



INTERNAL AUDIT DIVISION

REPORT 2022/026

Audit of the Africa Hall renovation project in the Economic Commission for Africa

While procurement delays continued to contribute to escalating costs, negotiations were underway to reduce the price of the main renovation contract, the project's most significant cost driver

29 June 2022

Assignment No. AN2022-710-01

Audit of the Africa Hall renovation project in the Economic Commission for Africa

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the Africa Hall renovation project in the Economic Commission for Africa (ECA). The objective of the audit was to determine whether ECA had implemented effective internal controls over the Africa Hall renovation project to ensure its timely completion within the scope and budget approved by the General Assembly under resolution 70/248. The audit covered the period from March 2021 to April 2022 and included: (a) project governance and oversight mechanisms; (b) procurement and contract management; and (c) other project management activities.

The Advisory Board and Stakeholders Committee met regularly to provide oversight and support to the project, although the Advisory Board was yet to appoint alternate members as envisaged. In addition, ECA continued to receive advice and support from the Global Asset Management Policy Service (GAMPS) in the Department of Management Strategy, Policy and Compliance and the Procurement Division for key project activities such as risk management and procurement. Early decanting works were substantially completed during the year, and ECA was working with the contractor to resolve punch list items during the default liability phase. However, the project continued to experience delays as the procurement for the main renovation contract was still in progress. The delays have had a significant financial impact on the project, including an increase in project management costs and the contract value for architectural services.

OIOS made six recommendations. To address issues identified in the audit, ECA needed to:

- Facilitate the expedited appointment of alternate Advisory Board members to receive optimal benefits from their role during the remaining period of the project schedule;
- Work with the independent risk management firm to improve the timeliness of biannual progress reports;
- With support from the Procurement Division and GAMPS, identify lessons learned from procurement activities of the project that could help to prevent procurement related delays and cost escalations in future projects;
- With support from the Office of Legal Affairs, prepare a position paper analyzing the potential for claims against the joint venture that was previously contracted for the main renovation works vis-à-vis relevant bankruptcy laws and advise the project owner on available options;
- Request the Vendor Review Committee to consider formally imposing sanctions against the partners of the joint venture that defaulted on the previous contract for the main renovation works; and
- Reinforce project schedule controls to prevent time-driven project administration cost increases.

ECA accepted the recommendations and has initiated actions to implement them. Actions required to close the recommendations are indicated in Annex I.

CONTENTS

I. BACKGROUND	1-2
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	2
III. AUDIT RESULTS	2-8
A. Project governance and oversight mechanisms	2-4
B. Procurement and contract management	5-7
C. Other project management activities	7-8
IV. ACKNOWLEDGEMENT	8
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

Audit of the Africa Hall renovation project in the Economic Commission for Africa

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Africa Hall renovation project in the Economic Commission for Africa (ECA).
2. The Africa Hall renovation project was approved by the General Assembly through resolution 70/248. The overarching goal of the project is to restore the existing building to its original form, while preserving its architectural heritage and ensuring compliance with best practices related to current international building standards and codes, including consideration for energy efficiencies, occupants' health and safety, and access for persons with disabilities. The project aims to transform Africa Hall into a rejuvenated facility that complies with the highest international standards for conference facilities. It includes the construction of a visitors' centre as part of efforts to preserve and restore the historical and cultural values embedded in the building's architecture.
3. The scope of the renovation 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) early decanting works; (b) Africa Hall renovation and refurbishment; (c) conference and information technology systems; (d) artwork restoration; and (e) the permanent exhibition.
4. The Africa Hall renovation project is divided into five phases: (a) preparation; (b) design; (c) pre-construction; (d) construction; and (e) project closeout.
5. The project was initially scheduled for completion by the end of 2021. However, as of March 2022 the main construction works had not yet started as the procurement process was still ongoing to replace the joint venture that had previously been awarded the main construction contract. The joint venture was terminated following bankruptcy of the lead company and inability of remaining partners to fulfil the contractual obligations. The project is now scheduled for completion by the third quarter of 2025 as per biannual progress report number 8.
6. 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 team of nine staff headed by a project manager at the P-5 level provides dedicated project management and support.
7. The General Assembly approved the scope, schedule, and maximum overall budget of \$56.9 million for the project. A total of \$36.5 million was appropriated for the period 2016 to 2021. Total expenditure during the year ended 31 December 2021 amounted to \$1.3 million consisting of \$903,282 under section 18, Economic and Social Development in Africa, and \$356,188 under section 33, Construction, alteration, improvement and major maintenance of the regular budget.

Table 1: Revised cost plan 2016 – 2024 as of June 2021 (in thousands of United States)

<i>Year</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>Total</i>
Construction costs	984.8	1,743.6	1,528.3	2,327.3	483.2	356.2	18,693.7	18,107.8	4,754.5	48,979.5
Project management costs	337.2	909.3	916.7	1,004.9	938.1	903.3	1,025.1	892.6	108.0	7,035.2
Physical security	-	26.7	104.1	113.7	123.6	-	184.6	146.2	-	699.0
Total	1,322.0	2,679.6	2,549.1	3,445.9	1,544.9	1,259.5	19,903.4	19,146.6	4,862.5	56,713.7
Funded by voluntary contributions	-	-	-	-	-	-	9.0	43.2	-	52.2
Funded by appropriations	1,322.0	2,679.6	2,549.1	3,445.9	1,544.9	1,259.5	19,894.4	19,103.4	4,862.5	56,661.5

8. Comments provided by ECA are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

9. The objective of the audit was to determine whether ECA had implemented effective internal controls over the Africa Hall renovation project to ensure its timely completion within the scope and budget approved by the General Assembly under resolution 70/248.

10. This audit was included in the 2022 risk-based work plan of OIOS at the request of the General Assembly under various resolutions due to the risks of delays, wastage and cost overruns inherent in major construction and alteration projects.

11. OIOS conducted this audit in March and April 2022. The audit covered the period from March 2021 to April 2022. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in the construction project, which included: (a) project governance and oversight mechanisms; (b) procurement and contract management; and (c) other project management activities. All recommendations from prior audits covering the period up to February 2021 had been implemented and closed as of January 2022.

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

13. 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

Alternate members of the Advisory Board had not yet been appointed in accordance with revised terms of reference

14. An independent project Advisory Board was established to advise the project owner on budget and schedule monitoring, scope control, risk management and heritage preservation. It consists of representatives from six United Nations Member States and three ex-officio members representing the African Union, the host country and the United Nations Education Scientific and Cultural Organization, as well as the project executive in an ex-officio capacity. In accordance with the terms of reference, the Board was supposed to meet semi-annually, but agreed on quarterly meetings to monitor progress in view of COVID-19 disruptions. The Board met virtually three times on 29 March, 7 June, and 19 November 2021.

15. The Advisory Board terms of reference were amended in 2021 to allow the Chair to appoint up to three alternate members who would attend meetings as observers to ensure continuity of the Board and facilitate substitution when members resign. One of three alternate Board members had been installed as of April 2022 and efforts were still underway to identify other candidates.

16. A Stakeholders' Committee was established to provide expertise, advice, and guidance to the Executive Secretary in the discharge of her role as project owner. It consists of senior leadership from the various divisions of ECA. The Committee was required to meet at least quarterly but met virtually three times on 11 May and 17 September 2021 and on 15 February 2022. The fourth quarter meeting in 2021 was cancelled because of disruptions caused by major social disturbances that resulted in travel restrictions.

17. Both the Advisory Board and the Stakeholders Committee actively reviewed the progress of the project and advised the project owner accordingly, including on procurement, risk management, human resources management and resource mobilization.

(1) ECA should facilitate the expedited appointment of alternate Advisory Board members to receive optimal benefits from their role during the remaining period of the Africa Hall renovation project schedule.

ECA accepted recommendation 1 and stated that through the Office of the Executive Secretary and the Chair of the Advisory Board, ECA was engaging the diplomatic corps in Addis Ababa to identify potential members and assess their availability, while respecting the regional representation principle.

Biannual progress reports on risk management were not issued on time

18. The Africa Hall project team, with support from GAMPS and an independent risk management firm, maintained an updated risk register for the project and conducted quarterly risk management touchpoints. The project team also provided input into the ECA corporate risk register. In addition, the independent risk management firm prepared reports biannually on the project qualitative and quantitative risk assessment, which included "Monte Carlo" simulations once a year, to quantify project risks.

19. The latest biannual progress report issued in April 2022 indicated that the project was at least 45 months behind schedule, with a new estimated completion date of the third quarter of 2025, although the project was still expected to be completed within the baseline budget of \$56.9 million. There were 19 risks in the report, of which 6 had a residual risk of high after implementation of mitigation measures, and therefore required ongoing, close monitoring at all project governance levels. The six risks were: (a) owner-directed changes; (b) late or delayed decision-making; (c) lack of strategic guidance; (d) construction market escalation rates; (e) social instability or unrest; and (f) lack of end user involvement in commissioning and taking over completed works.

20. The risk of social instability that was prevalent at the time of the quarterly touchpoint in December 2021 subsequently declined, but the situation could still deteriorate during construction. The risk related to late or delayed decision-making was most notably realized in relation to procurement of the main construction contract and remained a possibility for the life of the project with potentially high impact to schedule and cost. The risk of construction market escalation was driven to a large extent by the ongoing COVID-19 pandemic and its impact on the global supply chain, but internal challenges during the management of procurement processes also contributed significantly.

21. The biannual progress reports were, however, not issued in a timely manner. The first report that was due in June 2021 was issued in November 2021 and the second, which was due in December 2021,

was issued in April 2022. Comparatively, in the prior year, the biannual progress reports were issued in August 2020 and February 2021, respectively, showing increasing delays in meeting agreed timelines. The biannual progress reports contain risk information that is critical for informed decision-making by senior management, and recurring delays in their issuance could limit their usefulness.

(2) The Global Asset Management Policy Service in DMSPC should work with the independent risk management firm to improve the timeliness of biannual progress reports for the Africa Hall renovation project in ECA.

GAMPS accepted recommendation 2 and stated that it would work closely with the independent risk management firm following each touchpoint to ensure that the resulting biannual progress reports get issued within four to six weeks.

Resource mobilization activities did not result in new voluntary contributions

22. The General Assembly requested the Secretary-General to continue seeking voluntary and in-kind contributions from Member States annually. In prior audits, OIOS had recommended that ECA should: prepare a resource mobilization strategy and plan to implement proposed activities indicated in reports to the General Assembly to mobilize voluntary contributions; and to nominate a senior official to oversee and coordinate the resource mobilization strategy. In response ECA recruited an external consultant through its Partnerships and Resource Mobilization Section at a cost of \$36,000 to develop a new resource mobilization strategy and implementation plan, which was finalized in November 2021. While the consultant was engaged in accordance with the administrative instruction on consultants and individual contractors, in November 2021 the Advisory Committee on Administrative and Budgetary Questions expressed dissatisfaction with the use of an outside expert and encouraged ECA to use internal resources for future resource mobilization activities.

23. A key performance target of the new resource mobilization strategy was to increase in-kind and monetary contributions within 24 months of its implementation, which was close to the then expected end date of the renovation project. The implementation plan targeted specific actions for engagement with potential partners including governments, companies, and private philanthropists/foundations that would be carried out between December 2021 and December 2022. Recent outreach efforts included contacts with embassies in Ethiopia and outreach at the Dubai Expo, which was not funded from the project budget. However, ECA has so far not received any new contributions or pledges.

24. In light of the escalating project costs, it is critical to achieve a balance between investing in outreach and resource mobilization and preserving project resources. The costs of engaging and managing relationships with the private sector and private philanthropists, for example, may be significantly higher than sustained engagement with Member States, which should be continued as requested by the General Assembly. Therefore, ECA should carefully consider the costs and benefits of each intervention, and optimize existing networks with Member State representatives, such as through the Advisory Board, to achieve resource mobilization goals at the lowest possible costs.

25. ECA commented that substantial funds had already been invested in developing the resource mobilization strategy, which ECA would implement by mapping donors, conducting outreach and engaging with prospective leads. ECA would also cost a few selected interventions with a view to ascertaining the resource requirements to implement them. In light of ECA's comments, OIOS makes no recommendation on the issue at this time.

B. Procurement and contract management

ECA needed to identify lessons learned from procurement delays and cost escalations

Main renovation contract

26. Procurement of the contractor for the main renovation works is on the project's critical path and therefore essential to the project's success. ECA had signed contract number ECA/002/2019 with a joint venture in May 2019 but was informed in October 2019 that the lead joint venture partner had declared bankruptcy. Consequently, the contract was officially terminated in January 2020.

27. Following termination of the contract, ECA initiated a re-solicitation exercise by issuing a request for expression of interest (REOI) in April 2020 to be used as a prequalification exercise. Even though lack of financial capacity of the previous winning bidder was a major cause for the re-solicitation, there was no robust assessment of prospective vendors' financial viability based on appropriate financial criteria until after the commercial evaluation of proposals. For the REOI, bidders were required to be registered in the United Nations Global Marketplace (UNGM) at the basic level, although they were informed that final award would depend on successful registration at Level Two. The bidders only needed to provide a reference letter from a bank and proof of credit line of at least \$5 million at the REOI stage. Thirty vendors responded to the REOI, and seven were prequalified to bid based on legal, procedural and financial criteria. Three of the seven subsequently withdrew their participation citing travel restrictions and supply chain constraints due to the global COVID-19 pandemic.

28. The RFP was issued in September 2020 and proceeded through a multi-stage dialogue process as approved by the Assistant Secretary-General, Office of Supply Chain Management on 28 February 2020. The process was monitored by a probity monitor to ensure fairness and policy compliance. However, the verifications for eligibility to register in the UNGM at Level Two were not conducted until May 2021 after completion of the competitive dialogue process, as well as the technical and commercial evaluations. When the due diligence process, which was conducted by the Enterprise Operations Section in the Office of Supply Chain Management, was completed five months later, on 28 September 2021, only one of the four qualified bidders at that stage was deemed to have met all the requirements. ECA therefore had no choice but to negotiate with that bidder even though their proposal had the lowest best value for money score and the highest cost estimates. Two accommodations had already been made for this bidder. During the re-solicitation, ECA had obtained clearance from the Procurement Division to accept the bidder's technical submission over an hour after the bid closing time of 1600 hours. ECA also obtained clearance to designate the bidder's parent company as a contracting party, which was necessary to qualify the bidder for mandatory Level Two registration in UNGM.

29. The case was presented to the Headquarters Committee on Contracts (HCC) for review on 3 November 2021, which was 215 days later than the target of 2 April 2021 as stated in the Source Selection Plan. While ECA advised HCC that due diligence had been conducted to ascertain that the financial resources declared by the vendors during the REOI period remained in place, the basis for disqualifying three bidders during the due diligence process, i.e., lack of audited financial statements and tax returns, could have been identified earlier. In addition, one of the three disqualified bidders (which had submitted the lowest cost and most responsive proposal) was a joint venture that included a partner in the previous joint venture, whose contract had been cancelled. However, none of those joint venture partners had been sanctioned. Significant time was therefore spent on activities that increased costs and caused further delays that could have been avoided had proper pre-qualification been done at the REOI stage, thus giving opportunity for alternative procurement procedures in case of inadequate competition from qualified bidders. Ultimately, the competitive dialogue process appears not to have added value to the procurement

process. ECA commented that the benefit of process was better interaction with bidders to understand the tender dossier and provide clarity on the technical requirements.

30. As of April 2022, some 25 months after the issuance of the REOI, the solicitation was still open, with an expectation that a contract would be signed imminently following negotiations with the sole qualified bidder.

Early works

31. Early decanting works were substantially completed at a cost of \$2.8 million of which \$80,000 was retained pending the end of the defect liability phase and final close-out in July 2022. The early works included the entire ground floor of the Congo building as well as retail space on the first and part of the second floors of the Nile building. The works were certified and handed over to ECA in November 2021. The completion of early works took longer than expected, in part because the contractor was forced off-site because of the outbreak of COVID-19. The contractor had also made a claim for force majeure but once they could access the site, they were able to complete the work. Testing and user training for equipment was ongoing. While ideally the newly constructed spaces should be occupied to test the functioning of systems and aid in identification of other defects, this could not be fully achieved because ECA was still under COVID-19 protocols with a 20 per cent on-site occupancy level. Most of the retail zones were not yet functional because of these protocols.

Lead consulting firm

32. The contract with the lead consulting firm for engineering and architectural services was extended by three years from 1 January 2022 to 31 December 2024 with a corresponding increase in the contract value of \$1.2 million, with approval of HCC. The change was due to duplicated services needed for the re-solicitation exercise, site establishment and extended site administration for the main works contract. Along with other contract amendments, the value of the contract had increased from \$5.9 million to \$8.4 million. An additional change order for \$369,820 for technical advisory services during negotiations with the preferred bidder was under review by HCC. Total billings by the lead consulting firm during the year amounted to \$175,800. They were certified and paid in a timely manner.

Conference and information technology systems

33. The RFP for the supply and installation, service and maintenance of audiovisual, broadcasting and conference engineering equipment closed in October 2021. The RFP was split into four lots (A to D) with a total estimated contract value of \$5.7 million. Lots A and B were at the commercial evaluation stage, but no bids had been received for lots C and D. ECA was therefore exploring alternatives for acquiring these services. The risk register indicated that owner directed changes due to technological advancement threatened to further escalate costs in this area, but alternative funding sources, including from the end users, were being explored.

Artwork restoration

34. Procurement for artwork restoration was split into four lots as follows: Lot A – stained glass restoration, with an estimated value of \$356,000; Lot B – canvas, linen and paintings, with an estimated value of \$234,686; Lot C – leatherworks, with an estimated value of \$52,000; and Lot D – hanging rug, with an estimated value of \$40,000. A waiver request for sole sourcing of Lot A from the original supplier of the stained glass was approved by the project executive in November 2021 following two unsuccessful tender exercises. Negotiations with the preferred vendor were underway as of April 2022, with an expectation to award the contract during the second quarter of 2022.

35. The Local Committee on Contracts recommended awarding a 30-month contract for Lots B and D in May 2019 after an invitation to bid process, but due to the cancellation of the main renovation contract and the disruptions caused by the COVID-19 pandemic the contract had not been signed and restoration works had not yet commenced. ECA was negotiating with the preferred vendor and expected the contract to be signed during the second quarter of 2022. Additional cost escalations from the previous award level were anticipated.

36. For the leatherwork - (Lot C - \$52,000) a vendor was to be identified by the project management team who deferred the process to a later stage citing its relative simplicity.

(3) ECA should, with support from the Procurement Division and Global Asset Management Policy Service, conduct a formal debrief exercise to identify lessons learned from procurement activities of the Africa Hall renovation project that could help prevent similar procurement related delays and cost escalations in this and future projects.

ECA accepted recommendation 3 and stated that it would work in coordination with the Procurement Division and GAMPS to identify, document and share lessons learned for inclusion in relevant reports and to inform procurement activities of future projects.

C. Other project management activities

ECA had not conducted a formal assessment or initiated action for potential recoveries from the defaulting joint venture partners

37. The United Nations Procurement Manual assigns joint and several liability to all parties in a joint venture. Furthermore, on 30 July 2021, HCC also recommended that "... ECA, in consultation with Office of Legal Affairs (OLA), should assess the feasibility of pursuing the recovery of costs from the (defaulting) joint venture or any of its members."

38. Since the original winning bidder defaulted on their contract, ECA had neither filed any claims against the joint venture for losses incurred because of their failure to execute, nor documented the steps required to make any claims during the lead partner's ongoing bankruptcy proceedings. Incremental costs to date resulting from the original contractor's failure to deliver were estimated to be well over \$3.2 million, including: (a) direct impact on the project management costs (approximately \$800,000); (b) direct impact on the lead consultant costs (approximately \$1,200,000); and (c) indirect impact on escalation of trade costs (\$1,200,000). This delayed action to recover the losses could result in inability to claim in future if critical statutory dates for filing claims are missed. Any missed filing dates could mean that some legal options may no longer be available to the United Nations. ECA stated that it had delayed the legal assessment pending determination of the underlying losses with more certainty after award of the new contract in the re-solicitation. ECA needed to consult with OLA in this regard. Meanwhile, internal inefficiencies in the procurement of the replacement contractor may have also contributed to the incremental costs.

39. In addition, ECA did not make any recommendations to the United Nations Vendor Registration Committee to consider imposing sanctions on any of the partners of the failed joint venture, hence one of the partners was able to participate in the re-solicitation exercise.

(4) ECA should, with support from OLA, prepare a position paper analyzing the potential for claims against the joint venture contracted for the Africa Hall renovation project vis-a-vis relevant bankruptcy laws, and advising the project owner on available options.

ECA accepted recommendation 4 and stated that it was currently engaging with OLA to ensure appropriate follow-up of the issue.

- (5) ECA should submit a request for the United Nations Vendor Review Committee to consider formally imposing sanctions against the partners of the joint venture that defaulted on the contract for main renovation works for the Africa Hall renovation project.**

ECA accepted recommendation 5 and stated that it would formally recommend to the Vendor Review Committee the sanctioning of the partners of the joint venture that defaulted on the contract for the main renovation works.

ECA needed to reinforce project schedule controls

40. The results of the latest Monte Carlo simulation that was conducted before July 2021 rated the probability of the project being completed within budget at 49 per cent. Project costs were projected to be \$58.5 million with an 80 per cent confidence level. Commitments related to project management costs and costs of the lead consulting firm had exceeded the baseline budget, and ECA had already used or earmarked \$5.6 million out of the \$8.7 million baseline contingency provision, as well as \$4 million of the \$5.3 million baseline escalation.

41. ECA expected that the project would still be completed within the maximum budget of \$56.9 million after value engineering and identifying opportunities for alternative sources of funding for some of the costs. For example, during the current period, security costs were not funded from the project as the security officers were seconded to other responsibilities pending the start of the main renovation works. ECA was also in negotiations with the winning bidder prior to the execution of the contract for the main renovation works, to incorporate value engineering and compress the construction schedule. However, the costs of the dedicated project management team were relatively fixed, and thus any further schedule delays could result in further escalations. To cover anticipated increase in costs of the dedicated project management team caused by the project delays, ECA reallocated \$2.3 million of contingency funds in 2020. ECA needed to strictly monitor milestones, including milestones in contracts with vendors, and take early action to resolve emerging issues such as timely escalation through the project governance framework.

- (6) ECA should reinforce project schedule controls to ensure milestones on the Africa Hall renovation project are achieved, and prevent further time-driven project administration cost increases**

ECA accepted recommendation 6 and stated that it had initiated measures to reinforce project schedule controls to ensure achievement of milestones. These include reductions in timelines for the lead consultant and period of execution for the main works and some monitoring activities.

IV. ACKNOWLEDGEMENT

42. 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.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the Africa Hall renovation project 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 facilitate the expedited appointment of alternate Advisory Board members to receive optimal benefits from their role during the remaining period of the Africa Hall renovation project schedule.	Important	O	Receipt of evidence of appointment of the additional alternate Advisory Board members.	31 December 2022
2	The Global Asset Management Policy Service in DMSPC should work with the independent risk management firm to improve the timeliness of biannual progress reports for the Africa Hall renovation project in ECA.	Important	O	Receipt of evidence of timely submission by the independent risk management firm of the next biannual progress reports.	31 March 2024
3	ECA should, with support from Procurement Division and Global Asset Management Policy Service, conduct a formal debrief exercise to identify lessons learned from the procurement activities of the Africa Hall renovation project that could help prevent similar procurement related delays and cost escalations in future projects.	Important	O	Receipt of documentation of the lessons learned from ECA Africa Hall procurement activities.	31 March 2023
4	ECA should, with support from the Office of Legal Affairs, prepare a position paper analyzing the potential for claims against the joint venture contracted for the Africa Hall renovation project vis-a-vis relevant bankruptcy laws, and advising the project owner on available options.	Important	O	Receipt of a position paper analyzing the potential for claims against the joint venture.	31 March 2023

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.

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by ECA in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the Africa Hall renovation project 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 submit a request for the United Nations Vendor Review Committee to consider formally imposing sanctions against the partners of the joint venture that defaulted on the contract for main renovation works for the Africa Hall renovation project.	Important	O	Receipt of relevant correspondence with the Vendor Review Committee.	31 December 2022
6	ECA should reinforce project schedule controls to ensure milestones are achieved, and prevent further time-driven project administration cost increases on the Africa Hall renovation project.	Important	O	Receipt of an assessment of the effectiveness of measures to reinforce project schedule controls.	31 March 2024

APPENDIX I

Management Response

Management Response

Audit of the Africa Hall renovation project 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 facilitate expedited appointment of alternate Advisory Board members to receive optimal benefits from their role during the remaining period of the Africa Hall renovation project schedule.	Important	YES	Deputy Executive Secretary, Programme Support.	31 December 2022	The appointment of alternate Advisory Board Members has already started. One alternate Member has been appointed. ECA, through the OES, and the AB Chair is undertaking engagements within the diplomatic corps in Addis Ababa to identify potential members and assess their availability, respecting the regional representation principle.
2	The Global Asset Management Policy Service in DMSPC should work with the independent risk management firm to improve the timeliness of biannual progress reports for the Africa Hall renovation project in ECA.	Important	YES	GAMPS, New York.	Ongoing throughout the Project until 31 March 2024.	The Global Asset Management Policy Service will work closely with the independent risk management firm following each touchpoint to ensure the resulting biannual progress reports get issued within 4 to 6 weeks.
3	ECA should, with support from Procurement Division and Global Asset Management Policy Service, conduct a formal debrief exercise to identify	Important	YES	Chief Procurement Unit	31 March 2023	ECA/PU in coordination with HQ – PD, the Africa Hall Project Manager, and GAMPS will identify and provide a list of the lessons learnt

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 the Africa Hall renovation project in the Economic Commission for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	lessons learned from the procurement activities of the Africa Hall renovation project that could help prevent similar procurement related delays and cost escalations in future projects.					<p>from the procurement activities of Africa Hall.</p> <p>The AHP Team has also already started the identification of lessons aligned to the SG and the quarterly reports.</p> <p>In addition, the lessons learnt will be consolidated and shared to inform procurement activities of future projects.</p>
4	ECA should, with support from the Office of Legal Affairs, prepares a position paper analyzing the potential for claims against the joint venture contracted for the Africa Hall renovation project vis-a-vis relevant bankruptcy laws, and advising the project owner on available options.	Important	YES	Chief of SCMS	31 March 2023	Following the recommendation issued by the HCC, ECA addressed the matter to OLA. Engagements with OLA are currently ongoing to ensure a proper follow up on the issue.
5	ECA should submit a request for the United Nations Vendor Review Committee to consider formally imposing sanctions	Important	YES	Chief of SCMS	31 December 2022	ECA/PU will formally submit a request to United Nations Vendor Review Committee recommending the sanctioning of the partners of the

Management Response

Audit of the Africa Hall renovation project in the Economic Commission for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	against the partners of the joint venture that defaulted on the contract for main renovation works for the Africa Hall renovation project.					joint venture that defaulted on the contract for the main renovation works for AHP.
6	ECA should reinforce project schedule controls to ensure milestones are achieved, and prevent further time-driven project administration cost increases on the Africa Hall renovation project.	Important	YES	AH Project Manager	Ongoing throughout Project until 31 March 2024.	<p>ECA/AHP Manager is currently undertaking reinforcement of project schedule controls.</p> <p>Key actions already undertaken include.</p> <p>(a) Reduction (by 1/3) of time-driven cost of the lead consultant.</p> <p>(b) Reduction of period of execution (by 1/4) for the main works (and consequently all other packages).</p> <p>(c) Other controls include.</p> <p>Monthly monitoring of timeline, revision of the timeline on quarterly basis, strict monitoring of deadline compliance from suppliers, anticipating and backward planning for all tasks under AHP team</p>

Management Response

Audit of the Africa Hall renovation project in the Economic Commission for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						purview and weekly meeting with key players.