



INTERNAL AUDIT DIVISION

REPORT 2020/013

Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

Project governance and risk management mechanisms and procurement activities needed significant improvement to address an almost two-year delay in the project schedule

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Assignment No. AN2020-710-01

Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa (ECA). The objective of the audit was to determine whether ECA had established adequate and effective governance and oversight mechanisms to ensure the projects are delivered within the approved scope, budget and timeline. The audit covered the period from March 2019 to February 2020 and sought to answer the following questions:

- How adequate and effective are the governance, oversight and risk management mechanisms established by ECA to ensure the projects are executed within the scope, budget and timeline approved by the General Assembly under resolution 70/248?
- To what extent have resource mobilization activities been effective in generating voluntary and in-kind contributions from Member States and other donors?
- Are procurement activities carried out in an efficient and effective manner?

Project governance and oversight mechanisms needed to be strengthened to help control the budget and schedule. Risk management mechanisms were impacted by late provision of deliverables by the independent risk management firm and inadequate monitoring by the Department of Management Strategy, Policy and Compliance (DMSPC). Activities to generate voluntary and in-kind contributions from Member States and other donors were not effectively planned and implemented. Procurement activities needed to be improved significantly through increased collaboration between the project team, ECA Procurement Unit and Headquarters Procurement Division.

OIOS made nine recommendations. To address issues identified in the audit:

ECA needed to:

- Update the terms of reference for the advisory board to include the project executive as a non-voting member;
- Track action points arising from meetings of the advisory board and stakeholders committee;
- Ensure that the project owner attends all meetings of the board and stakeholders committee;
- Factor all matters requested by the General Assembly such as utilization of local knowledge and materials on the agenda of meetings of the stakeholders committee;
- Ensure completeness of reports submitted to advisory bodies to enable meaningful discussions by the stakeholders;
- Mitigate the financial impact of the delays in the project schedule by reassigning members of the project team and renegotiating the contract with the lead consultant;
- Nominate a senior staff member to oversee and coordinate resource mobilization for the projects; and
- Enhance collaboration between the dedicated procurement officer and the project team for increased efficiency.

DMSPC needed to:

- Set up a mechanism to ensure that the independent risk management firm meets its contractual obligations timely.

ECA and DMSPC accepted the recommendations and has initiated action to implement them.

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Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa (ECA).
2. The main objectives of Africa Hall renovation project (the project) are to: (a) address inadequacies related to building safety and functionality and to transform Africa Hall into a rejuvenated facility that complies with the highest international standards for conference facilities; (b) preserve and restore the historical and cultural values embedded in its architecture; and (c) include a visitors centre to make Africa Hall one of the leading tourist destinations in Addis Ababa and to highlight its significant role in modern African history. Upgrades to the building will ensure compliance with best practices in current international building standards and codes, including access for persons with disabilities and consideration for energy efficiencies.
3. The scope of the project includes all elements of the Africa Hall Building, covering approximately 8,115 square metres of floor area and its immediate external landscape measuring approximately 4,500 square metres. The work packages of the project include: (a) Africa Hall renovation and refurbishment; (b) artwork conservation; (c) installation of visual broadcasting and conference engineering equipment; and (d) permanent exhibition.
4. The project is divided into five stages: (a) preparation; (b) design; (c) pre-construction and early works; (d) main construction; and (e) post-construction. As of December 2019, the Africa Hall renovation project was at the third stage carrying out refurbishment of the adjacent Congo and Nile buildings before commencement of main works. The commencement of the main construction works was stalled following termination of the contract with the main contractor in January 2020. The project was originally scheduled to be completed in 2021.
5. The Executive Secretary of ECA is designated as the project owner and the Director of Administration as the project executive. The Global Asset Management Policy Service (GAMPS), in the Department of Management Strategy, Policy and Compliance (DMSPC), provides oversight and support to the project. A dedicated project management and project support team is made up of nine staff members headed by a project manager at the P-5 level.
6. The General Assembly approved the scope, schedule and maximum overall cost of \$56.9 million for the project. The projected expenditure for 2020 is \$19.3 million. A total of \$24 million was appropriated for the project for the period 2016-2019. Cumulative project expenditure for the period was \$11.3 million, leaving an actual unspent balance of \$12.7 million. Taking into consideration the preliminary anticipated unspent balance, the General Assembly appropriated \$8.4 million to the project for 2020, comprising \$7.6 million under section 33 (construction); \$752,000 under section 18 (project management), and \$105,000 under section 34 (safety and security).
7. Comments provided by ECA and DMSPC are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to determine whether ECA had established adequate and effective governance and oversight mechanisms to ensure the projects were delivered within the scope, budget and timeline approved by the General Assembly under resolution 70/248.

9. This audit was included in the 2020 risk-based work plan of OIOS at the request of the General Assembly under various resolutions and due to the risks of delays, wastage and cost overruns inherent in major construction and alteration projects.

10. OIOS conducted this audit in January and February 2020. The audit covered the period from March 2019 to February 2020. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in the construction projects and sought to answer the following questions:

- (a) How adequate and effective are the governance, oversight and risk management mechanisms established by ECA to ensure the projects are executed within the scope, budget and timeline approved by the General Assembly?
- (b) To what extent have resource mobilization activities been effective in generating voluntary and in-kind contributions from Member States and other donors?
- (c) Are procurement activities carried out in an efficient and effective manner?

11. The audit methodology included: (a) interviews with key personnel; (b) reviews of relevant documentation; (c) analytical review of data; and (d) sample testing of selected transactions.

12. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Project governance and oversight mechanisms

Project governance and oversight mechanisms needed to be strengthened

13. In accordance with General Assembly resolution 70/248, the Secretary-General established an independent advisory board¹, with responsibility to advise the project owner on issues such as performance against the budget and schedule, scope control, risk management and heritage preservation. As requested by the resolution, the project owner also established a stakeholders committee² to assist the Executive Secretary in high-level decision-making and proactively managing the project, as well as providing user input and assurance in the design and delivery of project products.

¹ The board consists of six United Nations Member States representatives in Addis Ababa, appointed by the Executive Secretary. It is supported by ex-officio members including senior representatives from the host country, the African Union Commission and United Nations Education, Scientific and Cultural Organization. Representatives from GAMPS and the Director of Administration are invited to the board meetings to provide information and technical clarification as required. The project manager is the board's secretary.

² The committee is led by the Executive Secretary or her nominee and includes representatives from GAMPS and relevant ECA divisions/sections namely, Strategic Planning, Oversight and Results Division, Conference Services Section, Security and Safety Section, Facilities Management Service and the Director of Administration

14. The audit concluded that while the advisory board and stakeholders committee were operationalized as directed by the General Assembly, they did not have sufficient impact on project activities due to: (a) absence of a process to track, monitor and follow up on recommendations that were made during their meetings; (b) infrequent attendance at the meetings by key personnel including the project owner; (c) inadequate discussions of the impact of the delays that were being experienced and corresponding mitigation actions; and (d) non-inclusion of General Assembly's requests in the agenda of their meetings.

(i) Advisory board

15. The advisory board met in February and October 2019, in accordance with its terms of reference, which mandated it to meet biannually. The board advised the project owner on heritage preservation and relations with host Government and provided inputs on discussions related to voluntary contributions and the visitors centre and permanent exhibition. However, OIOS noted the following:

(a) No action plan was prepared identifying the responsible officials and timelines for implementing the advisory board's recommendations. Therefore, recommendations such as those related to the preparation of a project document on the curatorial aspect of the permanent exhibition centre, proposal to substitute the original throne of the emperor of Ethiopia with a replica and a request to approach the Ethiopian broadcasting authority for historical videos remained unimplemented, limiting the impact of the board.

(b) The board noted that neither the project owner nor her delegated representative attended the February 2019 meeting. It reiterated the importance of one of these senior officials attending advisory board meetings to be apprised of the discussions and obtain direct advice on the project. The risk register also identified inadequate strategic and political guidance as a high risk, which was exacerbated by the non-attendance of the project owner.

(c) At the meeting in October 2019, the project manager gave a presentation, which included the delays that were being experienced on early works and commencement of the main works, but there were no discussions on their impact and mitigation activities to minimize overall project delays and cost overruns. Therefore, the board missed the opportunity to fulfil one of its key functions of providing advice on project performance against the budget and schedule, cost control and risk management.

(d) At that meeting, the board recommended to increase the frequency of meetings from biannually to quarterly and agreed that the next meeting would be held in January 2020, but it did not take place.

(e) The terms of reference lists the project executive as an ex-officio member of the board, who is only required to attend meetings by invitation. However, the project executive is a key member of the project team, responsible for the operational implementation and management of the project. In the seismic mitigation retrofit and life-cycle replacements project at the Economic and Social Commission for Asia and the Pacific (ESCAP) for example, the project executive is non-voting member of the board whose attendance at meetings is mandatory. The mandatory attendance at meetings enabled queries to be cleared more promptly to facilitate the work of the board. ECA would therefore benefit from revising the terms of reference of the advisory board to enable the project executive to attend all its meetings.

(ii) Stakeholders committee

16. The stakeholders committee is expected to convene ordinary meetings quarterly, and extraordinary meetings (which may be called by any of the members), whenever the project executive issues reports in connection with deviations/changes and/or identification of emerging risks that could jeopardize the planned implementation of project activities.

(a) The committee met three times in 2019: in February, June and October. No extraordinary meetings were called by either the chair or any member even though there were significant events that should have triggered such a meeting. For instance, the main works were supposed to start in June 2019 but had been delayed mainly due to a vendor's inability to provide an acceptable bank guarantee.

(b) The project owner also did not attend any of the three meetings of the stakeholders committee during the year but was represented by the Deputy Executive Secretary at the February meeting and by the Acting Chief of Staff at the June meeting. She was not represented at the October meeting, which was a key meeting given the events that led to the pull-out by the lead partner from the joint venture (JV), formed for undertaking the main construction works, after it declared bankruptcy (discussed later). OIOS also noted that other key members attended meetings irregularly, including the heads of Strategic Planning, Oversight and Results Division, Security and Safety Service, and to a limited extent, the Conference Services Section. This impacted the effectiveness of the stakeholders committee in providing advice and guidance on the management of the overall project.

(c) At the meeting of June 2019, the GAMPS Chief reported that delays in commencing construction works would incur potential cost overruns, which may require mitigation actions. However, no one was tasked with ensuring mitigation actions were developed and approved. At the meeting of October 2019, the project manager reported that a detailed resource mobilization plan targeting the private sector had not been finalized but again, no action plan was put forward including the person responsible and the timeline for finalization.

(d) Two important aspects included in General Assembly resolution 70/248 and in subsequent resolutions, were not discussed in any of the meetings conducted in 2019: (a) utilization of local knowledge, material, technology and capacity throughout the implementation of construction and renovation projects at ECA; and (b) information on the envisaged renewable energy efficiency, wastewater treatment, solid waste management and water management. By not including such important requests on the agenda, the project team missed an opportunity to receive relevant advice and guidance.

(1) ECA should update the terms of reference for the advisory board of the Africa Hall renovation project to include the project executive as a non-voting member of the board.

ECA accepted recommendation 1 and stated that an amendment to the terms of reference would be proposed at the next meeting of the advisory board. Recommendation 1 remains open pending receipt of the revised terms of reference.

(2) ECA should designate an official responsible to track action points arising from meetings of the advisory board and stakeholders committee of the Africa Hall renovation project and assign specific officials and timelines for their implementation to facilitate follow-up.

ECA accepted recommendation 2 and stated that the project manager would track action points arising from meetings of the advisory board and the stakeholders committee. Recommendation 2 remains open pending receipt of evidence of the steps taken to track action points arising from meetings of the advisory board and stakeholders committee.

- (3) The project owner of the Africa Hall renovation project should take steps to attend or designate a representative to attend all scheduled meetings of the advisory board and stakeholders committee to deliberate on matters related to the project in accordance with their terms of reference.**

ECA accepted recommendation 3 and stated that the project owner or a representative would attend all scheduled meetings, including virtual meetings during the current COVID-19 pandemic. Recommendation 3 remains open pending receipt of minutes indicating attendance of the project owner or a representative at scheduled meetings.

- (4) ECA should take action to include all matters requested by the General Assembly, such as utilization of local knowledge and materials and consideration of environmental and waste management issues, on the agenda of meetings of the stakeholders committee for the Africa Hall renovation project to ensure consideration and implementation.**

ECA accepted recommendation 4 and stated that the Africa Hall project manager would strengthen cooperation with stakeholder committee members and other potential players to better address requests by the General Assembly. Recommendation 4 remains open pending receipt of evidence of actions taken to ensure that all matters requested by the General Assembly are included as agenda items of meetings of the stakeholders committee.

There was a need to ensure accuracy and completeness of reports submitted to project governing bodies

17. Some of the information presented by the project team for the October 2019 stakeholders committee meeting was unrealistic or lacked sufficient details such as challenges faced, mitigatory actions and lessons learned to enable stakeholders to provide informed advice to the project team. Also, although the project manager reported that procurement processes related to conference facility engineering and restoration of artworks were still ongoing, additional information detailing the status of the procurement process and the challenges that were being experienced would have been more useful to committee members.

18. The General Assembly endorsed in resolution 68/247, the establishment of a project assurance function for major projects to validate the reliability of information being reported, highlight deficiencies and recommend improvements to the reporting process. Such a function would help to vet and improve the quality of information reported on the project.

- (5) ECA should take steps to ensure reports submitted to advisory bodies of the Africa Hall renovation project are adequately vetted and include sufficient detail to enable meaningful discussions by the stakeholders.**

ECA accepted recommendation 5 and stated that future reports would contain sufficient details and a summary of salient points to enable advisory bodies and the stakeholders committee to provide informed advice to the Africa Hall project team. Recommendation 5 remains open pending receipt of evidence of actions taken to ensure that reports submitted to advisory bodies are adequately validated.

B. Project management

Risk management activities were not adequately monitored

19. As part of the Secretariat's risk management strategy, GAMPS commissioned a firm in November 2017 to provide independent project related risk management services. According to the terms of the contract, the independent risk management firm was required to make quarterly touchpoints³ with the project team and GAMPS to discuss updates to the risk management plan and develop biannual progress reports, including a Monte Carlo risk analysis⁴. The biannual progress reports were due in June and December each year.

20. In 2019, touchpoint conferences were held in May and December, but not in February and August. The biannual progress report that was originally due in June 2019 was submitted on 4 December 2019, while the report due in December 2019 was issued in March 2020. Therefore, the Monte Carlo risk analysis was also delayed. GAMPS was not adequately monitoring the risk management firm's activities and deliverables, which undermined the effectiveness of the risk management process. This was despite the deployment of resources by the General Assembly via resolution 71/272 A to ensure effective risk management practices, which included a P-4 post situated in GAMPS that was shared with the seismic mitigation retrofit and life-cycle replacements project in ESCAP. The incumbent, on board in November 2017, was responsible to provide technical guidance and oversight for the project with an emphasis on risk management, including managing the contract of the risk management consultant. GAMPS stated that the outcomes of the May 2019 risk assessment (including the annual Monte Carlo assessment) had been circulated in advance; therefore, the late issuance of the final report did not impact taking informed decisions on the project.

21. In report 2019/054, OIOS had recommended that ECA, in coordination with GAMPS, establish a mechanism whereby all change orders are discussed at the quarterly meetings with the independent risk management firm to assess whether they are in alignment with the risk mitigation strategy. This recommendation is still outstanding and, with infrequent quarterly meetings, change orders may not be adequately reviewed. During the period under review, there were four change orders amounting to \$195,684 relating to early works. They were all properly approved and reviewed by GAMPS but were not discussed with the independent risk management firm.

(6) The Global Asset Management Policy Service of DMSPC should set up a mechanism to ensure that the independent risk management firm supporting the Africa Hall renovation project in ECA meets its contractual obligations timely.

DMSPC accepted recommendation 6 and stated that the consultant had issued subsequent reports on schedule. Also, the late issuance of the third biannual progress report did not have any impact taking informed decisions for the project as early results had been shared. Additionally, risk touchpoints, which are not pay-items of the contract, had been held on an as needed basis to provide the project team some flexibility in assessing ongoing project risks. However, they would be held quarterly going forward. Recommendation 6 remains open pending receipt of evidence of actions taken by GAMPS to ensure that the independent risk management firm is meeting its contractual obligations timely.

³ Quarterly touchpoint meetings refer to risk workshops/meetings between the independent risk management firm, the Africa Hall project team and GAMPS to obtain updated information about existing and newly identified risks for further analysis.

⁴ A quantitative risk assessment tool that describes the likelihood that the project will be delivered within budget and identify the risks with the potentially highest impact on the project.

Following termination of the construction contract, ECA needed to mitigate cost overruns due to delays

22. The contract for the main works was signed in May 2019 with a JV formed on the recommendation of the Headquarters Committee on Contracts (HCC). The JV comprised partner A, an Italian company specializing in restoration as lead partner; partner B, an Ethiopian company providing local knowledge and liaison with government authorities, and partner C, a Dubai based company specializing in procurement and logistics. Construction was slated to commence 28 days after signing the contract, but having failed to meet contractual obligations such as insurance coverage and bank guarantee even after extensions had been granted, the JV informed ECA on 17 October 2019 that the lead partner had filed for bankruptcy and was withdrawing from the agreement. The remaining partners requested the consent of ECA to continue discharging the contractual obligations. At ECA's request, they submitted a detailed proposal on 8 November 2019 on how they would satisfy the outstanding obligations under the contract but ECA found that it lacked substantial details to allow for an assessment of their technical and financial capacity.

23. Partners B and C informed ECA on 25 November 2019 that they had secured another prospective partner to join the JV and complete the project, but on 12 December 2019 partner C informed ECA of their withdrawal from the JV, leaving only the local partner as the sole entity in the JV. On 23 December 2019, this partner advised ECA that it was subcontracting the entire contract to another entity, but on 27 January 2020, ECA rejected the proposal and terminated the contract with the JV. At the time of termination, the project was 19 months behind schedule. In February 2020, ECA requested, through the Procurement Division, for the Assistant Secretary-General for Supply Chain Management to grant special approval to use a multi-stage request for proposal (RFP) with dialogue process⁵ to establish a replacement contract for the main works. The process was ongoing at the time of writing this report.

24. Prior to these developments, at the stakeholders committee meeting of 26 June 2019, GAMPS had pointed out that construction delays caused by the JV not providing insurance coverage and bank guarantee timely came with potential cost overruns, which needed to be mitigated. GAMPS had proposed restructuring the project team and reducing the involvement of the lead consultant who was responsible for site administration from full time to part time, particularly during the extension period that had been granted.

25. OIOS noted that the project team carried out the following risk mitigation activities following discussions with GAMPS:

- (a) Delayed the replacement of a national officer until the commencement of the main works.
- (b) Identified potential for value engineering of the main works such as de-scoping part of external works.
- (c) Requested the lead consultant (also known as the architect of record) to renegotiate the project supervision methodology and related costs to limit additional expenditures. This was ongoing at time of audit.
- (d) Assessed the possibility of reassigning part of the project team to Facilities Management Services and other ECA sections where additional staff may be needed. ECA advised that this was proving difficult as there were no vacant posts for the staff to be reassigned to and ECA did not want to lose the expertise they had secured.

⁵ The approach allows pre-qualified vendors to get an in-depth understanding of the solicitation requirements through dialogue with the prospective employer before they submit their proposals. This enables risks to be identified and mitigated early in the procurement process and helps to maintain the continued interest of potential contractors in complex high-risk renovation works.

26. Nevertheless, ECA needed to take action to mitigate the financial impact of the delays in the project schedule.

(7) ECA should take action to mitigate the financial impact of the delays in the Africa Hall renovation project schedule, including by reassigning members of the project team where feasible and expediting the renegotiation of the contract with the lead consultant.

ECA accepted recommendation 7 and stated that the cost plan for the project was being adjusted regularly. ECA had suspended the contract of the lead consultant and was renegotiating the way forward. There were also discussions within ECA and with GAMPS to relocate project team members to units where they may be needed. Expiring security service contracts would be put on hold. Recommendation 7 remains open pending submission of the revised cost plan, renegotiated contract with the lead consultant and results of efforts to relocate project team members.

C. Resource mobilization

Activities to generate voluntary and in-kind contributions from Member States and other donors were not effectively planned and implemented

27. Resolution 70/248 requested the Secretary-General to continue to seek voluntary contributions for the Africa Hall renovation project and to report thereon to the General Assembly in future annual reports on the project. The planned activities included in the Secretary-General's 2018 report (A/73/355), were repeated in the 2019 report (A/74/328), with no evidence of what had been achieved during the intervening period, the gaps identified, and remedial actions taken. Through interviews and review of documentation, OIOS noted that there were many players involved in resource mobilization including: the Executive Secretary, Chief of Staff, Africa Hall project team, Partnerships and Resource Mobilization Section, advisory board and stakeholders committee. The Executive Secretary signed all memos requesting Member States for contributions. The project team distributed promotional materials at major conferences (e.g., Conference of Ministers in Marrakech in 2019). The Partnership and Resource Mobilization Section was looking at revamping the ECA resource mobilization strategy by incorporating a section for the Africa Hall and visitors centre construction projects and a related action plan.

28. However, there was no coherent strategy to implement the General Assembly request to continue to seek voluntary contributions. This was mainly because no one had been assigned overall responsibility and accountability for the various actions taken or pledged to be taken in connection with resource mobilization. Therefore, progress was slow as only one country had contributed in cash while the host Government had made a contribution in kind.

29. In March 2020, ECA took further action and employed an experienced consultant to develop a resource mobilization strategy for the Africa Hall and an implementation plan that would lead to the creation of a trust fund. However, to ensure effectiveness and efficiency in implementing the General Assembly request, this needs to be complemented with the nomination of a staff member with requisite seniority to regularly monitor planned resource mobilization activities against performance targets.

(8) ECA should nominate a staff member with adequate seniority in the organization to oversee and coordinate resource mobilization for the Africa Hall and visitors centre construction projects.

ECA accepted recommendation 8 and stated that the resource mobilization consultant had held extensive consultations within ECA, but the assignment was suspended as external stakeholders were

more focused on addressing the COVID-19 pandemic. Resource mobilization efforts would be resumed with the restarting of construction activities. Recommendation 8 remains open pending submission of evidence of actions taken to oversee and coordinate the resource mobilization initiative.

D. Procurement activities

Project expenditures as of 28 February 2020 were within the amounts budgeted and all expenses were supported.

30. The cumulative expenditure related to the Africa Hall renovation during the reporting period to 28 February 2020 was \$3 million consisting of: (a) \$1.4 million for project supervision and management; (b) \$1.4 million for early works construction costs; (c) \$145,000 for security personnel; and (d) \$27,000 for consultancy. The largest portion on project supervision and management was related to staff costs at \$1 million and the balance of \$419,000 for consultancy and expert services.

31. Early works were 90 per cent complete as of February 2020 with a revised completion date of March 2020, from September 2019. Five invoices valued at \$219,860 were processed during the reporting period, all supported and approved by the project engineer and the lead consultant. Monthly payments of \$48,000 to the lead consultant were approved by the project engineers and project manager and were within the agreed contractual agreement. OIOS concluded that the amounts expended for the renovation of the Africa Hall during the period under audit were within budget and adequately supported.

Delegation of procurement authority was granted though some of the officers did not complete the required online procurement courses

32. Following the management reform, the Executive Secretary sub-delegated procurement authority to the Director of Administration on 26 June 2019, who in turn sub-delegated the authority to 25 procurement officers including those in regional sub-offices. The delegation of authority to procurement officers also required them to complete four mandatory online procurement courses; however, five officers with approval authority including the Chief, Supply Chain Management had not yet completed the online courses. In addition, an OIOS recommendation in report 2019/054 for ECA to provide staff in the Procurement Unit as well as other individuals involved in the procurement process with appropriate support such as training or backstopping had not been implemented as of February 2020. At the time of audit, the Headquarters Procurement Division indicated that they were providing close supervision of the procurement activities in ECA including coaching of staff. Since the recommendation on training was still being implemented, no additional recommendation was made. However, the next observation underscores the need to expedite such training.

Procurement activities relating to the Africa Hall renovation and visitors centre construction projects were not carried out in an efficient and effective manner

33. Procurement activities carried out in connection with the Africa Hall during the audit period included: (a) award of the contract for the main renovation works to a JV in May 2019 for a lumpsum amount of \$28.2 million; and (b) processing of bids for artwork restoration for lots A, B, C and D estimated at \$1.2 million. In addition, the lead consultant was preparing tender documents for the purchase of audio-visual broadcasting and conference engineering equipment with a shopping cart estimated at \$6 million.

34. OIOS review concluded that procurement activities continue to be a source of delays for the construction projects in ECA. For example, the solicitation of bids for artwork restoration failed after it had been in progress for over two years. In March 2017, ECA had, through its lead consultant and in

collaboration with the original manufacturer established a scope of works and a pre-bid estimate of \$356,000 for lot A for restoration of stained-glass artwork. The lead consultant recommended that ECA sole source the services from the original manufacturer, but the ECA Procurement Unit did not accept the recommendation, arguing that by collaborating with the original manufacturer during the establishment of scope of works, the consultant had created a conflict of interest that precluded the manufacturer from participating in the solicitation. The conflict of interest could have been mitigated by a waiver as permitted by the procurement manual to allow external consultants to recommend vendors for award or submission of bids despite collaboration on technical specifications and statements of works for complex procurement projects. However, the ECA Procurement Unit did not agree to the waiver and instead invited the original manufacturer to bid and compete with others, but the original manufacturer declined to participate in the process. ECA proceeded with the solicitation, first by an RFP, and later through an invitation to bid (ITB).

35. The RFP did not yield satisfactory results and the ECA Procurement Unit and the requisitioner decided to conduct a new solicitation process by way of an ITB. Despite the failure of the RFP solicitation, it was inappropriate for ECA to utilize ITBs for this type of solicitation, as ITBs are more suited for goods, services or works with standard and clear specifications. Instead the procurement manual recommends utilizing RFPs for such specialized and complex goods, services or works that cannot be quantitatively or qualitatively expressed in sufficient detail to allow for use of an ITB. The HCC, in its review of the ITB, commented that, in the future, ECA should consult with the Headquarters Procurement Division on the appropriate solicitation method.

36. Two proposals were received by the bid closing date of August 2018 but only one vendor was found to be technically compliant. The technically compliant bidder's commercial offer was \$1.1 million, i.e., 200 per cent higher than the pre-bid estimate of \$356,000. In addition, the non-technically compliant bidder's commercial offer was \$1.3 million, which was also higher by 280 per cent. On 23 October 2019, ECA sought HCC's approval, through Headquarters Procurement Division, to reject the offer and negotiate a contract with the technically compliant bidder that better served the interests of the United Nations. The HCC did not support the Procurement Division and ECA's request and instead recommended that the Executive Secretary reject the solicitation and request the ECA Procurement Unit to rebid the requirement, pursuant to Financial 105.15 (c) – interest of the organization best served by rejecting bids received and undertaking a new solicitation. The HCC decision was communicated to the Executive Secretary on 15 November 2019. A reminder was sent to the Executive Secretary on 6 January 2020. At the time of the audit in February 2020, ECA had not taken any action and no reasons were given for the inaction.

37. There were also deficiencies in the procurement for the contractor for the main works as reported last year (2019/054). Although the required reviews to ensure the fairness, integrity, transparency and impartiality of the process were conducted, neither the Local Committee on Contracts nor the ECA Procurement Unit observed lapses in the technical evaluation of the proposals noted by the Headquarters Procurement Division, i.e., that none of the three proposers should have been considered as fully technically compliant as none of them had complied with all the requirements pertaining to previous relevant experience. In addition, a member of the technical evaluation panel had applied a "quality reference check" that was not mentioned in the RFP as an evaluation criterion. This resulted in the HCC recommending approval of the Procurement Division's request to reject all three proposals received and enter into negotiations with the three bidders, resulting in a nine months delay.

38. As part of lessons learned from the Capital Master Plan at Headquarters, the General Assembly had approved the recruitment of a procurement officer at P-3 to be dedicated to the renovation of the Africa Hall and visitors centre construction projects. This was to ensure that the procurement strategy for the renovations is aligned with project schedule and risk management strategy. OIOS noted that the roles and responsibilities for the dedicated procurement officer were not well implemented as the officer did not take part in discussing procurement strategies and did not participate in key meetings of the project team on the

grounds of maintaining independence. Consequently, there was inadequate communication among the project team, procurement officer and the Headquarters Procurement Division, making procurement actions lengthy and inefficient.

39. To remedy the situation, ECA should take advantage of having a dedicated procurement officer as part of the project team by ensuring the officer attends all their meetings and liaises with the Procurement Division in New York regarding the procurement strategy. ECA also suggested that a review of the grading of the position may be necessary. The Headquarters Procurement Division indicated that they were aware of the challenges faced by the ECA Procurement Unit and were addressing the issues through robust supervision and coaching.

(9) ECA should take action to ensure that the dedicated procurement officer for the Africa Hall renovation project operates as part of the project team, advising them on procurement strategy and liaising with the Procurement Division at Headquarters.

ECA accepted recommendation 9 and stated that they would take appropriate action to ensure that the dedicated procurement officer continues to operate as part of the project team while reporting to the Chief of the Procurement Unit, including resolving any work-related issues that may arise internally. Recommendation 9 remains open pending submission of evidence of actions taken to improve collaboration between the project team, Procurement Unit, and Procurement Division at Headquarters.

IV. ACKNOWLEDGEMENT

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

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STATUS OF AUDIT RECOMMENDATIONS

Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	ECA should update the terms of reference for the advisory board of the Africa Hall renovation project to include the project executive as a non-voting member of the board.	Important	O	Submission of updated terms of reference for the advisory board of the Africa Hall renovation project.	31 December 2020
2	ECA should designate an official responsible to track action points arising from meetings of the advisory board and stakeholders committee of the Africa Hall renovation project and assign specific officials and timelines for their implementation to facilitate follow-up.	Important	O	Submission of evidence of steps taken to track action points arising from meetings of the advisory board and stakeholders committee.	31 December 2020
3	The project owner of the Africa Hall renovation project should take steps to attend or designate a representative to attend all scheduled meetings of the advisory board and stakeholders committee to deliberate on matters related to the project in accordance with their terms of reference.	Important	O	Submission of minutes indicating attendance of the project owner or a representative at scheduled meetings of the advisory board and stakeholders committee.	31 December 2020
4	ECA should take action to include all matters requested by the General Assembly, such as utilization of local knowledge and materials and consideration of environmental and waste management issues, on the agenda of meetings of the stakeholders committee for the Africa Hall renovation project to ensure consideration and implementation.	Important	O	Submission of actions taken to ensure that all matters requested by the General Assembly are included on the agenda of meetings of the stakeholders committee.	31 December 2020

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by ECA in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
5	ECA should take steps to ensure reports submitted to advisory bodies of the Africa Hall renovation project are adequately vetted and include sufficient detail to enable meaningful discussions by the stakeholders.	Important	O	Submission of evidence of actions taken to ensure that reports submitted to advisory bodies and stakeholders committee contain sufficient details including a summary of salient points.	31 December 2020
6	The Global Asset Management Policy Service of DMSPC should set up a mechanism to ensure that the independent risk management firm supporting the Africa Hall renovation project in ECA meets its contractual obligation.	Important	O	Submission of evidence that GAMPS were scheduling the quarterly touch point meetings with the independent risk management firm.	30 April 2021
7	ECA should take action to mitigate the financial impact of the delays in the Africa Hall renovation project schedule, including by reassigning members of the project team where feasible and expediting the renegotiation of the contract with the lead consultant.	Important	O	Submission of the revised cost plan for the Africa Hall renovation project, renegotiated contract with the lead consultant and results of efforts to relocate project team members.	31 December 2020
8	ECA should nominate a staff member with adequate seniority in the organization to oversee and coordinate resource mobilization for the Africa Hall and visitors centre construction projects.	Important	O	Submission of evidence of actions taken to oversee and coordinate the resource mobilization initiative.	31 December 2020
9	ECA should take action to ensure that the dedicated procurement officer for the Africa Hall renovation project operates as part of the project team, advising them on procurement strategy and liaising with the Procurement Division at Headquarters.	Important	O	Submission of evidence of actions taken to improve collaboration between the project team, Procurement Unit, and Procurement Division at Headquarters.	31 December 2020

APPENDIX I

Management Response

INTEROFFICE MEMORANDUM

To: Ms. Eleanor T. Burns, Director
A: Internal Audit Division, OIOS

Date: 01 June 2020
Ref: SPORD/ADM01-01-30-08-1

From: Said Adejumobi, Director
De: Strategic Planning, Oversight and
Results Division (SPORD)



Subject: CONFIDENTIAL: 2020-00767 Draft report on an audit of the renovation of the Africa Hall and visitors center construction projects in the Economic Commission for Africa (Assignment No. AN2020-710-01)

1. With reference to your interoffice memorandum OIOS-2020-00767, dated 19 May 2020, I am pleased to submit ECA's management response to the draft audit report. As communicated earlier, ECA accepts all recommendations and has provided deadlines for completion of agreed actions along with identifying responsible offices.
2. I wish to take the opportunity to thank your office and members of the audit team.
3. Thank you.

Cc: Mr. Carlos Haddad, Director, ECA
Ms. Eskedar Nega, Chief, ECA
Mr. Antonio Baio, Project Manager, ECA
Mr. Jack Howard, Chief, OPPFB, DMSPC
Mr. Bruno H. Maboja, Senior Procurement Officer, OSCM, DOS
Mr. David Kanja, Assistant Secretary-General, OIOS
Ms. Muriette Lawrence-Hume, Chief, OIOS
Mr. Malick Diop, Acting Chief, OIOS
Mr. David Nyskohus, Special Assistant to the Under-Secretary-General, OIOS
Ms. Cynthia Avena-Castillo, OIOS

Management Response

Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1.	ECA should update the terms of reference for the advisory board of the Africa Hall renovation project to include the project executive as a non-voting member of the board.	Important	YES	PM	Dec 31 st 2020	Amendment to the ToR to be proposed at the next meeting
2.	ECA should designate an official responsible to track action points arising from meetings of the advisory board and stakeholders committee of the Africa Hall renovation project and assign specific officials and timelines for their implementation to facilitate follow-up.	Important	YES	DOA	Dec 31 st 2020	The Africa Hall Project Manager will be/has been entrusted to track action points arising from meetings of the Advisory Board and the Stakeholders Committee.
3.	The project owner of the Africa Hall renovation project should take steps to attend or designate a representative to attend all scheduled meetings of the advisory board and stakeholders committee to deliberate on matters related to the project in accordance with their terms of reference.	Important	YES	ES	As these meetings are scheduled (not later than Dec 31 st 2020)	This recommendation is acceptable as the Executive Secretary, as the project owner of the Africa Hall renovation project, is committed to its successful completion. The Executive Secretary is also committed to attending Advisory Board and Stakeholders meetings in person and/or through her designated representative. Given the current COVID-19 pandemic, the Executive Secretary is also proposing that in the absence of face-to-face meetings that virtual meetings be initiated. Furthermore, the Executive Secretary will undertake virtual advocacy meetings.

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4.	ECA should take action to include all matters requested by the General Assembly, such as utilization of local knowledge and materials and consideration of environmental and waste management issues, on the agenda of meetings of the stakeholder committee for the Africa Hall renovation project to ensure consideration and implementation.	Important	YES	PM	As these meetings are scheduled (not later than Dec 31 st 2020)	Africa Hall Project Manager will strengthen cooperation with Stakeholder Committee members and other potential players to better address requests by the GA
5.	ECA should take steps to ensure reports submitted to advisory bodies of the Africa Hall renovation project are adequately vetted and include sufficient detail to enable meaningful discussions by the stakeholders.	Important	YES	PM	Dec 31 st 2020	Quarterly Reports will contain sufficient details and a summary of salient points to provide advisory bodies and stakeholders committee enough information that would enable them to provide informed advice to the Africa Hall project team.
6.	DMSPC should require the Global Asset Management Policy Service to set up a mechanism to ensure that the independent risk management firm supporting the Africa Hall renovation project in ECA meets its contractual obligations timely.	Important	TBD by GAMPS	TBD by GAMPS	TBD by GAMPS	TBD by GAMPS
7.	ECA should take action to mitigate the financial impact of the delays in the Africa Hall renovation project schedule, including by reassigning members of the project team where feasible and expediting the renegotiation of the contract with the lead consultant.	Important	YES	PM	Dec 31 st 2020	AHPO and GAMPS are in constant coordination on this topic. The cost plan is adjusted regularly. Contract of the Lead Consultant (CG) is suspended and renegotiations are underway. Discussions have been held at all levels and with all potential partners (SSS, FMS, GAMPS, SCMS) for relocation of the project

Management Response

Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						team where necessary. Expiring SSS contracts would be put on hold.
8.	ECA should nominate a staff member with adequate seniority in the organization to oversee and coordinate resource mobilization for the Africa Hall and visitors centre construction projects.	Important	YES	ES	Dec 31 st 2020	ECA employed a resource mobilization Consultant to develop a strategy and implementation plan that would lead to the creation of a trust fund. The Consultant started the assignment and had extensive consultations with ECA's Director of Administration, the Lead Project Consultant, and the Head of Partnership Office in ECA. However, the COVID-19 pandemic is going to slow down the resource mobilizations efforts. ECA has had to put the assignment on hold as the Consultant was having difficulty in reaching out to external stakeholders who all seem to be focused on COVID-19. Moreover, to enable resumption of the resource mobilization efforts, there should be a focus placed on resuming construction with the funds available.
9.	ECA should take action to ensure that the dedicated procurement officer for the Africa Hall renovation project operates as part of the project team, advising them on procurement strategy and liaising with the Procurement Division at Headquarters.	Important	YES	DOA/Chief of SCMS	Dec 31 st 2020	ECA accepts this recommendation and will take appropriate action to ensure that the dedicated procurement officer for the AH project continues to operate as part of the project team even while reporting to the Chief of the ECA Procurement Unit, including resolving any work-related issues that may arise internally.

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INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

TO: Ms. Eleanor T. Burns, Director

DATE: 22 June 2020

A: Internal Audit Division, OIOS

THROUGH: Christophe Monier, Director *C.M. Monier*
S/C DE: Business Transformation and Accountability Division
Department of Management Strategy, Policy and Compliance

Mario Baez
FROM: Mario Baez, Chief, Accountability Service
DE: Business Transformation and Accountability Division
Department of Management Strategy, Policy and Compliance

SUBJECT: **Draft report on an audit of the renovation of the Africa Hall and visitors centre
construction projects in the Economic Commission for Africa (Assignment No.
OBJET: AN2020/710/01)**

1. With reference to your memorandum dated 19 May 2020, please find the comments of the Department of Management Strategy, Policy and Compliance.
2. Thank you for the opportunity to provide comments on the draft audit report.

Management Response

Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

Rec. no.	Recommendation	Critical Important	Accepted? (Yes/No)	Title of Responsible Individual	Implementation Date	Client comments
6	DMSPC should require the Global Asset Management Policy Service to set up a mechanism to ensure that the independent risk management firm supporting the Africa Hall renovation project in ECA meets its contractual obligations timely	Important	Yes	Chief, Global Asset Management Policy Service, FOFD / OPPFB, DMSPC	30 April 2021	<p>DMSPC requests the text of the recommendation to be changed as follows: <i>“The Global Asset Management Policy Service should set up a mechanism to ensure that the independent risk management firm supporting the Africa Hall renovation project in ECA meets its contractual obligations in a timely manner.”</i></p> <p>The Global Asset Management Policy Service (GAMPS) accepts the recommendation and notes that subsequent reports by the risk management firm have been issued on schedule.</p> <p>GAMPS also wishes to emphasize that, despite the fact that the final version of the Biannual Progress Report #3 was issued late on 4 December 2019, the outcomes of the May 2019 risk assessment (including the outcomes of the annual Monte Carlo assessment) were already circulated earlier and included in the project related progress report of the Secretary-General (A/74/328). As such, the late issuance of the final version of the report did not have any impact taking informed decisions for the project. In addition, GAMPS notes that the quarterly risk touchpoints are not “pay items” of the contract and they have so far been held on a needs basis (and not on an advanced schedule basis) in order to provide the project teams with some flexibility in assessing ongoing project risks. However, going forward they will be held on a quarterly basis.</p>