

RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS
Assignment No. AR2010/112/01 – Audit of UNHCR local procurement activities in Kenya in 2010
Second follow-up report
April 01, 2011

Para. no.	Recommendation	Risk category	Risk rating	Accepted (Yes/No)	Implementation date	Client Comments
11	The UNHCR Representation in Kenya should, in to comply with UNHCR Manual Chapter 8, section 2, ensure that Standard Operating Procedures are finalized for the Supply Units in each of the offices, also covering the coordination between the Supply Units of the different offices and with other sections.	Governance	High	YES	30 June 2011	This process has been agreed by all concerned staff. A number of SOPs need to be worked on, which represent a process over a period of time.
13	The UNHCR Representation in Kenya should transfer procurement activities from Administration Section to the Supply Unit to comply with UNHCR manual, Chapter 8, part 1.	Governance	Medium	YES	Immediate	Instructions already issued by the Representative and the Deputy Representative, including on official VAT management (report attached as e-mail entitled: Note for the file, meeting with Supply Unit).
15	The UNHCR Representation in Kenya should contact the Global Learning Centre at UNHCR Headquarters and request assistance in providing training for national supply staff.	Operational	Medium	YES	30 April 2011	Consultancy established for a seasoned retired Snr Supply Officer to provide training; Awaiting also the imminent posting of two P3 Supply Officers to encompass all staff.
18	The UNHCR Representation in Kenya should review and amend the Delegation of Authority Plan for branch and sub offices to ensure that only a select number of people are assigned roles of Purchase Order (PO) match manager and PO approver to comply with the guidance set in the UNHCR Financial Internal Control Framework.	Governance	Medium	YES	Immediate and completed no later than 28 February 2011	Understanding the DOAP in the context of due diligence will also be subject of a specific annual recurrent training. DOAP recently reviewed with a view to avoiding as much as possible conflict of roles (attached e-mail entitled: Revised DOAP)
21	The UNHCR Representation in Kenya should establish procedures to strengthen controls over Supply Unit's procurement Processes. These procedures should include establishing standard processing times/milestones, review and reporting of	Operational	High	YES	Ongoing	The Representative has also ordered a review of our control self-assessment capacity, with a view to proposing creation of a resident audit/compliance position at a senior level. With the support of the RSH, a review of the processes and roles has been

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	causes of delays and reporting to senior management on procurement progress.					carried out, specific proposals have been made and are being considered by Snr Management (<u>report attached under e-mail entitled: Support to Supply</u>)
27	The UNHCR Representation in Kenya should prepare and implement operating procedures for adequate and continuous procurement planning that includes, among others, timelines for procurement needs, assessment of efficiency of sourcing, a replacement plan for assets and procedures to assist with the timely implementation of the annual procurement plan.	Operational	High	YES	Ongoing	The RSH has been helpful on this issue, in the absence of an incumbent international staff in the Unit (<u>report attached, as indicated in rec. 21</u>)
30	The UNHCR Representation in Kenya should cease delegating procurement to Implementing Partners (IPs) who do not comply with the UNHCR IP Procurement Guidelines, especially partners not pre-qualified for procurement procedures. If procurement is delegated to IPs, a comprehensive and direct monitoring plan of procurement procedures carried out by implementing partners should be developed to ensure compliance with IP Procurement Guidelines.	Compliance	High	YES	30 June 2011	The progression of operations in Kenya is such that procurement by partners complements direct procurement by UNHCR, which also has reached very high levels (in 2010, procurement by partners was around \$16 million, while that carried out by UNHCR reached \$24 million). UNHCR has also drawn the attention of all (including pre-qualified) partners on industry standards of procurement, in particular, competitiveness, transparency and cost-effectiveness). The Representation has started to support non-pre-qualified partners and intends to strengthen this service with evidence in the near future. In particular, some letters supporting VAT refund applications have been issued.
31	The UNHCR Representation in Kenya should ensure that procurement delegated to a single Implementing Partner (IP) in excess of \$100,000 has been approved by the Local Committee on Contracts before signing the sub-project agreement as required by the UNHCR IP Procurement Guidelines.	Compliance	Medium	YES	30 June 2011	The first (retroactive) submission to the LCC took place in December 2010 already. In 2011, the LCC just constituted will review this particular type of procurement in its next sittings.

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37	The UNHCR Representation in Kenya should finalize the roster of local vendors by completing vetting of vendors based on established criteria and ensure that operating procedures are prepared for putting in use the vendor rosters.	Operational	Medium	YES	30 June 2011	Vendor database being re-built and we await increased capacity in the Supply Unit to review situation
38	The UNHCR Representation in Kenya should establish and implement procedures for regularly assessing vendors' performance, and a black list of vendors is established as per UNHCR manual, Chapter 8.	Operational	Medium	YES	30 June 2011	The process has been initiated but not completed; it will be pursued with a strengthened assignment of staff to the Supply Unit
41	The UNHCR Representation in Kenya should prepare a checklist, signed by supply staff, to ensure that UNHCR procurement procedures have been adhered to, including a check that the minimum number of vendors have been contacted and a check that vendors were provided with the minimum period of response for tender bids, except where there is a justification for departure from these guidelines clearly documented and filed.	Compliance	Medium	YES	30 June 2011	The process has been initiated but not completed; it will be pursued with a strengthened assignment of staff to the Supply Unit
43	The UNHCR Representation in Kenya should put in place a checklist for supply staff to sign to ensure that the point-scoring system for evaluating service and complex contracts is consistently used and adequate technical evaluation reports have been submitted to the Local Contracts Committee as required by Chapter 8 of the UNHCR manual.	Compliance	Medium	YES	30 June 2011	The process has been initiated but not completed; it will be pursued with a strengthened assignment of staff to the Supply Unit
46	The UNHCR Representation in Kenya should implement a new receiving procedure for all offices and warehouses that require that staff assigned with the receiving function raise Good Received	Compliance	Medium	YES	30 June 2011	Revised Standard Operating Procedures (SOPs) are being drafted.

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	Notes for all goods received.					
48	The UNHCR Representation in Kenya should put in place LCCs whose composition complies with IOM/004-FOM/006/2008.	Compliance	Medium	YES	31 January 2011	Fully complied with for 2011. We sent earlier the compositions for all offices as approved by the Representative.
51	The UNHCR Representation in Kenya should prepare a checklist for the minutes of every meeting to be signed by the Secretary of the Local Contracts Committee (LCC) indicating that the guidelines per IOM/004 – FOM/006/2008 have been complied with including sharing the minutes with the Secretary of the Committee of Contracts at UNHCR Headquarters.	Compliance	Medium	YES	31 March 2011	The immediate sharing of LCC reports with HQs CoC has already been implemented since December 2010; after each sitting of the LCC, as opposed to sharing reports in batches.
54	The UNHCR Representation in Kenya should contact the Global Learning Centre at UNHCR Headquarters to request their assistance in training Local Committee of Contracts (LCC) members to ensure their full awareness of the LCC's level of authority and the LCC's main roles such as assessing the adequacy of competitive bidding.	Operational	High	YES	30 April 2011	The training will be conducted by an experienced retired Snr Supply Officer who is being engaged to support the Representation with this activity.
58	The UNHCR Representation in Kenya should establish whether there has been any financial loss to UNHCR arising from non compliance with rules, and establish accountability for the financial loss.	Compliance	Medium	YES	30 June 2011	This report has been further studied in detail to establish areas of risk that may indicate loss to the organization. Thus for those areas where there is more than lapses of compliance with rules, the areas of financial loss that UNHCR Kenya is pursuing relate to the pace of VAT exemptions and recovery of excise duty on fuel. These are processes where UNHCR has engaged two experienced national staff on temporary assistance and who have marked some important breakthrough, as they are conversant with the system. Thus, most VAT has been recovered from 2009 to

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						present, with the exception on major recoveries on fuel, which are still being pursued painstakingly reconstituting all procurements and deliveries.
59	The UNHCR Representation in Kenya should send a letter informing all staff of their respective level of authority and that any transactions above \$20,000 should be approved by the LCC and that non-compliance to these rules could lead to liability on behalf of the staff member.	Compliance	Medium	YES	30 April 2011	No action taken yet, but instructions are being drafted and will be issued before the end of the month of April.
60	The UNHCR Representation in Kenya should put in place procedures to ensure that the combined annual purchase orders to one vendor does not exceed the approved amount or \$20,000 without prior approval by the relevant Committee on Contracts.	Compliance	Medium	YES	30 April 2011	With increased monitoring capacity in the Representation, we expect this to be a routine monitoring and alert system that we can establish.
62	The UNHCR Representation in Kenya should establish an annual plan for renewal of contracts including expected milestones for the contract renewal steps, and have these adequately monitored by the Senior Supply Officer.	Operational	Medium	YES	Ongoing	A consolidated list of contracts and their deadlines exists and is being updated regularly (<u>report attached on e-mail entitled: Commercial contracts</u>)
64	The UNHCR Representation in Kenya should enter into service and maintenance agreements for all generators at the sub offices that include supply of generator spare parts.	Operational	Medium	YES	30 June 2011	Given the specialized nature of this area, consultations with the Regional Service Hub have been regularly taken place
66	The UNHCR Representation in Kenya should have the electrical infrastructure at sub office, Dadaab improved to an adequate level.	Operational	Medium	YES	30 June 2011	Given the specialized nature of this area, consultations with the Regional Service Hub have taken place regularly and the RSH will be solicited to carry out this activity by mid-year
68	The UNHCR Representation in Kenya should enter into service agreements for mobile phone and taxi services as recommended by the UNHCR manual	Operational	Medium	YES	31 April 2011	Contracts under review

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	Chapter 8.					
71	The UNHCR Representation in Kenya should establish criteria and adequate procedures for authorizing and controlling mobile phone and taxi services in order to better justify these expenditures.	Operational	Medium	YES	30 June 2011	A memo on the use of the taxi official services has been issued and the criteria of distribution of official phones among staff are being reviewed, to be implemented soon <u>(report attached as document entitled: Policy for use of taxi services)</u>
73	The UNHCR Representation in Kenya should request the Kenyan Government for reimbursement of excise duty paid on diesel fuel: \$500,000 in 2009 and up to August 2010.	Compliance	Medium	YES	30 June 2011	UNHCR Kenya is working with a company specialized in recoveries (KPMG) to support the process. Meanwhile, the services of temporarily employed national staff is being used to clear the issues that prevented the Representation from recovering the tax previously.
74	The UNHCR Representation should develop standard operating procedures for handling taxes, such as Value Added Tax, and have relevant staff adequately trained.	Operational	Medium	YES	30 June 2011	Process started and Supply staff working on it <u>(see attachment as e-mail entitled: VAT processing requirements)</u>