



INTERNAL AUDIT DIVISION

REPORT 2023/066

Audit of flexible workplace strategies at the United Nations Office at Nairobi

**Implementation of the flexible workplace
strategies project was proceeding
satisfactorily in accordance with plans**

18 December 2023

Assignment No. AA2023-210-02

Audit of flexible workplace strategies at the United Nations Office at Nairobi

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of flexible workplace strategies (FWS) at the United Nations Office at Nairobi (UNON). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in implementing FWS at UNON. The audit covered the period from September 2017 to July 2023 and included a review of risk areas of the FWS project including: (a) planning and implementation; (b) monitoring and oversight; and (c) project staffing and management of consultants.

The audit showed that implementation of the FWS project was proceeding satisfactorily in accordance with plans, and it was projected to be completed on time, i.e., by the end of 2024. Lessons learned from pilot projects and COVID-19 were incorporated into ongoing works, and the projected office space requirements were kept up-to-date. UNON had developed and implemented stakeholder engagement plans as well as a change management communication strategy.

Also, roles and responsibilities were generally well-defined, and project staff costs were managed within budget. However, UNON needed to strengthen the performance monitoring of external consultants. Since OIOS had made a recommendation on this aspect in its previous audit (Report 2022/089) on replacement of blocks A to J at UNON which was still under implementation, no further recommendation was made in the current report.

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Audit of flexible workplace strategies at the United Nations Office at Nairobi

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of flexible workplace strategies (FWS) at the United Nations Office at Nairobi (UNON).
2. In 2017, the Secretary-General presented a proposal to the General Assembly for the replacement of office blocks A to J at UNON. By resolution 76/24, the General Assembly approved the project in 2021. FWS are an integral component of the replacement project.
3. FWS as implemented at the UNON complex are new practices that give staff the flexibility to select workspaces such as outdoor pods, open plan workstations, multifunctional enclosed spaces, work lounges, open collaboration and enclosed meeting rooms. The objective of FWS is to improve efficiency by optimizing the use of the available office spaces and meeting facilities and providing flexible and functional spaces. The project schedule forecasted completion of FWS and new build components of the replacement of blocks A to J by the end of 2024. FWS also support the Secretary-General's wider management reform goal of creating a modern, agile business model to enhance effectiveness across various work processes.
4. The approved governance structure for the project included: (a) a Project Owner (UNON Director-General); (b) a Project Executive (Director, Division of Administrative Services) who is accountable for ensuring successful completion of the project; (c) a Delegated Executive (Chief of Central Support Services) who is responsible for day-to-day management and overall supervision of the project; (d) a Project Manager who is responsible for day-to-day running of the project; and (e) a Stakeholder Committee (comprising a multidisciplinary team) which is an advisory body for the Project Owner but is not able to make changes that would affect the project scope, schedule or cost.
5. The governance structure also included a Change Management and Corporate Support group which was a forum for active engagement on all aspects relating to supporting the implementation of FWS including communications, staff outreach and engagement. The Office of Central Support Services carried out oversight functions for the project.
6. According to the updated 2023 cost plan, the expenditure on FWS up to 31 July 2023 was: (i) \$11.3 million against a budget of \$14.5 million for FWS construction; and (ii) \$1.5 million against a budget of \$1.9 million for FWS design works.
7. *UNON stated that it had no comments on the report.*

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in implementing FWS at UNON.
9. This audit was included in the 2023 risk-based work plan of OIOS due to the risk that potential weaknesses in implementation of FWS could have an adverse impact on the operations of UNON and its clients.
10. OIOS conducted this audit from August to October 2023. The audit covered the period from September 2017 to July 2023. Based on an activity-level risk assessment, the audit covered risk areas

relating to FWS which included: (a) planning and implementation; (b) monitoring and oversight; and (c) project staffing and management of consultants.

11. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) physical verification of the buildings under renovation.

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

III. AUDIT RESULTS

A. Planning and implementation

Implementation of FWS was projected to be completed on time

13. Implementation of FWS, which encompasses all offices at the Gigiri complex, was projected to be completed on time, i.e., by end of 2024. At the time of the audit, the works for blocks V, P and Q had been completed with only minor aspects remaining, as explained later in this report.

14. Renovation of blocks T, U, X and New Office Facility (NOF) 1 and 2 was ongoing, with the renovation of blocks M, N, R, S, W and NOF 3 and 4 scheduled to be completed by the end of 2024. Figure 1 below and Annex I show pictures before and after renovation of a typical office block.

Figure 1: Before and after renovation of office block



Lessons learned from pilot projects and COVID-19 were incorporated into ongoing works

15. UNON had renovated its first block (block V) on a pilot basis and the next two blocks (P and Q) as extended pilots. UNON had incorporated the lessons learned from these pilots as well as from the COVID-19 pandemic in the on-going renovation of office blocks T, U and X, as follows:

(a) Feedback from occupants of the first pilot project (block V) emphasized the need for better acoustic privacy within the office spaces. As a result, sound barriers were incorporated within the enclosed offices.

(b) UNON amended the tender for subsequent phases of the project to require advance purchase of imported materials. This was a result of lessons learned from global material shortages and supply chain challenges due to the pandemic which impacted the timelines for construction activities.

(c) Other lessons learned from pilot projects included the need to consolidate all construction and maintenance-related works into one contract to benefit from economies of scale and minimize disruption to end users who otherwise would have experienced double disruption periods. Additional refinements included introduction of passenger elevators for accessibility of disabled persons and improvement of the external facades of buildings. According to UNON, these refinements led to significantly better and functionally complete buildings which contributed to the success of the project.

16. One key objective of FWS was to increase the occupancy density by 25 per cent of the existing blocks to ensure more efficient use of space, and to incorporate flexibility into the design to allow for future expansion. However, with the onset of the COVID-19 pandemic, social distancing became necessary. UNON did not adjust the design of the renovated blocks but incorporated additional outdoor workspaces into the project to effectively de-densify the existing indoor workspaces. A total of 24 outdoor pods (workspaces) had been rolled out at the time of audit. UNON also incorporated refinements such as installing automated doors which facilitated accessibility for disabled persons on wheelchairs, and modifying fixed un-openable windows to allow for air circulation.

Projected office space requirements were kept up-to-date

17. FWS aimed at improving space usage efficiency and increasing workplace density by optimizing the use of available interior spaces and meeting facilities, and providing flexible and functional spaces. To determine the optimum space requirements, UNON made office space requirement projections based on engagement with stakeholders. This included one office space utilization study in March 2017 at the inception of the project, and two surveys in May 2020 and April 2021.

18. Based on the results of the survey carried out in April 2021, the estimated number of staff was projected to increase by approximately 10 per cent (from 4,120 in 2017 to 4,534 in 2021) by the end of the FWS project in December 2024. UNON stated that feedback from entities occupying refurbished office blocks showed that several of them require additional space to accommodate their increasing staff numbers in the Gigiri complex. The total staff to be accommodated in the existing office blocks after FWS refurbishment works was 3,534 while the residual staff yet to be accommodated was 1,000. Applying the utilization efficiency of 25 per cent to the projected residual staff, the projected demand for the new building component was 750. OIOS concluded that UNON had taken adequate steps to keep the office space requirements up-to-date.

Stakeholder engagement plans were developed and implemented

19. To implement FWS, UNON required the cooperation of all its tenants which comprised Secretariat and non-Secretariat entities. UNON reached out to 48 stakeholder entities and sought their buy-in for implementation of FWS with the proviso that those who did not respond would be considered to have no objections. Of the 48 stakeholder entities contacted, 35 responded and indicated their agreement, while 13 did not respond.

20. UNON had developed a detailed stakeholder engagement plan outlining the activities and methodology for engaging stakeholder entities for the blocks being renovated. These included: (i) catch up briefing sessions; (ii) document review; (iii) stakeholder identification and analysis; (iv) workstyle culture survey; and (v) change impact assessment and risk analysis. The methodology included focus group meetings, management interviews, and weekly one-on-one sessions. Other communication avenues to engage stakeholders included a physical exhibition at the UNON lobby.

21. UNON captured stakeholder requirements, concerns and feedback using surveys and interviews. The requirements and feedback were considered during the design phase. According to UNON, the main concerns related to requests for additional office space and enclosed offices. Stakeholders had also raised concerns about inadequate swing space as they waited for their final locations to be ready. UNON explained that it took every request/concern seriously and had liaised with the entities concerned to seek remedial solutions such as providing an extra room or rooms where possible. OIOS noted evidence of such correspondence to assist entities on their swing space concerns.

Change management communication strategy and implementation plan were adequately developed

22. UNON had developed a change management communication strategy and implementation plan outlining the target groups, outcomes, activities, mechanisms and responsibilities. The plan was developed as a 'toolkit' of activities to select from under each phase of FWS including the user journey, design, move-out, post-move out, move-in and post move-in series.

23. The activities included stakeholder analysis, town hall meetings, focus groups, interviews with staff, staff surveys, change impact and risk assessments, and resistance management. These activities were largely completed, except for a few related to post move-out activities such as shared successes and benefits of the new space, which were in progress.

Technical teams were involved in providing input to the FWS project

24. The FWS project envisaged a Change Management and Corporate Support group (CMCS group) which was designed to include technical teams as part of a multi-disciplinary team to provide technical input into the project. Members of the CMCS group included the Chief of the Facilities Management Section (FMTS), Chief of the Procurement Section, representatives of the Budget and Financial Management Service (BFMS), Information and Communications Technology Service (ICTS), Human Resources Management Service, Joint Medical Service (JMS) and the Division of Conference Services. The CMCS group's responsibilities included communication and review of guidelines on FWS, including information technology infrastructure, furniture and training requirements.

25. OIOS noted that the CMCS group had not been established. UNON explained that all the functions of the CMCS group were being conducted through the Advisory Committee on Premises and the Common Services Management Team (CSMT). UNON therefore did not see the need to set up another group which would have the same members for performing the same functions. OIOS concluded that the Advisory Committee on Premises and CSMT performed FWS-related functions satisfactorily. For example, FWS guidelines were developed and issued to stakeholders, with FMTS providing overall supervision.

B. Monitoring and oversight

Roles and responsibilities were generally well defined

26. As stated earlier, the governance structure for FWS comprised a Project Owner, Project Executive, Delegated Executive, Project Manager, Stakeholder Committee and the CMCS group. Day-to-day project execution was the responsibility of a dedicated project management team which included a Project Manager at P-5 level, project staff including a Space Planner/Coordinator at P-4 level, support staff, and independent risk management service providers. The project management team also acted as an interface with external specialized consultants, contractors and suppliers. In practice, the Project Manager focused on the construction component and the Space Planner/Coordinator managed the FWS component. OIOS concluded that roles and responsibilities for project staff were adequately defined.

Implementation of FWS was projected to complete on time

27. The project team had developed a project schedule and provided updates to the General Assembly each year in the Secretary-General's progress reports. The updated project schedule as at November 2022 forecasted a phased project completion, with FWS and new building components being completed by the end of 2024 while the overall project close-out would continue until the end of 2025.

28. At the time of the audit, blocks V, P and Q were reported to be 95 per cent completed. Blocks T, U, X and NOF 1 and 2 were reported to be 70 per cent completed. According to UNON, the five per cent work remaining for blocks V, P and Q related to tailored change management and communication activities whereas the 30 per cent work remaining for blocks T, U and X related to construction activities. OIOS' inspection of the completed blocks V, P and Q and those under construction (T, U and X) showed that most of the fit-out of blocks T, U and X was yet to be done as of October 2023. UNON explained that the 70 per cent completion rate also considered the construction element of the renovations in these blocks. As at 31 July 2023, total expenditure on FWS construction amounted to \$11.3 million against a budget of \$14.5 million.

29. Meanwhile, blocks M, N, NOF 3 and 4 were scheduled for renovation from the fourth quarter of 2023 to the first quarter of 2024, whereas renovation of blocks R, S and W were scheduled to commence in the second quarter of 2024.

C. Project staffing and management of consultants

Project staff costs were managed within the budget ceiling

30. The General Assembly in its resolution 76/246 had requested the Secretary-General to make every effort to avoid budget increases through the application of sound project management practices and to ensure that the project was completed within the project scope and overall approved cost.

31. UNON explained that it made incremental adjustments to meet staffing needs for the project so that it could deliver within the overall approved budget. Since the approved project funding would not allow for additional recruitment, and there were evolving staff requirements at different stages of the project, UNON relied on consultants to cover some of the staffing gaps. In 2020, the recruitment of the Logistics/Coordination Officer (National Professional Officer), Mechanical, Electrical and Plumbing Engineer (National Professional Officer) and Administrative Assistant (Local level) were placed on hold in favour of the continued use of consultants to provide the necessary support.

32. Later in 2021, the recruitment of the Logistics/Coordination Officer (National Professional Officer) was concluded in August 2021 while recruitment for the remaining positions, including the Mechanical-Electrical Plumbing Engineer and the Administrative Assistant, continued to be on hold as consultants provided project-critical technical support in the two key areas.

Monitoring of performance of external consultants needed to be strengthened

33. UNON Procurement Section contracted an external consultant consortium for the provision of multi-disciplinary consultancy services for the feasibility, pilot and full implementation of FWS. As stated above, UNON also recruited consultants to provide technical support to the project.

34. OIOS' review of existing mechanisms for monitoring the performance of the contracted project personnel and consultants indicated the following:

(a) UNON had implemented a performance evaluation template to review consultants' performance against the goals and deliverables set out in the terms of reference.

(b) For the external consultant consortium, UNON had established a payment schedule and structure as a basis for payment against 20 different deliverables with specified criteria and timelines. FMTS staff in the project team reviewed the supporting documents submitted by the external consultant before making payments.

35. UNON had also defined clear key performance indicators (KPIs) for external consultants. These included: (i) satisfactory completion of all deliverables per work stage; (ii) adherence to the project schedule and submission of technical and other reports as per project schedules; (iii) response to high priority and urgent queries within 24 hours and provision of prompt and satisfactory solutions to project related problems; and (iv) response time to standard enquiries to take no more than three working days.

36. OIOS noted that there was no evidence that these KPIs were monitored, assessed or reported at any stage. This posed a risk that any underperformance or non-performance against any of these KPIs would not be detected, documented and rectified. Monitoring of KPIs should be done periodically for accountability of the external consultants' performance. Since OIOS had made a recommendation on this aspect in its previous audit (Report 2022/089) of replacement of blocks A to J at UNON, no additional recommendation was made in the present report.





IV. ACKNOWLEDGEMENT

37. OIOS wishes to express its appreciation to the Management and staff of UNON for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division
Office of Internal Oversight Services

COMPARATIVE IMAGES AND NEW FEATURES

Audit of flexible workplace strategies at the United Nations Office at Nairobi

	Previous	Current
Block P		
Block Q		

**New
features**



Outdoor workspaces



Automatic doors

APPENDIX I

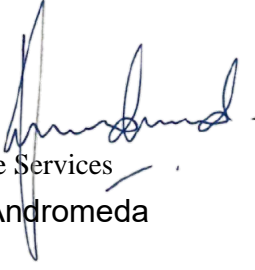
Management Response

**UNITED NATIONS OFFICE AT NAIROBI
DIVISION OF ADMINISTRATIVE SERVICES**

TO: Mr. Byung-Kun Min, Director
À: Internal Audit Division
OIOS

DATE: 11 December 2023

For:
FROM: Chris Kirkcaldy, Director
DE: Division of Administrative Services
UNON
Vanda Andromeda



SUBJECT: Response to Detailed Results of an Audit of Flexible Workplace Strategies at the United Nations Office at Nairobi (Assignment No. AA2023-210-02)

With reference to the memorandum submitted 9th December 2023, requesting comments by 11th December 2023, UNON thanks OIOS for the report and wishes to advise that we do not have any further comments and the report is confirmed.

Cc: Mrs. Zainab Hawa-Bangura, UNON
Mr. Stephen Stannah, UNON
Ms. Talia Owen-Frigyik, UNON
Ms. Tuntu Mazibuko, UNON
Mr. David Nyskohus, OIOS
Mr. Jeffrey Lin, OIOS