



Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

UNHCR local procurement activities in
Kenya

Controls over procurement management need
improvement

1 June 2011

Assignment No. AR2010/112/01

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Mr. António Guterres, High Commissioner
A: United Nations High Commissioner for Refugees
(UNHCR)

DATE: 1 June 2011

FROM: Fatoumata Ndiaye, Director
DE: Internal Audit Division, OIOS

Fatoumata

REFERENCE: IAD: 11- 00424

SUBJECT: **Assignment No. AR2010/112/01 – Audit of UNHCR local procurement activities in Kenya**
OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendation 11 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Alexander Aleinikoff, Deputy High Commissioner, UNHCR
Ms. Erika Feller, Assistant High Commissioner (Protection), UNHCR
Ms. Janet Lim, Assistant High Commissioner (Operations), UNHCR
Ms. Karen Madeleine Farkas, Controller and Director, Division of Financial and Administrative Management, UNHCR
Mr. George Okoth-Obbo, Director, Bureau for Africa, UNHCR
Mr. Elike Koffi Segbor, Representative, UNHCR Kenya
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Mr. Rohan Wijeratne, Board of Auditors
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit
Mr. Mario Baez, Chief Policy and Oversight Coordination Service, Department of Management
Mr. Byung-Kun Min, Special Assistant to the USG-OIOS
Mr. Christopher F. Bagot, Chief, Geneva Audit Service, OIOS
Ms. Amy Wong, Programme Officer, Internal Audit Division, OIOS

INTERNAL AUDIT DIVISION

FUNCTION

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CONTACT INFORMATION

DIRECTOR:

Fatoumata Ndiaye: Tel: +1.212.963.5648, Fax: +1.212.963.3388,
e-mail: ndiaye@un.org

DEPUTY DIRECTOR:

Gurpur Kumar: Tel: +1.212.963.5920, Fax: +1.212.963.3388,
e-mail: kumarg@un.org

CHIEF, GENEVA AUDIT SERVICE:

Christopher F. Bagot: Tel: +41.22.917.2731, Fax: +41.22.917.0011
e-mail: cbagot@unog.ch

EXECUTIVE SUMMARY

Audit of UNHCR local procurement activities in Kenya

The Office of Internal Oversight Services (OIOS) conducted an audit of UNHCR local procurement activities in Kenya. The overall objective of the audit was to assess the adequacy and effectiveness of local procurement arrangements and controls established by management to support UNHCR operations in Kenya and address the risks relating to local procurement. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The overall conclusion was that controls over procurement management need improvement by taking the following actions:

- Developing standard operating procedures for the Supply Units to ensure that roles and responsibilities for the procurement in all offices are clearly defined and coordination is strengthened.
- Establishing procedures for monitoring procurement activities, including creation of standards for processing timelines or milestones, review and reporting to management of causes of delays.
- Developing procurement planning procedures, including timelines, assessment of sourcing, a replacement plan for assets and monitoring of the timely implementation of the annual procurement plan.
- Developing a comprehensive plan to monitor procurement activities carried out by implementing partners (IP) to ensure compliance with IP Procurement Guidelines.
- Enhancing the effectiveness of the Local Committee on Contracts by training its members on their level of authority and main roles.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of UNHCR local procurement activities in Kenya. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. This audit was requested by the Representation in Kenya following a self-assessment exercise, which highlighted weaknesses in the procurement procedures carried out locally by the three offices in Kenya.
3. The budget for procurement carried out by the Representation locally was \$20.3 million in 2009 and \$9.7 million in 2010 (up to August). Items frequently procured were lentils, groundnuts, fuel and soap bars, which together represented approximately 30 per cent of the combined total procurement budget for 2009 and 2010. The Representation in Kenya worked with 17 Implementing Partners (IPs) in 2010 who had delegated authority to procure \$18 million (\$9 million in 2009).
4. The Supply Unit of the Representation is headed by a Senior Supply Officer (P-4) who supervised 11 supply staff in the three locations: the Nairobi Branch Office and the sub offices in Dadaab and Kakuma. Procurement activities such as sourcing, tendering and contracting, were mainly performed by the Branch Office in Nairobi, since the sub offices had a limited local market for sourcing procurement needs.
5. Comments made by UNHCR are shown in *italics*.

II. AUDIT OBJECTIVES

6. The objective of the audit was to assess the adequacy and effectiveness of local procurement arrangements and controls established by management to support UNHCR operations in Kenya and address the risks relating to local procurement.

III. AUDIT SCOPE AND METHODOLOGY

7. The audit, which took place between September and October 2010, reviewed local procurement activities carried out by the UNHCR Representation in Kenya from January 2009 to August 2010. It focused on the organization of procurement by the Representation, the planning and sourcing of local procurement, the tendering process, monitoring of procurement carried out by Implementing Partners (IPs), functioning of the Local Committees on Contracts (LCC) and contract management. Both sub offices were visited as part of this audit.
 8. Warehousing and asset management procedures, as well as procurement activities carried out by IPs were excluded from the audit scope.
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9. The audit methodology included a review of policies and procedures, administrative guidelines and data available from Managing for Systems, Resources and People (MSRP), interviews with responsible personnel, analysis of relevant data, and observations and verification of processes.

IV. AUDIT RESULTS

A. Organization of procurement

Need for standard operating procedures and training on procurement

10. Regulatory framework over local procurement activities was unsatisfactory. Standard operating procedures were not in place to guide staff in discharging their roles and responsibilities with regard to procurement functions. Lack of detailed procedures resulted in delays in procurement and ineffectiveness due to poor coordination between the Supply Unit and substantive and administrative sections. For example, staff at the sub offices explained that it was not clear to them whether to liaise directly with the Supply Unit in Nairobi or through the local supply staff at the sub office. UNHCR Manual chapter 8, section 2 of Part I requires that procedures are formulated to ensure that staff understand their roles and responsibilities with regard to procurement functions.

11. Furthermore, none of the national supply staff had received any training in how to carry out duties or how to use the MSRP supply management module. Eight of the ten national supply staff had no prior experience in supply chain related tasks. Only on the job training from colleagues was available. This lack of training is a contributory factor to many of the control weaknesses described in this report.

Recommendations 1 and 2

The UNHCR Representation in Kenya should:

- (1) Finalize standard operating procedures for the Supply Units in each of the offices, including coordination between the Supply Units of the different offices and with other sections.**
- (2) Contact the Global Learning Centre at UNHCR Headquarters and request assistance in providing training for national supply staff.**

12. *The UNHCR Representation in Kenya accepted recommendation 1 and stated that this process has been agreed by all concerned staff. A number of standard operating procedures need to be worked on, which represent a process over a period of time. Recommendation 1 remains open pending receipt of copies of standard operating procedures for the Supply Units in each of the offices including the coordination between them and with other sections.*

13. *The UNHCR Representation in Kenya accepted recommendation 2 and stated that consultancy was established for a seasoned retired Senior Supply Officer to provide training, which would also be provided to the two P-3 Supply Officers to be posted. Recommendation 2 remains open pending confirmation by the Representation that training was provided to all national supply staff.*

Need to amend the Delegation of Authority Plan to prevent conflict of roles

14. To overrule or correct three-way matching conflicts in the system, MSRP has a role of the Purchase Order (PO) match manager. As per the UNHCR Financial Internal Control Framework, this role should be assigned to a limited number of staff because persons assigned with this role can authorize automatic payment of invoices. In the Dadaab sub-office 15 staff had the PO match manager role assigned to them. In Nairobi and Dadaab, the PO approver role is assigned to lower level staff, including national officers and United Nations Volunteers (UNV), which does not reflect the fact that a PO is an external contract between UNHCR and a vendor. Therefore, inefficiencies and ineffectiveness could occur in operations and in responsibilities of staff members.

Recommendation 3

(3) 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.

15. *The UNHCR Representation accepted recommendation 3 and stated that understanding the DOAP in the context of due diligence will also be subject of a specific annual recurring training. DOAP was recently reviewed with a view to avoiding as much as possible conflict of roles. Recommendation 3 remains open pending receipt of the UNHCR Headquarters approved and adjusted DOAP free from conflicting roles or procedures to mitigate the risk where the current roles cannot otherwise be segregated.*

Timeliness of procurement process needs improvement

16. There were delays in processing requisitions. Out of 47 requisitions with a total value of \$3 million, 18 requisitions with a total value of \$1.4 million (46 per cent) were older than three months. Delays in procurement process negatively affected implementation of operations.

Recommendation 4

(4) The UNHCR Representation in Kenya should establish standard processing times/milestones for the procurement process, analyze causes of procurement delays and report to senior management on procurement timelines.

17. *The UNHCR Representation in Kenya accepted recommendation 4 and stated that the Representative has ordered a review of their 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 Regional Support Hub RSH, a review of the processes and roles has been carried out, and specific proposals have been made and are being considered by Senior Management. Recommendation 4 remains open pending receipt of procedures for monitoring procurement process timelines, including standard processing times/milestones, review and reporting of causes of delays and regularly reporting to senior management on procurement progress.*

B. Procurement planning, tendering and evaluation

Need to improve controls over procurement planning

18. UNHCR Representation in Kenya prepared the procurement plan in accordance with UNHCR Manual, chapter 8 in the beginning of 2010. However, the plan was not adequate to support efficient procurement. Timelines for procuring necessary resources were not established and there was no evidence that implementation of the procurement plan was monitored. Furthermore, the procurement plan did not consider replacement of all fully depreciated assets that were still in service in the Representation. This resulted in “emergency needs” for assets, such as generators and water pumps that had broken down and needed to be replaced immediately.

19. In addition, the Supply Unit did not use the procurement plan for assessing the most efficient way of sourcing. For example, it did not consider consolidating similar procurement needs from three offices or from IPs to obtain possible price advantages or determine international rather than local sourcing through the Supply Management Service. The following items were procured locally without assessing or comparing prices and quality internationally: generators, water pumps, vehicle spare parts and tires. IPs were separately procuring vehicle spare parts, generators, computer equipment and carried out numerous construction activities without assessing efficiency of procurement by consolidation.

20. The implementation rate (for direct implementation) was at 64 per cent as of 21 September 2010 (including encumbrance and pre-encumbrance). This means that 36 per cent still needed to be requisitioned, sourced and procured before the end of the year in order to reach full implementation of the 2010 budget. Similarly, LCC met three times within ten days in December 2009 to decide on 29 procurement cases.

Recommendation 5

(5) The UNHCR Representation in Kenya should develop procurement planning procedures, including timelines, assessment of sourcing, a replacement plan for assets and monitoring of the timely implementation of the annual procurement plan.

21. *The UNHCR Representation in Kenya accepted recommendation 5 and stated that the Regional Support Hub has been helpful on this issue, in the absence of an incumbent international staff in the Unit. Recommendation 5 remains open pending receipt of procurement planning procedures, including timelines, assessment of sourcing, a replacement plan for assets and monitoring of the timely implementation of the annual procurement plan.*

Need to improve controls over procurement carried out by IPs

22. According to UNHCR Procurement Guidelines, IPs who are not pre-qualified may not procure over \$20,000. Approximately \$9 million worth of procurement was delegated to 12 IPs who were not pre-qualified in 2010. One of the IPs procured for \$3.7 million during the year. There was no comprehensive and direct monitoring plan for procurement delegated to IPs. UNHCR Representation in Kenya visited some IPs on an ad-hoc basis when, for example, the contract committee of the IP decided on procurement cases from UNHCR budgets.

23. UNHCR had identified through its internal review, deficiencies in procurement, which in one case led UNHCR to conclude that internal procurement arrangements were invalid and inappropriate as far as the sub-project agreement for 2009 was concerned. However, the Representation did not take any action based on this review. Furthermore, there were 11 and 16 IPs in 2009 and 2010, respectively, which had procurement delegated in excess of \$100,000. The Representation did not submit for approval to LCC the above cases as required by the UNHCR IP Procurement Guidelines.

Recommendation 6

(6) The UNHCR Representation in Kenya should develop a comprehensive plan to monitor procurement activities carried out by implementing partners to ensure compliance with IP Procurement Guidelines.

24. *The UNHCR Representation in Kenya accepted recommendation 6 and stated that 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. Recommendation 6 remains open pending receipt of a comprehensive and direct monitoring plan by the Representation of procurement procedures carried out by implementing partners, especially by non-prequalified ones.

Vendor roster management needs improvement

25. UNHCR Manual, Chapter 8, part 2 and IOM/045 – FOM/045/2010, requires the establishment of a vendor registration process with vetting procedures and the regular evaluation of existing vendors. The branch and sub offices started setting up the vendor rosters in 2010. The rosters were incomplete and hundreds of existing vendors were not on the rosters. For the Nairobi branch office, the vendors were included in the roster based on documentary evidence but the actual vetting of vendors did not take place as required by the UNHCR Manual. The criteria for inclusion in the roster were not clear and there were no procedures for utilizing vendor rosters.

26. The Representation in Kenya did not maintain a list of inactive or removed vendors, as required by the UNHCR Manual. None of the offices had evaluated any of the current vendors. Because of the lack of vetting and evaluating vendors, some local vendors delivered poor quality products. The Representation had provided one recent example of a vendor with poor performance that had affected operations in the field. The Representation procured a 250/270 KVA generator for \$48,000 from a local vendor, which did not meet the required quality in December 2009. The vendor was unwilling to provide warranty on the generator after the problems occurred. This vendor had not been evaluated and vetted despite previous contractual relationships.

Recommendation 7

The UNHCR Representation in Kenya should:

(7) Establish clear criteria for vendor vetting, develop procedures for using vendor rosters and for regular performance evaluation of vendors, and establish a black list of vendors.

27. *The UNHCR Representation in Kenya accepted recommendation 7 and stated that the vendor database is being re-built and they await increased capacity in the Supply Unit to review the situation. The UNHCR Representation in Kenya stated that the process for regularly assessing vendors' performance including procedures for a black list of vendors have been initiated but not completed. It will be pursued with a strengthened assignment of staff to the Supply Unit* Recommendation 7 remains open pending receipt of documentary evidence that the vendor roster is completed after vetting of local vendors based on established criteria, and receipt of procedures for putting in use the vendor rosters.

Need to improve bid evaluation procedures

28. The point-scoring system was not consistently used for evaluating bids for service and complex contracts. Furthermore, adequate technical evaluation reports were not prepared for complex procurement cases. Instead, technical staff just gave general evaluations without specifically scoring each bid on the established criteria. The Representation had 15 annual service contracts in place, for which only two had been adequately evaluated in the past year before entering into a new or renewed service contract. Therefore, there is no reasonable assurance that the Representation entered into contracts that will deliver the best value for money.

Recommendation 8

(8) The UNHCR Representation in Kenya should ensure that supply staff consistently use the point-scoring system for evaluating service and complex contracts as required by Chapter 8 of the UNHCR Manual.

29. *The UNHCR Representation in Kenya accepted recommendation 8 and stated that the process has been initiated but not completed; it will be pursued with a strengthened assignment of staff to the Supply Unit.* Recommendation 8 remains open pending receipt of checklists, signed by supply staff, evidencing compliance with procurement procedures including use of point-scoring system and adequate technical evaluation reports have been submitted.

C. Local Committee on Contracts

LCC acted outside its authority and did not consistently assess competitive bidding

30. As per IOM/004-FOM/006/2008, LCC has the authority to approve waivers for competitive bidding up to \$50,000. However, LCC in the Nairobi Branch Office approved waivers for competitive bidding up to \$150,000, which is under the authority of the Regional Contracts Committee (RCC). Over the last year, the LCC in Nairobi approved three waivers for competitive bidding with a total value of \$293,000, which were outside its level of authority. Moreover, one of the main tasks of LCC is to ensure that the purchase of goods and contracting of services is obtained through competitive bidding. However, based on the review of the LCC minutes for 2009 and 2010, the LCC had approved three procurement cases totaling \$407,000 without any form of competitive bidding. The reasons provided were not in compliance with the rules on waivers for competitive bidding.

Recommendation 9

(9) The UNHCR Representation in Kenya should ensure that all members of the Local Committee on Contracts receive adequate training on their level of authority and main roles.

31. *The UNHCR Representation in Kenya accepted recommendation 9 and stated that the training will be conducted by an experienced retired Senior Supply Officer who is being engaged to support the Representation with this activity. Recommendation 9 remains open pending confirmation by the Representation that all LCC members have been adequately trained on LCC's level of authority and main roles.*

Procurement not submitted to LCC and COC for approval when required

32. There were 17 procurement cases with a total value of \$1.2 million that were not submitted for approval to LCC, and at least three cases with a total value of \$761,000, that required approval by RCC/COC that were not submitted for approval. The Nairobi Branch Office lacked controls to ensure that appropriate approval and authority had been obtained for procurement. Although the Nairobi Branch Office had conducted a self-assessment of the operation of LCC in the first quarter of 2010, accountability had not been established for cases contained in this self-assessment that were not submitted to LCC when required.

Recommendation 10

(10) The UNHCR Representation in Kenya should put in place procedures to ensure that the combined annual purchase orders to one vendor do not exceed the approved amount or \$20,000 without prior approval by the relevant Committee on Contracts.

33. *The UNHCR Representation in Kenya accepted recommendation 10 and stated that with increased monitoring capacity in the Representation, they expect this to be a routine monitoring and alert system that they can establish. Recommendation 10 remains open pending receipt of procedures evidencing controls in place to detect cases where the combined annual purchase orders to one vendor does not exceed the approved amount of \$20,000 without prior approval by the relevant Committee on Contracts.*

D. Contract management and receiving

Lack of planning related to contracts

34. With the increase in the number of frame agreements for common services over the last year, the planning for re-tendering of expired contracts needed significant improvement. Due to a lack of planning, LCC was requested and granted extensions for the majority of the contracts that had expired, often retroactively, two months after the expiration of the contract. For example, three month extensions were given in 2010 for transportation contracts with two

suppliers, diesel fuel contract, security services contract, cleaning and maintenance contracts for offices.

Recommendation 11

(11) 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.

35. *The UNHCR Representation in Kenya accepted recommendation 11 and stated that a consolidated list of contracts and their deadlines exists and is being updated regularly. Based on the action taken by the Representation, recommendation 11 has been closed.*

Lack of service and maintenance agreements for generators

36. Given the fact that the two sub offices were fully dependent on generator power, they failed to initiate the process to obtain service and maintenance agreements to better guarantee continuous operation of their offices as recommended by the regional generator electrician. The regional generator electrician in his mission report of the sub-office Dadaab raised this issue in April 2010. However, at the time of the audit, the sub offices lacked service and maintenance agreements for these generators. In sub-office Dadaab the generators were mainly serviced by a refugee incentive worker.

Recommendation 12

(12) 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.

37. *The UNHCR Representation in Kenya accepted recommendation 12 and stated that given the specialized nature of this area, consultations with the Regional Support Hub have been regularly taking place. Recommendation 12 remains open pending receipt of confirmation from the Representation that service and maintenance agreements have been concluded for all generators at the sub offices.*

Procedures for receiving goods need strengthening

38. There were no procedures to ensure that payment was made for properly inspected goods. Goods received note (GRN) was not raised at the Kakuma and Dadaab sub offices. Payments were based on the delivery notes. For goods received at the Nairobi Branch Office, a third party warehousing and clearing agent raised the GRN. Only copies of GRN were kept at the Branch Office. Payments were based on copies of GRN raised by the warehousing agent. Consequently, the Supply Unit entered the receipt of a generator valued at \$48,000 without the GRN in the system, which triggered automatic matching and payment. Subsequently, inspection of the generator revealed that some spare

parts and operation manuals for the generator were missing. According to Chapter 8, part 2 the UNHCR Manual, goods received should be compared with the details on the delivery note, the invoice and the purchase order.

Recommendation 13

(13) The UNHCR Representation in Kenya should require that staff assigned with the receiving function raise Good Received Notes for all goods received.

39. *The UNHCR Representation in Kenya accepted recommendation 9 and stated that revised standard operating procedures (SOPs) are being drafted. Recommendation 9 remains open pending receipt of the finalized and approved standard operating procedures that include the raising of Good Received Notes for all offices and warehouses.*

No reimbursement claimed for taxes paid on fuel: \$500,000

40. The Representation paid excise duty on diesel fuel procured for the sub offices at Dadaab and Kakuma. The total excise duty paid in 2009 and 2010 amounted to approximately \$500,000, for which the Representation had not claimed reimbursement from the Kenyan Government. In general, staff did not receive adequate training on Value Added Tax (VAT) matters and their knowledge of Kenya taxes was weak. Consequently, staff were not able to accurately identify goods that should be exempted from VAT. This had resulted in a loss of funds available to UNHCR projects implemented in Kenya.

Recommendations 14 and 15

The UNHCR Representation in Kenya should:

(14) Claim reimbursement from the Kenyan Government for the excise duty paid on diesel fuel for the period from 2009 to 2010.

(15) Develop standard operating procedures for handling taxes, such as Value Added Tax, and have relevant staff adequately trained.

41. *The UNHCR Representation in Kenya accepted recommendation 14 and stated that UNHCR Kenya is working with a company specialized in recoveries (KPMG) to support the process. Meanwhile, the services of temporarily employed national staff are being used to clear the issues that prevented the Representation from recovering the tax previously. Recommendation 14 remains open pending receipt of documentary evidence that the Kenyan Government will reimburse the Representation the excise duty paid on diesel fuel.*

42. *The UNHCR Representation in Kenya accepted recommendation 15 and stated that the process started and Supply staff was working on it. Recommendation 15 remains open pending receipt of procedures for handling taxes, such as Value Added Tax, excise duty on fuel, taxes at IPs, and*

confirmation by the Representation that relevant staff has been adequately trained.

V. ACKNOWLEDGEMENT

43. We wish to express our appreciation to the Management and staff of UNHCR Kenya for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	The UNHCR Representation in Kenya should finalize standard operating procedures for the Supply Units in each of the offices, including coordination between the Supply Units of the different offices and with other sections.	Operational	Medium	O	Standard operating procedures for the Supply Units in each of the offices, including the coordination between them and with other sections.	30 June 2011
2	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	O	Confirmation by the Representation that training was provided to all national supply staff.	30 April 2011
3	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	O	Receipt of the UNHCR Headquarters approved and adjusted DOAP free from conflicting roles or procedures to mitigate the risk where the current roles cannot otherwise be segregated.	28 February 2011
4	The UNHCR Representation in Kenya should establish standard processing times/milestones for the procurement process, analyze causes of procurement delays and report to senior management on procurement timelines.	Operational	Medium	O	Receipt of procedures for strengthening controls over the Supply Unit's procurement processes that include standard processing times/milestones, review and reporting of causes of delays and regularly reporting to senior management on procurement progress.	Ongoing
5	The UNHCR Representation in Kenya should develop procurement planning procedures, including timelines, assessment of sourcing, a replacement plan	Operational	Medium	O	Receipt of procurement planning procedures, including timelines for procurement needs, assessment of sourcing, a replacement plan for assets and	Ongoing

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	for assets and monitoring of the timely implementation of the annual procurement plan.				procedures to monitor timely implementation of the annual procurement plan.	
6	The UNHCR Representation in Kenya should develop a comprehensive plan to monitor procurement activities carried out by implementing partners to ensure compliance with IP Procurement Guidelines.	Compliance	Medium	O	Receipt of a comprehensive and direct monitoring plan by the Representation of procurement procedures carried out by implementing partners, especially by non-pre-qualified ones.	30 June 2011
7	Establish clear criteria for vendor vetting, develop procedures for using vendor rosters and for regular performance evaluation of vendors, and establish a black list of vendors.	Operational	Medium	O	Receipt of documentary evidence that the vendor roster is completed after vetting of local vendors based on established criteria, and receipt of procedures for putting in use the vendor rosters.	30 June 2011
8	The UNHCR Representation in Kenya should ensure that supply staff consistently use the point-scoring system for evaluating service and complex contracts as required by Chapter 8 of the UNHCR Manual.	Compliance	Medium	O	Copies of technical evaluations using a point-scoring system.	30 June 2011
9	The UNHCR Representation in Kenya should ensure that all members of the Local Committee on Contracts receive adequate training on their level of authority and main roles.	Operational	Medium	O	Confirmation by the Representation that all LCC members have been adequately trained on their level of authority and main roles.	30 April 2011
10	The UNHCR Representation in Kenya should put in place procedures to ensure that the combined annual purchase orders to one vendor do not exceed the approved amount or \$20,000 without prior approval by the relevant Committee on Contracts.	Compliance	Medium	O	Procedures to ensure that the combined annual purchase orders to one vendor do not exceed the approved amount or \$20,000.	30 April 2011
11	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	Operational	Medium	C	Action completed.	Implemented

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	Supply Officer.					
12	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	O	Receipt of confirmation from the Representation that service and maintenance agreements have been concluded for all generators at the sub offices.	30 June 2011
13	The UNHCR Representation in Kenya should require that staff assigned with the receiving function raise Good Received Notes for all goods received.	Compliance	Medium	O	Receipt of the finalized and approved standard operating procedures that include the raising of Good Received Notes for all offices and warehouses.	30 June 2011
14	The UNHCR Representation should claim reimbursement from the Kenyan Government for the excise duty paid on diesel fuel for the period from 2009 to 2010.	Compliance	Medium	O	Receipt of documentary evidence that the Kenyan Government will reimburse the Representation the excise duty paid on diesel fuel.	30 June 2011
15	The UNHCR Representation should develop standard operating procedures for handling taxes, such as Value Added Tax, and have relevant staff adequately trained.	Operational	Medium	O	Receipt of procedures for handling taxes, such as Value Added Tax, excise duty on fuel and Value Added Tax at IPs and confirmation by the Representation that relevant staff has been adequately trained.	30 June 2011

1. C = closed, O = open

2. Date provided by UNHCR in response to recommendations.

ANNEX 2

*Use this page if the orientation of Annex 2 is portrait. If the orientation is landscape, insert a section break at the end of Annex 1 and continue on the new page. (On the **Insert** menu, point to **Break**, select **Next page** under **Section break types**.) Leave the page blank if not required; do not delete it.*