



## INTERNAL AUDIT DIVISION

### REPORT 2017/039

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Audit of facilities management at the  
United Nations Office at Nairobi

Controls relating to inspection and  
maintenance, contract management and  
client relationship management needed to be  
strengthened

22 May 2017  
Assignment No. AA2016/210/01

# **Audit of facilities management at the United Nations Office at Nairobi**

## **EXECUTIVE SUMMARY**

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the effective and efficient management of facilities at the United Nations Office at Nairobi (UNON). The audit covered the period from January 2014 to December 2016 and included a review of relevant policies and procedures, tenancy relationship management, contract and project management, billing and client feedback mechanisms.

During the period under review, the Facilities Management and Transport Section (FMTS) undertook a conditions assessment of all facilities at the United Nations complex (or the “Gigiri complex”) and a corresponding budgetary allocation process. This was in accordance with General Assembly resolution 69/274, which required the establishment of a 20-year capital maintenance programme. However, controls relating to inspection and maintenance, contract management and client relationship management needed to be strengthened.

OIOS made 10 recommendations. To address issues identified in the audit, UNON needed to:

- Assess the staffing resources required to support the activities within FMTS and redistribute staff as necessary, based on the workload;
- Escalate the issue of unsigned Memoranda of Understanding to the Common Services Management Team or Common Services Board for appropriate resolution;
- Ensure that the procurement of contractual services for FMTS is conducted in a timely manner;
- Ensure that the vendor selection process includes an assessment of vendors’ competence, reliability and capacity to deliver goods and services in accordance with the best value for money principle;
- Undertake regular and comprehensive inspections of facilities and ensure that the results are documented for follow up and remedial action;
- Undertake a health and safety risk assessment of the facilities, including identification of workplace hazards, and address all potential risks identified;
- Expedite the disposal of surplus, unserviceable and obsolete property within the United Nations complex and ensure that this is done on a regular basis;
- Develop policy guidance on the disposal of unidentifiable property and property of tenants other than UNON, the United Nations Environment Programme and the United Nations Human Settlements Programme;
- Establish guidelines and necessary infrastructure to support the safe storage of electronic waste within the United Nations complex pending disposal and identify appropriate disposal methods; and
- Enhance the client feedback mechanism by improving the effectiveness of the Advisory Committee on Premises by holding regular meetings, and undertaking periodic client surveys and using the survey results to take necessary corrective action.

UNON accepted the recommendations and has initiated necessary action to implement them.

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# **Audit of facilities management at the United Nations Office at Nairobi**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of facilities management at the United Nations Office at Nairobi (UNON).
2. The Facilities Management and Transportation Section (FMTS) of the UNON Support Services Service is responsible for providing and maintaining a comfortable and efficient working environment for all occupants of the United Nations complex (or the “Gigiri complex”). The Gigiri complex is spread across 146 acres and accommodates approximately 3,000 United Nations staff from 76 different offices. It houses 40 buildings and 28 infrastructure assets such as water supply systems, sewerage treatment systems, and parking areas.
3. Key activities of FMTS included managing construction projects, alteration and improvement projects, maintenance of facilities and general infrastructure as well as utilities. The Section also supported the provision of transportation and shuttle services. FMTS worked through several contractors hired by UNON to provide services which included building and external works, cleaning and refuse collection (custodial) services, electrical and mechanical maintenance services, as well as gardening and landscaping services.
4. FMTS prepared its annual work plans for the period April to March with specific objectives including results expected, target dates, responsible persons, and priority of each task. The plans took into account multi-year phased projects, new projects and recurrent projects for both alteration and improvements and major maintenance works. They also took into consideration the strategic capital review process which was outlined in the Secretary-General’s reports to the General Assembly (A/68/733 dated 3 February 2014 and A/70/697\* dated 22 January 2016) which set out the details of a 20-year capital maintenance programme for the premises of the United Nations Secretariat.
5. FMTS was headed by a Chief, Facilities Management (P-5) and a Deputy Chief (P-4). These two Professional staff were supported by six team leaders who headed key functions such as operations, buildings, electrical and grounds maintenance, office space management, construction and transport. FMTS also had 11 other staff working within these functions, and was also supported by three outsourced contractor personnel who managed the client relationship management system known as iNeed. Since May 2013, FMTS was headed by the Deputy Chief because the Chief was reassigned to other duties.
6. FMTS budget estimates for the biennia 2014-2015 and 2016-2017 were \$6 million and \$6.4 million, respectively. The 2014-2015 budget consisted of \$3.2 million for alterations and improvements and \$2.8 million for major maintenance for recurrent projects. The 2016-2017 budget consisted of \$2.7 million for alteration and improvements and \$3.7 million for major maintenance.
7. Comments provided by UNON are incorporated in italics.

## **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 over the effective and efficient management of facilities at UNON.

9. This audit was included in the OIOS 2015 risk-based work plan due to the risks associated with facilities management at UNON which could potentially have an adverse impact on operations and staff.

10. OIOS conducted this audit from October to December 2016. The audit covered the period from January 2014 to October 2016. Based on an activity-level risk assessment, the audit covered higher and medium risks in FMTS, which included staffing, reporting, tenancy and client relationship management, contract and project management, billing and client feedback mechanisms.

11. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical reviews of data; (d) judgmental sample testing; and (e) physical verification and inspection of facilities.

### **III. OVERALL CONCLUSION**

12. During the period under review, FMTS undertook a conditions assessment of all facilities at the United Nations complex (or the “Gigiri complex”) and a corresponding budgetary allocation process. This was in accordance with General Assembly resolution 69/274, which required the establishment of a 20-year capital maintenance programme. However, controls relating to inspection and maintenance, contract management and client relationship management needed to be strengthened.

### **IV. AUDIT RESULTS**

#### **A. Regulatory framework**

##### Need to assess staffing resources to support FMTS activities

13. Pursuant to General Assembly resolution 69/274 A, the Organization adopted a global property management approach in favour of preventive maintenance of facilities. Through this approach, the Office of Central Support Services (OCSS) coordinated the establishment of a 20-year capital maintenance programme which was as the result of a strategic capital review exercise conducted for all the facilities within United Nations Headquarters and offices away from Headquarters. This involved identification and prioritization of capital improvements to be done over the next 20 years.

14. For the Gigiri complex, FMTS engaged a consultant who undertook a conditions assessment of all the UNON facilities. This was followed by a project prioritization as well as budgetary allocation process. Following this comprehensive exercise, capital improvements to be done at the Gigiri complex were prioritized and spread over the next 20 years. The most immediate projects identified included the replacement of office blocks A to J as well as a campus-wide infrastructure upgrade that would cover energy, water, transport, waste management and a fire detection system.

15. During the period under review, FMTS underwent some significant systemic changes as it transitioned to using Umoja and complying with the International Public Sector Accounting Standards (IPSAS) requirements. These changes resulted in an increase in complexity of processes and workload across FMTS. For example, the number of processes involved in the management of assets under construction went up by 500 percent while processes relating to management of rental billing also increased by 400 percent. These additional processes also required extra skills in areas such as quantity survey and financial management.

16. Even though there had been an increase in the number and complexity of processes and the projected workload from the capital maintenance programme, the level of staffing within FMTS remained

the same. OIOS is of the view that an assessment of the workload vis-à-vis the staffing resources available would enable FMTS to appropriately re-distribute them within the Section, based on need. This is also essential to address the increased stress on FMTS staff which may adversely affect their effectiveness.

**(1) UNON should assess the staffing resources required to support the activities within the Facilities Management and Transportation Section and redistribute staff as necessary, based on the workload.**

*UNON accepted recommendation 1 and stated that the process was ongoing.* Recommendation 1 remains open pending receipt of evidence showing an assessment of staffing resources within FMTS and appropriate redistribution, as necessary.

Need to ensure that UNON tenants sign the memorandum of understanding

17. UNON's tenancy relationship with its clients was documented in memoranda of understanding (MOU) which outlined the obligations of both parties for the duration of the tenancy. Key aspects of the MOU included: the obligation of the tenants (i.e., United Nations agencies) to comply with the provisions set out in the MOU and its annexes; UNON's obligation to allocate office space, insure and manage the premises, provide repair, remodelling and renovation services, and issue a rental billing advice to the tenant.

18. OIOS noted that 15 out of 58 MOUs were not signed by tenants, evidently because the tenants did not agree with some of the clauses in the MOU. While this matter had been discussed by the Advisory Committee on Premises, it had not been escalated to the Common Services Management Team or the Common Services Board for appropriate attention and resolution.

**(2) UNON should escalate the issue of unsigned Memoranda of Understanding to the Common Services Management Team or Common Services Board for appropriate resolution.**

*UNON accepted recommendation 2 and stated that the process was ongoing.* Recommendation 2 remains open pending receipt of evidence that the issue of unsigned MOUs has been resolved.

## **B. Procurement and contract management**

Need for timely procurement of contractors' services

19. According to chapter 8 of the United Nations Procurement Manual, the requisitioner is responsible for ensuring that acquisition planning is done in a timely manner to facilitate timely solicitation of bids and proposals, award of contracts, and delivery of goods, services and works.

20. FMTS worked extensively with four main contractors who provided: (i) building and external works services; (ii) electrical and mechanical maintenance services; (iii) cleaning and refuse collection (custodial) services; and (iv) gardening and landscaping services.

21. OIOS review showed that two contracts for building and external works services as well as cleaning services were extended for lengthy periods. The contract for building and external works services, which was to run for five years until 31 March 2015, was still ongoing at the time of the audit and by December 2016 the contractor had 16 contract extensions up to January 2018, cumulatively adding up to 34 months beyond the contract end date. The contract for cleaning services was expected to end on

15 January 2015 but was extended through five contract amendments for another 22 months until November 2016 when a new contractor was brought on board. According to FMTS, there were delays in commencing the procurement for these services due to increased workload as a result of transition to Umoja and the necessity to comply with IPSAS requirements. FMTS indicated that it lacked the staffing resources to support the implementation of the existing budget of over \$6 million, and that the approved capital funds were not aligned to the approved staffing resources. According to UNON, the deployment of Umoja had resulted in a 6-month delay in all major activities including procurement and project management. The last three extensions for building and external works services were made as the ongoing solicitation process did not yield a suitable contractor and UNON needed additional time to restart the procurement process.

22. OIOS noted that the FMTS acquisition planning process did not take into account the challenges explained above, as well as the surge in workload. Due of this, the solicitation and award of contracts was delayed, which resulted in extension of contracts beyond five years.

**(3) UNON should ensure that the procurement of contractual services for the Facilities Management and Transportation Section is conducted in a timely manner.**

*UNON accepted recommendation 3 and stated that in relation to the two mentioned contracts, the new contract for custodial services and the new contract for electrical mechanical services are now in full operation. The new tender for building/civil works is currently underway, and the gardening/landscaping tender is nearing completion. Recommendation 3 remains open pending receipt of evidence that contract expiry dates are being tracked by FMTS to ensure timely renewal of existing contracts or solicitation for new contracts.*

Need to assess vendor capacity and reliability

23. According to the “best value for money principle” outlined in section 1.2 of the Procurement Manual, vendor assessment should include assessing the vendor’s ability to comply with specifications as well as quality, timeliness of delivery, competence, reliability, financial capacity and compliance with contractual terms and conditions. Price alone is not the determining factor in the selection of the vendor.

24. Between August and October 2015, 11 purchase orders valued at \$319,142 were raised and issued to seven different vendors for bulk purchase of equipment components and spare parts, plumbing and carpentry items, and light fittings. There were significant delays in receiving the items ordered. Some of the vendors selected were unable to deliver the correct quality or quantity of items ordered, and these had to be returned. As of November 2016, two vendors to whom five bulk purchase orders were issued had not delivered the items. One vendor was unable to deliver the items due to the security situation in the country from where the goods were originating.

25. In reviewing the documentation on the selection of vendors, OIOS noted that price was used as the main determining factor in their selection, and there was no evidence that the vendors’ capacity to deliver had been assessed. Additionally, supply chain risk assessment was not carried out to assess their competence and reliability. As a result, many of the goods ordered were not delivered even after one year, which adversely affected the turnaround time for repair and maintenance work. The monthly reports from the contractor for building and external works showed that some repair requests were pending since August 2015 due to lack of spare parts and materials. As of November 2016, the UNON Procurement Section was in the processing of creating and awarding new purchase orders to the second lowest bidders.

**(4) UNON should ensure that the vendor selection process includes an assessment of vendors' competence, reliability and capacity to deliver goods and services in accordance with the best value for money principle enunciated in the Procurement Manual.**

*UNON accepted recommendation 4 and stated that normally assessment is made on a vendor's capacity and experience to successfully deliver goods or perform services. However, occasionally, a vendor that was contracted based on best-value for money failed to perform due to reasons on the part of the vendor but outside UNON's control. However, UNON would continue to ensure that best value for money was the primary consideration on the selection of vendors. Recommendation 4 remains open pending receipt of evidence that vendor competence, reliability and capacity to deliver goods and services are considered in the vendor selection process in accordance with the best value for money principle.*

## **C. Project management**

### Need to strengthen on-site inspection

26. All contracts between UNON and service providers included a requirement that FMTS would undertake on-site inspections to assess the quality and timeliness of services provided. Satisfactory performance was to form the basis for payment as well as contract renewals.

27. FMTS did not have an inspection schedule to assess contractor activities and performance. Further, since there were no records of on-site inspections performed, it was difficult to ascertain the frequency of inspection and follow-up actions. While FMTS indicated that staff regularly walked through the facilities and reported on areas that needed the contractors' attention, much of the feedback to contractors was verbal, with the exception of a few emails and some records in the iNeed system. In the absence of documented records of on-site inspections, there was no follow up mechanism to ensure that contractors promptly addressed the issues noted during site inspection.

28. On 24 October 2016 and 3 November 2016, OIOS performed a physical verification to assess the condition of the building and infrastructure covering the 40 building facilities, car park areas and commercial operation areas. Spot interviews with staff during the verification indicated the following:

- a) With the exception of the new office facility, the wash room areas for a number of the office blocks visited had missing fluorescent lights, faulty and leaking taps, broken tissue holders, cracked mirrors, missing toilet seats and peeling linoleum. According to FMTS, a budget allocation had been made for upgrade of washroom facilities at the central, conference and catering areas in 2016-2017, and the procurement process was underway.
- b) At the multi-storey car park, some of the parking barriers were damaged and cracks were noted on some walls and ceilings in the basement. Also, while sections of the eastern car park had been refurbished, others were still in need of repair.
- c) There were a lot of discarded items within or outside 19 of the 40 buildings. They were left under staircases and storage rooms, as well as the surrounding open grounds. Discarded items comprised of furniture, computers, printers, projectors, waste paper material, packaging material, broken glass, liquefied petroleum gas cylinders and construction materials.
- d) Food store rooms belonging to two catering service providers had badly damaged ceilings. This was also noted in the video teleconference rooms and other office facilities.

- e) Office blocks V and M as well as the central area and catering area had exposed electrical wires.
- f) Conference and video teleconference rooms had some malfunctioning lights and air conditioners that were not working. The press centre had peeling carpets and partition covers were tattered. Adjacent offices of conference staff were also in need of attention as they had dirty partitioning boards and broken window louvres.
- g) Some corridors and walkways as well as unused rooms were unclean and littered with broken bottles, disused packaging material and decaying furniture.

29. Since FMTS did not have documented inspection reports, it was not possible to establish whether FMTS staff and contractors were aware of the issues that were noted during the OIOS inspection.

**(5) UNON should undertake regular and comprehensive inspections of facilities and ensure that the results are documented for follow up and remedial action.**

*UNON accepted recommendation 5 and stated that FMTS recently completed a condition assessment of all washrooms throughout the complex. FMTS is also currently in the process of local bulk materials purchases to enable critical upgrades, to bring to acceptable hygiene standards all washrooms and to cover the interim period until full refurbishment and renovation can be undertaken. Works will cover critical aspects such as toilet seats, repair and replacement of faulty fittings and are scheduled completed within 2-3 months. Tender for refurbishment of the central area washrooms is currently at the expression of interest stage. Recommendation 5 remains open pending receipt of evidence of the establishment of a mechanism to ensure that facilities are inspected regularly and inspection results are recorded for follow up and remedial action.*

Need to uphold health and safety standards

30. In May 2015, the UNON Director-General established an Occupational Health and Safety Advisory Committee (OHSAC) whose purpose was to promote health and wellbeing of United Nations staff based in Nairobi. Its members included representatives from the Human Resources Management Service, FMTS, Joint Medical Service (JMS), and representatives from a selection of other United Nations agencies in the Gigiri complex. In implementing its mandate, the committee relied on the International Labour Organization (ILO) Conventions and Recommendations on occupational safety and health.

31. OIOS reviewed the UNON facilities' compliance with health and safety requirements and assessed the mechanisms in place for: (i) undertaking health and safety surveillance; and (ii) eliminating workplace hazards.

(a) Health and safety surveillance

32. According to ILO Occupational Health Services Recommendation, 1985 (No. 171) organizations were required to carry out surveillance of the working environment. This included undertaking health and safety risk assessments which would involve assessing the likelihood of occurrence and resultant impact. It was the responsibility of OHSAC to coordinate the risk assessments undertaken by various offices. OIOS noted the following in this regard:

- a) FMTS did not have a health and safety risk assessment of the facilities. While a conditions assessment of the facilities at the Gigiri complex had been performed during the strategic capital

review, no risk assessment of the health and safety issues had been performed. Further, UNON intended to address the health and safety issues noted during conditions assessment only when funding was made available. As a result of not having a health and safety risk assessment, FMTS took a reactive approach to addressing health and safety matters. In one of the OHSAC meetings, FMTS stated that several accidents had been reported where staff were slipping on cobblestone and glass walkways at the New Office Facility. While part of the cobblestone had been replaced in selected areas, the glass walkways had not been changed. Without a complete health and safety risk assessment, mitigation of high risk health and safety risks may not be achieved.

- b) Health and safety surveillance also included an assessment of water hygiene standards. For this, one of the FMTS contractors was required to work with JMS to test, on a quarterly basis, at least ten water input supply sources from the City Council to check for physical, chemical and micro-organic content. OIOS established that JMS was not aware of this requirement but instead had undertaken its own assessment of six water supply sources in October 2015. The results did not show any evidence of contamination. However, the test results were not shared with FMTS. The assessment of water hygiene was highly infrequent, given that it was supposed to be conducted four times a year.

(b) Elimination of workplace hazards

33. According to ILO Occupational Safety and Health Recommendation, 1981 (No. 164), Article 4 of the convention requires organizations to eliminate workplace hazards at their source. OIOS review noted the following:

- a) During physical verification, OIOS observed that there were exposed wires hanging from walls, protruding rubber lining on the stairwells and peeling carpets which could cause a fall, as well as peeling and protruding linoleum covering in toilets which had the potential to cause cuts and bruises. There were instances of shattered window panes, broken pieces of glass and shredded plastic cones strewn outside some office blocks. Two rooms used for food storage in restaurants were badly damaged with one having signs of decay and mold. At the time of the audit, monkeys had entered one of the food storerooms through the damaged ceiling and contaminated all the food in the storeroom.
- b) In the January 2016 monthly report sent to FMTS, the contractor for provision of landscaping services reported that an antenna within the eastern car park was infested with African killer bees. At the time of audit in December 2016, the issue was still unresolved.
- c) There was discarded furniture, equipment, packaging material and files in various sections of the Gigiri complex which increased the risk of air and water contamination due to decay and corrosion, as well as risk of fire and rodent/insect infestation

34. Without proper elimination of workplace hazards, staff were exposed to the risk of physical injury and adverse health conditions.

**(6) UNON should undertake a health and safety risk assessment of the facilities, including identification of workplace hazards, and address all potential risks identified in order to uphold health and safety standards within the United Nations complex.**

*UNON accepted recommendation 6 and submitted a sample of a conditions assessment for blocks A to J drawn from the strategic capital review. UNON will provide a prioritization list of all items raised as part of the Health and Safety component of the conditions assessment, and highlight future*

*infrastructure and capital projects which will address these items.* Recommendation 6 remains open pending receipt of evidence of completion of a health and safety risk assessment of the facilities and identification of mitigating measures to address the risks.

Need to expedite disposal of property within the UNON Complex

35. According to the UNON Local Property Survey Board (LPSB) Guidelines, the LPSB was established to support UNON, the United Nations Environment Programme (UNEP) and the United Nations Human Settlements Programme (UN-Habitat) with the disposal of property, plant and equipment, inventory and intangible assets declared surplus, unserviceable or obsolete. Staff from the respective entities needing this service were required to document a case report, including a recommendation for disposal, which was submitted to the LPSB through the UNON Property Management Unit (PMU). PMU executed the disposals upon receiving an approved recommendation from LPSB.

36. There were large quantities of discarded furniture and equipment under building rumps, staircases and in the open grounds. These included tables, chairs, shelves, packaging material, printers, generators, computers, projector heads, heaps of wires and metal pipes. A number of them were exposed to the elements and in various stages of decomposition and rust. OIOS noted the following in this regard:

- a) While PMU had facilitated the donation of some computer equipment and furniture to schools, disposal of a large number of unserviceable and obsolete equipment was last done in May 2014, resulting in a significant accumulation of items pending disposal. According to PMU, there were challenges in identifying a contractor who was certified by the National Environmental Management Authority of Kenya to dispose of the assets. Further, recognition of income from disposal of these items was now to be recorded in Umoja and PMU was initially not aware of the necessary requirements prior to raising a sales order in the system.
- b) UNON did not have a policy or guideline on disposal of property relating to agencies other than UNON, UNEP and UN-Habitat. The LPSB's mandate to dispose of property only extended to these three entities. Disposal arrangements were also not included in the MOUs between UNON and tenant agencies housed within the Gigiri complex, some of whom had dumped discarded items within the facilities. According to PMU, these agencies had been advised to dispose of their property but PMU did not have the mandate to enforce this.
- c) UNON did not have a policy or guideline on disposal of unidentifiable property. LPSB only approved the disposal of items once a recommendation to dispose was received from the agency. However, a number of discarded items did not have bar codes, and were located in between office blocks; hence it was difficult to determine which agency they belonged to. Due to this, PMU was not able to ensure disposal of these items.

37. The large accumulation of discarded assets and materials increased the risk of workplace hazards such as fire as well as rodent and insect infestation.

**(7) UNON should expedite the disposal of surplus, unserviceable and obsolete property within the United Nations complex and ensure that this is done on a regular basis.**

*UNON accepted recommendation 7 and stated that it will proceed with clearing of all existing disposals (i.e. including items stored in Rubhall location) to address the recommendation. Recommendation 7 remains open pending receipt of evidence of disposal of all surplus, unserviceable and obsolete property within the United Nations complex.*

**(8) UNON should develop policy guidance on the disposal of: (i) unidentifiable property; and (ii) property of tenants other than UNON, UNEP and UN-Habitat. The latter should be enforced through the Memorandum of Understanding on the tenancy arrangement with the concerned tenant.**

*UNON accepted recommendation 8 and stated that although it is not able to enforce disposal by other agencies, funds and programmes, steps would be taken to include clear guidance in the MOU to all tenants, to clarify responsibilities for timely disposal of property. Recommendation 8 remains open pending receipt of policy guidance issued on the disposal of: (i) unidentifiable property; and (ii) property of tenants other than UNON, UNEP and UN-Habitat.*

#### Need to effectively manage electronic waste within the Gigiri complex

38. According to UNEP E-waste Inventory Assessment Manual (the Manual), the European Union's definition of electronic waste (e-waste) is "electrical or electronic equipment which is waste including all components, sub-assemblies and consumables, which were part of the product at the time of discarding". Electrical or electronic equipment includes information technology and communications equipment, consumer equipment, lighting equipment, and electrical and electronic tools.

39. As explained earlier, the Gigiri complex held a number of discarded equipment. These included e-waste such as printers, generators, computers, projectors, and heaps of wires, both within the buildings and on open grounds. There was also an accumulation of disused florescent bulbs. According to the Manual, e-waste contained up to 1000 different substances, some of which were hazardous and included radioactive material, arsenic, mercury or thallium. Florescent bulbs contain gases such as mercury vapour, xenon and neon. These chemicals and substances are hazardous and harmful to human beings.

40. FMTS did not have a policy on the management of e-waste. There was no guideline or arrangement in place for safe storage of e-waste prior to its disposal. Further, there was limited staff awareness on how e-waste should be managed. According to UNON, there were no regulations in Kenya on the management of e-waste. UNON further explained that it was in the process of: (i) procuring the services of an expert consultant; (ii) commencing the construction of a waste sorting and recycling station; and (iii) developing waste management services, including an e-waste disposal strategy.

**(9) UNON should establish guidelines and necessary infrastructure to support the safe storage of electronic waste within the United Nations complex pending disposal and identify appropriate disposal methods.**

*UNON accepted recommendation 9 and stated that the process was ongoing. Recommendation 9 remains open pending receipt of guidelines and evidence of action taken to support the safe storage of e-waste within the Gigiri complex and identification of appropriate disposal methods for e-waste.*

#### Need to strengthen the client feedback mechanism

41. FMTS services were primarily client-oriented and therefore, it is necessary to obtain feedback on the quality of services to ensure that client needs were addressed promptly and effectively.

42. In 2014, the Common Services Management Team (CSMT) established the Advisory Committee on Premises (ACOP) whose purpose was to address issues pertaining to the premises and related infrastructure within the Gigiri complex. ACOP comprised representatives of all United Nations agencies located in the complex and was scheduled to meet quarterly. While ACOP provided an opportunity for

receiving feedback, its meetings were infrequent; it met only thrice in the last two and a half years. Further, attendance at its meetings was low.

43. While the iNeed system included a mechanism for receiving client feedback on the services delivered by FMTS, this was only for those services that had been requested. By strengthening ACOP through holding more regular meetings and improving attendance, and by undertaking periodic client surveys, UNON would be able to obtain better client feedback. According to UNON, ACOP meetings could only take place when there was an agenda and members were notified weeks in advance. Members were not enthusiastic in attending meetings or contributing agenda items for deliberation. Despite this, UNON stated that it would ensure that meetings are held regularly.

44. OIOS interviewed UNON's client representatives and UNON staff on a sample basis to obtain their feedback on the quality of services relating to facilities management. All interviewees decried the slow responsiveness of FMTS to their requests for service. While four of them were not aware of the iNeed system, those that used it expressed improvement in the initial responsiveness to assess repairs but were still dissatisfied with the timeliness of the actual repairs done thereafter. Three interviewees had repair and maintenance requests that were pending for more than six months and were unaware as to when they would be addressed. One client had resorted to undertaking its own internal repair and maintenance as it could no longer wait for FMTS to provide the service. All the interviewees also complained about the poor quality of hand wash soap provided by UNON, and two agencies had resorted to buying their own soap. Five interviewees located between office blocks M to P stated that staff in these office blocks rarely used their toilets and instead used the ones in the New Office Facility.

45. FMTS needs to ensure an adequate feedback mechanism to assess the quality of services and improve its responsiveness to client requests.

**(10) UNON should enhance the client feedback mechanism by: (i) improving the effectiveness of the Advisory Committee on Premises by holding regular meetings; and (ii) undertaking periodic client surveys and using the survey results to take necessary corrective action.**

*UNON accepted recommendation 10 and stated that regular quarterly ACOP meetings will be organized in 2017 and attendance encouraged through CSMT meetings. There can be no ACOP meetings without participation and agenda items. The agenda was determined by the interested parties/clients. UNON/FMTS has undertaken two client surveys recently including a custodial cleaning client satisfaction survey on 27 January 2017. The outcomes have already been evaluated and shared with the custodial contractor. FMTS also issued a client satisfaction survey on 24 February 2017 which covered iNeed service desk and buildings and grounds maintenance services. The outcomes were currently under evaluation. Recommendation 10 remains open pending receipt of evidence of: regular meetings held by ACOP; and corrective measures taken based on the survey results.*

## V. ACKNOWLEDGEMENT

46. 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.

(Signed) Eleanor T. Burns  
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Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of facilities management at the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	UNON should assess the staffing resources required to support the activities within the Facilities Management and Transportation Section and redistribute staff as necessary, based on the workload.	Important	O	Receipt of evidence showing an assessment of staffing resources within FMST and appropriate redistribution, as necessary.	31 December 2017
2	UNON should escalate the issue of unsigned Memoranda of Understanding to the Common Services Management Team or Common Services Board for appropriate resolution.	Important	O	Receipt of evidence that the issue of unsigned MOUs has been resolved.	30 September 2017
3	UNON should ensure that the procurement of contractual services for the Facilities Management and Transportation Section is conducted in a timely manner.	Important	O	Receipt of evidence that contract expiry dates are being tracked by FMST to ensure timely renewal of existing contracts or solicitation for new contracts.	30 September 2017
4	UNON should ensure that the vendor selection process includes an assessment of vendors' competence, reliability and capacity to deliver goods and services in accordance with the best value for money principle enunciated in the Procurement Manual.	Important	O	Receipt of evidence that vendor competence, reliability and capacity to deliver goods and services are considered in the vendor selection process in accordance with the best value for money principle.	Not provided
5	UNON should undertake regular and comprehensive inspections of facilities and ensure that the results are documented for follow up and remedial action.	Important	O	Receipt of evidence of the establishment of a mechanism to ensure that facilities are inspected regularly and inspection results are recorded for follow up and remedial action.	Not provided
6	UNON should undertake a health and safety risk assessment of the facilities, including identification of workplace hazards, and address all potential	Important	O	Receipt of evidence of completion of a health and safety risk assessment of the facilities and identification of mitigating measures to address	31 December 2017

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

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

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNON in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of facilities management at the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
	risks identified in order to uphold health and safety standards within the United Nations complex.			the risks.	
7	UNON should expedite the disposal of surplus, unserviceable and obsolete property within the United Nations complex and ensure that this is done on a regular basis.	Important	O	Receipt of evidence of disposal of all surplus, unserviceable and obsolete property within the United Nations complex.	Not provided
8	UNON should develop policy guidance on the disposal of: (i) unidentifiable property; and (ii) property of tenants other than UNON, UNEP and UN-Habitat. The latter should be enforced through the Memorandum of Understanding on the tenancy arrangement with the concerned tenant.	Important	O	Receipt of policy guidance issued on the disposal of: (i) unidentifiable property; and (ii) property of tenants other than UNON, UNEP and UN-Habitat.	30 September 2017
9	UNON should establish guidelines and necessary infrastructure to support the safe storage of electronic waste within the United Nations complex pending disposal and identify appropriate disposal methods.	Important	O	Receipt of guidelines and evidence of action taken to support the safe storage of e-waste within the Gigiri complex and identification of appropriate disposal methods for e-waste.	Not provided
10	UNON should enhance the client feedback mechanism by: (i) improving the effectiveness of the Advisory Committee on Premises by holding regular meetings; and (ii) undertaking periodic client surveys and using the survey results to take necessary corrective action.	Important	O	Receipt of evidence of: regular meetings held by ACOP; and corrective measures taken based on the survey results.	30 September 2017

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of facilities management at the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNON should assess the staffing resources required to support the activities within the Facilities Management and Transportation Section and redistribute staff as necessary, based on the workload.	Important	Yes	Director, DAS, UNON	31/12/17	<b>17/05/17:</b> Ongoing
2	UNON should escalate the issue of unsigned Memoranda of Understanding to the Common Services Management Team or Common Services Board for appropriate resolution.	Important	Yes	Common Services Coordinator, UNON	30/09/17	<b>17/05/17:</b> Ongoing
3	UNON should ensure that the procurement of contractual services for the Facilities Management and Transportation Section is conducted in a timely manner.	Important	Yes	Chief, Procurement Section, UNON & Chief Facilities Management and Transportation Section, UNON	30/09/17	<b>17/05/17:</b> Audit focused only on two on-site maintenance contracts namely custodial and electrical. As indicated FMTS currently have 21+ standing contracts, and no evidence of similar concerns were raised on any other contract. In relation to the two mentioned contracts, as indicated on 23/12/16 the new contract for custodial services transitioned on 15/12/16 and the new contract for electrical mechanical services transitioned on 30/12/16 and both are now in full operation. OIOS was provided with minutes for the detailed HCC meetings held on 23/12/16 & 30/12/16 related to the building/ civil works contract which clearly

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

## Management Response

## Audit of facilities management at the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						indicates one of the reasons associated with the decision to extend the current contract for a further one year i.e. the current contract, if compared to the result of the tender, is more cost effective (Para 05.06, 23/12/16). The new tender for building/ civil works is currently underway, and the gardening/ landscaping tender is nearing completion. <b>Following further discussion with OIOS, it was agreed that UNON would provide a list of all contracts with end dates shown, which will then allow this recommendation to be closed.</b>
4	UNON should ensure that the vendor selection process includes an assessment of vendors' competence, reliability and capacity to deliver goods and services in accordance with the best value for money principle enunciated in the Procurement Manual.	Important	Yes	Chief, Procurement Section, UNON	Ongoing	<b>17/05/17:</b> Accepted, UNON/PS commented that best-value for money (BVM) principle is applied. OIOS highlighted minutes provided for selection of vendors that indicated price was the main determinant in the selection of the vendors, and there was no evidence of assessment of the vendors' capacity to deliver. UNON clarified that normally assessment is made on a vendor's capacity and experience to successfully deliver goods or perform services. However, occasionally, a vendor that was contracted based on best-value for money fails to perform due to reasons on part of the vendor but outside UNON's control. <b>However UNON</b>

## Management Response

## Audit of facilities management at the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<b>accepts the recommendation and will continue to ensure that BVM is the primary consideration on the selection of vendors.</b>
5	UNON should undertake regular and comprehensive inspections of facilities and ensure that the results are documented for follow up and remedial action.	Important	Yes	Chief Facilities Management and Transportation Section, UNON	Ongoing	<b>17/05/17:</b> FMTS recently completed a condition assessment of all washrooms throughout the complex. FMTS is also currently in the process of local bulk materials purchases to enable critical upgrades, to bring to acceptable hygiene standards all washrooms and to cover the interim period until full refurbishment and renovation can be under taken. UNON updated tenants on the same at the early 2017 ACOP meeting. Works will cover critical aspects such as toilet seats, repair and replacement of faulty fittings etc. and are scheduled completed within 2-3 months. Tender for refurbishment of the central area washrooms is currently at EOI stage. <b>UNON will keep OIOS updated of progress with regard to this recommendation and the ongoing inspections of facilities.</b>
6	UNON should undertake a health and safety risk assessment of the facilities, including identification of workplace hazards, and address all potential risks identified in order to uphold health and safety standards within the United Nations complex.	Important	Yes	Chief Facilities Management and Transportation Section, UNON	31/12/17	<b>17/05/17:</b> UNON submitted to OIOS (11/01/17) a sample of the condition assessments for block A/ blocks A-J drawn from the SCR. <b>UNON will provide a prioritization list of all items raised as part of the Health and Safety component of the</b>

## Management Response

## Audit of facilities management at the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<b>conditions assessment, and highlight future infrastructure and capital projects which will address these items. Once the above risk assessment and prioritization list is provided, this recommendation should be addressed.</b>
7	UNON should expedite the disposal of surplus, unserviceable and obsolete property within the United Nations complex and ensure that this is done on a regular basis.	Important	Yes	Chief Facilities Management and Transportation Section, UNON and Chief Property Management Unit, UNON	Ongoing	<b>17/05/17:</b> UNON will proceed with clearing of all existing disposals (i.e. including items stored in Rubhall location) in order to address this recommendation.
8	UNON should develop policy guidance on the disposal of: (i) unidentifiable property; and (ii) property of tenants other than UNON, UNEP and UN-Habitat. The latter should be enforced through the Memorandum of Understanding on the tenancy arrangement with the concerned tenant.	Important	Yes	Chief Facilities Management and Transportation Section, UNON and Common Services Coordinator, UNON	30/09/17	<b>17/05/17:</b> Although UNON is not able to enforce disposal by other Agencies, Funds and Programmes (AFP's), steps will be made to include clear guidance in the MOU to all tenants, to clarify responsibilities for timely disposal of property. <b>Addition of this guidance to the MOU will address this recommendation.</b>
9	UNON should establish guidelines and necessary infrastructure to support the safe storage of electronic waste within the United Nations complex pending disposal and identify appropriate disposal methods.	Important	Yes	Chief Facilities Management and Transportation	Ongoing	<b>17/05/17:</b> Ongoing.

## Management Response

## Audit of facilities management at the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				Section, UNON and Chief Property Management Unit, UNON		
10	UNON should enhance the client feedback mechanism by: (i) improving the effectiveness of the Advisory Committee on Premises by holding regular meetings; and (ii) undertaking periodic client surveys and using the survey results to take necessary corrective action.	Important	Yes	Common Services Coordinator, UNON and Chief Facilities Management and Transportation Section, UNON	30/09/17	<p><b>17/05/17: (i)</b> Regular quarterly ACOP meetings will be organized in 2017 by UNON and attendance will be encouraged through CSMT meetings. It must be emphasized that there can be no ACOP meeting without participation and agenda items. The Agenda is determined by the interested parties/clients. In the absence of agenda items, no ACOP meeting will be held. Based on this update UNON considers this component of the recommendation to be closed.</p> <p><b>(ii)</b> UNON/FMTS has undertaken two client surveys recently including a custodial cleaning client satisfaction survey on 27/01/17. The outcomes have already been evaluated and shared with the custodial contractor. FMTS also issued an FMTS client satisfaction survey on 24/02/17. This survey covers INEED service desk and buildings and grounds maintenance services. Outcomes for the survey are currently under evaluation. UNON will continue to conduct regular surveys, but based on the above UNON considers this</p>

Management Response

Audit of facilities management at the United Nations Office at Nairobi

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						component of the recommendation closed.