



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

February 25, 2010

MEMORANDUM FOR JEFFREY E. NEELY
REGIONAL COMMISSIONER
PUBLIC BUILDINGS SERVICE (9P)

A handwritten signature in red ink, appearing to read "R. Nicholas Goco".

FROM: R. NICHOLAS GOCO
DEPUTY ASSISTANT INSPECTOR GENERAL
FOR REAL PROPERTY AUDITS (JA-R)

SUBJECT: Audit Memorandum – Preliminary Observations on PBS’s Major
Construction and Modernization Projects Funded by the American
Reinvestment and Recovery Act of 2009: Project Management Plan
for the 50 United Nations Plaza Federal Building
Audit Number A090172

The American Reinvestment and Recovery Act of 2009 (Recovery Act) provides the General Services Administration (GSA) with \$5.55 billion for the Federal Buildings Fund. In accordance with the Recovery Act, the GSA Public Buildings Service (PBS) is using the funds to convert Federal buildings into High-Performance Green Buildings as well as to construct Federal buildings, courthouses, and land ports of entry. The Recovery Act mandates that \$5 billion of the funds must be obligated by September 30, 2010 and that the remaining funds be obligated by September 30, 2011. The GSA Office of Inspector General (OIG) is conducting oversight of the projects funded by the Recovery Act. One objective of this oversight is to determine if PBS is planning, awarding, and administering contracts for major construction and modernization projects in accordance with prescribed criteria and Recovery Act mandates.

Our review has determined that the 50 United Nations Plaza Federal Building (UN Plaza) project in San Francisco, California did not have a project management plan until February 10, 2010. The project management plan is an integral part of project planning and execution. We initially notified the Program Management Office and Regional Management on August 18, 2009. After the Audit Memorandum on Comprehensive Project Plans was issued on September 29, 2009, PBS agreed that project management plans would be required for new construction and major modernizations and that it would request project managers to prepare the plans. However, as of

January 25, 2010, no project management plan for this project had been prepared and management was again notified on February 5, 2010.

PBS is moving forward on this project and has allocated \$121,033,000 in Recovery Act funds for this project, a full modernization and renovation of the building to result in a high performance green building. The project has moved beyond the planning phase to the contract award phase. PBS awarded an Architectural Engineering contract for \$7,905,385 on August 7, 2009, a Construction Management contract for \$5,750,914 on August 31, 2009 and the demolition/hazardous materials phase of the Construction Manager as Constructor contract for \$3,372,661 on December 17, 2009.

As discussed in the Audit Memorandum, PBS has identified the comprehensive project plan (CPP) as a key document to guide project execution. The importance of the CPP is discussed in the PBS Office of the Chief Architect's June 2009 "Project Management Guide for the Public Buildings Service" (Guide). The Guide notes that the CPP presents the project goals and objectives and establishes the complete project scope, schedule, budget, and implementation strategy. The plan also describes the roles and responsibilities of all the team players and documents the plan for communication between the Project Manager and the customer. A CPP should be prepared to articulate the project goals and implementation strategies and to ensure an efficient and effective project delivery.

These observations will be explored further in our continuing fieldwork and reported in a future audit report. The agency will have the opportunity to respond to the draft report before the final report is issued. Since this memorandum is not a report nor does it contain formal recommendations, it is not subject to the audit resolution process and no written comments or corrective action plan are required at this time.

We appreciate the support that has been provided throughout this review. If you have any questions about this memorandum, please contact me on (202) 219-0088.