



INTERNAL AUDIT DIVISION

REPORT 2019/115

Audit of the operations in Kenya for the Office of the United Nations High Commissioner for Refugees

**There were control weaknesses in the
arrangements for planning and resource
allocation, public health projects, water,
sanitation and hygiene projects,
resettlement, cash based interventions and
procurement management**

**29 November 2019
Assignment No. AR2019/111/05**

Audit of the operations in Kenya for the Office of the United Nations High Commissioner for Refugees

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the operations in Kenya for the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether the UNHCR Representation in Kenya was managing the delivery of services to its persons of concern (PoCs) in a cost-effective manner and in accordance with UNHCR's policy requirements, with due regard to the risks that it was exposed to in the context in which it was operating. The audit covered the period from 1 January 2018 to 31 March 2019 and included a review of: (a) planning and resource allocation; (b) public health; (c) water, sanitation and hygiene (WASH); (d) resettlement; (e) cash based interventions (CBI); and (f) procurement and vendor management. Through review of the above-mentioned areas, OIOS also drew overall conclusions about the control environment and the effectiveness of enterprise risk management in the Representation.

To deliver services to PoCs in a cost-effective manner and to safeguard its resources, the Representation needed to strengthen its planning and resource allocation processes, especially regarding the identification of durable solutions for PoCs. The Representation's management oversight over public health, WASH, resettlement, CBI and procurement and vendor management needed to be enhanced to support the achievement of its strategic objectives. In general, the Representation needed to better identify, implement and monitor mitigating actions that address key risks it is exposed to.

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

- Develop and implement an action plan to provide solutions for the different population groups in Dadaab, address programme inefficiencies identified in the audit, and ensure risk management is integrated into operational management and decision-making;
- Update and implement its strategic plans and standard operating procedures (SOPs) for the health sector, strengthen management oversight of health partners, and update its plan for enrolling PoCs into the National Health Insurance Fund;
- Develop a WASH strategy backed by SOPs to direct programme activities, deploy WASH technical specialists, address programme inefficiencies, and strengthen the management of partners to ensure WASH programmes are implemented cost-effectively;
- Update the resettlement SOPs, formally designate accountable officers for resettlement, develop an action plan for delayed departures of submitted cases, and address identified weaknesses in the resettlement process including regarding completion of fraud risk assessments;
- Update the CBI strategy and related SOPs to address the gaps identified in this audit, explore alternative options for implementing the CBI programme alongside negotiating for waivers regarding the requirement that refugees have personal identification number for opening bank accounts, and strengthen monitoring of the CBI programme; and
- Develop and implement an action plan to strengthen controls over management of security and fuel contracts, including needs assessments, review of contracts, compliance monitoring and controls to ensure goods and services delivered are safeguarded from abuse and waste.

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

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Audit of the operations 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 operations in Kenya for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The UNHCR Representation in Kenya (hereinafter referred to as ‘the Representation’) was established in 1969 to provide persons of concern (PoCs) with international protection, humanitarian assistance and durable solutions, where feasible. As at 30 June 2019, the Representation was assisting 474,044 refugees and asylum seekers; comprising 55 per cent from Somalia, 24 per cent from South Sudan and the remaining from other countries. There were 210,472 PoCs residing in the three Dadaab camps (Ifo, Dagahaley and Hagadera), 189,743 in Turkana West (Kakuma and Kalobeyei settlements) and 73,829 in urban areas.
3. The Representation’s multi-year multi-partner (MYMP) protection and solutions strategy (2018-2020) focused on maintaining asylum space, implementing fair government owned protection processes, achieving durable solutions, ensuring refugees benefit from basic government services in health, education and water, and ensuring refugees enjoy economic inclusion and self-reliance. The Representation recorded total expenditure of \$103 million in 2018 and \$33 million in the three-month period up to 31 March 2019. The Representation worked with 28 partners in 2018 and 30 in 2019, who implemented 63 per cent of the Representation’s programme related expenditures.
4. The Representation was headed by a Representative at the D-2 level and it had, at the time of the audit, 399 regular staff posts and 75 affiliate staff. It had a Country Office in Nairobi, two Sub Offices in Dadaab and Kakuma and a Field Office in Alinjukur.
5. Comments provided by UNHCR are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess whether the Representation was managing the delivery of services to its PoCs in a cost-effective manner and in accordance with UNHCR’s policy requirements, with due regard to the risks that it was exposed to in the context in which it was operating.
7. This audit was included in the 2019 risk-based work plan of OIOS due to the risks related to the size and complexity of the operations in Kenya.
8. OIOS conducted this audit from May to September 2019. The audit covered the period from 1 January 2018 to 31 March 2019. Based on an activity-level risk assessment, the audit covered the following higher risk areas: (a) planning and resource allocation; (b) public health; (c) water, sanitation and hygiene (WASH); (d) resettlement; (e) cash based interventions (CBI); and (f) procurement and vendor management. In reviewing these areas, the audit also undertook limited testing in: partnership management; supply chain logistics; fair protection process and documentation; security and staff safety; and financial management. Through review of the above-mentioned areas OIOS also drew overall conclusions about the control environment and the effectiveness of enterprise risk management in the Representation.

9. The audit methodology included: (a) interviews of key personnel; (b) review of relevant documentation; (c) analytical reviews of data, including financial data from Managing for Systems, Resources and People, the UNHCR enterprise resource planning system, performance data from Focus, the UNHCR results-based management system and PoC data from proGres, the UNHCR enterprise registration tool; (d) sample testing of controls; (e) visits to UNHCR offices in Nairobi, Dadaab and Kakuma and five partner offices; and (f) observation of programme activities in Ifo, Hagadera, Dagahaley, Kakuma and Kalobeyi refugee sites and Ifo2 closed refugee site.

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

III. AUDIT RESULTS

A. Planning and resource allocation

There was a need for the Representation to address issues in its prioritized programme activities

11. The Representation had a 38 per cent reduction in its operating level project budget between 2017 and 2019. To manage the risk of failure in providing vital assistance to PoCs, which would increase their vulnerability, it is essential that: (a) goals and objectives are prioritized, aligned to UNHCR's global strategic priorities and informed by timely and reliable data on the PoCs; (b) protection and operational strategies are defined; and (c) required outputs and activities are defined and budgets allocated.

12. The Representation's goals and objectives as defined in its MYMP were aligned with UNHCR's global strategic priorities. For example, by enhancing livelihood opportunities and promoting inclusive service delivery in the Kalobeyi settlement, it promoted self-reliance of refugees and the host population. It was also building the Government counterpart's capacity to take over registration and refugee status determination. Two camps in Dadaab were closed and assets handed over to Government in June 2019. The Representation's Risk Management, Compliance and Quality Unit, set up in 2016/2017, had strengthened risk management, re-engineered country level systems and processes, and enhanced controls to prevent fraud.

(a) Prioritization of key programme activities

13. The Government of Kenya has communicated its intention to close the Dadaab camps that house 201,472 PoCs; with the most recent communication being a note verbale issued in February 2019. At the time of the audit, the Representation was dealing with the effects of this communication on all key stakeholders especially partners and PoCs. Since June 2016, one of the Representation's main priorities had been to analyze and categorize camp residents into groups and identify the most suitable durable solutions for them. This process was referred to as 'unpacking' Dadaab. A verification exercise conducted in 2016 to facilitate this 'unpacking' had identified 30,000 double registrations (i.e. refugees with Kenyan national identification or Kenyan nationals with refugee identification), 15,000 undocumented PoCs and 11,000 individuals in mixed marriages. However, partners implementing programme activities placed the estimates at much higher numbers, but this could not be confirmed since no updates had been prepared since 2016. The Representation had developed a strategy to direct the process of finding solutions for the different groups identified but the strategy lacked the necessary actions, timelines, budgets and human resources responsible for its implementation.

14. The implementation of the strategy to 'unpack' Dadaab was constrained, amongst other things, by the limited action on the Government's part. The failure to implement this strategy resulted in the inability

to provide durable solutions to PoCs which increased their vulnerability. The Representation was also providing services to a larger number of PoCs than planned, covering an additional 15,000 undocumented PoCs and host population estimated at 10,000 persons. Coupled with reductions in budgets, this impacted the quality of services provided to PoCs. For example, the number of patients seen per clinician per day in Dadaab at the time of the audit was 93 against the standard of 50. Lastly, the Representation's reported results were skewed with indicators showing reasonable achievements because the beneficiaries included populations not envisaged for coverage in the annual plans. For example, the measles and vitamin A coverage in Dadaab was reported to be 111 and 116 per cent respectively in 2018 because more children were vaccinated than had been planned.

(b) Cost effective implementation of programme activities

15. Considering the reducing operating level budget, OIOS identified the following missed opportunities to run programmes in a more cost effective manner:

- The delay in finding durable solutions for PoCs resulted in the Representation having to support a much larger group than planned, which increased programme costs. Also, delays in the departure of 18,000 PoCs who had been waiting for over three years under the resettlement programme meant that UNHCR continued to provide full services to them. There was also a two-year delay in handing over the two closed Dadaab camps, during which period the Representation continued to incur costs;
- The Representation did not reduce the number of partners delivering services considering reductions in its budget as required in the UNHCR policy on selection and retention of partners. It attributed this to the political pressure from the host community in Dadaab and the limited capability and capacity of available partners. Despite the reductions in programme activities in Dadaab, the Representation also did not conduct a needs assessment to inform decisions on the required number of vehicles to deliver services; and
- The Representation made project investments without undertaking feasibility studies to determine their viability. For example, an investment of \$585,278 was made in 2018 and 2019 for turning human waste into fuel for cooking and at the time of the audit, the project had high operational costs and no market for the final product. Following the audit, OIOS was informed that as no value was derived from the project it would be closed.

(c) Strategies to support programme implementation

16. OIOS identified gaps in the strategies developed to support the implementation of the MYMP as detailed under the health, WASH and CBI sections of this report. The Representation's risk management processes did not identify impediments to implementation of strategies so that they could be mitigated in a timely manner. Some key operational risks identified as part of the audit were not reflected in the Representation's risk register; for example: (i) the failure to 'unpack' Dadaab strategy as intended; (ii) non-compliance with security requirements for the Nairobi and Kakuma offices; (iii) delayed reconciliation of bank balances; (iv) delays in POCs' departure for resettlement; and (iv) obstacles that the encampment policy presents to implementing livelihood programmes in Kalobeyei.

17. The lack of updated strategies to support the prioritization of needs in a resource constrained environment and the limitations identified in programme implementation raised the risk that refugees may not receive vital assistance. The inadequacies of the risk register raised questions as to whether the risk register was used as a management tool for actively identifying and managing risks, and whether risk management was embedded in the Representation's operational management and decision-making processes.

(1) The UNHCR Representation in Kenya should develop and implement an action plan that: (i) provides solutions to the different population groups in Dadaab; (ii) addresses programme inefficiencies identified in the audit; and (iii) ensures risk management is integrated into operational management and decision-making.

UNHCR accepted recommendation 1 and stated that: (i) the Representation had developed action plans for relocation of non-Somali refugees to Kakuma, voluntary repatriation to Somalia and Ethiopia, and deregistration of double registered refugees, and was developing strategies for Garissa as part of its integrated development plan (GISED); (ii) a plan to address programme inefficiencies existed; for example, the Representation did not retain two partners in Dadaab, in order to ensure greater efficiency in the Dadaab programmes pending the full partnership review in mid-2020 as part of the solutions plan for Dadaab; and (iii) the Representation would continue to review its risk register, including risks related to the areas highlighted by OIOS. OIOS appreciates the plans that were shared, but these plans were not comprehensive and lacked evidence of agreement with the Government aimed at finding durable solutions for PoCs in Dadaab, as well as addressing the issues related to those persons who were double registered, undocumented or in mixed marriages, and those who were Kenyan nationals. Also, for the relocation project of non-Somalis only 1,000 relocations were budgeted while there were at least 3,500 individuals, making it unclear when this project would be planned and finalized. Recommendation 1 remains open pending receipt of documentary evidence of the implementation of an agreed comprehensive action plan: (i) covering the different population groups in Dadaab with required actions, timelines, budgets and action holders; (ii) addressing the programme inefficiencies highlighted; and (iii) ensuring that key risks to the Kenya operation are systematically identified and actively monitored for mitigation by management in all three locations.

B. Public health

There was a need for the Representation to strengthen management oversight over health programmes

18. The Representation spent \$9.0 million and budgeted \$7.4 million for the provision of health services to PoCs in 2018 and 2019 respectively. To provide such services effectively, the Representation is required to: (a) assess health needs of PoCs and involve key stakeholders in the development and implementation of the country health strategy; (b) develop, implement and monitor programmes that meet prioritized needs; and (c) properly manage the selection, retention, and monitoring of health partners.

19. Despite the protracted PoC situation in Kakuma and Dadaab, health services were primarily delivered through parallel systems, which was characteristic of a post emergency stage. The MYMP primarily focused on incorporating PoCs in Kakuma and Kalobeyei into the National Health Insurance Fund (NHIF). However, the Representation's action plan for the roll out of the NHIF in these two locations had been overtaken by events and not updated at the time of the audit. The MYMP stated that the facilities in Dadaab needed to be consolidated for sustainable service delivery, but it did not make a provision for the PoCs to be included in the NHIF as was the case with the other camps. The MYMP was silent on the delivery of services to PoCs in urban areas. Although the Representation was rolling out the NHIF from as far back as 2014, it lacked comprehensive eligibility criteria for selecting urban PoCs for enrollment.

20. The Representation's strategic plans for health, nutrition and controlling HIV and AIDS did not build on the vision in the MYMP regarding incorporation of PoCs into the NHIF. They also lacked details on what activities would be undertaken to achieve set targets; for example, they did not provide for the need to accredit hospitals in camps to link them to Government structures. The strategic plans also lacked linkages with other related sectors such as WASH for the cholera outbreaks and nutrition for the high levels

of anemia and acute malnutrition in camps. They also did not explore sources of funding from other donors and the private sector to offset reductions in the health budget.

21. The Representation lacked mechanisms to collect data on many indicators listed in the strategic plans. A new Integrated Health Information System was implemented at the time of the audit, but teething problems affected data capture and analysis. There was also limited evidence that data collected was used for decision making; for example, non-communicable diseases were not prioritized although these were a major cause of morbidity in camps. The Representation met most health indicators in 2018 but this was due to the inclusion of undocumented PoCs and the host community in the results.

22. The Representation procured medicines and medical supplies in 2018 for \$473,875 through partners lacking the requisite special authorization to procure medicines locally. Furthermore, contrary to UNHCR guidelines, the Representation had not assessed partners' capacity nor comparative advantage to procure. These assessments were only completed in 2019 after the project partnership agreements (PPAs) were signed, which rendered the control ineffective. OIOS reviewed a sample of procurements undertaken by partners and identified amongst other things: (i) splitting of purchases to circumvent set thresholds; (ii) inadequate tender documentation or lack thereof; (iii) change of specifications during the procurement process; and (iv) single sourcing without proper justification.

23. OIOS was not provided evidence that SOPs were shared with partners to guide implementation of health programmes. Also, indicators and targets set in the PPA were not aligned to the ones in Focus. The Representation had risk based monitoring plans in place for partners, but OIOS questioned their comprehensiveness since the Representation undertook the same number and intensity of monitoring visits regardless of the assessed partner and/or project risk. Also, monitoring visits by the multi-functional teams did not identify key issues such as salaries exceeding the budget and missing employment contracts.

24. The Representation attributed the cited control weaknesses to funding challenges. Whilst understanding these limitations, OIOS was of the view that the Representation's oversight over health activities needed strengthening as evidenced by the lack of comprehensive strategies and SOPs to direct and guide the provision of health services, as well as gaps in supervision of health activities undertaken by partners. These shortcomings exposed the Representation to gaps in the delivery of health services to PoCs as well as missed opportunities to find cost-effective and sustainable health solutions.

(2) The UNHCR Representation in Kenya should strengthen the delivery of quality health services to persons of concern (PoCs) by: (i) updating and implementing its strategic plans and standard operating procedures; (ii) strengthening management oversight of partners that implement health programmes; and (iii) updating its plan including eligibility criteria for enrolling PoCs into the National Health Insurance Fund.

UNHCR accepted recommendation 2 and stated that: (i) the Representation's health strategy, which runs from 2019-2022, would be implemented as part of its MYMP and monitored within the UNHCR planning cycle, mid-term review and annual review. The first of these to review the strategy would be in June 2020; (ii) a service provider had been contracted to undertake field assessments to determine the comparative advantage of procuring medicines, medical supplies and other items locally through partners; and (iii) plans had been updated to enrol PoCs into the NHIF taking into consideration variable circumstances. Recommendation 2 remains open pending receipt of documentary evidence of: (i) the implementation of updated health strategies and SOPs including for referral health care; (ii) assessment of partners' capacity and comparative advantage to procure medicines and strengthened performance monitoring and financial verification of health partners; and (iii) updated plans to enrol PoCs into the NHIF in Dadaab.

C. Water, sanitation and hygiene

The Representation needed to address the control deficiencies in its WASH programme

25. The Representation spent \$4.4 million in 2018 and had budgeted \$4.5 million in 2019 on WASH activities. To ensure effectiveness and efficiency of WASH programmes, the Representation should: (a) conduct a needs assessment; (b) develop, monitor and report on implementation of related strategies and SOPs; (c) deploy technical specialists to ensure related activities are technically sound; and (d) manage the selection, retention, and monitoring of WASH partners.

26. The Representation's vision for WASH as listed in its MYMP was for refugees to get water from national authorities. However, it lacked the required country strategy and operational plans to direct the activities and identify the resources needed to meet strategic WASH objectives in the short, medium and long term. The Representation had strategies to inform its response in camps, but WASH activities remained primarily provided through parallel systems despite the camps being in a protracted phase. The Representation also lacked the required technical staff component to oversee programme implementation, with none of the offices having a WASH specialist at the required level.

27. The Representation reported that it was exceeding the targets for water distribution in Dadaab and delivering 29 liters per person per day against a target of 20. In Kakuma, PoCs received 19 liters per person per day. However, reported water usage figures per person were only estimates, as the Representation provided free water to third parties which was not measured. The Representation's water quality reports for Kakuma and Kalobeyei showed that a high number of households and tap stands had lower levels of chlorine than required between June and September 2018. Although the WASH partner intervened to address this issue, water quality issues continued for an extended period.

28. The Representation did not meet most of its sanitation targets. For example, in 2018 the coverage of household latrines was only 38 per cent in Kakuma and Kalobeyei (and 32 per cent in 2019) against a target of 60. Dadaab had a 78 per cent coverage against a target of 88. This was attributed to a lower number of latrines being constructed as compared to those decommissioned due to amongst other things limited funding and space within the camps. In Dadaab, the number of persons per hygiene promoter was 1,391 against a target of 800. PoCs only received 250 grams of soap per month instead of the recommended 450, which was insufficient for personal hygiene and washing purposes. The camps also did not have proper solid waste management processes. The Representation attributed the outbreak of cholera in 2018 and 2019 at camps to the failure to meet WASH standards.

29. The WASH programme was not cost effective. Firstly, the Representation was providing PoCs with more water than the UNHCR standard in a resource constrained environment. The Representation was also providing free water to agencies and private organizations that were not implementing UNHCR programme activities. It estimated the water produced but not used by PoCs as being between 22-27 per cent, 35 per cent and 15 per cent in Dadaab, Kakuma and Kalobeyei respectively. Water was also being wasted due to broken pipes, leaking water tanks and illegal connections. Although measures were taken to address these issues, the Representation acknowledged that challenges remained at the time of the audit. Two out of 22 boreholes in Dadaab and 9 out of 19 boreholes in Kakuma were not solarized, due to budget constraints. Where this was done, the use of solar energy was not optimized, with generators running water pumps when the sunlight was available. OIOS also identified discrepancies between the quantity of fuel dispatched to the water pumps and what was reported as having been consumed. For instance, the quantity dispatched to boreholes in May and December 2018 varied from what was reported as consumed by 12,582 liters. There were also discrepancies noted in partner records maintained between the water produced and

the consumption records. For example, the closing water meter readings in one month did not match with the opening water meter readings in the following month. The Representation attributed this to partners employing illiterate staff to man the water pumps in Kakuma and Dadaab.

30. The Representation did not assess partners' capacity and comparative advantage to procure. Partners also: (i) changed specifications during procurement processes; (ii) split procurements to circumvent thresholds; (iii) did not obtain the appropriate level of approval for purchases; and (iv) conducted single sourcing without authorization. The Representation faced the same monitoring issues related to partners as those reflected under the public health section. The root cause of the issues cited related to inadequate commitment to sound management of the WASH programme, as evidenced by limited technical capacity for the programme, lack of a country specific WASH strategy and SOPs to guide the delivery of services, and deficiencies in partner monitoring.

(3) The UNHCR Representation in Kenya should: (i) develop a water, sanitation and hygiene (WASH) strategy backed by standard operating procedures to direct programme activities; (ii) deploy appropriate technical specialists to strengthen management of the WASH programme; (iii) address programme inefficiencies identified; and (iv) strengthen the management of partners to ensure programmes are implemented cost-effectively.

UNHCR accepted recommendation 3 and stated that: (i) sub office level strategies existed and the Representation would develop the country level strategy and SOPs to guide transition towards an integrated service delivery; (ii) the recruitment of a WASH expert (P-3) was under consideration; (iii) the Representation would introduce a new system of water service; and (iv) the new plan would focus on the transition from parallel services towards an integrated model, and partners in future would not be responsible for service provision. Recommendation 3 remains open pending receipt of: (i) the finalized WASH country strategy and SOPs; (ii) evidence of recruitment of WASH technical staff; (iii) a plan to address the inefficiencies identified in the report, and (iv) evidence of the assessment of partners' capacity and comparative advantage to procure and strengthened performance monitoring and financial verification of WASH activities.

D. Resettlement

There was a need for the Representation to enhance its management oversight of resettlement procedures to ensure integrity of the process

31. The Representation had a resettlement target of 5,376 and 5,500 in 2018 and 2019 respectively. It is essential for the Representation to: (i) assess resettlement cases in accordance with UNHCR guidance; (ii) ensure there is proper oversight and accountability over the resettlement process; (iii) conduct fraud risk assessments and implement prevention and detection measures (including in registration and/or refugee status determination); (iv) assess human resource needs; and (v) track progress against resettlement targets.

32. Following a resettlement fraud in Kakuma in 2016, the Representation redesigned related processes and strengthened its communication with refugees on fraud related matters. It also installed a system called Application for Integrated Management (AIM) for better identifying potential resettlement cases. The Representation was using AIM in Kakuma and had plans to roll the system out to other offices later in 2019. Processing of resettlement cases was done in ProGres and the Representation had adequately segregated duties among resettlement, protection and registration staff.

33. The resettlement SOPs in all offices remained in draft and had not been approved by the Representative and sent to UNHCR headquarters as required. The Representation clarified that this was

because the SOPs needed updating following the implementation of ProGres version 4. Implementation of ProGres version 4 came with challenges which raised the risk that inappropriate changes made to resettlement documents would go undetected. These included: (i) lack of evidence that the resettlement officer reviewed changes to bio-data made by registration staff; and (ii) the resettlement referral form in version 4 remaining unlocked after its creation. This was a system design flaw in ProGres version 4 for which the Representation could have instituted a mitigating control. OIOS review of a sample of resettlement submissions identified a couple of exceptions in Dadaab and Kakuma where the review checklist had not been completed, and a few exceptions in Nairobi and Kakuma where there was no documentation on file to evidence that audit reports in ProGres were reviewed.

34. The Representation had achieved 86 per cent of its targeted submissions in 2018. The shortfall was due to a late receipt of additional resettlement quota in October 2018, for which staffing could not be arranged. Related resettlement departures stayed well below the submissions made, which was attributed to, amongst other things, political changes in various countries, which the Representation had no control over. Out of 28,000 individuals submitted to resettlement countries, over 18,000 individuals were waiting for departure for more than three years, with some submissions dating back to 2002. This constrained the availability of this durable solution for the refugees, especially in Dadaab where camps were planned for closure. Although the Representation was exploring complementary pathways and resubmitting emergency cases to other resettlement countries, this issue was not raised in the risk register to ensure coordinated and documented risk management actions. There were also known double registrations, as discussed earlier in this report. In Dadaab alone, these were estimated at 30,000, raising the risk that Kenyans with refugee identification would be considered for resettlement.

35. The Representation appointed an anti-fraud focal point, established a fraud assessment panel and implemented procedures for the management of fraud committed by PoCs. The Representation conducted the fraud risk assessment for protection activities including for resettlement, but action plans were not in place to address areas of non-compliance. The Dadaab risk assessment was only partially completed and the Kakuma assessment was outdated, since it had been prepared in February 2018 and the process had changed since then. While the Representation processed 98 fraud allegations in Kakuma and Nairobi in the period under audit, there were still 72 fraud allegations (33 pertaining to resettlement) and 144 inconsistencies that were outstanding across the three offices. Most of these dated from as far back as 2016 which was not in line with the Representation's SOPs that required fraud allegations to be processed within six months. The Representation had also not formally designated an accountable officer to oversee the integrity of resettlement activities in its three offices as required. In addition, it did not carry out routine and/or test checks on submissions from Dadaab and Kakuma.

36. These weaknesses were mainly related to gaps in management oversight over the resettlement process. If these gaps remained unaddressed, the risk of fraud or irregularities in resettlement would increase and the utility of resettlement as a durable solution would diminish.

(4) The UNHCR Representation in Kenya should enhance its management oversight over resettlement by: (i) updating related standard operating procedures; (ii) formally designating accountable officers for the resettlement process; (iii) developing an action plan to respond to delayed departures of submitted cases; and (iv) addressing identified weaknesses in the resettlement process including completion of fraud risk assessments and timely investigation of allegations and inconsistencies.

UNHCR accepted recommendation 4 and stated that: (i) the Representation had updated and approved the SOPs for all three locations which were also shared with headquarters; (ii) accountable resettlement officers were formally designated for all three offices; (iii) action plans were developed to deal with the delayed resettlement cases in Dadaab, Kakuma and Nairobi; and (iv) adequate

oversight over resettlement activities in Dadaab, Kakuma and Nairobi had been ensured through including in the resettlement SOP for Nairobi that the Integrity Officer in coordination with the Senior Resettlement Officer would conduct random checks of resettlement cases as quality assurance mechanism in all three locations. The Representation had also resolved 23 fraud allegations (18 pertaining to resettlement) and 9 cases of inconsistencies (all pertaining to resettlement). Therefore, 49 fraud allegations (29 pertaining to resettlement) and 135 inconsistencies were still pending. Recommendation 4 remains open pending receipt of documentary evidence of: (i) implementation of the agreed action plans to respond to the delayed resettlement departures for all three offices; and (ii) investigation and disposal of fraud allegations and inconsistencies.

E. Cash based interventions

The Representation needed to strengthen internal controls and management oversight over CBI

37. The Representation used CBI as a modality for implementing programme activities amounting to \$4 million in 2018 and budgeted at \$7 million in 2019. To ensure the effective delivery of the programme, it is essential to: (a) conduct risk assessments and assess CBI feasibility; (b) develop a strategy and SOPs to govern the selection criteria, value of transfers and operational modalities; (c) develop financial and protection related controls; (d) evaluate the impact of related interventions on the protection needs of PoCs; and (e) establish an exit strategy so that PoCs do not depend on the programme in the long term.

38. The Representation's CBI setup was informed by risk assessments, feasibility assessments and market studies. However, the CBI design did not target the most vulnerable, with the Representation's basis for determining cash entitlements being primarily based on family size and with no consideration given to income status. For example, some of the refugees who received support for construction of permanent shelters had installed solar panels and satellite dishes, which indicated that they had other income. This raised questions on whether the programme was appropriately targeted or cost effective especially considering the reduced funding. No guidance was in place regarding what would happen to permanent shelters once a refugee was repatriated or resettled. Consequently, PoCs determined who took over the shelters and in other cases sold them.

39. The Representation lacked a country-wide strategy to direct the roll out of the CBI modality and, consequently, its application was limited and not systematic across operations except for Kakuma and Kalobeyei. The Representation attributed this to failure by refugees to open bank accounts due to the lack of personal identification numbers granted by the country's tax authority. While the Representation had sought (but not yet received) a waiver for refugees from this requirement, OIOS was of the view that the Representation needed to explore other options for delivering CBI. There were also no SOPs to guide the implementation of the CBI modality in Kakuma and Dadaab covering aspects such as who qualified for assistance and its apportionment across health and nutrition, sanitation, livelihoods and education.

40. The Representation did not comply with the conditions set by the Regional Committee on Contracts (RCC) when the latter approved the waiver from competitive bidding for the financial service provider. It compared the fees charged by the approved vendor to those of other financial institutions that did not have a presence in the areas where PoCs resided. The RCC had also granted a one-year waiver from 1 January to 31 December 2018 but the Representation contracted the service provider from April 2018 to August 2019 (inclusive of a four-month extension). At the time of the audit, the procurement for financial service providers was in progress and had been submitted to the Headquarter Committee on Contracts.

41. In 2018, the Representation did not meet its targets for key indicators. For example, it provided 844 conditional cash grants against a target of 1,000 and was only able to give 105 cash grants for business

start-ups against a target of 400. The Representation had multifunctional teams that monitored the implementation of CBI. However, apart from the single post distribution monitoring conducted for the pilot permanent shelter project, no other exercises were conducted to collect information on the quality, sufficiency, utilization and effectiveness of using the CBI modality and, therefore, no lessons were learned to guide the required redesign.

42. The Representation attributed these weaknesses to a delay in recruiting a CBI officer (who had arrived at the time of the audit), which in OIOS' view resulted in inadequate management oversight over the CBI programme and raised the risk that CBI programming objectives may not be achieved and CBI resources would not be utilized in a cost-effective manner.

(5) The UNHCR Representation in Kenya should: (i) update the cash based interventions (CBI) strategy and standard operating procedures to address the gaps identified in this audit; (ii) alongside negotiating for waivers from Government regarding the requirement that refugees have a personal identification number for opening bank accounts, explore alternative options for implementing the CBI programme; and (iii) strengthen monitoring of the CBI programme to ensure that resources are safeguarded.

UNHCR accepted recommendation 5 and stated that the Representation had updated its CBI strategy and SOPs. The Representation also stated that a Kenyan bank was facilitating the Kenya Revenue Authority PIN Certificate application process at the time of bank account opening for refugees who possessed alien or refugee ID cards. For asylum-seekers and refugees who do not have this document, an alternative delivery mechanism - pre-paid card accounts - had been negotiated. The Representation was also in the process of finalizing the request for proposal with the same bank to offer two interchangeable solutions. CBI monitoring had been widened through supervision of implementing partners, recruitment of more UNHCR monitoring staff and development of monitoring guidelines. Recommendation 5 remains open pending receipt of: (i) the finalized country-wide SOPs including for Dadaab and urban programmes; (ii) evidence of the Government having provided the required exemption or alternative solutions for delivery of assistance through CBI; and (iii) a sample of reports on monitoring of CBI activities.

F. Procurement and vendor management

The Representation needed to strengthen its procurement processes

43. The Representation procured goods and services worth \$34 million in the period under audit. To ensure the integrity of the procurement process and that UNHCR receives value for money from its purchases, it is essential to: (a) prepare an annual procurement plan; (b) initiate timely procurements in accordance with the plan and ensure delivery of goods and services as per the terms of engagement; and (c) have adequate oversight over the procurement activities.

44. The Representation's annual procurement plans were not updated to reflect changes in priorities during the year and the receipt of extra funding at the end of the year. For instance, the 2018 annual plan did not include construction projects and medicines and medical supplies worth \$846,347 and \$213,486 respectively. Thus, purchases were made in an ad hoc manner resulting in 10 purchases not being reviewed and approved by the Local Committee on Contracts and five requests for waivers from competitive bidding. Other procurement related issues noted in Kakuma included: (i) inconsistencies in the reported number of vendors that submitted bids; (ii) differences in the criteria used during evaluation from what was listed in the solicitation document; and (iii) evaluation of a different set of bidders from those invited to bid.

45. OIOS reviewed \$9.3 million worth of contracts for travel, security and fuel management. The management of travel contracts was assessed as adequate. However, regarding security contracts, the Representation's memorandum of understanding (MOU) with one of the three service providers was outdated, having expired in February 2018 and not been renewed at the time of the audit. The Representation also did not measure the performance of this service provider against the 13 indicators in the MOU. Also, the terms for two of the three service providers were not reviewed as required. Consequently, the Representation had not reduced the number of security officers in response to the 40 per cent reduction of PoC numbers and the closure of two camps. While the Representation attributed this to the need to protect assets left behind prior to their being handed over to the Government, OIOS noted that a security assessment had not been done to assess the required number of guards.

46. Contrary to the MOU signed in 2013, security officers were not paid the agreed United Nations rates. Instead, the Representation used Government rates, but even so, there were inconsistencies in the rates paid by the Kakuma and Dadaab Sub Offices. OIOS also identified cases where payments to one service provider were not supported by lists of deployed security officers. In one case, payments made exceeded the number of officers deployed by 11 persons. Also, daily attendance sheets for another security service provider were signed by the supervisors and not the guards and, thus, the Representation could not validate the number of deployed guards. The Representation also did not recover shared security costs arising from: (i) its sharing of the Dadaab and Kakuma compounds with other United Nations agencies; and (ii) services amounting to \$42,000 related to the Dadaab airstrip that was the responsibility of another United Nations agency.

47. The Representation spent \$5 million on fuel for operating 322 vehicles and 103 generators. The Representation did not assess the reasonableness of its vehicle fleet size or assess the number of generators required for operations. Thus, it could not establish the appropriate amount of fuel needed for programmes and allocations were based on past usage as opposed to project needs. For instance, the monthly fuel consumption remained the same in Dadaab despite the closure of two camps. Also, the monthly fuel allocation for security providers and the Government counterpart in Kakuma was not justified, since they received 650 liters per month when other vehicles were only receiving 200 liters. The Dadaab Sub Office recorded the fuel dispatched from Nairobi as received instead of measuring the quantity of fuel delivered, which raised the risk that fuel lost during transit would remain undetected. Similarly, the Dadaab and Kakuma Sub Offices transported fuel to generators in uncalibrated jerrycans, which made the confirmation of fuel delivered difficult.

48. The Representation also did not monitor the fuel consumption rates for vehicles and generators in 2018, which raised a risk of discrepancies going unnoticed. One review performed in Dadaab in January 2019 identified unregulated allocation of fuel to some partners. Similarly, fuel consumption for six generators during a three-month period exceeded the expected consumption by 5,244 liters. An electronic fuel gauging system worth \$106,543 installed for fuel management was never used in Kakuma. It was used in Dadaab for two years but discontinued due to differences between recorded and actual fuel quantities and on 31 December 2018 there was a variance 20,867 liters.

49. The main cause of the cited control weaknesses were gaps in the monitoring of contracts. This exposed the Representation to the risk of not receiving best value on its purchases.

(6) The UNHCR Representation in Kenya should develop and implement an action plan to strengthen controls over the management of security and fuel contracts by: (i) conducting needs assessments; (ii) periodically reviewing contracts for relevance; (iii) monitoring compliance with contracts; and (iv) instituting controls to ensure goods and services delivered are safeguarded from abuse and waste.

UNHCR accepted recommendation 6 and stated that the Representation had completed an assessment and 150 guards had been discontinued. Different consultative meetings aimed at renewing the MOU with the host government (Government of Kenya) including officials from the Refugee Affairs Secretariat, the Commissioner and the Inspector General of National Police Service were also being conducted and the Representation was expecting the final version to be signed before 31 December 2019. Monitoring of fuel management was being strengthened through vendor performance checks, and fuel consumption was also regularly monitored. Fuel need assessments would also be conducted for 2020, once the PPAs are signed. Recommendation 6 remains open pending receipt of: (i) the report on the security needs assessment conducted to inform a reduction in the number of security guards; (ii) contract monitoring reports validating that contractors were abiding with agreed deliverables; and (iii) a report detailing the fuel needs assessed for the entire operation.

IV. ACKNOWLEDGEMENT

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

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in Kenya for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical¹/ Important²	C/ O³	Actions needed to close recommendation	Implementation date⁴
1	The UNHCR Representation in Kenya should develop and implement an action plan that: (i) provides solutions to the different population groups in Dadaab; (ii) addresses programme inefficiencies identified in the audit; and (iii) ensures risk management is integrated into operational management and decision-making.	Important	O	Receipt of documentary evidence of the implementation of an agreed comprehensive action plan: (i) covering the different population groups in Dadaab with required actions, timelines, budgets and action holders; (ii) addressing the highlighted programme inefficiencies such as having to assist much larger groups than planned and the lack of fleet needs assessment in decreasing funding context; and (iii) to ensure that key risks to the Kenya operation are systematically identified and mitigated by management.	30 June 2020
2	The UNHCR Representation in Kenya should strengthen the delivery of quality health services to persons of concern (PoCs) by: (i) updating and implementing its strategic plans and standard operating procedures; (ii) strengthening management oversight of partners that implement health programmes; and (iii) updating its plan including eligibility criteria for enrolling PoCs into the National Health Insurance Fund.	Important	O	Receipt of documentary evidence of: (i) the implementation of updated health strategies and SOPs including for referral health care; (ii) assessment of partners' capacity and comparative advantage to procure medicines and strengthened performance monitoring and financial verification of health partners; and (iii) updated plans to enrol PoCs into the NHIF in Dadaab.	30 June 2020
3	The UNHCR Representation in Kenya should: (i) develop a water, sanitation and hygiene (WASH) strategy backed by standard operating procedures to direct programme activities; (ii) deploy appropriate technical specialists to strengthen management of the WASH programme; (iii) address programme inefficiencies identified; and (iv) strengthen the	Important	O	Receipt of: (i) the finalized WASH country strategy and SOPs; (ii) evidence of the recruitment of WASH technical staff; (iii) a plan to address the inefficiencies identified in the report, and (iv) evidence of the assessment of partners' capacity and comparative advantage to procure and strengthened performance	31 December 2020

¹ Critical recommendations address critical and/or pervasive deficiencies 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.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in Kenya for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	management of partners to ensure programmes are implemented cost-effectively.			monitoring and financial verification of WASH activities.	
4	The UNHCR Representation in Kenya should enhance its management oversight over resettlement by: (i) updating related standard operating procedures; (ii) formally designating accountable officers for the resettlement process; (iii) developing an action plan to respond to delayed departures of submitted cases; and (iv) addressing identified weaknesses in the resettlement process including completion of fraud risk assessments and timely investigation of allegations and inconsistencies.	Important	O	Receipt of documentary evidence of: (i) implementation of the agreed action plans to respond to the delayed resettlement departures for all three offices; and (ii) investigation and disposal of fraud allegations and inconsistencies.	31 March 2020
5	The UNHCR Representation in Kenya should: (i) update the cash based interventions (CBI) strategy and standard operating procedures to address the gaps identified in this audit; (ii) alongside negotiating for waivers from Government regarding the requirement that refugees have a personal identification number for opening bank accounts, explore alternative options for implementing the CBI programme; and (iii) strengthen monitoring of the CBI programme to ensure that resources are safeguarded.	Important	O	Receipt of: (i) the finalized country-wide SOPs including for Dadaab and urban programmes; (ii) evidence of the Government having provided the required exemption or alternative solutions for delivery of assistance through CBI; and (iii) a sample of reports on monitoring of CBI activities.	31 January 2020
6	The UNHCR Representation in Kenya should develop and implement an action plan to strengthen controls over the management of security and fuel contracts by: (i) conducting needs assessments; (ii) periodically reviewing contracts for relevance; (iii) monitoring compliance with contracts; and (iv) instituting controls to ensure goods and services delivered are safeguarded from abuse and waste.	Important	O	Receipt of: (i) the report on the security needs assessment conducted to inform a reduction in the number of security guards; (ii) contract monitoring reports validating that contractors were abiding with agreed deliverables; and (iii) a report detailing the fuel needs assessed for the entire operation.	31 December 2019

APPENDIX I

Management Response

Management Response

Audit of the operations in Kenya for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Kenya should develop and implement an action plan that (i) provides solutions to the different population groups in Dadaab; (ii) addresses programme inefficiencies identified in the audit; and (iii) ensures risk management is integrated in operational management and decision-making.	Important	Yes	1(ii) Assistant Representative (Programme)	1(ii) Comprehensive action plan addressing highlighted programme inefficiencies completed by mid-2020	1(i) The Representation has action plans for relocation of non-Somali refugees to Kakuma, voluntary repatriation to Somalia and Ethiopia, deregistration of double registered refugees and is developing strategies for Garissa as part of its integrated development plan (GISED). The Representation submits relevant documents for the 'unpacking of Dadaab' plan including relocation, voluntary repatriation and socio-economic inclusion with required actions, timelines, budgets and action holders; including adequate review of the results based management framework to ensure it is aligned and correct reporting on results achieved. Submission includes media coverage of recent announcement by Government of Kenya on the de-registration of double-registered plus revised Refugees Affairs Secretariat project partnership agreement with funds for the de-registration and plan for GISED finalization. 1(ii) UNHCR Representation underscores that a plan to address inefficiencies exists. The minutes of Implementing Partnership Management Committee (IPMC) held on 26 September as part of the Partner Retention Review is submitted. The Representation did not retain two partners in Dadaab in order to ensure greater efficiency in Dadaab programs pending the full partnership

⁵ Critical recommendations address critical and/or pervasive deficiencies 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.

⁶ Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

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Audit of the operations in Kenya for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁵ / Important 6	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				1(iii) Snr. Risk Manager & Compliance Advisor – Risk Management, Compliance and Quality Unit	1(iii) Corporate Risk Register to be completed by 30 November 2019	review in mid-2020 as part of the solutions pan for Dadaab. 1(iii) The Representation will continue to review its Corporate Risk Register and risks related to the five areas highlighted by OIOS will be considered as part of this review. This includes meeting the deadline for Country Operations to complete their risk review by 30 November 2019, in accordance with the <i>Administrative Instruction on Detailed Planning and Budgeting for 2020 (UNHCR/AI/2019/9)</i> , 5 November. The Representation highlights that the aim of the Corporate Risk Register is to serve as a strategic tool for the senior management of the operation not to capture every risk and issue facing the operation at all levels. At the last risk review the Enterprise Risk Management Unit in Geneva provided feedback to the Representation that the Kenya Risk Register, which highlights over 40 risks, was too granular and should be streamlined towards the most strategic risks facing the operation. The average number of risks in a UNHCR country operation is 14. The Representation also wishes to point out that many risks outside of the Risk Register are nevertheless continually managed but accepts that further work is required to mainstream the systematic identification and management of risks in all locations.
2	The UNHCR Representation in Kenya should strengthen the delivery of quality health	Important	Yes	2(i) Sn. Public Health Officer, Tech. Health	2(i) First review will be completed by mid-2020.	2(i) The Representation's health strategy, which runs from 2019-2022 will be implemented as part of its MYMP Plan for Kenya and monitored within the UNHCR planning cycle, mid-term

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Audit of the operations in Kenya for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁵ / Important 6	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	services to persons of concern (PoCs) by: (i) updating and implementing its strategic plans and standard operating procedures; (ii) strengthening management oversight of partners that implement health programmes; and (iii) updating its plan including eligibility criteria for enrolling PoCs into the National Health Insurance Fund.					<p>review and annual review. The first of these to review the strategy will be in June 2020.</p> <p>2(ii) QUAMED has been contracted and will undertake field assessments between November and December 2019 to determine the comparative advantage of procuring medicines, medical supplies and other items locally through partners.</p> <p>2(iii) Plans have been updated to enroll PoCs into the National Health Insurance Fund taking into consideration variable circumstances.</p>
3	The UNHCR Representation in Kenya should: (i) develop a water, sanitation and hygiene (WASH) strategy backed by standard operating procedures to direct programme activities; (ii) deploy appropriate technical specialists to strengthen management of the WASH programme; (iii) address programme inefficiencies identified; and (iv) strengthen the management of partners	Important	Yes	<p>3(i) Assistant Representative (Programme) & Sn. Public Health Officer, Tech. Health</p> <p>3(ii) Assistant Representative (Programme) & Sn. Public Health Officer, Tech. Health</p> <p>3(iii) Assistant Representative</p>	<p>3(i) Country level strategies and SOPs will be developed by end of 2020.</p> <p>3(ii) WASH expert (P3) will be in-post by end of 2020.</p> <p>3(iii) Detailed plans to address inefficiencies</p>	<p>3(i) Sub-Office level strategies exist and the Representation will develop the country level strategy and SOPs that will guide transition towards an integrated service delivery.</p> <p>3(ii) The recruitment of WASH expert (P3) is under consideration for re-deployment from DPSM to UNHCR Kenya. The selected expert will capacitate the operations to finalize the WASH strategy. As part of regionalization, the Representation is expecting the deployment of several technical international staff.</p> <p>3(iii) The Representation will introduce a new system of water service. Daily consumption of</p>

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Rec. no.	Recommendation	Critical ⁵ / Important 6	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	to ensure programmes are implemented cost-effectively.			(Programme) & Sn. Public Health Officer, Tech. Health 3(iv) Assistant Representative (Programme) & Sn. Public Health Officer, Tech. Health	will be developed mid-2020. 3(iv) Assessment of partners' capacity and comparative advantage to procure; and strengthened monitoring will be completed by mid-2020	20L per person will be free with a tariff for usage above this amount, calibrated incrementally so the greater the quantity used above 20L the higher the cost. As an action plan to address the inefficiencies, a new water initiative by HQ includes the Kenya operation and the WASH partnership was reviewed in Kalobeyei during the Implementing Partnership Management Committee (IPMC) on 26th September 2019. 3(iv) The new plan will focus on the transition from parallel services towards an integrated model. Partners in the future will not be responsible for service provision.
4	The UNHCR Representation in Kenya should enhance its management oversight over resettlement by: (i) updating related standard operating procedures; (ii) formally designating accountable officers over the process; (iii) developing an action plan to respond to delayed departures of submitted cases; and (iv) addressing identified weaknesses in	Important	Yes			UNHCR accepts recommendation 4 with the following observations: 4(i) The Representation has updated and approved the standard operating procedures for all three locations which were also shared with its Headquarters and instituted a checklist to guide the review of resettlement forms. 4(ii) Accountable resettlement officers were formally designated for all three offices. Just to note: while the Representation had not formally completed the "Accountability Designation for Accountable Officer for Resettlement Activities" in the three offices before, in practice there were

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Audit of the operations in Kenya for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁵ / Important 6	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	the resettlement process including completion of fraud risk assessments and timely investigation of allegations and inconsistencies.					<p>accountable officers in place for resettlement activities, as reflected in SOPs and the staff members' performance sheet. Further, it is incorrect to say that the Representation has not had formally designated an accountable officer to oversee the integrity of resettlement activities in its three offices as required. Part of the work of the designated Anti-Fraud Focal Point (declaration dated 7 May 2018) has been overseeing the integrity of resettlement activities and to deal actively with fraud cases regarding resettlement.</p> <p>4(iii) Action Plans have been developed to deal with the delayed resettlement cases in Dadaab, Kakuma and Nairobi. But note that each office has taken different actions to address the situation of the most vulnerable refugees and submitted them to other resettlement countries, in addition to keeping refugees up-to-date on the situation. For example, in Dadaab, 25% of the pending caseload was individually counselled. Furthermore, the Representation in Dadaab informed the refugee population through monthly radio shows on resettlement; weekly counselling sessions in all the three camps in Dadaab; messaging on resettlement is part of standard message shared with refugees during group counselling and/or meetings with refugee leaders. However, the UNHCR is not entitled to prejudge a pending case with the resettlement country without guidance from that country.</p>

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Rec. no.	Recommendation	Critical ⁵ / Important ₆	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				4(iv) Resettlement Officer (Integrity) – Risk Management, Compliance and Quality Unit	4(iv) Cases & inconsistencies to be completed by 31 March 2020	<p>4(iv) Adequate oversight over resettlement activities in Dadaab, Kakuma and Nairobi has now been ensured through including in the resettlement SOPs Nairobi (page 8) that the Integrity Officer in coordination with the Senior Resettlement Officer will conduct random checks of resettlement cases as quality assurance mechanism in all three locations. In this regard, see the routine test checks carried out during November 2019 for Nairobi (6), Dadaab (5) and Kakuma (4). Full compliance with pre and post submission procedures was observed for BO Nairobi cases; for SO Dadaab and SO Kakuma, most procedures were followed except in some cases there was an incomplete Submission Checklist and screenshots or complete audit reports were not placed in the files. The observations were shared with the accountable officers to remedy the situation and ensure full compliance regarding future cases. Spot checks will continue to be carried out in future.</p> <p>At the time of the audit, there were 72 pending fraud allegations (33 pertaining to resettlement) and 144 inconsistencies. At this stage, the Representation has resolved 23 fraud allegations (18 pertaining to resettlement) and 9 cases of inconsistencies (all pertaining to resettlement). Therefore, there remain 49 pending fraud allegations (29 pertaining to resettlement) and 135 pending inconsistencies.</p>
5	The UNHCR Representation in Kenya should: (i) update the	Important	Yes	5(i) Assistant Representative (Programme)	5(i) Finalized CBI strategy and SOPs	5(i) The Representation has updated the documents mentioned and shared with OIOS an updated CBI country strategy and SOPs covering

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Rec. no.	Recommendation	Critical ⁵ / Important 6	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	Cash-Based Interventions (CBI) strategy and standard operating procedures to address the gaps identified in this audit; (ii) alongside negotiating for waivers from Government regarding the requirement that refugees have a personal identification number for opening bank accounts, explore alternative options for implementing the CBI programme; and (iii) strengthen monitoring of the CBI programme to ensure that resources are safeguarded.			5(ii) Assistant Representative (Programme) 5(iii) Assistant Representative (Programme)	completed by December 2019 5(ii) Evidence Government has provided required exemption or alternative solutions for delivery of assistance completed by December 2019. 5(iii) Reports of monitoring of CBI activities completed by January 2020.	Kakuma and Kalobeyei areas where CBI is used as a modality of delivery of assistance under direct implementation. Country-wide SOPs including Dadaab and urban programmes is pending finalization of the financial services procurement under the request for procurement (RFP), finalized by end of December 2019. 5(ii) Kenya Central Bank (KCB) is currently able to facilitate Kenya Revenue Authority (KRA) PIN Certificate application at the time of bank account opening for refugees who are in possession of an alien or refugee ID card. For asylum-seekers and refugees who do not have this document, an alternative delivery mechanism - pre-paid card accounts - have been negotiated. Operation is in the process of finalising the RFP with KCB so as to offer two interchangeable solutions. 5(iii) Representation continues to widen and deepen its CBI monitoring, including implementing partners, recruitment of more UNHCR monitoring staff and monitoring guidelines.
6	The UNHCR Representation in Kenya should develop and implement an action plan to strengthen control over the management of security and fuel contracts by:(i) conducting needs	Important	Yes			6(i) For security, the Representation has completed an assessment and the number of guards are adjusted. 150 guards removed in October 2019 according to Notice of Change. Before the requirement for Dadaab was 552 security personnel including dogs. In reference to the attached letter and requirement to G4S, the requirement has changed to 402, effective as of 1 October 2019. Being that the current contract

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Rec. no.	Recommendation	Critical ⁵ / Important 6	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	<p>assessments; (ii) periodically reviewing contracts for relevance; (iii) monitoring compliance with contracts; and (iv) instituting controls to ensure goods and services delivered are safeguarded from abuse and waste.</p>					<p>expires in 31 January 2020, the new tender process is ongoing at the technical evaluation of offers level. Find attached total requirement countrywide.</p> <p>6(ii) Being that the contract with G4S is a service frame agreement, there is no need for revision. UNHCR will pay for the actual services received. As a follow up on consultative meetings held between UNHCR Representative and Government of Kenya (GOK) officials, namely Refugee Affairs Secretariat (RAS) Commissioner and Inspector General of National Police Service, the progress of the MOU with the GOK as follows:</p> <ol style="list-style-type: none"> 1. 23rd May and 7th June 2019, GOKs and UNHCR officials were nominated to participate in the renewal process (see attached letters); 2. 20th June 2019 Security Partnership Project (SPP) joint meeting between GOK and UNHCR officials and SPP task force was constituted (see attached email); 3. July 2019, a joint fact finding mission travelled to Kakuma and Dadaab (see attached report); 4. Between June and October 2019, four task force meetings conducted (see attached update memo); 5. 10th-11th September 2019, SPP stakeholders consultative workshop held in Naivasha (see attached report); 6 .31st October 2019, SPP working group workshop meeting held in Nairobi (see attached report);

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Rec. no.	Recommendation	Critical ⁵ / Important 6	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>7. Since June 2019, SPP MOU document has been reviewed and revised. Process is still ongoing and expect final version signed before 31st December 2019 (see attached revised version).</p> <p>6(iii) Monitoring continues to be strengthened, see vendor performance form for Kakuma and Daddab regarding management for fuel contracts, and the vendor evaluation check form for security contracts in three locations.</p> <p>6(iv) See fuel consumption report for the last 3 months (September, August and July 2019) and the fuel stock report for 2019 as a report of the fuel needs assessment for entire operation. Fuel need assessments will be conducted for 2020, once the Projects Partnership Agreements signed.</p>