



INTERNAL AUDIT DIVISION

REPORT 2021/021

Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

Actions have been initiated to address the 33-month delay in the schedule of the project and the significant risk of cost overruns

9 June 2020

Assignment No. AN2021-710-01

Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa (ECA). The objective of the audit was to determine whether ECA had implemented effective internal controls over the projects to ensure timely completion within the scope and budget approved by the General Assembly under resolution 70/248. The audit covered the period from March 2020 to March 2021 and included: (a) project governance and oversight mechanisms; (b) project management; (c) resource mobilization; and (d) procurement management.

According to latest estimates, there is a 33-month delay in the schedule of the project and a 43 per cent chance that it would be delivered within the approved budget. This was partly due to the termination of the contract for the main renovation works in February 2020 and the outbreak of COVID-19. Once the replacement contract is established and construction commences, ECA plans to embark on value engineering activities to reduce the overall project cost.

Due to vacancies in its membership, the Africa Hall advisory board only held one out of four planned meetings. The independent risk management firm identified additional risks caused by the COVID-19 pandemic but ECA was yet to nominate a risk owner to monitor related mitigation activities. The firm also identified the need to establish formal claim management processes and procedures to provide guidance on avoiding claims and litigations, which was still outstanding. Results from resource mobilization activities were slow and ECA could push for unearmarked funding to increase available resources for the project. Additionally, ECA needed to ensure procurement staff completed the required training and have been granted relevant Umoja roles.

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

- Amend the terms of reference of the advisory board to allow for the appointment of alternate members from Member States and organizations represented on the board, to prevent disruptions to board meetings;
- Include in the project risk register, the risk of vacancies in the Africa Hall advisory board impeding the convening of meetings for appropriate monitoring and mitigation when necessary;
- Nominate a risk owner responsible to monitor the mitigation of risks to the project due to the COVID-19 pandemic to keep them under control;
- Update the manual for the Africa Hall project to include formal claim management processes and procedures to provide guidance on avoiding claims and litigations and to respond to them appropriately, should they occur;
- Develop and implement an action plan to ensure that all procurement officials undertake the required professional and mandatory training in procurement and set a target date for their completion; and
- Grant Umoja roles to procurement officials in line with their delegation of authority.

ECA accepted the recommendations and has initiated action to implement them.

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Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa (ECA).
2. The main objectives of the project are to: (a) address inadequacies related to building safety and functionality and to transform Africa Hall into a rejuvenated facility that complies with the highest international standards for conference facilities; (b) preserve and restore the historical and cultural values embedded in its architecture; and (c) include a visitors centre to make Africa Hall one of the leading tourist destinations in Addis Ababa and to highlight its significant role in modern African history. Upgrades to the building will ensure compliance with best practices, including access for persons with disabilities and consideration for energy efficiencies.
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) Africa Hall renovation and refurbishment; (b) artwork conservation; (c) installation of visual broadcasting and conference engineering equipment; and (d) a permanent exhibition.
4. The Africa Hall renovation project is divided into five stages: (a) preparation; (b) design; (c) pre-construction and early works; (d) main construction; and (e) post-construction. As of March 2021, the Africa Hall renovation project was at the third stage; refurbishment of the adjacent Congo and Nile buildings before commencement of main works. The early works, which were 95 per cent complete, were interrupted following the outbreak of the COVID-19 pandemic in March 2020. In October 2020, the works resumed at reduced capacity to comply with relevant guidelines, which required social distancing among other restrictions. They were now scheduled to be completed in July 2021.
5. The commencement of the main construction works was stalled following termination of the contract with the main contractor in January 2020. ECA in collaboration with the Procurement Division and the Global Asset Management Policy Service (GAMPS), in the Department of Management Strategy, Policy and Compliance, changed the procurement strategy and embarked on sourcing a new contractor through a multi-stage request for proposal with dialogue process. The process is anticipated to be completed in July 2021. The project is now scheduled to be completed in 2023, with a 33-month delay.
6. The Executive Secretary of ECA is designated as the project owner and the Director of Administration as the project executive. GAMPS provide oversight and support to the project. A dedicated project management and project support team is made up of nine staff members headed by a project manager at the P-5 level.
7. The General Assembly approved the scope, schedule and maximum overall cost of \$56.9 million for the project. The projected expenditure for 2021 is budgeted at \$17.8 million, comprising \$16.5 million under section 33 (construction); \$1.1 million under section 18 (project management), and \$183,000 under section 34 (safety and security). A total of \$36.5 million has been appropriated over the period 2016-2020. Cumulative project expenditure for the period was \$12.2 million, leaving an unspent balance of \$24.3 million.
8. Comments provided by ECA are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

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

10. This audit was included in the 2021 risk-based work plan of OIOS at the request of the General Assembly under various resolutions and due to the risks of delays, wastage and cost overruns inherent in major construction and alteration projects.

11. OIOS conducted this audit in March and April 2021. The audit covered the period from March 2020 to March 2021. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in the construction projects and sought to answer the following questions:

- (a) How adequate and effective are the governance, oversight and risk management mechanisms established by ECA to ensure the projects are executed within the scope, budget and timeline approved by the General Assembly?
- (b) How effective are resource mobilization activities in generating voluntary and in-kind contributions from Member States and other donors?
- (c) Are procurement activities carried out in an efficient and effective manner?

12. The audit methodology included: (a) interviews with key personnel, (b) review of relevant documentation, (c) analytical review of data; (d) sample testing of transactions; and (e) follow-up of recommendations from prior audits.

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

III. AUDIT RESULTS

A. Project governance and oversight mechanisms

The terms of reference for the independent advisory board needed to be amended to allow for the appointment of alternate members

14. General Assembly resolution 70/248 encouraged the Secretary-General to establish an independent advisory board, with responsibility to advise the project owner on issues such as budget and schedule performance, scope control, risk management and heritage preservation. The resolution also requested the project owner to establish a stakeholder committee.

15. In prior year audit reports, OIOS noted the following issues in connection with the oversight role of the board:

- a) Project activities had commenced without the timely appointment of the advisory board;
- b) Recommendations of the advisory board were not being tracked and monitored for implementation;
- c) The project owner or her delegated representative were not attending board meetings regularly; and
- d) Board meetings did not include discussions on the impact and risk mitigation activities to minimize delays and cost overruns of the project.

16. After some initial delays, the advisory board was constituted in 2018 and was meeting regularly. During the audit period, however, the board met only once in June 2020. The meeting was attended by the project owner and chaired by the Deputy Chair in the absence of a Chair. A proposal to include the project executive as an observer at advisory board meetings was adopted and the deliberations included a review of the project report, the need to continue to seek both voluntary and in-kind contributions from Member States and raising global awareness on the historic importance of Africa Hall and its African heritage. The agenda also included a discussion on previous OIOS recommendations.

17. The board was unable to meet quarterly as had been previously decided due to resignations of members, mostly on account of being relocated from Addis Ababa by the countries they represented. The Chair and two board members resigned in March 2020. The outbreak of the COVID-19 pandemic and the security situation in Addis Ababa, which resulted in a complete shutdown of communications services during the months of May and June, made it difficult for the project owner to liaise with Member States to appoint a new Chair. Two other members left in February and March 2021 respectively and therefore, there was no quorum to organize meetings (four out of the six members had to be present to form a quorum). The Chair was replaced after 10 months in January 2021. During the meeting held in March 2021 proposals to replace three of the four members who had resigned were accepted. Only one Member representing the African Union was yet to be replaced at the time of finalizing the report.

18. In accordance with the terms of reference, the Chair is responsible for appointing other board members and delays in replacing the Chair slowed down board appointments and impeded meetings of the advisory board due to the lack of a quorum. To prevent this in future, ECA should consider amending the terms of reference of the advisory board so that alternate representatives could be appointed from each Member State or organization represented on the board. This would allow for more seamless transitions and retention of institutional memory when vacancies occur in the future. In addition, opportunities to work remotely from different geographical locations using video communications to hold virtual meetings may obviate the need to replace board members who are reassigned from Addis Ababa but are willing to retain their membership of the board. Article 6 of the terms of reference provides that non-resident members could attend meetings via videoconference.

19. As a result of the vacancies in the advisory board, the project did not benefit from the advice of Members States as envisaged by the General Assembly. This needed to be flagged in the risk register so that it could be monitored and mitigated as needed.

(1) ECA should amend the terms of reference of the advisory board for the Africa Hall project to allow for the appointment of alternate members from Member States and organizations represented on the board, to prevent disruptions to board meetings.

ECA accepted recommendation 1 and stated that it had drafted an amendment to the terms of reference, which would be reviewed and approved by the board at its upcoming meeting. Recommendation 1 remains open pending receipt of the revised terms of reference for the advisory board to allow for the appointment of alternate members.

(2) ECA should include in the project risk register, the risk of vacancies in the Africa Hall advisory board impeding the convening of meetings for appropriate monitoring and mitigation when necessary.

ECA accepted recommendation 2 and stated that it would include the risk of vacancies in the advisory board in the risk register and analyze it in coordination with the independent risk manager. Recommendation 2 remains open pending receipt of the risk register incorporating risk and mitigating action of vacancies on the advisory board.

The stakeholder committee meetings were regular and effective

20. The stakeholder committee was operationalized in 2017 with terms of reference incorporating roles and responsibilities, procedures and a communication plan. In the prior year audit report, OIOS noted:

- a) Inadequate tracking of recommendations and action points arising from stakeholder meetings;
- b) The project owner was not attending all scheduled meetings of the stakeholders; and
- c) The agendas of the meetings did not include matters specifically requested by the General Assembly such as raising awareness of the historic importance of the Africa Hall; utilization of local knowledge, material, technology and capacity; and information on the envisaged renewable energy efficiencies.

21. Four stakeholder meetings were held during the period under review, in March, May and September 2020 and in February 2021. Neither the project owner nor her representative attended the March meeting, but the project owner attended the May meeting and was represented at the September meeting. OIOS also noted that the requests of the General Assembly on raising awareness of the historic importance of the Africa Hall; utilization of local knowledge, materials, technology and capacity; and energy-saving measures were standing agenda items of the meetings. In addition, important items such as project schedule, progress and risk management were adequately covered in the meetings. The key action points arising from the meetings including responsibility for their implementation were summarized and attached to the agenda and followed up in the next meeting. OIOS concluded that stakeholder meetings were regular and effective.

B. Project management

Improvements in project assurance and risk management activities were noted, although COVID-19 related risks needed to be mitigated to keep them under control

22. General Assembly resolution 70/248 emphasized the importance of ensuring integrated and independent project assurance for the Africa Hall renovation project. Risk management was carried out at two levels: integrated risk management was performed by the dedicated project team as well as by the lead consultant; and independent risk management performed by an accounting firm in close coordination with GAMPS.

23. In prior year audit reports, OIOS noted that the independent risk management firm was not holding the required quarterly touchpoints with the project team and GAMPS to discuss updates to the risk management plan or timely submitting biannual progress reports, including the Monte Carlo risk analysis. Also, effects of the delays in commencing the construction phase of Africa Hall in terms of costs and project completion schedule were not being quantified and data incorporated into the risk analysis. In 2019, only two touchpoints were held, and the biannual progress reports were issued after some delays.

24. During the period under review, significant improvements in risk management were noted. Touchpoint meetings were held in March, June, August and December 2020. All key personnel attended the touchpoint meetings and discussions were detailed and included project progress and status, impacts on overall costs and schedule, and a review and update of the risk register.

25. The independent risk management firm assessed the potential impact on the global construction industry of COVID-19 disruptions in March 2020. The biannual progress reports were submitted in August 2020 and February 2021. The August 2020 report contained a quantitative risk analysis in the form of the Monte Carlo risk assessment and the February 2021 report, a qualitative risk analysis. As per the August

2020 Monte Carlo simulation, the following risks were identified to potentially have the biggest impact on the project:

- a) COVID-19 related risks;
- b) Joint venture legal disputes;
- c) Construction market escalation rates;
- d) Owner directed changes;
- e) Contractor capacity; and
- f) Lack of user involvement in commissioning construction works following substantial completion.

26. The qualitative risk analysis was also integrated into the project risk register. However, risks related to COVID-19 were not assigned a risk owner and due dates for mitigation actions indicated. The risks included:

- a) Main renovation works may take longer than planned because of local social distancing measures (limiting or reducing the number of contractor staff on site);
- b) Contractor may be required to provide additional hygienic and/or other common facilities such as additional sanitary installations, locker/dressing rooms, break rooms, first aid stations, etc;
- c) New knowledge about COVID-19 may require changes to the baseline design; and
- d) Global supply chain for construction goods and services could lead to a shortage in goods and services needed for the renovation of the Africa Hall with consequent price or delivery timeframe impact.

27. The project team explained that COVID-19 related risks were touching and impacting most of ECA activities including corporate support. All officials involved in the project including the project owner, project executive and the project team were engaged in mitigating the risk. Nevertheless, responsibility for specific risk mitigation activities that were unique to the project needed to be assigned.

(3) ECA should nominate a risk owner responsible to monitor the mitigation of risks to the Africa Hall project due to the COVID-19 pandemic to keep them under control.

ECA accepted recommendation 3 and stated that it would incorporate COVID-19 related risks in the risk register and the project manager would act as risk owner. Recommendation 3 remains open pending receipt of the revised risk register identifying the owner of COVID-19 related risks.

Actions have been initiated to address the risk that the project will not be delivered within the approved budget and the 33-month schedule delay

28. The project budget was revised in December 2020 following completion of the design for the conference and information technology systems. This resulted in an increase of \$1.6 million for the systems under construction costs, and a reduction in contingency budget to \$2.6 million. The contingency is now 5.2 per cent of the total project budget, which is still within the construction industry-accepted range of 5 to 10 per cent. The estimated total cost of the project remains unchanged at \$56.9 million, as shown in Table 1.

Table 1: Available project budget (in thousands of United States dollars)

	<i>Budget estimate by project team December 2020</i>	<i>Total as reported in A/75/319 August 2020</i>
Programme budget section 33		
Construction costs	38,011	36,411
Professional services	6,805	6,955
Escalation	1,374	1,374
Contingency	2,565	4,015
Subtotal	48,755	48,755
Programme budget section 19		
Project management	7,261	7,261
Security	880	880
Grand Total	56,896	56,896

29. However, based on its quantitative analysis, the independent risk management firm concluded that there was only a 43 per cent chance that the project would be delivered within the approved budget, significantly less than the organizational target of 80 per cent. This was a downward trend, compared with the two previous models, which were at 75 and 69 per cent in 2018 and 2019, respectively. The decrease in confidence level was attributed to the then projected additional schedule delay of 22 months and the resulting costs, as well as the potential impact of the COVID-19 pandemic. The General Assembly was informed of this in the report of the Secretary-General (A/75/319) of August 2020. The firm has since revised the forecasted delay to 33 months (substantial completion was initially estimated to be achieved in the fourth quarter of 2020 and now revised to the third quarter of 2023), assuming the contract for the resolicited main renovation works is awarded by April 2021.

30. The multi-stage request for proposal with dialogue process included discussions with potential bidders on the need to undertake value engineering that could result in the reduction of the construction schedule. Once the construction of the main works commences, additional value engineering activities will be assessed by the project team in conjunction with the contractor that could reduce the overall cost. This process will be an ongoing exercise over the duration of the contract.

Need for guidance on claims management

31. On 17 March 2020, the project manager informed the contractor executing the early works that subject to measures taken by the Ethiopian Government as well as the United Nations, ongoing works would be reduced to those that were essential and non-deferrable, and site presence would be strictly limited. The contractor responded on 25 March that the COVID-19 pandemic pause on the works would be considered a force majeure condition and the delays would be noted for further rescheduling of the project as per contract. The project team continued to have their regular weekly meetings with the contractor, but the issue of force majeure was not part of those meetings as it was being handled separately by the Division of Administration (DOA). OIOS was informed that DOA verbally requested more information from the contractor but did not receive a response.

32. On 27 December 2020, the contractor issued a claim under force majeure conditions in the sum of \$594,590 for salaries, workmen's compensation and project insurance and referenced the notice issued on 25 March 2020. ECA, in consultation with the Procurement Division, responded on 10 February 2021 rejecting the claim and explained that the COVID-19 pandemic did not fall within the definition of force majeure as described in the contract. At the time of the audit, this dispute was not yet settled. The contractor may still pursue the claim through the arbitration process and the outcome will be uncertain.

33. In the sixth biannual report, the independent risk management firm had recommended that ECA should “establish formal claim management processes and procedures that aim to avoid any claims and/or strained contractor relationships and emphasize on a rapid and (if possible) amicable settlement of any claim to potentially avoid (legal) disputes and litigations, as these are costly and negatively impact the performance of the project. If a claim is unavoidable, ensure to protect the interest of the Organization”. However, the processes and procedures had not been established at the time of the audit, though the project team indicated that they were working on it. Once completed the project manual should be amended to include a section on claim management processes.

(4) ECA should update the manual for the Africa Hall project to include formal claim management processes and procedures to provide guidance on avoiding claims and litigations and to respond to them appropriately, should they occur.

ECA accepted recommendation 4 and stated that the Chief, Supply Chain Management Section would work closely with the Procurement Unit and the Procurement Division to incorporate a claim management process in the project manual, considering examples from similar projects and guidance from the project manager. Recommendation 4 remains open pending receipt of the updated project manual incorporating formal claim management processes and procedures.

C. Resource mobilization

ECA could push for unearmarked voluntary contributions from Member States to increase available funds for the project

34. In prior audits, OIOS had recommended that ECA should: (a) prepare a resource mobilization strategy; (b) prepare a plan to implement proposed activities indicated in reports to the General Assembly to mobilize voluntary contributions; and (c) nominate a senior official to oversee and coordinate the resource mobilization strategy following the lack of response from Member States and traditional donors to the ECA programme of work. Consequently, ECA requested the Partnerships and Resource Mobilization Section to oversee the engagement of a consultant to prepare a resource mobilization strategy and a related implementation plan. The consultant was contracted but withdrew before commencing the assignment following the outbreak of COVID-19 and subsequent lockdowns. Efforts are underway to find a replacement.

35. As of March 2021, one Member State (Mali) had contributed \$52,000, the host country had contributed a parcel of land for the car park and another Member State had pledged to contribute approximately \$100,000 to be used to support the start-up and operations of the visitors centre.

36. The Secretary-General’s latest progress report on the project (A/75/319 of August 2020) indicated that the donation received from Mali had resulted in a reduction of Member States’ assessment in 2020 by \$9,000, which will further be reduced in 2022 up to the total amount of the pledged voluntary contribution. According to the terms of the agreement, the contribution was earmarked for artwork restoration. Therefore, the amount will be offset against the budget approved by the General Assembly and become part of the approved cost of the project without increasing the total funds available. This treatment was in line with the terms of reference for the trust fund.

37. Given the 33-month delay in executing the project and the high risk of exceeding the approved project budget, ECA could push for unearmarked voluntary contributions from Member States to provide additional funds for the project. ECA commented that the Partnerships and Resource Mobilization Section

would accelerate the hiring of a resource mobilization consultant and actively work on mobilizing unearmarked voluntary contribution from Member States.

38. ECA was granted title deeds for the parcel of land donated by the host Government. According to the terms of reference for the trust fund, contributions in kind are given an estimated monetary value by the Controller at the time the pledge is received. Even though the certificate of title had been issued in the name of ECA, no monetary value was estimated to account for the donation as required by both the terms of reference of the trust fund and the International Public Sector Accounting Standards and the property was not recorded in the asset register. ECA agreed to liaise with the Controller's Office for guidance on rectifying this.

D. Procurement management

Project expenditures as of February 2021 were within budget and properly documented

39. The cumulative expenditure related to the Africa Hall renovation during the period 1 March 2020 to 28 February 2021 was \$1.6 million consisting of: (a) \$1 million for project supervision and management; (b) \$144,000 for early works construction projects; (c) \$128,000 for six security personnel; and (d) \$316,000 for consultancy. The largest portion of consultancy was related to the lead consultant firm costs at \$286,000 and the balance of \$30,000 for risk management activities.

40. Early works were 95 per cent complete as of March 2021 with a revised completion date of July 2021. Five invoices valued at \$144,000 were processed during the reporting period, all supported and approved by the project engineer and the Africa Hall project manager. ECA processed four invoices for a total of \$286,000 to the lead consultant including monthly payment of \$46,000 for the months of February and March 2020. OIOS concluded that billings related to early construction work and lead consultant expenditures were valid and adequately supported.

41. In the prior year report, OIOS had recommended that ECA should take action to mitigate the financial impact of the delays in the Africa Hall renovation project schedule, including by reassigning members of the project team where feasible and expediting the renegotiation of the contract with the lead consultant. The contract with the lead consultant was modified and the monthly project administration fee of \$46,000 was discontinued with effect from 1 April 2020. Similarly, the six security officers were reassigned to other duties with the Security Section and the recruitment of a contracts officer was put on hold temporarily. In addition, a logistics and shipping officer was reassigned to Supply Chain Management Section until the contract for the main works is signed. OIOS noted the efforts the project team made in mitigating the financial impact of the delays in the renovation works.

The multi-stage request for proposal with dialogue process was proceeding in accordance with the revised procurement schedule

a) The main renovation works

42. In February 2020, ECA obtained, through the Procurement Division, special approval from the Assistant Secretary-General for Supply Chain Management to use the multi-stage request for proposal with dialogue process¹ to establish a replacement contract for the main works. The works were estimated to cost approximately \$28.3 million. The dialogue process was conducted by ECA (Procurement Unit and Africa

¹ The approach allows pre-qualified vendors to get an in-depth understanding of the solicitation requirements through dialogue with the prospective employer before they submit their proposals. This enables risks to be identified and mitigated early in the procurement process and helps to maintain the continued interest of potential contractors in complex high-risk renovation works.

Hall project team) together with the Procurement Division, and GAMPS. As part of the approval, ECA was required to appoint an independent probity monitor (in collaboration with the Procurement Division) to provide additional oversight to the process and ensure adherence of all parties to the process.

43. A request for expression of interest was launched on 1 April 2020, with responses due by 1 July 2020. Bidders were reviewed during August and September 2020 and seven bidders were prequalified to proceed with the solicitation. Solicitation documents were distributed on 30 September 2020. The multi-stage request for proposal and competitive dialogue were conducted between October 2020 and February 2021. Tenders were opened on 18 February 2021, and the technical evaluation was conducted from 22 February to 11 March 2021. The financial evaluation commenced on 19 March and was ongoing as of April 2021. OIOS reviewed the minutes of various meetings, including the reports of the probity monitor and was satisfied that the process as approved by the Assistant Secretary-General, Supply Chain Management was adhered to. Representatives from the Procurement Division and GAMPS regularly attended meetings conducted during the dialogue process and participated in the evaluation process. The probity monitor also attended in an observer capacity.

b) Other procurement activities

44. Following the termination of the contract for the main renovation works in February 2020 and the outbreak of COVID-19, all other procurement activities were put on hold. The procurement process for audiovisual broadcasting and conference engineering supply and installation was revived in October 2020 and the tender package was submitted to Procurement Division on 17 March 2021 for review. It is anticipated that the solicitation process will be launched in April 2021 to avoid the exercise falling on the critical path of the main works. Also, procurement for the art restoration for Lots B and D was revived in March 2021, but the winning bidders requested time to review the original cost estimates since over 12 months had elapsed since they were notified of the contract award. ECA agreed to work closely with the Procurement Division to guide this process. Also, a recommendation by the Headquarters Committee on Contracts to rebid Lot A was endorsed by ECA. OIOS concluded that procurement activities were proceeding in accordance with the revised procurement schedule.

There was a need for all procurement officers to undertake professional and mandatory training

45. In prior year audits, OIOS had noted that the dedicated procurement officer for the Africa Hall renovation project was not operating as part of the project team and that the Procurement Division was not providing adequate oversight of procurement activities at ECA. The dedicated procurement officer is now attending all key meetings with the project team and offering them with support as needed. Similarly, the Procurement Division has been fully engaged with the project team during the multi-stage request for proposal with dialogue process, offering advice and support on a continuous basis.

46. All officers delegated with procurement authority were required to be professionally certified by an internationally recognized procurement certification authority such as Chartered Institute of Procurement and Supply (CIPS) at level 4 or equivalent by 1 January 2021. As of March 2021, four out of nine procurement officials based in Addis Ababa had completed level 4 of CIPS. Due to complications and logistical limitations associated with the COVID-19 pandemic, the Assistant Secretary-General, Office of Supply Chain Management had extended the completion date of this requirement to the end of 2021.

47. Also, in accordance with ST/SGB/2018/4, all procurement officials must complete seven online mandatory training courses including: (a) fundamentals of procurement; (b) overview of the procurement manual; (c) best value for money; (d) ethics and integrity in procurement; (e) acquisition planning; (f) contractual issues in purchasing; and (g) contractual management requirements. As of March 2021, only four out of nine procurement staff had completed all of them. However, some courses are not currently

available for access as they are being migrated to a new platform. This process is expected to be completed by July 2021. ECA needed to set a target date for all procurement staff to complete the required training.

48. Some procurement officials were not granted Umoja roles consistent with their delegation of authority. As of March 2021, six procurement officials holding approver delegation of authority from the DOA were not granted approver roles in Umoja as no one had pursued the issue. The delegation of authority should be consistent with the staff roles in Umoja to ensure efficient operations.

- (5) ECA should develop and implement an action plan to ensure that all procurement officials undertake the required professional and mandatory training in procurement and set a target date for their completion.**

ECA accepted recommendation 5 and stated that the Chief of the Procurement Unit would develop an action plan to ensure all procurement officials undertake the required professional and mandatory training within six months. Recommendation 5 remains open pending receipt of evidence that all procurement officials have completed the mandatory procurement courses.

- (6) ECA should grant Umoja roles to procurement officials in line with their delegation of authority.**

ECA accepted recommendation 6 and stated that it would grant relevant Umoja roles to procurement officials once all prerequisite mandatory training courses have been completed. Recommendation 6 remains open pending receipt of evidence that procurement officials have been granted relevant Umoja roles.

IV. ACKNOWLEDGEMENT

49. OIOS wishes to express its appreciation to the management and staff of ECA for the assistance and cooperation extended to the auditors during this assignment.

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of the renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	ECA should amend the terms of reference of the advisory board for the Africa Hall project to allow for the appointment of alternate members from Member States and organizations represented on the board, to prevent disruptions to board meetings.	Important	O	Receipt of revised terms of reference of the advisory board that allow for the appointment of alternate members.	September 2021
2	ECA should include in the project risk register, the risk of vacancies in the Africa Hall advisory board impeding the convening of meetings for appropriate monitoring and mitigation when necessary.	Important	O	Receipt of the risk register incorporating risk and mitigating action of vacancies on the advisory board.	September 2021
3	ECA should nominate a risk owner responsible to monitor the mitigation of risks to the Africa Hall project due to the COVID-19 pandemic to keep them under control.	Important	O	Receipt of the revised risk register identifying the owner of COVID-19 related risks.	September 2021
4	ECA should update the manual for the Africa Hall project to include formal claim management processes and procedures to provide guidance on avoiding claims and litigations and to respond to them appropriately, should they occur.	Important	O	Receipt of updated project manual that include formal claim management processes and procedures.	December 2021
5	ECA should develop and implement an action plan to ensure that all procurement officials undertake the required professional and mandatory training in procurement and set a target date for their completion.	Important	O	Receipt of evidence that all procurement officials undertook the required professional and mandatory training.	September 2021
6	ECA should grant Umoja roles to procurement officials in line with their delegation of authority.	Important	O	Receipt of evidence that Umoja roles to procurement officials are in line with their delegation of authority	September 2021

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

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

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

⁵ Date provided by ECA in response to recommendations.

APPENDIX I

Management Response

INTEROFFICE MEMORANDUM

To: Ms. Eleanor T. Burns, Director
A: Internal Audit Division, OIOS

Date: 7 June 2021
Ref: SPORD/ADM01-12-24-02-04-2

From: Said Adejumobi, Director
De: Strategic Planning, Oversight and Results
Division (SPORD)



Subject: Comments on the draft report on an Audit of the Renovation of the Africa Hall and Visitors
t: Centre Construction Projects in the Economic Commission for Africa (Assignment No.
Objet: AN2021-710-01)

With reference to your interoffice memorandum Ref. OIOS-2021-00768, dated 27 May 2021, I am pleased to submit ECA's management response to the audit recommendations. ECA accepts all recommendations and has provided deadlines, updates and comments in the attached matrix.

I wish to take the opportunity to thank your office and members of the audit team. I wish to assure you that ECA highly values the audit findings and recommendations which will be implemented within the indicated time frame.

Thank you.

Cc: Ms. Vera Songwe, Executive Secretary, ECA
Ms. Fatoumata Ndiaye, Under-Secretary-General, OIOS
Mr. Carlos Haddad, Director, DoA, ECA
Mr. Antonio Baio, Project Manager, ECA
Mr. Jack Howard, Chief, OPPFB, DMSPC
Mr. Inam Ullah, PMO, MERS, SPORD, ECA

Management Response

Audit of the renovation of the Africa Hall and visitors centre construction projects 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 amend the terms of reference of the advisory board for the Africa Hall project to allow for the appointment of alternate members from Member States and organizations represented on the board, to prevent disruptions to board meetings	Important	YES	Africa Hall PM	September 2021	TOR amendment has been drafted. To be reviewed and agreed by the Board itself during its upcoming meeting.
2	ECA should include in the project risk register, the risk of vacancies in the Africa Hall advisory board impeding the convening of meetings for appropriate monitoring and mitigation when necessary	Important	YES	Africa Hall PM	September 2021	The risk of vacancies within the Africa Hall Advisory Board will be included in the risk register of the project and analyzed with the Independent Risk Manager.
3	ECA should nominate a risk owner responsible to monitor the mitigation of risks to the Africa Hall project due to the COVID-19 pandemic to keep them under control	Important	YES	Africa Hall PM	September 2021	COVID-19 related risks have been incorporated into the risk register of the project and the Project Manager will act as risk owner.
4	ECA should update the manual for the Africa Hall project to include formal claim management processes and procedures to provide guidance on avoiding claims and litigations and to respond to them appropriately, should they occur.	Important	YES	Chief of SCMS	December 2021	Chief of SCMS shall work closely with the Procurement Unit and PD to formulate the necessary part of the Africa Hall manual related to the claim management process taking into consideration examples from similar projects and leads from the

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 renovation of the Africa Hall and visitors centre construction projects in the Economic Commission for Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						AH project manager in relation to workflows and project governance.
5	ECA should develop and implement an action plan to ensure that all procurement officials undertake the required professional and mandatory training in procurement and set a target date for their completion	Important	YES	Chief Procurement Officer	September 2021	Chief of PU will develop an action plan that will ensure all procurement officials undertake the required professional and mandatory training within 6 months.
6	ECA should grant Umoja roles to procurement officials in line with their delegation of authority.	Important	YES	Chief Procurement Officer	December 2021	ECA will grant procurement officials with the relevant Umoja provisioning roles as per the delegation of authority as soon as all pre-requisite mandatory training courses have been completed.