



Executive Summary, 2021-FMIC-B-004, March 10, 2021

## The Board Can Improve the Management of Its Renovation Projects

### Findings

The Board of Governors of the Federal Reserve System's Facility Services section used a leading project planning practice when it completed certain planning studies for the Marriner S. Eccles Building/1951 Constitution Avenue NW building renovation project. Facility Services also established clear roles and responsibilities for senior leadership with respect to managing changes to existing contracts. However, the section did not establish project governance before awarding the architectural and engineering (A/E) contract for Eccles/1951. Leading project management practices emphasize the importance of project governance, which consists of defining roles and responsibilities and expected engagement and communication with stakeholders. Developing a policy that outlines the required planning components, including project governance, will help the project team plan and manage the upcoming New York Avenue building renovation project and other future large, complex, multidivision initiatives.

In addition, although Facility Services ensured that the contractors on the William McChesney Martin, Jr., Building renovation project submitted monthly progress reports, it did not ensure that the A/E firm for the Eccles/1951 renovation project submitted monthly progress reports or biweekly status meeting minutes as required by the contract. Additionally, Facility Services did not formally approve project schedule changes as required by the contract. When we informed Facility Services management of this finding, they indicated that the section has begun requesting and documenting contractor progress reports and meeting minutes. Ensuring that contractors submit progress reports and meeting minutes and that the project team formally approves schedule changes will help the project team to accurately measure, monitor, and report on project performance.

Lastly, we found that the Board's policies and procedures aligned with industry and government practices for conducting market research and awarding competitive contracts to bidders and that the Board's market research and contract award activities complied with its policies and procedures.

### Recommendations

Our report contains recommendations designed to further enhance the Board's planning and management of ongoing renovation projects as well as future large, complex, multidivision initiatives. In its response to our draft report, the Board concurs with our recommendations and outlines actions that have been or will be taken to address each recommendation. We will follow up to ensure that the recommendations are fully addressed.

### Purpose

The objective of our audit was to assess the Board's process for planning and managing multiple renovation projects as well as procuring services under various renovation-related contracts. We initiated this audit because the successful completion of the Board's building renovation projects is strategically important and because the Board expanded its portfolio of renovation projects in 2018 to four buildings. These multiyear projects involve significant resources and pose significant risks and challenges because of their size, complexity, and interdependence.

### Background

The Board is planning and managing major renovations of all four Board-owned buildings. The Board's total renovation budget, as of June 2020, was \$2.1 billion. The Martin renovation project is in the construction stage, with completion planned for the third quarter of 2021. The Eccles/1951 renovation project is being designed by the A/E firm, and the Board will soon solicit bids for a construction firm. The Board is reviewing the requirements for the New York Avenue building renovation and is several years away from awarding an A/E contract. Leading project management practices for capital projects suggest that comprehensive planning, which includes project governance, provides a foundation for effectively managing that project.