



INTERNAL AUDIT DIVISION

REPORT 2025/041

**Audit of phase 3 of replacement of
blocks A to J construction activities at
the United Nations Office at Nairobi**

**Governance and project management
mechanisms were adequate, but some
aspects of contract management could be
improved**

**15 September 2025
Assignment No. AA2024-210-03**

Audit of phase 3 of replacement of blocks A to J construction activities at the United Nations Office at Nairobi

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of phase 3 of replacement of blocks A to J construction activities 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 ensuring effective management of the project for replacement of blocks A to J at UNON. The audit covered the period from 1 January 2023 to 30 April 2025 and included (a) governance; (b) procurement and contract management; (c) project management; and (d) human resources management.

The audit found that governance and project management mechanisms were adequate, but some aspects of contract management could be improved.

OIOS made two recommendations. To address the issues identified in the audit, UNON needed to:

- Establish a mechanism to ensure that procurement staff independently verify the authenticity of performance guarantees with the issuing banks immediately upon receipt, and also retain written confirmation as evidence of due diligence; and
- Establish a mechanism to ensure that regular vendor performance evaluations are documented during the project's implementation.

UNON accepted the recommendations, implemented one of them and initiated action to implement the other. Action required to close the remaining recommendation is indicated in Annex I

CONTENTS

I. BACKGROUND	1-3
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	3
III. AUDIT RESULTS	4-10
A. Governance	4-5
B. Procurement and contract management	5-8
C. Project management	8-9
D. Human resources management	10
IV. ACKNOWLEDGEMENT	10
ANNEX I	Status of audit recommendations
APPENDIX I	Management response

Audit of phase 3 of replacement of blocks A to J construction activities at the United Nations Office at Nairobi

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of phase 3 of replacement of blocks A to J construction activities at the United Nations Office at Nairobi (UNON).
2. The Nairobi duty station was established in 1972 and became a United Nations office away from Headquarters following the establishment of the United Nations Environment Programme (UNEP) in the same year. After an initial donation by the Kenya Government of 100 acres in Gigiri in 1975, UNEP relocated from its original office space at the Nairobi City Centre and built nine blocks (A to J) as temporary office accommodation and storage space for the UNEP secretariat.
3. In 2014, UNON, which was established in 1996 to provide a centralized administrative function for UNEP and the United Nations Human Settlements Programme (UN-Habitat), undertook an assessment of the conditions of the buildings and infrastructure at the Gigiri complex and included its findings in the report of the Secretary-General on the strategic capital review (A/70/697). The assessment identified various upgrades that were required to the site-wide infrastructure and buildings. This included the need to replace temporary office blocks A to J, which were built in the 1970s and were still in use as offices and storage facilities. The buildings had exceeded their useful lives and did not comply with prevailing health, safety and security codes. The strategic capital review determined that further investment in major maintenance of the buildings would, in time, cost more than their full replacement.
4. In its twenty-ninth report on the proposed programme budget for the biennium 2018–2019, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) took note of the initial budget for the replacement of office blocks A to J which amounted to \$69.88 million. This was later revised to \$66.26 million and recommended by ACABQ and approved by the General Assembly in its seventy-sixth session. Table 1 shows the breakdown of the budget.

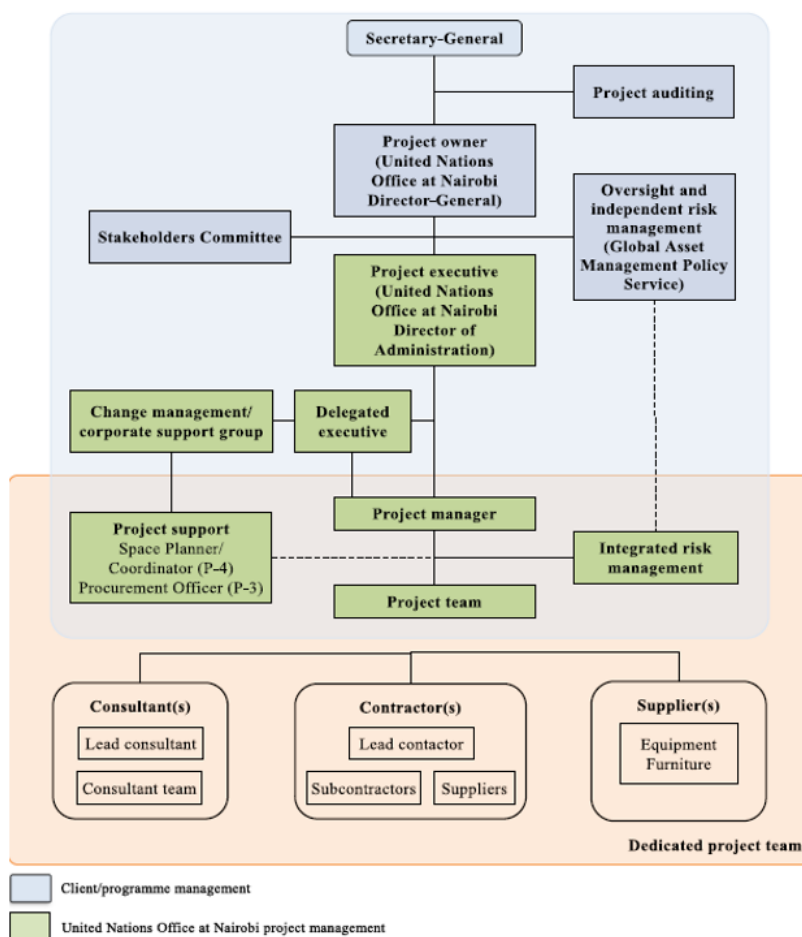
Table 1: Project budget

1. Construction costs	\$ million
1.1 Early works/repurposed publishing building	10,531
1.2 Flexible workspace	11,288
1.3 New office building	18,080
2. Professional services	
2.1 Early works/repurposed publishing building design works	1,264
2.2 Flexible workspace design works	1,355
2.3 New office building design works	1,808
2.4 Risk management	103
2.5 Other services	61
3. Escalation	9,656
4. Contingency	5,388
5. Project management	
5.1 Dedicated project management and support	5,361
5.2 Dedicated coordinator at Headquarters (75 per cent of costs)	404
5.3 Travel of project management team	88
6. Security requirements	873
Total	66,260

5. Prior to the current audit, OIOS conducted two other audits related to the project: (a) Audit of the project for the replacement of blocks A to J (early works project) at the United Nations Office at Nairobi (Report 2022/089), which focused on early works; and (b) Audit of flexible workplace strategies at the United Nations Office at Nairobi (Report 2023/066). The current audit, covering phase 3 of the project, focuses on the new buildings and is the final one in the series.

6. The Director-General of UNON was designated the owner of the project, reporting to the Secretary-General. Figure 1 below shows the governance structure of the project.

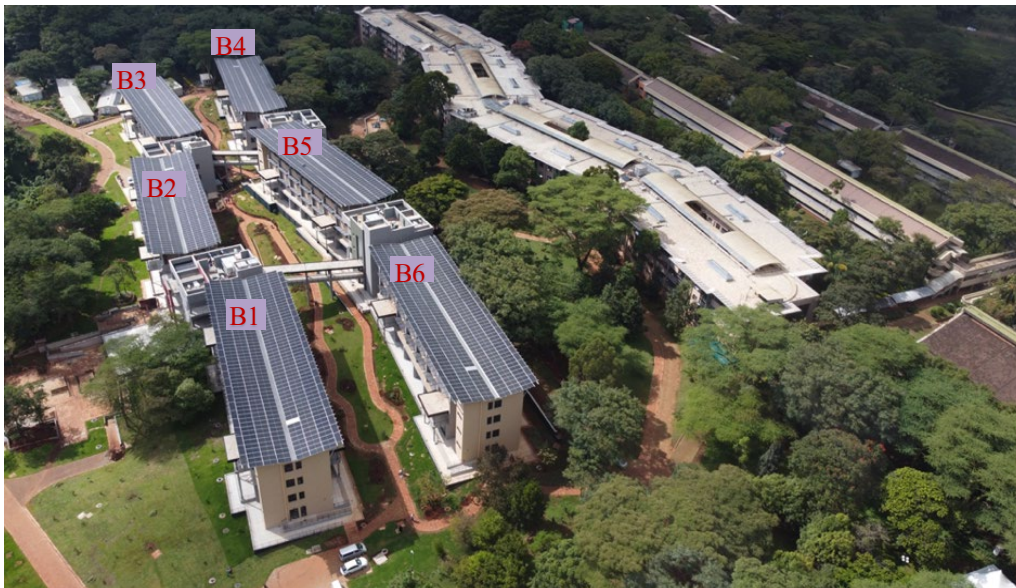
Figure 1: Governance structure of the project



7. A Project Manager (P-5) led a dedicated project management and support team comprising 13 staff (1 P-5, 1 P-4, 3 P-3s, 2 National Professional Officers and 6 local staff). The team was augmented by a further eight staff (three P-3s and five local staff) funded by the Office of the United Nations High Commissioner for Refugees (UNHCR), following a service-level agreement between UNON and UNHCR signed in December 2022.

8. Picture 1 below shows the six newly constructed buildings (B1 to B6).

Picture 1: Aerial view of the six newly constructed buildings (B1 to B6)



9. Comments provided by UNON are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

10. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring effective management of the project for replacement of blocks A to J at UNON.

11. This audit was included in the 2024 risk-based work plan of OIOS due to the usual risks associated with large construction projects.

12. OIOS conducted this audit in May and June 2025. The audit covered the period from 1 January 2023 to 30 April 2025. Based on an activity-level risk assessment, the audit covered risk areas which included: (a) governance; (b) procurement and contract management; (c) project management; and (d) human resources management. OIOS coordinated with the Board of Auditors to avoid duplication.

13. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) assessment of the client's data management systems, including Umoja; (d) analytical review of data on procurement; and (e) sample testing of invoices using systematic sampling.

14. To assess the reliability of data pertaining to the construction project, OIOS reviewed data from Umoja and related documentation, including periodic reports. Based on the review, OIOS determined that the data was sufficiently reliable for the purpose of the audit.

15. The audit was conducted in accordance with the Global Internal Audit Standards.

III. AUDIT RESULTS

A. Governance

Governance arrangements were in place and worked adequately

16. Effective project governance requires that major capital projects be guided by principles of transparency, accountability, risk management and stakeholder engagement, as established by the Organization's internal control framework and project management best practices. These expectations include senior management's oversight, stakeholder engagement, strategic decision-making, active risk monitoring and response, transparent reporting mechanisms, and adaptability to evolving project needs while maintaining accountability.

17. OIOS reviewed: (i) documentation on the implementation of the recommendation from the early works audit to strengthen project governance by ensuring that the Stakeholder Committee meets regularly to provide appropriate oversight, and that minutes of its meetings are maintained for reference; (ii) minutes of seven meetings of the Stakeholders' Committee; (iii) all notes of the 25 touchpoint meetings between UNON and the Global Asset Management Policy Service (GAMPS), part of the Office of Programme Planning, Finance and Budget in the Department of Management Strategy, Policy and Compliance, which took place every two weeks; (iv) two internal risk assessment reports for the project; (v) the risk management report issued by GAMPS; and (vi) the Secretary-General's report on the project. OIOS also interviewed the project management team, the representative of UNHCR and senior management and established the following:

- (a) The Project Executive and Delegated Executive (Project Executive Team) assisted by the Change Management/Corporate Support Group were actively engaged with the Project Management Team, contractors, and tenant representatives to address emerging issues, which included frequent site visits. The Project Executive Team approved timeline revisions, re-prioritized works, and managed the risk of cascading delays to agency relocations. Further, the Project Executive Team attended all the seven meetings of the Stakeholders' Committee, which brought together UNHCR and technical specialists in procurement, information and communications technology (ICT), facilities management, finance, and security teams. The Committee was a forum for regular updates and critical decisions on revised completion dates, phasing of moves and management of contractor delays. For example:
 - When discrepancies emerged between the main contractor's stated concrete strength and actual test results, the Project Executive Team reviewed engineering proposals, approved remedial measures, and authorized changes that ensured safety while avoiding schedule slippage in a meeting held on 24 January 2024;
 - The proposal to reduce CAT6A cabling by 62 per cent and introduce CAT8 cabling involved balancing cost savings with long-term operational efficiency. In a meeting held on 6 May 2024, the Project Executive Team approved the proposed changes and directed coordination between ICT, procurement, and project teams; and
 - UNHCR's requests for specialized facilities, such as recording and broadcasting rooms, required the Project Executive Team's engagement to coordinate technical feasibility, budget allocation, and integration with the overall project schedule without disrupting other agencies' moves. The request was deliberated and approved in two meetings held on 11 November 2024 and 10 February 2025.

(b) The project had clearly defined stakeholder roles. As outlined in the Secretary-General's report (A/79/267), UNON served as the implementing office, with the Director of Administration providing strategic oversight and the project management team handling day-to-day delivery. This included coordinating contractors, monitoring timelines, and ensuring compliance with United Nations regulation and rules, and General Assembly mandates. For example, UNON led decisions on sequencing office moves and approving contract amendments for additional works. Tenant agencies were responsible for defining their operational requirements, liaising with UNON on layout approvals, and preparing for relocation in line with agreed schedules. In one case, UNHCR worked with UNON to integrate a recording studio into its new premises.

(c) GAMPS maintained consistent oversight of project risks, finances, and reporting. It conducted quarterly risk review sessions in 2023 and 2024, facilitated Monte Carlo¹ simulations to assess cost and schedule uncertainties, and required UNON to submit updated data in advance for live analysis. GAMPS also ensured compliance with the Secretary-General's reporting requirements, reviewed and contributed to drafts of the Secretary-General's progress reports, and coordinated submission timelines. Further, GAMPS monitored key milestones. OIOS concluded that this approach ensured accountability, transparency, and adherence to United Nations project management standards.

(d) Project performance was tracked through quarterly updates and contractor reporting obligations, including daily progress on a Gantt Chart, and monthly reports linked to bills of quantities. Additionally, a quarterly performance report was presented at every Stakeholder Committee meeting, showing progress made on the project as well as project expenditure.

(e) UNON implemented the recommendation from the early works audit that required the Stakeholder Committee to meet regularly and to have minutes of the meetings kept as noted in paragraph 17.

18. Based on the review done, OIOS concluded that managerial oversight was satisfactory, and governance arrangements were in place and worked adequately. The project was completed within budget but with a marginal delay of 10 weeks, which was mainly due to setbacks such as heavy El Niño rains, and the presence of unanticipated rocky substrate that affected excavation works and required relocation of the main water pipeline. Substantial completion was achieved by 15 April 2025 against the original deadline of 31 January 2025. At the time of the audit, some of the blocks were already in use and hosted UNHCR, OIOS, and some of UNON's administration sections.

B. Procurement and contract management

The solicitation process was in accordance with the Procurement Manual

19. Section 4.9 of the United Nations Procurement Manual prescribes a structured source selection plan that outlines procurement needs, sourcing methods, evaluation mechanisms, governance, and timelines. Adhering to this template ensures transparency, fairness, and accountability throughout the source selection process.

20. A review of the source selection plans for the acquisition in 2020 of professional services for design and supervision and in 2023 for the main construction works, showed that UNON complied with the Procurement Manual requirements. Both source selection plans followed the prescribed structure,

¹ A Monte Carlo simulation is a risk analysis method that uses thousands of random calculations to model uncertainties in construction costs, timelines, or resources. It helps project managers assess risks, forecast outcomes, and make informed decisions on deadlines, budgets, and contingencies.

including purpose and scope, definition of requirements, sourcing method, evaluation criteria and weighting, evaluation committee composition, procurement schedule, award basis, risk factors, and negotiation strategy. Each source selection plan was preceded by a request for an expression of interest posted on the United Nations General Marketplace, with clear pre-qualification criteria, documented respondent numbers, and lists of pre-qualified vendors.

21. The evaluation methodology in both source selection plans followed a two-stage process, i.e. mandatory requirements followed by weighted scoring, using a 70/30 technical-to-financial ratio justified by the complexity and risk of the projects. Mandatory commercial requirements included acceptance of the United Nations General Conditions of Contract, fixed pricing, proposal validity, and performance security. Risk management measures addressed potential delays, design errors, quality issues, and currency fluctuations, supported by key performance indicators and contractual safeguards.

22. OIOS found documentation and record-keeping to be satisfactory, with all required attachments and procurement schedules in place to ensure traceability and compliance. For request for proposals for hiring the main contractor (RFP-3100005621), nine pre-qualified vendors from three countries were invited, and six proposals were received. The Technical Evaluation Committee, comprising UNON and UNHCR staff, determined that four submissions met the technical compliance threshold. OIOS verified that both the technical and financial evaluations adhered to the scoring methodology in the approved source selection plan and confirmed that the awarded contractor achieved the highest combined weighted score of 94.05 per cent and the lowest bid. The request for proposals for hiring the professional services firm, (RFP-3100004375) was issued to 24 pre-qualified vendors from 13 countries. The Technical Evaluation Committee was composed of UNON and UNEP staff. OIOS confirmed that the three technically compliant proposals were supported by evidence, that scoring was aligned with the approved plan, and that the selected firm achieved the highest best value for money score (96.1 per cent) and lowest price. In both procurement cases, OIOS confirmed compliance with Financial Rule 105.15(b) and verified that the Headquarters Committee on Contracts endorsement was obtained before the award of the contract.

Payments were processed in accordance with applicable procedures

23. OIOS reviewed 63 payments in total (30 payments made to the main contractor and 33 to the engineering consultancy firm for design and contract administration services), covering the period from 1 January 2023 to 30 April 2025. The review showed that all payments pertaining to the project, totalling \$26 million for the main contractor and \$1.7 million for the design and contract administration contractor, were made in accordance with the contractually agreed payment schedule and tied to defined deliverables. Invoices were mathematically accurate, posted in Umoja, and supported by necessary documentation. Each invoice had been reviewed and certified in accordance with established procedures. Also, payments to the main contractor were only made for work certified as completed and were supported by certificates of completion, as required.

Action was taken to ensure appropriate insurance cover

24. The Procurement Manual emphasizes the importance of ensuring that contractors maintain adequate insurance coverage, such as worker compensation and commercial general liability, throughout the contract duration, including the defects liability period, i.e., 12 months following substantial completion, during which the contractor is obligated to repair or rectify any defects that emerge in the works. This is essential to mitigate financial risks and to ensure that contractual obligations are fulfilled in case of damage, injury, or negligence during and after construction activities.

25. OIOS reviewed insurance coverage and noted that active insurance policies were in place. It was noted that the policies were scheduled to expire on sundry dates between October 2025 and June 2026, and

UNON had initiated measures to ensure that they were renewed in a timely manner. Procedures were introduced for closer monitoring of policy validity, including cross-checking insurance expiry dates against the project schedule and the defects liability period, i.e., the period until 15 April 2026. UNON was also taking steps to maintain a register of insurance policies to facilitate ongoing compliance and prevent lapse in coverage.

Need for timely verification of the authenticity of performance guarantees

26. A performance guarantee is a financial instrument, typically issued by a bank, to assure that the contractor will fulfil all contractual obligations as specified in the contract, and that if the contractor fails to complete the project or meet performance standards, the client can call in the guarantee to recover losses or cover the cost of completing the work. The Procurement Manual requires that performance guarantees be submitted by contractors from reputable financial institutions. The procuring entity must verify the authenticity of such guarantees to safeguard against fraud and to ensure effective risk mitigation.

27. The engineering consultancy firm and the main contractor had both submitted performance guarantees, which were sufficient in the context of their respective contracts. They adhered to United Nations Financial Regulations and Rules, provided adequate risk coverage, and included proper legal safeguards. However, UNON had not performed due diligence to confirm the authenticity of the guarantees with the issuing banks at the time of submission, which posed potential financial risks. UNON attributed this lapse to high turnover of procurement staff. Although the guarantees were eventually verified during the audit, and the project reached substantial completion without incident, UNON needs to ensure that performance guarantees submitted by contractors are promptly verified in future.

(1) UNON should establish a mechanism to ensure that procurement staff independently verify the authenticity of performance guarantees with the issuing banks immediately upon receipt, and also retain written confirmation as evidence of due diligence.

UNON accepted recommendation 1 and submitted documentation to OIOS to evidence that the performance guarantees had been verified in accordance with the newly established verification process.

Need for timely performance evaluation of contractors

28. The Procurement Manual emphasizes the importance of regular performance evaluations of vendors to ensure accountability and facilitate timely corrective action. The early works project audit (Report 2020/089) recommended that UNON should ensure that all performance evaluations of contractors are documented in a timely manner, in accordance with the provisions of the Procurement Manual. In the case of the engineering consultancy firm, UNON conducted a performance evaluation in November 2023, but no follow-up evaluation was undertaken until June 2025 (an interval of 18 months). This occurred because the contract did not specify the frequency of performance evaluations despite the time-bound nature of the construction project and the project oversight responsibilities assigned to the firm.

29. The June 2025 evaluation, prompted by the audit, identified performance concerns. The engineering consultancy firm, including its headquarters outside Kenya and local sub-consultants, had been slow in providing technical responses and on-site solutions to emerging design issues such as those related to hollow core slabs. Also, performance related to reconciliation of the final account and coordination of post-substantial completion handover procedures was assessed as lacking effective and timely coordination. These shortcomings compromised the efficiency of project closure activities and raised concern about the firm's ability to support UNON effectively during the defects liability period. The delayed evaluation

meant that these performance issues were not documented or addressed in a timely manner, reducing the window for effective remediation.

30. On the other hand, the performance of the main contractor was regularly assessed. The audit found that UNON's evaluations reported reasonable compliance in quality, schedule adherence and contractual obligations, and the contractor was held accountable for any departures from the agreed terms. No liquidated damages or performance deductions were applied. Oversight mechanisms were functioning effectively, and performance monitoring was timely, and evidence based.

(2) UNON should establish a mechanism to ensure that regular vendor performance evaluations are documented during the project's implementation.

UNON accepted recommendation 2 and noted that vendor performance evaluation practices varied across the Secretariat depending on requirement type and office set-up. In UNON's context, vendor performance evaluations were conducted at work stages/assignments and at each contract amendment. For the A-J new build, interim evaluations were completed at each amendment, and final evaluations will be recorded at contract close.

C. Project management

Arrangements for project monitoring were adequate

31. OIOS' review of project documentation and interviews indicated that UNON regularly monitored the project and tracked milestones through weekly and monthly reports and escalation mechanisms were in place. During the audit period, issues from 12 out of 86 progress review meetings were escalated to the Stakeholder Committee for high-level decision-making and risk oversight of matters such as structural method changes, schedule risk mitigation and quality assurance.

32. For example, OIOS noted that concerns raised in the progress review meeting No. 25 of 23 January 2024 were escalated to the Stakeholder Committee, which held a meeting on 24 January 2024. In that progress review meeting, the main contractor and project team identified the following issues for escalation: discrepancies in concrete strength test results; the methodology for static load testing; and the potential impact on the project schedule if corrective measures delayed slab deliveries and installations. The Stakeholder Committee resolved the issues during its meeting, which provided a way forward. No issues that emerged from the progress meetings remained unresolved.

Arrangements for management of change orders were adequate

33. A change order is a formal, written agreement to modify the original terms of a construction contract, which typically involves changes to the scope of work, cost or project timeline and must be approved by all relevant parties. The standard operating procedures for variations and change orders to construction works (as per Article 45 of contract UNON/2023/289) stated that any need for variations should be justified and agreed upon by the client, contractor and engineer, and formalized through a change order form, followed by certification and timely approvals within specified timeframes. Furthermore, the standard operating procedures required that all approved and pending change orders be recorded in a change order log and reported monthly.

34. OIOS noted that the project generated 66 change orders with a total value of \$2.5 million. Fifteen change orders, worth \$1.8 million, were initiated at UNON's request. The remainder arose from unforeseen circumstances, such as relocation of a water main pipe and hard rock excavation. By the end of May 2025,

one month after substantial completion, only 27 change orders had been fully approved while 30 had been technically approved and implemented but were still pending full approval, subject to receipt of additional contractor documentation. The remaining nine were under review with neither technical nor full approval.

35. UNON explained that the 30 change orders were implemented prior to full approval because they were on the project's critical path and delaying them would have jeopardized timely delivery. Implementing critical path change orders before full approval was an acceptable practice in the construction industry. Nevertheless, OIOS verified that the scope of each change order had been pre-approved by UNON and the engineering consultant prior to commencement, as evidenced in weekly progress meeting records and ad hoc change order meeting minutes reviewed. As of 13 August 2025, all change orders had been approved and implemented. OIOS therefore concluded that the process for management of change orders was adequate.

The project substantially met environmental requirements

36. United Nations environmental mandates and international best practices, such as Leadership in Energy and Environmental Design (LEED), require sustainable design, responsible resource use, and compliance with health, safety and environmental codes.

37. UNON's February 2025 Environmental and Sustainability Compliance Assessment Report indicated that 92 per cent of the assessed environmental parameters were compliant. A highlight was the recycling of 98.14 per cent of the 52,298.68 kilogrammes of construction waste, which exceeded the LEED benchmark of 75 per cent. Prerequisite plans on erosion and sedimentation control and waste management were developed and implemented. Indoor air quality management was initiated for the commissioning phase, including dust control, duct protection and pre-occupancy cleanliness. UNON also installed solar photovoltaic panels to achieve a net zero design. The new buildings are designed to produce more electricity than they consume, effectively balancing energy usage and generation.

38. OIOS' review of the minutes of 86 meetings between UNON and the main contractor showed that two issues which the contractor was expected to address were not resolved throughout the project implementation period. UNON's environmental compliance reports and recurring engineering observations from August 2024 to March 2025 consistently flagged the contractor's failure to implement pollution and dust control practices. Specifically, there was no verifiable record that mitigating actions such as water sprinkling were consistently carried out. As a result, the Project Engineer recommended withholding a sum of \$19,436 from the contractor in the draft final accounts. Since UNON was taking appropriate action, OIOS does not make a recommendation on this issue.

Handover processes after substantial completion were adequate

39. The United Nations project management framework and industry best practices emphasize the importance of a comprehensive handover process at the conclusion of construction projects. UNON received all required handover documentation from the contractor in accordance with project guidelines. This included a snag list that recorded the small defects, incomplete works, or outstanding items that need to be fixed or finished before the project is considered fully complete. The contractor also submitted as-built drawings, i.e., the final set of drawings that show the exact dimensions, geometry and location of all elements as they were actually built, rather than as originally designed. In addition, the contractor handed over to UNON user operational manuals and training materials to support internal capacity-building for facilities management and user orientation.

D. Human resources management

Controls were in place for effective human resources management

40. Effective human resources management requires that roles and responsibilities are clearly defined for staff and performance is monitored through timely appraisals. In addition, for inter-agency cooperation on major projects to be effective, service level arrangements between entities should clearly define roles and responsibilities, personnel support, and regular performance monitoring to ensure continuity and accountability for project implementation.

41. The total staff costs for the project amounted to \$2.8 million, including \$400,000 funded by UNHCR through a service level agreement with UNON. Through interviews with the project management team and UNHCR as well as documentation review, OIOS verified that the project had adequate staffing, the performance of the staff was appraised in a timely manner, and roles and responsibilities between UNHCR-funded and UNON staff were clear. OIOS also noted that there was minimal turnover in project personnel, except for the position of Procurement Officer, which experienced two transitions due to staff promotion and relocation.

IV. ACKNOWLEDGEMENT

42. 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

STATUS OF AUDIT RECOMMENDATIONS

Audit of replacement of blocks A to J construction activities at the United Nations Office at Nairobi.

Rec. no.	Recommendation	Critical²/ Important³	C/O⁴	Actions needed to close recommendation	Implementation date⁵
1	UNON should establish a mechanism to ensure that procurement staff independently verify the authenticity of performance guarantees with the issuing banks immediately upon receipt and also retain written confirmation as evidence of due diligence.	Important	C	NA	Implemented
2	UNON should establish a mechanism to ensure that regular vendor performance evaluations are documented during the project's implementation.	Important	O	Receipt of evidence that final evaluations are conducted at contract close.	30 October 2026

² Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

³ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁴ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁵ Date provided by UNON in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of phase 3 of replacement of blocks A to J construction activities at the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNON should establish a mechanism to ensure that procurement staff independently verify the authenticity of performance guarantees with the issuing banks immediately upon receipt, and also retain written confirmation as evidence of due diligence.	Important	Y	Chief, Procurement Section	11 June 2025	The Procurement Section has submitted documentation to OIOS as evidence that the verification of performance guarantees has been conducted in accordance with the newly established verification process. With the attached confirmation, UNON respectfully requests OIOS to close the recommendation.
2	UNON should establish a mechanism to ensure that regular vendor performance evaluations are documented during the project's implementation.	Important	Y	Project Team	30 October 2026	UNON accepts this recommendation, while noting that vendor performance evaluation (VPE) practices reasonably vary across the Secretariat depending on requirement type and office set-up (e.g., OAH vs. peacekeeping). In UNON's context, VPEs are conducted at work stages/assignments and at each contract amendment; for the A–J new build, interim evaluations were completed at each amendment and final evaluations will be recorded at contract close.

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Management Response

Audit of phase 3 of replacement of blocks A to J construction activities at the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						Should HQ issue a Secretariat-wide VPE mechanism, UNON will adopt it and integrate it into contract and contract-management practice.