



INTERNAL AUDIT DIVISION

REPORT 2023/019

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

The Commission needed to strengthen governance and oversight of the project to avoid further slippages in the budget and time schedule

13 June 2023

Assignment No. AN2023-710-01

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 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 2022 to February 2023. Based on an activity-level risk assessment, the audit covered higher and medium-risk areas in the construction project, which included: (a) project governance and oversight mechanisms; (b) procurement and contract management; and (c) other project management activities.

ECA made considerable progress in completing solicitation for the main construction works, stained glass restoration, and audiovisual broadcasting and conference engineering equipment. It also implemented measures to monitor work packages, contain costs, mitigate risks and ensure safety and security of personnel and premises. The project processed three change orders, which were justified and authorized at appropriate levels. However, members of the Advisory Board were not adequately briefed on significant project-related developments and implementation of action points from their meetings was not tracked. Also, some members of the Stakeholders' Committee did not attend meetings regularly. In addition, procurement activities continued to be delayed and there was a dispute with the early works contractor. To maintain momentum and avoid further delays, ECA needed to strengthen governance mechanisms and better manage procurement and contract implementation.

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

- Provide written updates to the Advisory Board on significant project-related developments and enhance tracking mechanisms to ensure that action points from their meetings are followed through;
- Issue a directive reminding members of the Stakeholders Committee to attend meetings regularly and to fully brief staff members representing them at meetings of the Committee in their absence;
- Enhance the capacity of staff of the Procurement Unit to better manage procurement risks and establish key performance indicators for various stages of the procurement process to strengthen accountability; and
- Review progress in the implementation of the resource mobilization plan for the project and take action to fully operationalize it, including through provision of strategies and tools to strengthen outreach by the Advisory Board.

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

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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 (AHP) in the Economic Commission of Africa (ECA).
2. AHP 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; (c) conference and information technology systems; (d) artwork restoration; and (e) the permanent exhibition.
4. AHP is divided into five phases: (a) preparation; (b) design; (c) pre-construction; (d) construction; and (e) project closeout.
5. The contract for the main construction works was awarded in August 2022 in the amount of \$30.6 million. The contractor commenced works in November 2022 and, at the time of audit, was demolishing parts of the building before reconstruction. The monthly progress report issued on 7 March 2023 indicated that \$1.4 million had been paid to the contractor, while 5 per cent of work had been certified, which was in line with planned progress. In addition, 27 per cent of the overall contract duration had elapsed.
6. Contractors had also been assigned for conference and information technology systems and artwork restoration, and the project team was coordinating their work with the main works contractor. The project was scheduled for final completion by 1 July 2025. Early decanting works of the entire ground floor of the Congo building as well as retail spaces on the first and part of the second floors of the Nile building were completed and certified in July 2022, although a dispute remained regarding rejected contractor claims and price adjustment for uncompleted punch list items.
7. The Executive Secretary of ECA is designated as the Project Owner and the Director of Administration (DoA) 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.
8. 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 2022. Total expenditure during the year ended 31 December 2022 amounted to \$11.9 million.
9. Comments provided by ECA are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

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

11. This audit was included in the 2023 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.

12. OIOS conducted this audit in March and April 2023. The audit covered the period from March 2022 to February 2023. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the construction project, which included: (a) project governance and oversight mechanisms; (b) procurement and contract management; and (c) other project management activities.

13. 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.

14. 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

There was an opportunity to increase the impact of the Advisory Board

15. The Advisory Board advises the Project Owner on issues such as budget and schedule performance, scope control, risk management and heritage preservation. Its membership includes representatives from six United Nations Member States in Addis Ababa, up to three alternate members, and four ex-officio members comprising the Project Executive and representatives of the African Union, the host Government and the United Nations Education Scientific and Cultural Organization. In the prior year audit (report 2022/026), OIOS had recommended that ECA should facilitate expedited appointment of alternate members to the Board to receive optimal benefits from their role during the remaining period of the project. One alternate member was appointed effective 1 January and two effective 1 March 2023, to attend meetings as observers and ensure continuity should other members resign. The tenth and eleventh meetings of the Advisory Board were held in March and November 2022, and both attained the required quorum of four full-time members. The Project Manager also attended the meetings as Secretary to the Board.

16. The Board regularly discussed progress of the project, including ongoing solicitations, resource mobilization and strategic partnerships with the host Government and African Union Commission. All of the members attended the groundbreaking ceremony to usher in the construction phase of the project and generate publicity to promote resource mobilization.

17. According to its terms of reference (TOR), the Board should receive regular briefings (e.g., quarterly reports) from the Project Executive on significant project-related developments, including progress, updated timelines, budget, scope, potential or actual changes, change order management, realization of the strategic objectives and benefits, and any other relevant issues for the Board's information or advice. However, Board members were not provided with written updates prior to meetings, which undermined due preparation to promote informed contributions. In this regard, OIOS noted that a two-page

summary of the quarterly report already provided to members of the Stakeholders Committee could be provided as an overview to enhance the understanding and contribution of the Board members.

18. OIOS further noted that ECA did not implement a decision of the Board in June 2021 to assign a full-time senior staff member responsible for the project to follow up and take timely initiatives, in view of the heavy commitments faced by the Project Owner. Therefore, several priorities discussed at the meetings of March and November 2022 had not progressed significantly. For example, despite reminders that the Board is the chief champion for implementation of the resource mobilization strategy, no concrete steps were taken by the Board to mobilize Member States or other institutional donors. Similarly at its tenth meeting, the Board tasked the Project Executive to reach out to the United Arab Emirates and Qatar to join the Board as alternates, and the Deputy Executive Secretary was tasked to engage with a global news agency to create awareness of the project, but progress on both matters was not reported at the eleventh meeting. This was primarily due to an inadequate system to track and follow through decisions of the Board.

(1) ECA should provide written updates on significant project-related developments to members of the Advisory Board of the Africa Hall renovation project and enhance tracking mechanisms to ensure that action points from their meetings are followed through.

ECA accepted recommendation 1 and stated that the Africa Hall Project Manager would provide the requested updates, which are already part of the quarterly reports, to the Advisory Board and ensure that action points from the meetings are implemented.

ECA needed to enhance attendance at Stakeholders Committee meetings

19. A Stakeholders Committee was established to provide expertise, advice and guidance to the Project Owner. The Committee, composed of heads of various divisions and sections in ECA, was chaired by the Project Owner, who consistently attended meetings.

20. The Committee held quarterly meetings on 15 February, 14 June, 9 August and 28 November 2022 as required in its TOR, with an average attendance rate of 74 per cent. It discussed risk management, resource mobilization, future operations of Africa Hall, ongoing solicitations and works, contract management, and project enhancements necessitated by recent security events and technological advancements. However, some members did not attend meetings regularly. One of the 15 Committee members missed all four meetings, while two missed three and another two members missed two meetings. Discussions with the members indicated that they had delegated attendance of project meetings to staff within their divisions, as they prioritized other aspects of their work. But some of the delegates either lacked the authority and/or background knowledge to make informed contributions to the deliberations and contradicted previously adopted positions or needed further guidance, which hampered progress.

21. A memorandum of the Executive Secretary dated 19 September 2016 indicated that Directors and Section Chiefs had been designated members of the Committee to provide required expertise/guidance to the Project Owner and programme management unit, considering the complexity, time sensitivity and cost of the project. This was reemphasized in the Executive Secretary's memorandum of 1 June 2018, which reminded members of their personal responsibilities and accountability to participate in meetings.

(2) ECA should issue a directive reminding members of the Stakeholders Committee to attend meetings regularly and to fully brief staff members representing them at meetings of the Committee in their absence.

ECA accepted recommendation 2 and stated that a directive would be issued to require all designated members of the Stakeholders Committee.

B. Procurement and contract management

ECA needed to strengthen procurement capacity and collaboration to avoid further schedule slippages

22. At the time of field work, most of the procurement actions related to the renovation of the Africa Hall were finalized except for Lots B and D under audiovisual broadcasting and conference engineering supply and installation; and Lots B to D under artwork restoration. Despite closure of an audit recommendation in report 2022/026 for ECA to conduct a formal debrief exercise to identify lessons learned from procurement activities of the AHP, procurement activities continued to be delayed as described further below.

a) Main works contract

23. The Headquarters Committee on Contracts (HCC) approved award of the main works contract to the selected bidder on 16 December 2021 for a total not-to-exceed (NTE) amount of \$34 million, and an implementation period of 30 months. Subsequent negotiations with the contractor lasted seven months, resulting in issuance of a contract on 15 August 2022 for an NTE amount of \$30.6 million and implementation period of 22 months. The negotiations were prolonged due to several delays during consultations with GAMPS, Procurement Division (PD) and Office of Legal Affairs (OLA). For instance, OLA's recommendation of 27 April 2022 to review and approve variations to contract terms and conditions, such as limitation of liability, was approved by the Office of the Controller two months later on 29 June 2022, due to delayed submission of relevant documents to the Office. In addition, despite having conducted due diligence procedures, the bank guarantee for the performance bond of the vendor, which was due to ECA 14 days after signing of the contract, was delivered on 27 October 2022, 59 days late, as the project sought assistance from Procurement Unit, PD and OLA to rectify inconsistencies with the performance bond, including credit rating of the issuing bank. This delayed issuance of notice to proceed until 1 November 2022, thus further impacting the project.

b) Audiovisual broadcasting and conference engineering supply and installation (Lot A)

24. After a prequalification and RFP process for Lots A to D, ECA received five bids for Lot A for supply and installation of audiovisual, broadcasting and conference engineering equipment. Three of the bids were technically and commercially evaluated before an initial review by HCC raised concerns about the capacity of the preferred bidder to perform and advised the project to conduct due diligence procedures for all three bidders through the Enabling and Outreach Service in the Office of Supply Chain Management. This revealed that the top 2 bidders, based on rule of qualified most responsive proposal, lacked financial capacity and had been granted the required Level 2 registration in United Nations Global Market on a one-time basis through special approval. This led to the selection of the only fully qualified bidder. The outcome indicated a need to strengthen prequalification and evaluation mechanisms. After HCC recommendation on 18 October 2022, ECA awarded a contract to the selected bidder on 27 December 2022 with an NTE amount of EURO 3.1 million (equivalent to \$3.6 million).

25. Procurement of Lot C for the supply of information communication technology was conducted on 27th October 2022 through a New York Headquarters long-term agreement and was scheduled for delivery in the fourth quarter of 2023, although the contract for installation and configuration was yet to be awarded. In addition, contracts for Lots B and D for service and maintenance of audiovisual, broadcasting and conference engineering equipment; and Information Communication Technology, were to be determined after completion of the supply and installation works.

c) Artwork restoration

26. Procurement for artwork restoration was split into four lots comprising: A–stained glass restoration; B – canvas, linen and paintings; C – leatherworks; and D – hanging rug. The requirements were segregated and resolicited after poor response to a combined solicitation RFP3100002546 of 2019. While ECA decided that Lots C and D were better suited to performance by individuals who would be contracted through a human resources process in 2024, Lots A and B underwent solicitation as follows:

27. For Lot A, the project obtained a waiver from the Project Executive for sole sourcing from the original supplier, based on requisitioner consultations with the lead consulting firm (LCF), HCC and OLA, considering the failure of two tender exercises since 2019, due to highly specialized and complex nature of the requirement. The proposed vendor submitted its final technical and financial proposal on 10 June 2022 and the Local Committee on Contracts (LCC) recommended the award before ECA issued contract on 29 July 2022 with NTE amount of \$204,669 and implementation period of 24 months.

28. For Lot B, after the recommendation for award by LCC on 26 January 2023, the resultant contract was signed by the selected vendor on 3 February 2023 with an NTE amount of GBP308,979 (equivalent to \$454,062) for a period of 29 months. However, the vendor subsequently declared inability to provide a performance bond citing economic reasons, and suggested retention of payments instead. Considering the sensitive nature of the AHP, the Procurement Unit rejected the suggestion, resulting in termination of negotiations as ECA decided to consider alternative contractors.

29. Some of the delays noted, as well as extent of support from GAMPS and PD highlighted capacity constraints within the procurement function. This calls to question the decision by ECA to abolish the General Assembly approved post of dedicated procurement officer at the P-3 level in 2021, as that position ensured more focus on project transactions and timeliness of decision-making, considering that the ECA Procurement Unit was engaged with transactions pertaining to all other divisions of ECA. As the project was yet to conduct solicitations for Lots B and D under audiovisual broadcasting and conference engineering supply and installation, and Lots B to D under artwork restoration, it was necessary for the ECA Procurement Unit to strengthen capacity through targeted training to avoid further errors and delays, and set standard key performance indicators for the various stages of the procurement process to strengthen accountability in the internal processes.

(3) ECA should implement measures to enhance the capacity of staff of the Procurement Unit to better manage procurement risks and establish key performance indicators for various stages of the procurement process to strengthen accountability.

ECA accepted recommendation 3 and stated that it was currently strengthening the capacity of the Procurement Unit through enrolment of its staff for the Chartered Institute of Procurement and Supply certification. Four staff have already completed level 4, while the rest were expected to do so by December 2023. In addition, key performance indicators were already included in source selection plans and the Procurement Unit would ensure all stakeholders adhere to the timelines.

Dispute with early works contractor

30. The early works, covering 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, were certified in July 2021 and handed over to ECA in November 2021. However, close-out was delayed because handover documents (operation and maintenance manuals, warranties, etc.) were not properly completed by the contractor and some works were incomplete or defective, which ECA was rectifying at the time of audit with assistance from the LCF, using funds retained from the contractor’s payments amounting to \$78,523.

31. Further, the contractor refuted some of the defects and outstanding work identified by ECA and insisted on prior claims amounting to \$1.9 million that were deemed unsubstantiated by ECA, including force majeure claims related to COVID-19 disruptions. In addition, the contractor's bank guarantee had expired on 31 May 2022, increasing ECA's financial exposure. Also, ECA enquiries subsequently discovered that the vendor had other pending contract related disputes in several countries. ECA had initiated consultations with OLA and PD with regards to the dispute. In view of ongoing consultations, no recommendation was made on this issue.

C. Other project management activities

Change orders were appropriately authorized and executed

32. The ECA change management framework for the AHP provides that change orders resulting in contract amendments should be linked as much as possible to factors such as unforeseen field conditions, changes in owner requirements (but not scope changes), changes in design, errors and omissions. The following change orders were processed during the audit period:

- a) On 18 April 2022, the Project Executive approved a change order for \$369,820 via amendment number 12 based on HCC recommendation of 18 March 2022. The change was to facilitate continued provision of value management and technical services in negotiations with the selected vendor after re-solicitation for the main contract, to seek a reduction of up to \$4 million in the overall construction cost.
- b) On 25 October 2022, the Chief Procurement Officer approved change order number 21 for \$20,575 to help the AHP, through the LCF, to complete the operation and maintenance manuals for the early works as part of rectification of outstanding defects identified in the final completion certificate. This work was to be funded by the retention withheld from the early works contractor.
- c) On 20 January 2023, ECA processed administrative amendment number 1 with no cost implications, to clarify the role of the employer representative.

33. OIOS review of supporting documents indicated that the change orders were justified and authorized at appropriate levels in accordance with the change management framework in force for the AHP.

ECA implemented measures to contain costs

34. The ninth Monte Carlo simulation conducted by the independent risk management firm (IRMF) indicated that there was a 32 per cent chance the project would be delivered within the approved budget of \$56.9 million, against the Organization's target of 80 per cent. While the confidence level increased from the previous projection of 20 per cent in 2022, there remained a level of uncertainty around timeliness of decision-making, owner-directed changes and contractor capacity, in view of recurrent slippages in schedule due to procurement and construction issues. With relevant supplier contracts in place, the project team estimated substantial completion by 1 July 2024, and the monthly cost of further slippage at \$80,000 comprising additional project management staff and LCF costs, as well as escalation on contractor cost at a rate of 4 per cent per year.

35. To mitigate the risk of cost escalation and schedule slippage, the AHP team coordinated with the contractor and the LCF to identify synergies and recover or share costs, expedite procurements and identify

opportunities for value engineering to reduce the construction duration and costs. The AHP team also monitored progress through daily, weekly and monthly reports and meetings at various levels with contractors. OIOS concluded that ECA had established measures to manage cost escalations going forward.

GAMPS should reassess its ability to provide independent risk management services by improving capacity or acquiring additional resources for that purpose

36. In its last audit report on the project (2022/026), OIOS noted that while GAMPS continued to actively oversee the project by attending touch point meetings and meetings with the SMP team monthly or bi-weekly as needed, GAMPS coordination activities with IRMF were not effectively executed, particularly regarding timeliness of risk reporting activities. This issue was resolved during the current reporting period as both touch point meetings and issuance of biannual reports were timely. However, a new risk emerged regarding the independent risk management support provided by GAMPS and IRMF to capital construction projects in the Secretariat.

37. IRMF supported GAMPS in delivering independent risk management activities to ongoing construction projects at ECA, United Nations Office at Nairobi (UNON), Economic and Social Commission for Asia and the Pacific (ESCAP), and Economic Commission for Latin America and the Caribbean (ECLAC). The contract was signed on 3 November 2017 and was to remain in effect until 10 November 2024. GAMPS initiated negotiations with IRMF to extend the current contract for the various projects until they are substantially completed. However, for economic reasons, IRMF was not willing to continue to provide the services under the terms of the existing contract. As negotiated, IRMF agreed to complete quantitative analyses when needed and GAMPS would deliver other contracted services for ongoing United Nations capital construction projects, including qualitative risk assessments. Consequently, for ECA, the biannual reports for 2023 and 2024 would be produced with input from IRMF, including an updated Monte Carlo simulation. Given the increased cost pressures that almost each of the four ongoing capital projects face, there was a risk that GAMPS might not be able to support capital construction projects in offices away from headquarters without improving inhouse capacity. GAMPS needed to flag this risk in the next qualitative risk assessment report.

38. OIOS noted that staff resources at GAMPS had also been negatively impacted. The Chief of Service, GAMPS, who was instrumental in coordinating activities between GAMPS and project management units in ECA, ECLAC, ESCAP and UNON was reassigned to UNON effective June 2022. Similarly, a staff member at the P-4 level, who was a shared resource between ECA and ESCAP, was reassigned in January 2023 to the Facilities and Commercial Activities Service. In addition, one P-2 and one P-3 posts were also vacant. All the four vacant positions were at different stages in the recruitment process and GAMPS advised that they would most likely be filled by the end of 2023. A recommendation for DMSPC to increase support capacity at GAMPS was issued in a related audit of seismic mitigation retrofit and life-cycle project in ESCAP and therefore no recommendation was made on this issue in this report.

Integrated risk management services were adequate

39. ECA continued quarterly risk touchpoints with GAMPS and conducted local ECA risk management committee meetings that oversaw risk management and its integration into the performance management of all Section Chiefs, including those of AHP. AHP also participated in the ECA corporate risk management programme, including training. As reported in the tenth biannual progress report, the integrated risk register included the following high-risk areas, which were being monitored: (a) timeliness of decision making; (b) contractor capacity; (c) human resources retention (including at GAMPS); as well as (d) financial, logistic and contextual constraints. All risks had assigned owners and were incorporated in the response plans. Further, ECA was working towards incorporating new risks introduced by the

commencement of construction activities. OIOS concluded that integrated project risk management was being proactively monitored.

ECA established a mechanism for monitoring quality of ongoing works

40. The January 2023 project schedule update showed a delay of 42 months, with an estimate for substantial completion on 1 July 2024 and final completion on 30 June 2025. In comparison to the latest report of the Secretary-General on the project, A/77/339, the updated schedule forecasted an additional delay of one month.

41. The main works contractor had implemented a quality assurance plan to ensure all items of work, including that of suppliers and subcontractors, adhered to applicable technical specifications and drawings. This was needed to plan, execute, monitor and control the project to ensure milestones were achieved in a timely manner and relevant standards adhered to. The contractor submitted to ECA daily and monthly progress reports with relevant pictures, signed by the site manager and these reports were discussed in weekly and monthly meetings involving ECA, the LCF and the contractor. In addition, AHP regularly inspected the site and works and developed key performance indicators that were to be incorporated in the vendor performance review system.

42. The daily report of 15 March 2023 indicated that the contractor had 9 direct labourers, 30 indirect, 48 subcontractors and 3 vehicles. The main concerns during the construction stage were demolition, traffic management, clearance for external excavation, disruptions of the rainy season, protection of heritage items, façade strengthening during demolition and disposal of waste materials. OIOS concluded that ECA had established plans to address the areas of concern and meet project targets.

ECA implemented safety and security measures to ensure protection of the construction site

43. ECA established environmental guidelines for the AHP. In addition, the contractor submitted a site establishment plan, including safety, health and environment plan to mitigate risks to personnel and premises.

44. Security risks were mitigated through an agreement with the host Government and cooperation with local authorities to facilitate seamless importation of goods and services for the project and by keeping ECA security and other stakeholders informed and involved during project implementation. When works resumed in April 2022, Security Section returned six dedicated Security Officer positions to the project that had been reassigned to other ECA duties in 2021 to curb project costs while works were suspended.

45. A security review of the compound by ECA security assisted by the Department of Safety and Security, which was ongoing at the time of audit, identified vulnerabilities that needed to be addressed in view of recent sociopolitical disturbances and anticipated increases in traffic during the construction and ensuing operational phases of the project. The AHP team was considering proposals to further strengthen physical security controls at the premises.

46. OIOS inspection of the construction site and review of minutes of AHP monitoring meetings with the main contractor and LCF indicated that construction sites were appropriately cordoned off, and visible safety signage was used to warn personnel of dangers and prevent accidents. In addition, contractor staff and others cleared to inspect the premises wore appropriate safety gear within the work area and demolitions were conducted after safety reviews and approvals, and waste materials were appropriately segregated prior to disposal. There were adequate sanitation facilities provided for the construction workers within the site. In line with its safety, health and environment plan and COVID-19 guidelines for AHP in ECA compound, the main works contractor established management protocols for offices, projects, labour, accommodation

and transportation, including COVID-19 identification, prevention, mitigation, and crisis management. The guidelines regulated isolation of symptomatic and infected personnel, as well as physical distancing and hygiene in general, with guidance by the Chief Medical Officer at ECA.

47. In view of existing measures and ongoing developments to ensure security of premises and personnel, OIOS did not make a recommendation in this regard.

ECA needed to operationalize the resource mobilization implementation plan

48. The General Assembly and Advisory Committee on Administrative and Budgetary Questions noted the limited level of support received by the project and encouraged the Secretary-General to continue to seek voluntary and in-kind contributions from Member States annually. Between 2016 and 2021, the project received three pledges comprising cash and in-kind contributions; and a cash donation of \$52,192, which was held in a trust fund. Umoja grant records as of 23 March 2023 indicated that the fund balance had grown to \$55,606 since 31 July 2018 due to interest accruals.

49. ECA assigned the Resource Mobilization Unit in the Executive Secretary's Office to implement activities in line with the resource mobilization strategy and plan finalized in November 2021, to increase in-kind and monetary contributions within 24 months. The strategy proposed focus on non-traditional donors, corporate organizations, ECA Member States and emerging South-South donors. During the audit period, ECA solicited contributions from 51 accredited embassies in Addis Ababa and organized a ground-breaking ceremony, bringing together over 200 participants with a view to improve visibility of the project and seek contributions. However, the efforts did not result in any new pledges or contributions.

50. ECA did not develop a tracking mechanism to ensure comprehensive outreach and inform follow-up and conversion of leads to actual contributions. There was also no indication that progressive fundraising approaches proposed by the strategic plan, including monthly actions to follow up on detailed leads had been implemented such as: maintaining and increasing visits to bilateral donors and use of communication and messaging tools for outreach.

51. In addition, ECA did not review the plan at the beginning of 2023 as required in annex 1 of the plan. ECA advised that the main hindrances to resource mobilization were the challenging fiscal environment faced by African Member States due to the impact of COVID-19 and war in Ukraine. ECA also noted that potential donors were unconvinced of the need for contributions since it was widely reported and understood that project expenditure was still within the amount committed by the General Assembly for this purpose. Programme documents and discussions with both Resource Mobilization and Project Management Units indicated that the donations were needed to cover potential cost overruns and to demonstrate ownership and commitment to the renovation project by Member States.

52. In addition, the Advisory Board members were reminded by the Project Owner and the chair in the eleventh meeting on 30 November 2022 to assist in raising awareness for the project and mobilizing voluntary support with relevant external institutions such as host Government authorities and the African Union, considering their access to relevant offices, as well as their skills of leadership, negotiation, networking and representation. However, as noted in the tenth and eleventh meetings of the Board, awareness of the project among ambassadors and the public and private sector, and voluntary contributions remained low. OIOS noted a need for the Resource Mobilization Unit to develop innovative strategies and tools to support the advocacy, outreach and resource mobilization roles of the Board members, and provide updates at every meeting of the Advisory Board.

(4) ECA should review progress in the implementation of the resource mobilization plan for the Africa Hall renovation project, and take action to fully operationalize it, including through provision of strategies and tools to strengthen outreach by the Advisory Board.

ECA accepted recommendation 4 and stated that it would review progress of the resource mobilization plan and provide regular updates to the Advisory Board.

IV. ACKNOWLEDGEMENT

53. 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.

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 provide written updates on significant project-related developments to members of the Advisory Board of the Africa Hall renovation project and enhance tracking mechanisms to ensure that action points from meetings are followed through.	Important	O	Receipt of evidence that written updates on significant project-related developments were provided to members of the Advisory Board.	30 June 2023
2	ECA should issue a directive reminding members of the Stakeholders Committee to attend meetings regularly and to fully brief staff members representing them at meetings of the Committee in their absence.	Important	O	Receipt of evidence that a directive has been issued to members of the Stakeholders Committee reminding them to attend meetings regularly.	31 July 2023
3	ECA should implement measures to enhance the capacity of staff of the Procurement Unit to better manage procurement risks and establish key performance indicators for various stages of the procurement process to strengthen accountability.	Important	O	Receipt of evidence that all staff in the Procurement Unit have completed the required training and that key performance indicators were being adhered to for the various stages of the procurement process.	31 March 2024
4	ECA should review progress in the implementation of the resource mobilization plan for the Africa Hall renovation project and take action to fully operationalize it, including through the provision of strategies and tools to strengthen outreach by the Advisory Board.	Important	O	Receipt of evidence that the resource mobilization implementation plan had been fully operationalized including through the provision of strategies and tools to strengthen outreach by the Advisory Board.	31 October 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.

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 provide written updates on significant project-related developments to members of the Advisory Board of the Africa Hall renovation project and enhance tracking mechanisms to ensure that action points from meetings of are followed through.	Important	Yes	Africa Hall Project Manager	Effective May 2023 until the end of the project or the end of the Advisory Board mandate.,	The Africa Hall Project Manager will provide the requested updates, which are already part of the Quarterly reports, to the Advisory Board and ensure that action points from the meetings are implemented.
2	ECA should issue a directive reminding members of the Stakeholders Committee to attend meetings regularly and to fully brief staff members representing them at meetings of the Committee in their absence.	Important	Yes	Project Owner.	31 July 2023.	The directive will be issued accordingly to all designated members of the Stakeholder committee.
3	ECA should implement measures to enhance the capacity of staff of the Procurement Unit to better manage procurement risks and establish key performance indicators for various stages of the procurement process to strengthen accountability.	Important	Yes	ECA/ Procurement Unit	(a) 31 December 2023	a) ECA is currently strengthening the capacity of the Procurement Unit through enrollment of its staff to the CIPS certification. The Unit has a total of 8 staff, Out of which 4 staff completed L4; 3 staff are currently enrolled and are expected to complete CIPS level 4 by end of year 2023. One staff recently recruited has a degree equivalent to CIPS 4 as assessed by HQ.

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
					(b) Throughout the project life; 31 March 2024.	b) The KPIs are already incorporated within the Procurement activity schedule which is part of the Source Selection Plans. Each activity in the procurement activity schedule has established timeline. Procurement Unit will ensure adherence to these timelines by all stakeholders.
4	ECA should review progress in the implementation of the resource mobilization plan for the Africa Hall renovation project and take action to fully operationalize it, including through provision of strategies and tools to strengthen outreach by the Advisory Board.	Important	Yes	ECA/Partnership and Resource Mobilization Section(PRMS)	31 October 2023	Considering the nature of the Project requiring strong championing role of the Advisory Group, ECA will undertake review of the progress of the Plan as recommended and provide regular updates to the Advisory Group.