



## INTERNAL AUDIT DIVISION

### REPORT 2015/003

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

Overall results relating to management of the  
operations in Kenya were initially assessed  
as unsatisfactory. Implementation of three  
important recommendations remains in  
progress.

FINAL OVERALL RATING: PARTIALLY  
SATISFACTORY

28 January 2015  
Assignment No. AR2014/112/03

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# AUDIT REPORT

## 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. 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. The UNHCR Representation in Kenya (hereinafter referred to as ‘the Representation’) was opened in 1969 to provide refugees with international protection and humanitarian assistance. As at 31 December 2013, there were 534,938 refugees and 52,285 asylum seekers in Kenya with a total population of concern of 587,223, all assisted by the Representation. The population of concern was mainly from Somalia (477,424), Ethiopia (31,209) and South Sudan (46,176). There were six refugee camps, five in the vicinity of Dadaab and one in Kakuma. The Representation had a branch office in Nairobi, sub offices in Dadaab and Kakuma, and a field office in Alinjugur.
4. The Representation worked with 23 partners in 2013 and 21 in 2014. These partners implemented approximately 70 per cent of the programme expenditure. The Representation had total expenditure of \$100 million in 2013 and a budget of \$102 million in 2014. As at 31 March 2014, the Representation had 452 posts of which 51 were vacant (11 per cent). It also had 46 affiliate staff. The Representation was headed by a Representative at the D-2 level.
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 UNHCR operations in Kenya**.
7. The audit was included in the 2014 risk based internal audit work plan for UNHCR due to risks associated with the high growth of UNHCR operations in Kenya, especially in the refugee camp in Kakuma, due to new refugee arrivals from South Sudan.
8. The key controls tested for the audit were: (a) project management and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:
  - (a) **Project management** – controls that provide reasonable assurance that there is accurate and complete monitoring and reporting of the Representation’s project activities.
  - (b) **Regulatory framework** – controls that provide reasonable assurance that policies and procedures exist and are adequate and effective.

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

10. OIOS conducted the audit from May to July 2014. The audit covered the period from 1 January 2013 to 31 March 2014. OIOS visited the Representation’s offices in Nairobi, Dadaab and Kakuma, as well as the refugee camps in Dadaab and Kakuma.

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 initially assessed as **unsatisfactory**<sup>1</sup> in providing reasonable assurance regarding the **effective management of the operations in Kenya**. OIOS made five recommendations to address issues identified in the audit.

13. Project management was assessed as unsatisfactory because there was a critical need to strengthen monitoring of the distribution of non-food items. In addition, there was a need to comply with the UNHCR requirement to justify including lump sum salary and common administrative costs in partner agreements and to implement a coordinated system of partner performance monitoring by multi-functional teams. Regulatory framework was assessed as unsatisfactory because there was a critical need to strengthen controls over fuel management. In addition, the Representation needed to comply with the UNHCR rules on verification of assets and account for missing and damaged assets.

14. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory**<sup>2</sup> as the implementation of three 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 UNHCR operations in Kenya	(a) Project management	Unsatisfactory	Unsatisfactory	Unsatisfactory	Unsatisfactory
	(b) Regulatory framework	Unsatisfactory	Unsatisfactory	Unsatisfactory	Unsatisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

<sup>1</sup> 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.

<sup>2</sup> A rating of “partially satisfactory” means that important (but not critical or pervasive) deficiencies exist 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.

## A. Project management

### Need to strengthen monitoring of the distribution of non-food items

15. As per the UNHCR Handbook for Emergencies and the UNHCR Handbook for Commodity Distribution, monitoring of the distribution of non-food items (NFI) is an important management responsibility and consists of the ongoing review and control by the Representation to ensure that the planned number of people receive the specified quantities of NFIs.

16. The Representation distributed NFIs with a total value of \$3.9 million in 2013 in Dadaab and Kakuma. The following deficiencies were identified in the monitoring of these distribution activities:

- In Kakuma, the Representation did not maintain partner reports on NFI distributions, even though the partners informed OIOS that they had duly submitted monthly distribution reports to UNHCR. Only two of such reports, both for April 2014, could be provided by the Representation to OIOS.
- The Representation's monitoring reports over NFI distributions were not available in either Dadaab or Kakuma. Therefore, it was difficult to reconcile the items issued from the warehouse with the distributed NFIs and to have a record of items left over and kept by partners after each distribution.
- There was no evidence of beneficiaries acknowledging receipt of NFIs by signature or fingerprints in Dadaab and Kakuma. The NFI distribution list had also not been reconciled with the number of fingerprint identifications obtained for food distributions and, therefore, this could not serve as an adequate mitigating control for monitoring that the beneficiaries had received the NFIs as well.

17. As a result of the above deficiencies, the Representation did not have mechanisms for ensuring that all NFI items had reached the beneficiaries in Dadaab and Kakuma. The main reason for this was the absence of local procedures for monitoring NFI distributions. There was also a lack of coordination between the Representation's Field and Programme Sections and the Supply Section to clarify where the responsibility of each one began and ended. The supply staff explained that after issuance from the warehouse, they had no responsibility anymore over NFIs distributed. The Field and Programme Sections had not liaised with the Supply Section to reconcile the total NFI quantities issued from the warehouse with the total NFI quantities distributed. Whilst the audit was still ongoing, the Representation took immediate action to start addressing these weaknesses by, inter alia, introducing a new NFI distribution reporting form, enforcing the need to obtain beneficiary signatures on NFI distribution lists, and performing NFI stock reconciliations.

**(1) The UNHCR Representation in Kenya should develop a system for satisfactorily monitoring the distribution of non-food items. This should include implementation of appropriate procedures for on-site monitoring, reconciliation of the quantities distributed with those issued from the warehouse, and ensuring that beneficiaries acknowledge items received.**

*UNHCR accepted recommendation 1 and stated that the newly introduced NFI distribution forms and the presence of UNHCR field staff had ensured that distributions were now satisfactorily monitored. Distribution lists were now signed or thumb printed by beneficiaries. In addition to NFI reports generated from the Managing for Systems, Resources and People (MSRP) system, a new excel sheet had been introduced outside MSRP to be filled on a monthly basis to reconcile totals of NFI items distributed as reported by the partners and items issued from the warehouse as per reports from MSRP. Standard Operating Procedures defining roles and responsibilities had been shared with all stakeholders in the*

*distribution and monitoring of NFIs.* Based on the action taken and review of the documentation provided, recommendation 1 has been closed.

Need to justify including lump sum salary and common administrative costs in partner agreements

18. The UNHCR Manual states that the operational costs included in partner agreements should be generated by the project activity itself and should be budgeted in terms of fully identifiable line items. Further, it states that in some cases the budgeting of in-country administrative costs as lump sum amounts may be justified when calculated on the basis of objective, verifiable criteria. However, the assumptions used for the calculation of such lump sum amounts should be clearly documented and mentioned in the partner agreement. Any changes in the underlying assumptions should be closely monitored by the Representation, in order to adjust the agreed rates as necessary. The budgeted lump sum amount should not exceed the actual costs incurred per line item.

19. In 2013, the Representation budgeted approximately \$4 million as lump sum amounts for salaries of partner staff in 15 partner agreements. The determination of the lump sum amounts was based on negotiations with the partners and not on objective and verifiable criteria. OIOS reviewed five partner agreements and noted that they did not have justifications or assumptions for justifying the charging of salary payments as lump sums. In addition, for four of these partners, there was no time recording system in place to verify the reasonableness of the charges made. For one partner with a time recording system, the charges to the UNHCR project were not in line with the related time records. Furthermore, there was a lack of consistency between the UNHCR offices in Dadaab and Kakuma in terms of payment of common administrative costs to partners. The Dadaab Sub Office paid the actual partner costs in full while the Kakuma Sub Office covered a percentage of the costs.

20. The above deficiencies happened because the Representation had not developed a methodology for charging lump sum salary and common administrative costs to UNHCR projects based on objective and verifiable criteria. As a result, the Representation could not verify that the salary costs of partner staff and common administrative charges were reasonable and fully related to UNHCR projects. There was also a risk of double-payment of partner salaries and administrative costs since other donors were also sponsoring the same partners.

**(2) The UNHCR Representation in Kenya should develop and implement a methodology, based on objective and verifiable criteria, to justify including lump sum salary costs and common administrative costs in partner agreements.**

*UNHCR accepted recommendation 2 and stated that the methodology for determining the lump sum salary costs and common administrative costs of partners had been developed. It was based on the fair share principle. Donor contributions to the partners of the Kenyan programme differed; therefore, a common ratio could not be established across the board. Recommendation 2 remains open pending receipt of evidence of the implementation of a methodology to justify charging lump sum salary and administrative costs to the UNHCR projects based on objective and verifiable criteria, in accordance with the requirements of the UNHCR Manual, and evidence of the application of this criteria in partner agreements.*

Need to implement a coordinated system of performance monitoring by multi-functional teams

21. The UNHCR Manual requires the Representation to use multi-functional teams to verify and monitor, on an ongoing basis, whether partner project activities have had the desired impact and are proceeding according to plan and targets.

22. The Representation had conducted performance monitoring activities and could provide performance monitoring reports. However, the performance monitoring activities needed to be strengthened because of the following shortcomings:

- The Representation could not systematically demonstrate a link between its performance monitoring reports and the quarterly financial reports from partners that it had approved and signed. Also, the performance monitoring reports did not assess performance against agreed targets.
- The monitoring of partners was not done by multi-functional teams. Monitoring reports were also inconsistently shared between staff in the Representation and there was no approach to ensure effective internal coordination.
- The Representation's 2013 monitoring plan indicated that up to 40 semi-annual monitoring visits would be conducted by supply staff per year but only three such visits focusing on supply chain management were conducted in 2013.

23. The main reason for the above shortcomings was that the Representation's programme staff had not adequately taken the lead in developing a coordinated system of monitoring by staff from all affected sections. The existing monitoring plan did not assign staff to multi-functional teams. As a result, performance monitoring did not assess on an ongoing basis the progress of partners and achievements against targets and, therefore, did not allow for timely corrective actions.

**(3) The UNHCR Representation in Kenya should develop and implement a system of partner monitoring that includes: (a) monitoring reports from multi-functional teams that are linked to the approval of partner reports; (b) monitoring reports that assess the performance of partners against pre-established targets; and (c) monitoring plans that assign relevant tasks to specified staff.**

*UNHCR accepted recommendation 3 and stated that a coordinated system of partner performance monitoring using multi-functional teams was now in place. The Representation had enhanced the Project Monitoring Plan including the various functional teams. It had also developed a multi-functional matrix that assigned relevant tasks to specified staff. During mid and year-end programme reviews, performance targets and results were reviewed and analyzed and corrective measures recommended and implemented. The submission of performance and financial project reports by partners had enabled the office to always establish clear linkages between monitoring of results achieved against planned activities thus obtaining sufficient information before releasing subsequent installments. Recommendation 3 remains open pending receipt of evidence of the effective implementation of the monitoring plan demonstrating that the monitoring reports systematically assess progress against targets and show clear linkage to the quarterly financial reports from partners.*

## **B. Regulatory framework**

### Need to strengthen controls over fuel management

24. The UNHCR Manual requires the Representation to ensure adequate control over recording of incoming and outgoing fuel and to undertake regular physical stock taking and inspection of fuel quantities.

25. In 2013, the sub offices in Kenya spent \$5.8 million (\$4.7 million in Dadaab and \$1.1 million in Kakuma) on 4.5 million litres of diesel fuel. The controls that these sub offices had over fuel management had the following shortcomings:

- In both sub offices, no evidence was available to show that the fuel allocations to partners, to run generators and vehicles, had been reviewed in 2013 and 2014 to ensure alignment with operational project needs. The absence of these reviews could have resulted in excessive fuel consumption.
- For vehicles and generators in both offices, the average monthly fuel consumption rates were not systematically analysed to identify cases that were outside normal standard rates and to initiate corrective measures.
- In Sub Office Kakuma, one of the fuel tanks (with a capacity of 16,000 litres) had no measuring device for stock taking and fuel issuance, making it difficult to reconcile the recorded fuel stock balance with the actual quantity. This could have resulted in undetected fuel losses.
- Although there was evidence of reviews conducted by the Sub Office Dadaab programme staff of fuel stock reports received from the partner who had been assigned the responsibility to manage fuel, the Representation did not undertake a systematic monitoring of fuel receipts, issuances and stock positions at the partner. The year-end narrative report for 2013 submitted by the partner reported the total distributed quantity as 3.4 million litres of fuel while the stock reports received from the partner disclosed the total quantity distributed as 3.2 million litres. The Representation could not explain the discrepancy of 200,000 litres, which was valued at \$170,000, and had not followed it up with the partner.

26. The main reasons for the above weaknesses were: i) lack of detailed procedures to review fuel allocations and to analyse the average monthly fuel consumption rates; ii) lack of implementation of an adequate infrastructure for stock keeping in Kakuma; and iii) inadequate monitoring of the partner implementing fuel management in Dadaab. Whilst the audit was still ongoing, the Representative issued a memorandum to all offices in Kenya on the need to improve fuel management practices, together with new standard operating procedures for fuel sourcing, delivery, settlement of invoices and fuel use monitoring.

**(4) The UNHCR Representation in Kenya should implement an action plan for strengthening fuel management, which should include systematically analysing the average monthly fuel consumption against standard consumption rates, putting in place an appropriate infrastructure for stock keeping in Kakuma, and monitoring the partner in charge of fuel management in Dadaab.**

*UNHCR accepted recommendation 4 and stated that the Representation had strengthened fuel management using the newly introduced Standard Operating Procedures, guidelines and tools. This had resulted in the strengthening of fuel management in both Dadaab and Kakuma. Detailed fuel reports were being produced using these guidelines. Based on the action taken and review of the documentation provided, recommendation 4 has been closed.*

Need to verify and account for missing and damaged assets

27. According to the UNHCR accounting policy for property, plant and equipment (PPE), the Representation is required to perform a physical verification of all its PPE assets at least once a year and submit a full and accurate report on the verification of PPE assets to UNHCR headquarters. The Representation should also barcode the PPE assets, including those held by partners under Right of Use Agreements. Similarly, the UNHCR policy on serially tracked items (STIs) requires the Representation to ensure that physical verification of STIs is performed annually, STIs are barcoded and the STI records are updated including those held by partners under Right of Use Agreements.



28. The PPE asset database was not up-to-date and the verification report submitted to UNHCR headquarters was not accurate. This was because the Representation had not physically verified 42 PPE assets with a total purchase value of \$2.2 million since 2012, had not barcoded 15 buildings with a net book value of \$924,712, and had recorded two generators with a value of \$20,000 as in-service while they were actually not working. In addition, the STI records were not up-to-date because STIs were not physically verified annually. The Representation had tried to physically verify the STIs in 2013; however, it had been unable to trace 1,039 items with a purchase value of \$438,972 and net book value of \$197,180, which included items held by partners. It had not accounted for these differences and the related possible losses. Also, the Representation was not systematically checking the verification reports received from the partners on assets under their custody.

29. The above shortcomings occurred because of inadequate follow-up on the differences found by the Representation during the physical verification of PPE and STI assets. As a result, the Representation's asset records were misstated.

**(5) The UNHCR Representation in Kenya should put in place an action plan for the physical verification of all property, plant and equipment assets and serially tracked items, including those under custody of partners. This should include procedures for barcoding all assets, accounting for missing and damaged assets, and updating the asset records.**

*UNHCR accepted recommendation 5 and stated that the Representation in Kenya physically verified all PPE assets under the custody of partners and UNHCR every year. All verified PPE assets were barcoded to enable and facilitate matching with the data of the MSRP database. In the event a barcode was illegible, it was marked and replaced. The joint verification was undertaken by teams comprising of UNHCR colleagues from Nairobi, Dadaab and Kakuma with a delegate from each partner. As at December 2014, all PPEs belonging to UNHCR were physically verified and updated in the system. Recommendation 5 remains open pending receipt of evidence that full annual STI verification has also been conducted and that all STI assets have been barcoded, asset records have been updated, and damaged and missing assets have been accounted for.*

#### **IV. ACKNOWLEDGEMENT**

30. OIOS wishes to express its appreciation to the Management and staff of the UNHCR Representation 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 operations in Kenya for the Office of the United Nations High Commissioner for Refugees

Recom. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	C/ O <sup>5</sup>	Actions needed to close recommendation	Implementation date <sup>6</sup>
1	The UNHCR Representation in Kenya should develop a system for satisfactorily monitoring the distribution of non-food items. This should include implementation of appropriate procedures for on-site monitoring, reconciliation of the quantities distributed with those issued from the warehouse, and ensuring that beneficiaries acknowledge items received.	Critical	C	Action completed	Implemented
2	The UNHCR Representation in Kenya should develop and implement a methodology, based on objective and verifiable criteria, to justify including lump sum salary costs and common administrative costs in partner agreements.	Important	O	Submission to OIOS of evidence of the implementation of a methodology to justify charging lump sum salary and administrative costs to the UNHCR projects based on objective and verifiable criteria, in accordance with the requirements of the UNHCR Manual, and evidence of the application of this criteria in partner agreements.	31 January 2015
3	The UNHCR Representation in Kenya should develop and implement a system of partner monitoring that includes: (a) monitoring reports from multi-functional teams that are linked to the approval of partner reports; (b) monitoring reports that assess the performance of partners against pre-established targets; and (c) monitoring plans that assign relevant tasks to specified staff.	Important	O	Submission to OIOS of evidence of the effective implementation of the monitoring plan demonstrating that the monitoring reports systematically assess progress against targets and show clear linkage to the quarterly financial reports from partners.	31 March 2015
4	The UNHCR Representation in Kenya should implement an action plan for strengthening fuel management, which should include systematically	Critical	C	Action completed	Implemented

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> C = closed, O = open

<sup>6</sup> 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

Recom. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	C/ O <sup>5</sup>	Actions needed to close recommendation	Implementation date <sup>6</sup>
	analysing the average monthly fuel consumption against standard consumption rates, putting in place an appropriate infrastructure for stock keeping in Kakuma, and monitoring the partner in charge of fuel management in Dadaab.				
5	The UNHCR Representation in Kenya should put in place an action plan for the physical verification of all property, plant and equipment assets and serially tracked items, including those under custody of partners. This should include procedures for barcoding all assets, accounting for missing and damaged assets, and updating the asset records.	Important	O	Submission to OIOS of evidence that a full annual STI verification has been conducted and that all STI assets have been barcoded, asset records have been updated and damaged and missing assets have been accounted for.	31 March 2015

# **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 <sup>7</sup> / Important <sup>8</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Kenya should develop a system for satisfactorily monitoring the distribution of non-food items. This should include implementation of appropriate procedures for on-site monitoring, reconciliation of the quantities distributed with those issued from the warehouse, and ensuring that beneficiaries acknowledge items received.	Critical	Yes	Senior Operations Officer	October 2014	<p>The newly introduced non-food items (NFI) distribution forms and the presence of UNHCR field staff has ensured that distributions to Persons of Concern (PoC) are satisfactorily monitored. Distribution lists are now signed or thumb printed by beneficiaries.</p> <p>In addition to NFI reports generated from the MSRP system, a new excel sheet has been introduced outside MSRP to be filled on a monthly basis to reconcile totals of NFI items distributed as reported by the partners and items issued from the warehouse as per MSR reports from the MSRP.</p> <p>Local Standard Operating Procedures (SOPs) defining roles and responsibilities have been shared with all stakeholders in the distribution and monitoring</p>

<sup>7</sup> 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.

<sup>8</sup> 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 operations in Kenya for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>7</sup> / Important <sup>8</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						of NFIs.
2	The UNHCR Representation in Kenya should develop and implement a methodology, based on objective and verifiable criteria, to justify including lump sum salary costs and common administrative costs in partner agreements.	Important	Yes	Assistant Representative Programme	January 2015	The methodology for determining the lump sum salary costs and common administrative costs of partners has been developed. It is based on the fair share principle. Donors' contributions to the partners of the Kenyan programme differ; therefore a common ratio cannot be established across the board.
3	The UNHCR Representation in Kenya should develop and implement a system of partner monitoring that includes: (a) monitoring reports from multi-functional teams that are linked to the approval of partner reports; (b) monitoring reports that assess the performance of partners against pre-established targets; and (c) monitoring plans that assign relevant tasks to specified staff.	Important	Yes	Assistant Representative Programme	October 2014	Since 2012, a multi-functional team performs the financial monitoring and verification of partner's financial records and reports. A coordinated system of partner performance monitoring using multi-functional teams is now in place. The Representation has enhanced the Project Monitoring Plan including the various functional teams. The Representation has also developed a multi-functional matrix that assigns relevant tasks

## Management Response

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

Rec. no.	Recommendation	Critical <sup>7</sup> / Important <sup>8</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>to specified staff. During mid and year-end programme reviews, performance targets and results are reviewed and analyzed and corrective measures recommended and implemented. The submission of performance and financial project reports by partners has enabled the office to always establish clear linkages between monitoring of results achieved against planned activities thus obtaining sufficient information before releasing subsequent installments.</p>
4	<p>The UNHCR Representation in Kenya should implement an action plan for strengthening fuel management, which should include systematically analyzing the average monthly fuel consumption against standard consumption rates, putting in place an appropriate infrastructure for stock keeping in Kakuma, and monitoring the partner in charge of fuel management in Dadaab.</p>	Critical	Yes	Senior Supply Officer	March 2015	<p>The Representation has strengthened fuel management using the newly introduced Standard Operating Procedures, guidelines and tools. This has resulted in the strengthening of fuel management in both Dadaab and Kakuma Offices. Detailed fuel reports are being produced using these guidelines.</p>

## Management Response

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

Rec. no.	Recommendation	Critical <sup>7</sup> / Important <sup>8</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	The UNHCR Representation in Kenya should put in place an action plan for the physical verification of all property, plant and equipment assets and serially tracked items, including those under custody of partners. This should include procedures for barcoding all assets, accounting for missing and damaged assets, and updating the asset records.	Important	Yes	Senior Supply Officer	Implemented since 2013	<p>The Representation in Kenya physically verifies all property, plant and equipment (PPE) assets under the custody of partners and UNHCR every year. All verified PPE assets are barcoded to enable and facilitate matching with the data of the MSRP database. In the event a barcode is illegible, it is marked and replaced.</p> <p>The joint verification is undertaken by teams comprising of UNHCR colleagues from Nairobi, Dadaab and Kakuma with a delegate from each partner. As at December 2014, all PPEs belonging to UNHCR were physically verified and updated in the system.</p>