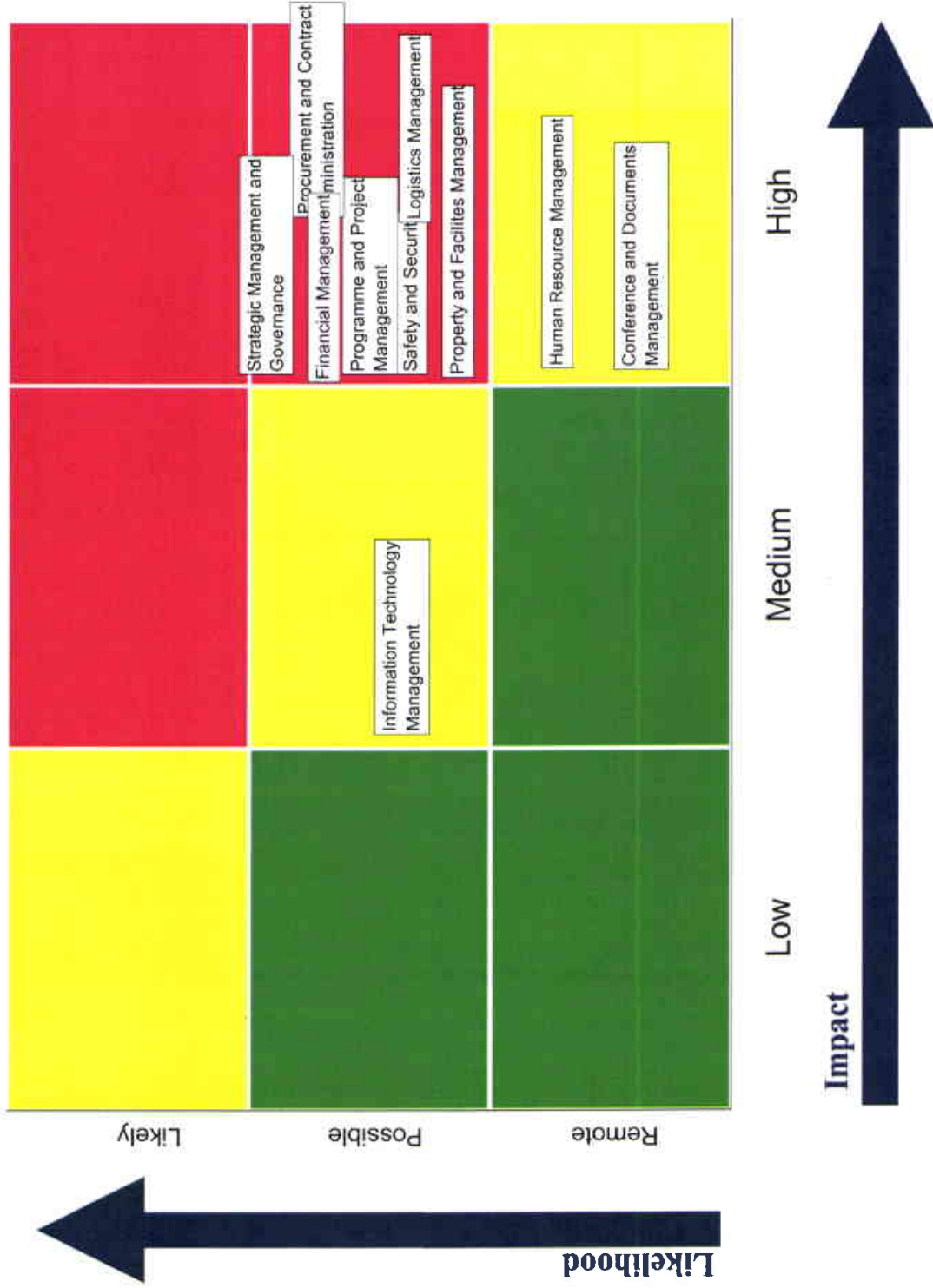
The OIOS Risk Assessment Framework evaluates the likelihood of the risk occurring and the impact it will have if it occurs. Based on the assessment of the two factors an overall risk rating is derived indicating whether the risk of a focus area is High, Moderate or Low. The ratings used is show below:

Risk Likelihood	
Likely	Conditions within our environment indicate that an event is expected to occur in most circumstances
Possible	Conditions within our environment indicate that an event will probably occur in many circumstances
Remote	Conditions within our environment indicate that an event may occur at some time

Risk Impact	
High	Serious impact on operation, reputation, or funding status
Medium	Significant impact on operations, reputation, or funding status
Low	Less significant impact on operations, reputation, or funding status

Overall Risk Combinations Impact and Likelihood	
Higher Risk	The identified issue represents the following likelihood and impact combinations: <ul style="list-style-type: none"> Likely and high Likely and medium Possible and high
Moderate Risk	The identified issue represents the following likelihood and impact combinations <ul style="list-style-type: none"> Likely and low Possible and medium Remote and high
Lower Risk	The identified issue represents the following likelihood and impact combinations <ul style="list-style-type: none"> Possible and low Remote and low Remote and medium

RISK SUMMARY PROFILE (Focus Area)



RISK SUMMARY PROFILE (Sub Focus Area)

