



INTERNAL AUDIT DIVISION

REPORT 2014/159

Audit of the Regional Support Hub in Kenya for the Office of the United Nations High Commissioner for Refugees

Overall results relating to management of the Regional Support Hub were initially assessed as unsatisfactory. Implementation of four critical and six important recommendations remains in progress.

FINAL OVERALL RATING: UNSATISFACTORY

30 December 2014

Assignment No. AR2014/112/01

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AUDIT REPORT

Audit of the Regional Support Hub in Kenya for the Office of the United Nations High Commissioner for Refugees

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Regional Support Hub in Kenya for the Office of the United Nations High Commissioner for Refugees (UNHCR).

2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.

3. UNHCR established the Regional Support Hub (RSH) in Nairobi, Kenya in 2003. RSH provides operational support and technical advice to 13 countries in the East and Horn of Africa, Central Africa and Great Lakes region. As an integral part of the Bureau for Africa, the principal goal of RSH is to support UNHCR operations in the region in pursuing the Global Strategic Priorities of UNHCR as they relate to the 22 specialist units in RSH. In its Strategic Directions for 2013-2015, RSH prepared objectives for each of the specialist units based on the Global Strategic Priorities. The main overall RSH objectives were:

- Improvement of protection and assistance standards;
- Sustainability of initiatives;
- Comprehensive approaches towards protection interventions and durable solutions;
- Continuous contingency planning and emergency preparedness; and
- Support to the Bureau's efforts in ensuring strategic coherence, programme quality and results, management effectiveness, accountability and financial due diligence for UNHCR operations in the region.

4. RSH had expenditures of \$8.0 million in 2012 and \$7.4 million in 2013. Its budget for 2014 is \$7.8 million. RSH had, at the time of the audit, 61 approved staff posts and 22 affiliate staff. Fifty-four of the approved posts were filled (representing a vacancy rate 11 per cent) and consisted of 28 professional and 26 general service staff. The specialist units mostly had one or two staff and reported directly to the Head of RSH who was at the D-1 level. From 1 January 2012 to 31 December 2013, RSH issued 310 purchase orders with a total value of \$3.4 million. As of January 2014, RSH had 29 property, plant and equipment assets with a purchase value of \$665,623 and 284 serially tracked items with a purchase value of \$498,474.

5. Comments provided by UNHCR are incorporated in *italics*

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNHCR governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the UNHCR Regional Support Hub in Kenya.**

7. The audit was included in the 2014 risk based internal audit work plan for UNHCR due to the risks related to the critical role of RSH in advancing the Global Strategic Priorities of UNHCR in the East and Horn of Africa, Central Africa and Great Lakes region.

8. The key controls tested for the audit were: (a) strategic planning; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Strategic planning** - controls that provide reasonable assurance that strategic planning is implemented and reported upon by RSH in compliance with relevant mandates, rules and regulations;

(b) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures exist for the effective management of RSH and that they are adequate and effective.

9. The key controls were assessed for the control objectives shown in Table 1.

10. OIOS conducted this audit from February to July 2014. The audit covered the period from 1 January 2012 to 31 December 2013.

11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

12. The UNHCR governance, risk management and control processes examined were assessed as **unsatisfactory**¹ in providing reasonable assurance regarding the **effective management of the UNHCR Regional Support Hub in Kenya**. OIOS made ten recommendations to address issues identified in the audit.

13. Strategic planning was assessed as unsatisfactory because there was a critical need to establish work plans for regional officers that address high risk operational priorities in the region and to strengthen management oversight to ensure that procedures for preparation and distribution of mission reports are implemented and that a system is in place for following up on recommendations raised by the regional officers in the mission reports. Other important recommendations related to the need to: (i) develop a system of accountabilities, responsibilities and authorities for RSH as part of the UNHCR Global Management Accountability Framework; (ii) implement a results based management model for RSH in compliance with UNHCR rules, including developing appropriate impact or performance indicators; and (iii) justify the post requirements for RSH based on needs.

14. Regulatory framework was assessed as unsatisfactory due to the critical need to: (i) ensure transparent and competitive recruitment procedures; (ii) address conflict of interest situations arising from employment of spouses in the same office; and (iii) comply with the rules on hiring of seconded staff and consultants. Other important recommendations raised in the audit included the need to: (i) justify unused

¹ A rating of “unsatisfactory” means that one or more critical and/or pervasive important deficiencies exist in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

office space; (ii) comply with the UNHCR requirements on procurement planning; and (iii) address weaknesses in the effectiveness of the Regional Committee on Contracts.

15. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **unsatisfactory** as the implementation of four critical and six important recommendations remains in progress.

Table 1
Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of the UNHCR Regional Support Hub in Kenya	(a) Strategic planning	Unsatisfactory	Unsatisfactory	Unsatisfactory	Unsatisfactory
	(b) Regulatory framework	Unsatisfactory	Unsatisfactory	Unsatisfactory	Unsatisfactory
FINAL OVERALL RATING: UNSATISFACTORY					

A. Strategic planning

Need to establish work plans for regional officers that address high risk operational priorities

16. According to the job description of regional officers in RSH, they should ensure the implementation and harmonization of global standards, policies and procedures in their respective area of work and monitor compliance in the 13 counties covered by RSH. In order to achieve this, annual work plans need to be developed in advance of the implementation year to ensure that risks, known weaknesses and operational priorities are taken into account. The plans should identify the missions to be undertaken to the countries covered in the region. Upon completion of the mission travel, regional officers should prepare written reports addressing operational needs with recommendations on corrective actions as appropriate. To ensure effective implementation of recommendations made, the Head of RSH is required to follow up on findings and recommendations made by regional officers. RSH should also have a travel budget that is sufficient for the regional officers to perform their tasks.

17. The existing arrangements were deficient as shortcomings were identified in the functioning of the 22 specialist units led by the regional officers at RSH. The work plans of these units were not focused on high risk operational priorities in the region and did not take into account known operational weaknesses as they did not identify areas where the performance of the countries was below standard or where the processes and procedures implemented by the countries were not in compliance with UNHCR rules. For example, the mid-year indicator reports for 2013 showed that no missions had taken place to some countries in the region that were underperforming in key substantive areas such as nutrition, health, water, sanitation and hygiene. Also, it was not clear how the known lack of professional supply staff in Djibouti and Eritrea and lack of project control staff in Eritrea and Somalia were being ameliorated by the regional specialist staff.

18. The work plans for the 22 regional specialist staff for 2013 were finalized from March to July 2013 when part of the implementation year had already passed. These work plans did not incorporate the required mission schedules to any of the 13 countries in the region. As a result, the beneficiary countries and other stakeholders were not aware of the timing and type of specialist support missions being planned and, therefore, which countries were targeted for support by each specialist unit. Further, RSH was not able to provide reports for all the support missions conducted by its regional officers in 2012 and 2013. Of the 349 missions conducted during this period, reports were available only for 96. RSH also did not establish a system to follow up on the implementation of recommendations in mission reports. Furthermore, RSH had a travel budget that covered only 29 per cent of its mission travel expenditures in 2013, which did not provide it with sufficient decision making authority over mission travel.

19. As a result of the above-mentioned weaknesses, the added value of the work plans to the countries in the region was questionable. The activities undertaken by the regional officers could also not be linked to the mitigation of weaknesses and risks in the region. This occurred because RSH management had not implemented appropriate local procedures for the preparation of work plans and mission reports.

(1) The UNHCR Regional Support Hub in Kenya should establish appropriate local procedures to ensure that: (a) the regional officers' work plans are focused on high risk areas and operational priorities and include specific mission plans to the countries in the region together with the required travel resources; (b) for every support mission, a report is prepared, reviewed and sent to the respective country representative; and (c) the status of implementation of recommendations contained in the regional officers' mission reports is systematically monitored.

The Regional Support Hub in Kenya accepted recommendation 1 and stated that further to a request by the Regional Bureau for Africa to the Organizational Development and Management Service (ODMS) to develop the missing accountabilities, responsibilities and authorities (ARAs), and the subsequent ODMS-led mission to the RSH in November 2014, these institutional gaps would be clearly defined and adopted by early 2015. RSH was in the process of developing its technical risk assessments, risk registers and risk treatment plans in accordance with the new Enterprise Risk Management policy and imminent administrative instructions and procedures, by the March 31, 2015 deadline. The outcome of the above process was to inform the drafting of RSH local procedures and an implementation plan comprising work plans, mission reports, and monitoring of implementation of recommendations. Recommendation 1 remains open pending receipt of local procedures and an implementation plan to address issues related to work planning, mission reports and monitoring of recommendations of the regional officers.

Need to address the unclear role and responsibilities of the Regional Support Hub

20. The UNHCR Global Management Accountability Framework maps out the accountabilities, responsibilities and authorities across the entire organization at the country, regional and headquarters levels. RSH did not fit into any of the three levels established in the Global Management Accountability Framework and, therefore, did not have any set accountabilities, responsibilities and authorities for its work. It was neither considered to be a headquarters entity nor a regional entity. As a result of this lack of clarity, the Head of RSH had the authority to implement the role and responsibilities of RSH with great flexibility and personal preference, and with reduced transparency on the results and performance of RSH. For example, RSH had portrayed itself as an integral part of the Bureau for Africa and a support entity on a request basis, instead of pro-actively playing a regional oversight role in addressing risks and control weaknesses in the region. However, none of the representatives and regional officers interviewed saw RSH as an integral part of the Bureau. They either considered RSH to be an extension of the

divisions at headquarters or a stand-alone structure. There were also differences in opinion on the coverage between RSH and the UNHCR Regional Office based in the Democratic Republic of Congo.

21. The main reason for these shortcomings was that the Bureau for Africa and the Organizational Development and Management Service at UNHCR headquarters had not addressed the accountabilities, responsibilities and authorities for RSH in the context of the Global Management Accountability Framework.

(2) The UNHCR Bureau for Africa, in cooperation with the Organizational Development and Management Service, should develop accountabilities, responsibilities and authorities for the Regional Support Hub in Kenya as part of the Global Management Accountability Framework.

The Bureau for Africa accepted recommendation 2 and stated that the Regional Bureau for Africa requested ODMS to develop accountabilities, responsibilities and authorities for RSH as well as review the staffing structure. The mission took place in November 2014. Approved RSH accountabilities, responsibilities and authorities within the Global Management Accountability Framework were expected to be completed in the first quarter of 2015. Recommendation 2 remains open pending receipt of the approved accountabilities, responsibilities and authorities for RSH as part of the Global Management Accountability Framework.

Need to appropriately structure the results based management model for the Regional Support Hub

22. The UNHCR 'Instructions and Guidelines to UNHCR Field Offices and Headquarters Units on Planning for 2013 and Instructions on Detailed Planning and Budgeting for 2014' provide detailed guidance on how to prepare budgets linked to resources and objectives in the UNHCR results based management system, Focus. It also provides details of the UNHCR results framework with rights groups (areas of operation), objectives, and impact and performance indicators for use in building the results based management model for any UNHCR operation.

23. The results based management model of RSH was not in line with the above requirements. Although the RSH support activities all fitted under the rights group 'Headquarters and regional support', several other rights groups were selected for RSH as if it was a normal UNHCR country operation directly dealing with refugees. For example, 'Favourable protection environment' was selected as a rights group although RSH had no direct authority or decision making power to shape the favourable protection environment for refugees in the countries in the region. In addition, RSH had not defined any impact or performance indicators for the rights groups it had selected.

24. As a consequence of the existing results based management set up and lack of performance indicators for RSH, its actual achievements against its planned achievements were not transparent in its mid-year and annual reports. In addition, there was no clear alignment between the objectives, the budget and staffing requirements, and the activities planned and undertaken. This situation was mainly caused by the fact that the Bureau for Africa had not provided sufficient oversight to ensure that the results based management model for RSH was in compliance with the UNHCR rules.

(3) The UNHCR Regional Support Hub in Kenya, in cooperation with the Bureau for Africa, should develop and implement a results based management model that includes: (a) defined impact and performance indicators for the rights group 'headquarters and regional support'; (b) objectives and indicators that are aligned with budgets, staffing and actual activities; and (c) appropriate reporting on the achievement of established indicators.

The Regional Support Hub in Kenya accepted recommendation 3 and stated that following completion of the ODMS-led review and subsequent approval of the future RSH office and staff structure, RSH, in consultation with the Regional Bureau for Africa and the operations in the region, and with the support of Divisions and support services at Headquarters, would undertake a process of developing and defining suitable impact and performance indicators. Recommendation 3 remains open pending receipt of evidence that RSH has developed the impact and performance indicators and aligned them with budgets, staffing and actual activities.

Need to justify the post requirements of the Regional Support Hub based on the needs in the region

25. UNHCR requires each operation to provide, as part of the annual Country Operation Plan exercise, a justification for staff size and capacity in relation to operational objectives. RSH did not have any evidence that a review of its staffing requirements had been conducted for the years under review. As a result, there was a lack of clarity on the adequacy of the posts at RSH. For example, the added value of having at least five regional specialists at RSH relating to security, refugee status determination, public health and finance was not clear because nearly all of the countries in the region already had their own professional specialist staff for these areas. Furthermore, although several countries in the region had projects in the areas of education, self-reliance and livelihood and some were underperforming in these areas, RSH had not requested any posts for specialist staff in these areas of work.

26. The main reason for the above shortcoming was the lack of oversight by the Bureau for Africa which should have ensured that the RSH Country Operation Plan included a justification for the staff posts. The justification could have been provided by clearly identifying the needs of the country operations based on the risks (of not achieving regional objectives) for each specialist area in the region. As a consequence of the lack of a justification for posts, the effectiveness of RSH as a whole was at risk.

(4) The UNHCR Regional Support Hub in Kenya, in cooperation with the Bureau for Africa and as part of the annual Country Operation Plan exercise, should conduct a comprehensive review of its staffing needs.

The Regional Support Hub in Kenya accepted recommendation 4 and stated that the ongoing ODMS-led review was fully addressing this recommendation to undertake a comprehensive RSH staffing review. Recommendation 4 remains open pending receipt of the results of the comprehensive review of staffing to justify the post requirements at RSH.

B. Regulatory framework

Need to comply with the rules on recruitment of General Service staff

27. According to the UNHCR Staff Administration and Management Manual, vacancies in the General Service category should normally be filled by staff members who are already in service and who meet the eligibility and suitability requirements. However, if no internal candidate is identified, the vacancy should be advertised externally for recruitment on a competitive basis. The appropriate Appointments Committee is responsible for ensuring that the recruitment process is in compliance with the rules. For the employment of interns, the UNHCR internship policy stipulates that interns shall not be eligible to apply for, or be appointed to, positions in UNHCR during the period of internship and for a period of six months following the end of their internship.

28. There were irregularities in the recruitment of General Service staff at RSH. For example:

- For one vacant post, the interviews were conducted without including the post manager in the interview panel, as required. The post manager had earlier conducted a first round of interviews and made an assessment of the interviewed candidates to the Head of RSH before going on leave. In his absence, a second round of interviews was conducted. No evidence was available on whether the post manager had agreed to a second round of interviews without him. In addition, two of the four candidates interviewed for the post did not comply with the job vacancy requirements, and should not have been shortlisted for interview.
- The person appointed to a post requiring six years of work experience relevant to the function had less than one and a half years of relevant experience. There were at least three other internal candidates interviewed who met the requirement, but were not selected. The person appointed to another post did not have any job experience relevant to the function. There was at least one other internal candidate meeting the requirement who was not even interviewed. RSH was not able to explain the reasons why the candidates in the above-mentioned cases had been excluded although they met the minimum requirements. There were also no justifications in writing in this regard.
- An intern was hired on a temporary assistance contract immediately following the internship, in contravention of the rules.

29. The above situations were caused by the lack of oversight by RSH management and, in some instances, intentional disregard of the recruitment procedures. The Regional Appointments Committee at RSH also did not systematically ensure compliance with the rules for the recruitment of General Service staff. These irregularities contributed to a risk of not hiring the most competent candidates and perception of preferential treatment given towards certain candidates.

(5) The UNHCR Regional Support Hub in Kenya should implement procedures to strengthen management oversight of the recruitment of local staff. This should include adoption of transparent and competitive recruitment procedures and assessment of profiles of applicants against the job requirements.

The Regional Support Hub in Kenya accepted recommendation 5 and stated that guidance on local procedures for the recruitment of all categories of staff by RSH management was shared with all staff in December 2014. Recommendation 5 remains open pending receipt of evidence of the oversight mechanisms put in place and systematically implemented at RSH to ensure that recruitment procedures comply with the rules.

Need to address a conflict of interest in spouse employment

30. According to the UNHCR rules on ‘Spouse Employment and Related Matters’, a staff member who is a spouse to another staff member: (a) should not be assigned to serve in a post which is superior or subordinate in the line of authority to the staff member to whom he or she is related; and (b) should disqualify himself or herself from participating in the process of reaching or reviewing an administrative decision affecting the status or entitlements of the staff member to whom he or she is related.

31. Since mid-2012, two staff members at P-4 level, who were spouses, had been posted to RSH. These appointments had been cleared by the UNHCR Division of Human Resources Management. One of them was assigned Officer-in-Charge duties on a number of occasions when the Head of RSH was

absent. In that capacity, she was superior in the line of authority to her spouse and also approved the travel authorizations of her spouse on at least three occasions in 2013. Furthermore, on one occasion, one spouse was part of the interview panel for general service staff recruitment while the other spouse reviewed the case as a member of the Regional Appointments Committee, which was a potential conflict of interest because one spouse was effectively reviewing the work of the other one.

32. The situation had been allowed to occur, and persist over an extended period of time, because the Head of RSH had not adequately enforced compliance with the rules on spouse employment. This had negatively affected the harmonious atmosphere in the office.

(6) The UNHCR Bureau for Africa, in consultation with the Division of Human Resources Management, should introduce mechanisms for enforcing compliance with UNHCR rules on employment of spouses.

The Bureau for Africa accepted recommendation 6 and stated that the process of developing and implementing local arrangements to systematically and effectively manage potential conflicts of interest between colleagues, who are spouses, was underway. Recommendation 6 remains open pending receipt of evidence of the arrangements put in place and systematically applied to ensure that the UNHCR rules on spouse employment are complied with in such a manner that any conflict of interest situations, or even perception of them, are avoided or at least satisfactorily addressed as soon as they arise.

Need to comply with rules regarding the hiring of seconded staff and consultants

33. According to the 'Affiliate workforce arrangements in UNHCR', the main benefits of seconded staff are: i) cost saving as UNHCR does not pay for them; and ii) the flexibility to grow and shrink staff numbers in response to shifts in operational demands. Seconded staff should be used for short periods of time (three to six months) and cover emergencies. A shortlist of three candidates should be sent to the UNHCR desk office by the partner agency which in turn will send it to the requesting office to make a selection. According to the 'UNHCR policy on individual consultants', the procedure for the selection of a consultant is through competitive selection. The authority to approve consultancy contracts rests with the director of the respective bureau. The hiring manager is responsible for documenting the selection process. The highest remuneration for a consultant is set depending on experience and education from \$11,500 to \$13,900 per month.

34. RSH did not comply with rules on seconded staff, because it had made payments for them totalling \$313,103 in 2012 and \$111,503 in 2013. This meant that they were de-facto not seconded staff but consultants. RSH had established its own arrangement for hiring seconded staff, which was not consistent with UNHCR rules, whereby it identified a candidate for selection before the partner agency presented a short list of candidates. RSH then sent curricula vitae to the partner agency to have its preferred candidate included in the partner agency's roster and subsequently selected the preferred candidate from the roster. This suggested that RSH was using the seconded staff from a partner agency to circumvent the recruitment process for hiring consultants. In addition, these staff were in some cases deployed for several years at RSH. Moreover, OIOS noted that at least two of the seconded staff from the same partner agency had been previously hired as consultants by RSH in 2011 and 2012 without evidence of a selection process. Another consultant was hired in 2012 for a two-month period for \$20,000 per month which was beyond the maximum monthly fee set in the rules. There was no waiver or justification for a single selection; however, these contracts were approved by the Bureau for Africa at headquarters.

35. The main reasons for the above control weaknesses were that RSH had not implemented mechanisms to ensure compliance with the rules and the inadequate oversight by the Bureau for Africa

before approving the selections. As a result, there was a perception of favouritism in the office and preferential treatment given to certain candidates.

(7) The UNHCR Regional Support Hub in Kenya, in cooperation with the Bureau for Africa, should: i) establish appropriate management oversight mechanisms to ensure transparency and competitiveness of the processes for hiring of seconded staff and consultants; and ii) discontinue the current inappropriate arrangements for seconded staff.

The Regional Support Hub in Kenya accepted recommendation 7 and stated that RSH had already implemented local procedures for hiring consultants. The next step was to revise and implement local procedures for overseeing the process of hiring seconded staff and other affiliate workforce in compliance with the Guide to Emergency Standby Partners and the Affiliate Workforce Arrangements in UNHCR. Recommendation 7 remains open pending receipt of evidence of the oversight mechanisms put in place to prevent reoccurrence of non-compliance with rules regarding hiring of affiliate workforce and consultants.

Need to address unused office space

36. The UNHCR Manual requires office space to not exceed, excluding common areas, in principle an average of 150 square feet per person. The Manual also indicates that UNHCR should not make advance payments, unless justified by commercial practice or where this would be in the interest of UNHCR. Justification should be recorded on file and included in a Committee on Contracts submission.

37. In January 2012, RSH entered into a new lease agreement for a term of six years for a monthly rent of \$26,505 for a total of 28,162 square feet floor area, double the space of its previous premises. The total office space needs of RSH were, however, only 8,554 square feet leaving 70 per cent of the space for conference rooms, regional training facilities, and additional office space (envisaged, *inter alia*, for out-posted staff from headquarters). The Office explained that the space would accommodate workshops and in-house training for other UNHCR offices and avoid the additional cost of holding meetings in local hotels. However, there were no plans on how this additional space would be utilized as only six meetings in 2013 and one workshop in 2014 were held in the training rooms for which no costs were recovered. In addition, RSH made a rental advance, contrary to the UNHCR rules, of \$109,725. Although this was stipulated in the lease agreement submitted to the Committee on Contracts for approval, the rental advance was not justified in the submission to the Committee. As a result, UNHCR lost the control over these funds for the duration of the lease (six years).

38. The main reason for the above shortcomings was the lack of a business plan for the use and recovery of the cost of the meeting rooms, training facilities and empty office space. RSH was paying an estimated extra amount of \$222,642 per year on rent for unoccupied space.

(8) The UNHCR Regional Support Hub in Kenya should: (a) conduct an analysis of the office space needed for the current staffing strength and negotiate a new lease agreement; (b) justify to the Committee on Contracts or renegotiate the rental deposit of \$109,725; and (c) justify the need for the additional training facilities.

The Regional Support Hub in Kenya accepted recommendation 8 and stated that the process of renegotiating the lease agreement terms and rental advance between the proprietor and UNHCR had advanced. The RSH proposal of paying the annual rent in advance instead of the rental deposit was accepted by the proprietor. RSH expected to conclude the renegotiation process by the end of January 2015. An analysis of office space and training facilities in relation to staffing and operational requirements was planned for the months following approval of the RSH office and staff structure review

by ODMS. Recommendation 8 remains open pending receipt of evidence of the analysis of office space needed in relation to current staffing strength; the final results of renegotiations of the lease and the rental deposit; and a business plan for the use of the current space, including the training facilities.

Need to comply with procurement rules for office procurement

39. According to the UNHCR Manual, competitive bidding for the procurement of goods or services is applicable to all UNHCR offices, at headquarters and in the field. The Manual also requires all UNHCR offices to prepare an annual procurement plan.

40. A review of 29 purchase orders totalling \$593,384 for the procurement of goods and services showed that procurement was not done by following a competitive process in 23 per cent of the cases reviewed (totalling \$137,130). This was caused by the lack of an annual procurement plan for the office. The lack of planning did not allow sufficient time for the supply unit to obtain enough quotes to comply with the rules for adequate competitive bidding as invitations were sent via email with a deadline of one or two days for the vendors to submit their offers as opposed to the recommended timeframe of 10 to 14 days. This resulted in lack of transparency and reduced value for money for UNHCR.

(9) The UNHCR Regional Support Hub in Kenya should prepare an annual procurement plan of goods and services which ensures that there is sufficient time to allow for competitive bidding before awarding contracts to vendors.

The Regional Support Hub in Kenya accepted recommendation 9 and stated that a draft 2015 annual office procurement and replenishment plan for goods and services had been prepared. Recommendation 9 remains open pending receipt of the approved annual procurement plan for 2015.

Need to address weaknesses in the effectiveness of the Regional Committee on Contracts

41. According to UNHCR Manual, Chapter 8, one of the roles of the Regional Committee on Contracts is to ensure that competitive bidding for the procurement of goods or services is systematically conducted. The decisions made during the deliberations of the Regional Committee on Contracts should be properly documented. The Manual also states that rejection of all offers is justified when an insufficient number of offers is received, there is a lack of effective competition, or there is inconsistency in the bidding process.

42. The Regional Committee on Contracts at RSH was not fulfilling its role as required to ensure that competitive bidding had been done for procurement cases from the countries in the region submitted for its approval. Out of a total of 23 procurement cases reviewed totalling \$8.2 million, there were 17 cases totalling \$6.6 million for which the Committee had not adequately assessed that competitive bidding had been done. However, it approved all of these cases. For example:

- Three cases, totalling \$5.4 million, were approved without the Committee being provided with information on the number of vendors invited to bid. The number of vendors who had submitted bids for these cases was also not in compliance with the minimum recommended number given the amounts involved.
- For contracts with amounts above \$100,000, fifteen bids were required according to the UNHCR rules. However, a procurement case totalling \$298,198 was awarded to a company based on only five quotations received. Similarly, a bid in another case was approved for \$210,380 while only

three quotations were received. There were no justifications available for not following the rules in these cases.

- A contract was awarded to a vendor, after approval by the Committee, for \$170,185 although neither the information on the number of vendors who submitted a bid was available nor whether the contract was awarded to the lowest bidder.
- A representation in the region submitted a contract for approval for \$206,247 for which two vendors had submitted a bid. One of the vendors had been provided with additional information by UNHCR and allowed to resubmit an adjusted bid. This was against the rules on the grounds of unfairness to the other bidder. The Committee should have rejected this procurement submission but, instead, it approved it by awarding the contract to the vendor with the higher price who had been given the opportunity to provide additional information.
- The Committee recommended that further guidance be sought from the Chief of Supply Infrastructure Support Section and the Deputy Controller at headquarters on two procurement cases presented by a representation for over \$200,000 each. According to the Committee, approval could only be granted when funds were available, whereas the representation did not have a budget for the purchases in the current year and wanted to use funds from a previous year. This follow-up was not done. Despite this, the Committee approved the contracts without verifying whether the necessary funding was available.

43. The above weaknesses were caused by insufficient knowledge of the members of the Regional Committee on Contracts about their role and responsibilities. These control deficiencies resulted in lack of transparency in the procurement of goods and services and risk of failure to obtain value for money.

(10) The UNHCR Regional Support Hub in Kenya should: (i) establish appropriate arrangements for ensuring that there is a competitive bidding process when awarding contracts to vendors; and (ii) ensure that members of the Regional Committee on Contracts are trained on their roles and responsibilities.

The Regional Support Hub in Kenya accepted recommendation 10 and stated that RSH was in the course of implementing this recommendation in consultation and collaboration with the Supply Operations Support Section in Budapest. The latter had confirmed that a regional supply/programme workshop was planned for February 2015 in Nairobi, targeting Regional Committee on Contracts members, as well as supply and programme management colleagues in the East and Horn of Africa region. Detailed workshop programme and participants list would be available in early 2015. Recommendation 10 remains open pending confirmation that the members of the Regional Committee on Contracts have been trained and receipt of a documented action plan to ensure that procurement in the region is undertaken with proper planning and following a competitive selection process.

IV. ACKNOWLEDGEMENT

44. OIOS wishes to express its appreciation to the Management and staff of the UNHCR Regional Support Hub in Kenya for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the Regional Support Hub in Kenya for the Office of the United Nations High Commissioner for Refugees

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	The UNHCR Regional Support Hub in Kenya should establish appropriate local procedures to ensure that: (a) the regional officers' work plans are focused on high risk areas and operational priorities and include specific mission plans to the countries in the region together with the required travel resources; (b) for every support mission, a report is prepared, reviewed and sent to the respective country representative; and (c) the status of implementation of recommendations contained in the regional officers' mission reports is systematically monitored.	Critical	O	Submission to OIOS of local procedures and an implementation plan to address issues related to work planning, mission reports and monitoring of recommendations of the regional officers.	31 March 2015
2	The UNHCR Bureau for Africa, in cooperation with the Organizational Development and Management Service, should develop accountabilities, responsibilities and authorities for the Regional Support Hub in Kenya as part of the Global Management Accountability Framework.	Important	O	Submission to OIOS of the approved accountabilities, responsibilities and authorities for RSH as part of the Global Management Accountability Framework.	31 March 2015
3	The UNHCR Regional Support Hub in Kenya, in cooperation with the Bureau for Africa, should develop and implement a results based management model that includes: (a) defined impact and performance indicators for the rights group 'headquarters and regional support'; (b) objectives and indicators that are aligned with budgets, staffing and actual activities; and (c)	Important	O	Submission to OIOS of evidence that RSH has developed the impact and performance indicators and aligned them with budgets, staffing and actual activities.	31 December 2015

² Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

³ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁴ C = closed, O = open

⁵ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the Regional Support Hub in Kenya for the Office of the United Nations High Commissioner for Refugees

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
	appropriate reporting on the achievement of established indicators.				
4	The UNHCR Regional Support Hub in Kenya, in cooperation with the Bureau for Africa and as part of the annual Country Operation Plan exercise, should conduct a comprehensive review of its staffing needs.	Important	O	Submission to OIOS of the results of the comprehensive review of staffing to justify the post requirements at RSH.	31 March 2015
5	The UNHCR Regional Support Hub in Kenya should implement procedures to strengthen management oversight of the recruitment of local staff. This should include adoption of transparent and competitive recruitment procedures and assessment of profiles of applicants against the job requirements.	Critical	O	Submission to OIOS of evidence of the oversight mechanisms put in place and systematically implemented at RSH to ensure that recruitment procedures comply with the rules.	31 March 2015
6	The UNHCR Bureau for Africa, in consultation with the Division of Human Resources Management, should introduce mechanisms for enforcing compliance with UNHCR rules on employment of spouses.	Critical	O	Submission to OIOS of evidence of the arrangements put in place and systematically applied to ensure that the UNHCR rules on spouse employment are complied with in such a manner that any conflict of interest situations, or even perception of them, are avoided or at least satisfactorily addressed as soon as they arise.	31 January 2015
7	The UNHCR Regional Support Hub in Kenya, in cooperation with the Bureau for Africa, should: i) establish appropriate management oversight mechanisms to ensure transparency and competitiveness of the processes for hiring of seconded staff and consultants; and ii) discontinue the current inappropriate arrangements for seconded staff.	Critical	O	Submission to OIOS of evidence of the oversight mechanisms put in place to prevent reoccurrence of non-compliance with rules regarding hiring of affiliate workforce and consultants.	31 January 2015
8	The UNHCR Regional Support Hub in Kenya should: (a) conduct an analysis of the office space needed for the current staffing strength and negotiate a new lease agreement; (b) justify to the	Important	O	Submission to OIOS of evidence of the analysis of office space needed in relation to current staffing strength; the final results of renegotiations of the lease and the rental deposit;	31 May 2015

STATUS OF AUDIT RECOMMENDATIONS

Audit of the Regional Support Hub in Kenya for the Office of the United Nations High Commissioner for Refugees

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
	Committee on Contracts or renegotiate the rental deposit of \$109,725; and (c) justify the need for the additional training facilities.			and a business plan for the use of the current space, including the training facilities.	
9	The UNHCR Regional Support Hub in Kenya should prepare an annual procurement plan of goods and services which ensures that there is sufficient time to allow for competitive bidding before awarding contracts to vendors.	Important	O	Submission to OIOS of the approved annual procurement plan for 2015.	31 March 2015
10	The UNHCR Regional Support Hub in Kenya should: (i) establish appropriate arrangements for ensuring that there is a competitive bidding process when awarding contracts to vendors; and (ii) ensure that members of the Regional Committee on Contracts are trained on their roles and responsibilities.	Important	O	Submission to OIOS of evidence that the members of the Regional Committee on Contracts have been trained and a documented action plan to ensure that procurement in the region is undertaken with proper planning and following a competitive selection process.	28 February 2015

APPENDIX I

Management Response

Management Response

Audit of the Regional Support Hub in Kenya for the Office of the High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Regional Support Hub in Kenya should establish appropriate local procedures to ensure that: (a) the regional officers' work plans are focused on high risk areas and operational priorities and include specific mission plans to the countries in the region together with the required travel resources; (b) for every support mission, a report is prepared, reviewed and sent to the respective country representative; and (c) the status of implementation of recommendations contained in the regional officers' mission reports is systematically monitored.	Critical	Yes	RSH Head	March 2015	<p>Further to a request by the Regional Bureau for Africa to the Organizational Development and Management Service (ODMS) to develop the missing accountabilities, responsibilities and authorities (ARAs), and subsequent ODMS-led mission to the RSH in November 2014, these institutional gaps are to be clearly defined and adopted by early 2015.</p> <p>RSH is in the process of developing its technical risk assessments, risk registers and risk treatment plans in accordance with the new Enterprise Risk Management (ERM) policy and imminent administrative instructions and procedures, by the March 31, 2015 deadline.</p> <p>The outcome of the above process is to inform the drafting of RSH local procedures and an implementation plan comprising work plans, mission reports, and monitoring of implementation of recommendations.</p>
2	The Bureau for Africa, in cooperation with the Organizational Development and Management Service, should	Important	Yes	ODMS Head-Director RBA	March 2015	The Regional Bureau for Africa requested the Organizational Development and Management Service (ODMS) to develop

⁶ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

⁷ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of the Regional Support Hub in Kenya for the Office of the High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	develop accountabilities, responsibilities and authorities for the Regional Support Hub in Kenya as part of the Global Management Accountability Framework.					accountabilities, responsibilities and authorities for RSH as well as review the staffing structure. The mission took place in November 2014. Approved RSH accountabilities, responsibilities and authorities within the Global Management Accountability Framework are expected in the first quarter of 2015.
3	The UNHCR Regional Support Hub in Kenya, in cooperation with the Bureau for Africa, should develop and implement a results based management model that includes: (a) defined impact and performance indicators for the rights group 'headquarters and regional support'; (b) objectives and indicators that are aligned with budgets, staffing and actual activities; and (c) appropriate reporting on the achievement of established indicators.	Important	Yes	RSH-RBA- DPSM- DFAM- DHRM-DESS- DER-DIP- DIST	December 2015	Following completion of the ODMS-led review and subsequent approval of the future RSH office and staff structure, RSH, in consultation with the Regional Bureau for Africa and operations in the region, and with the support of Divisions and support services at Headquarters are to undertake a process of developing and defining suitable impact and performance indicators, off-line.
4	The UNHCR Regional Support Hub in Kenya, in cooperation with the Bureau for Africa and as part of the annual Country Operation Plan exercise, should conduct a comprehensive review of its staffing needs.	Important	Yes	ODMS-RSH- RBA	March 2015	The ongoing ODMS-led RSH Office and Staff Structure Review fully addresses this recommendation to undertake a comprehensive RSH staffing review.
5	The UNHCR Regional Support Hub in Kenya should implement procedures to strengthen management oversight of the recruitment of local staff. This should	Critical	Yes	RSH Head	December 5, 2014	Guidance on local procedures for the recruitment of all categories of staff by RSH management was shared with all staff in December 2014.

Management Response

Audit of the Regional Support Hub in Kenya for the Office of the High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	include adoption of transparent and competitive recruitment procedures and assessment of profiles of applicants against the job requirements.					
6	The Bureau for Africa, in consultation with the Division of Human Resources Management, should introduce mechanisms for enforcing compliance with UNHCR rules on employment of spouses.	Critical	Yes	RSH Head	January 2015	The process of developing and implementing local arrangements to systematically and effectively manage potential conflicts of interest between colleagues, who are spouses, is underway.
7	The UNHCR Regional Support Hub in Kenya, in cooperation with the Bureau for Africa, should: i) establish appropriate management oversight mechanisms to ensure transparency and competitiveness of the processes for hiring of seconded staff and consultants; and ii) discontinue the current inappropriate arrangements for seconded staff.	Critical	Yes	RSH Head	January 2015	RSH has already implemented local procedures for hiring consultants. The next step is to revise and implement local procedures for overseeing the process of hiring seconded staff and other affiliate workforce in compliance with <i>The Guide to UNHCR's Emergency Standby Partners</i> and the <i>Affiliate workforce arrangements in UNHCR</i> .
8	The UNHCR Regional Support Hub in Kenya should: (a) conduct an analysis of the office space needed for the current staffing strength and negotiate a new lease agreement; (b) justify to the Committee on Contracts or renegotiate the rental deposit of \$109,725; and (c) justify the need for the additional training facilities.	Important	Yes	Senior Administration and Finance Officer (RSH)	May 2015	Progress is being made in the implementation of this recommendation: The process of renegotiating the lease agreement terms and rental advance between the proprietor and UNHCR has advanced. RSH's proposal of paying the annual rent in advance instead of the rental deposit was accepted by the proprietor. RSH expects to conclude the renegotiation process by end January 2015.

Management Response

Audit of the Regional Support Hub in Kenya for the Office of the High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						An analysis of office space and training facilities in relation to staffing and operational requirements is planned for the months following approval of the RSH office and staff structure review by ODMS taking place in the 1 st quarter of 2015. Since March 2014, RSH has hosted a total of 22 regional support trainings, meetings and workshops.
9	The UNHCR Regional Support Hub in Kenya should prepare an annual procurement plan of goods and services which ensures that there is sufficient time to allow for competitive bidding before awarding contracts to vendors.	Important	Yes (under conditions, see Client comments)	Senior Regional Supply Officer (RSH)	March 2015	A draft 2015 annual office procurement and replenishment plan for goods and services has been prepared.
10	The UNHCR Regional Support Hub in Kenya should: (i) establish appropriate arrangements for ensuring that there is a competitive bidding process when awarding contracts to vendors; and (ii) ensure that members of the Regional Committee on Contracts are trained on their roles and responsibilities.	Important	Yes	Senior Regional Supply Officer (RSH)	February 2015	RSH is in the course of implementing this recommendation in consultation and collaboration with the Supply Operations Support Section in Budapest. The latter has confirmed that a regional supply/program workshop is planned for February 2015 in Nairobi, targeting RCC members, supply and program management colleagues in the EHA region. Detailed workshop program and participants list will be available in early 2015.