



INTERNAL AUDIT DIVISION

REPORT 2015/018

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

Overall results relating to management of the
operations in Kazakhstan were initially
assessed as partially satisfactory.
Implementation of seven important
recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

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AUDIT REPORT

Audit of the operations in Kazakhstan 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 Kazakhstan for the Office of the United Nations High Commissioner for Refugees.
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 Kazakhstan (hereinafter referred to as ‘the Representation’) was established in August 1995. Since 2008, the Representation has assumed regional responsibilities over the UNHCR operations in Central Asia relating to: (a) policy guidance and provision of strategic vision; (b) protection advice and support to operations; (c) programme coordination and guidance; and (d) administrative, financial and human resources support. The Representation coordinates and oversees the activities of UNHCR country operations in Kyrgyzstan and Tajikistan and provides direct representation of the operations in Kazakhstan, Turkmenistan and Uzbekistan. As at 31 July 2014, the persons of concern in the Central Asia region consisted of 2,806 refugees, 2,453 asylum seekers and 31,160 stateless persons.
4. The Representation is based in Almaty and consists of the regional office for the Central Asia region and the country office for Kazakhstan. It is headed by a Regional Coordinator/Representative at the D-1 level. It has a Deputy Representative of the regional office who is at the P-5 level and acts as the head of the country office for Kazakhstan. As at 31 July 2014, there were 13 authorized posts in the regional office and 17 in the country office. The two offices had total aggregated expenditure of \$3.9 million in 2012, \$4.5 million in 2013, and \$1.9 million for the 7-month period from 1 January to 31 July 2014. They had a total budget of \$4.5 million for 2014.
5. Comments provided by UNHCR are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNHCR governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the operations in Kazakhstan**.
7. The audit was included in the 2014 risk-based internal audit work plan for UNHCR due to the risks associated with managing and coordinating a complex regional programme.
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: (i) exist to guide the management of the operations; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

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

10. OIOS conducted the audit from July to September 2014. The audit covered the period from 1 January 2012 to 31 July 2014.

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 **partially satisfactory**¹ in providing reasonable assurance regarding the effective management of the operations in Kazakhstan. OIOS made seven recommendations to address issues identified in the audit.

13. The Representation needed to: (a) strengthen controls over partner selection and retention; (b) strengthen financial and performance monitoring of partners; (c) enhance monitoring of mini-grant and financial assistance activities implemented by partners; (d) strengthen monitoring of partners' procurement activities; (e) periodically assess the agreed actions contained in the UNHCR Central Asia strategy; (f) strengthen the voucher preparation, review and approval process; and (g) strengthen procurement and vendor registration procedures.

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** as the implementation of seven 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 Kazakhstan	(a) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

¹ 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 controls over partner selection and retention

15. According to the UNHCR policy on ‘selection and retention of partners for project partnership agreements’, the Representation needs to implement and monitor a competitive selection process for its project partnerships. This includes the requirement to have a multi-functional composition of the Implementing Partner Management Committee (IPMC). IPMC should examine and evaluate information submitted by all applicants to identify the best-fit partners.

16. Contrary to these requirements, the Representation did not implement the partner selection process for its projects for 2014. Instead, it only conducted an evaluation of its existing three partners for retention. In addition, although a four-member IPMC was established in 2013, it included a representative from the Finance and Administrative Unit only as an alternate member but not as a principal member. The representative of the Finance and Administrative Unit therefore did not participate in the IPMC meeting of November 2013 when the partner retention decisions for 2014 were made because all the principal members were available. As the discussion in the meeting involved financial and internal control matters, the input of the Finance and Administrative Unit would have been essential. Finally, IPMC did not refer in its meeting to the results of the verifications undertaken by the Representation’s verification team on the partners’ final reports that provided important information on the partners’ financial management capacity and programme implementation.

17. These shortcomings existed because of inadequate supervision of the work of IPMC and lack of understanding by the IPMC members of the requirements of the UNHCR policy on selection and retention of partners and the terms of reference of the Committee. As a result, the Representation was at risk of continuing to work with partners that were not the best fit or most competent for implementing its programmes.

(1) The UNHCR Representation in Kazakhstan should provide training to the members of the Implementing Partner Management Committee on their roles and responsibilities and put in place an action plan for ensuring adequate supervision of the work of the Committee.

UNHCR accepted recommendation 1 and stated that it would provide training to the members of the IPMC by 15 April 2015. As a result of the training, it would prepare an action plan for ensuring adequate supervision of the work of the Committee by 30 April 2015. Recommendation 1 remains open pending receipt of evidence of completion of the training for the IPMC members and a copy of the action plan for ensuring adequate supervision of the work of the Committee.

Need to strengthen financial and performance monitoring of partners

18. According to the UNHCR Project Partnership Agreements, the Representation needs to verify the implementing partner final reports to establish the completeness and occurrence of the reported expenditures. The project partnership agreement template includes a requirement for the partners to maintain accounts for the receipt and disbursements of funds, to have a separate bank account for UNHCR project funds and to conduct periodic bank reconciliations. The Representation also needs to review the narrative part of the partners’ final reports to assess the project performance, linked with the financial expenditures incurred.

19. The Representation did not have a structured monitoring plan in place but it had conducted a financial verification of each project at least once during the lifetime of the project. For the period from 1 January 2012 to 31 July 2013, the Representation conducted financial verifications - 40 visits in total - at all three partners. OIOS reviewed the Representation's implementing partner final report verification results for the period from January 2012 to July 2014 and the financial and performance monitoring procedures in general. To validate the effectiveness of monitoring controls, OIOS visited three partners and noted that they maintained accounting systems and that expenditures could be traced from implementing partner final reports to transaction journals and vouchers. However, OIOS noted some control weaknesses at the partners, such as lack of preparation of periodic bank reconciliations, inadequate controls over cheque payments for the purchase of medicines for refugees, and inadequate supporting documentation for seminar-related costs. OIOS also noted that partners reported inaccurate and unrealistic performance results. These weaknesses were not identified by the Representation's verification team. In addition, there was no evidence that the performance verifications undertaken by the Representation included a comparison of the financial expenditures to the actual project progress.

20. These weaknesses happened due to inadequate management supervision of the work of the verification team and inadequate knowledge of the verification team members on how to verify financial transactions and project performance. As a result, the Representation was not fully ensuring that expenditures in implementing partner final reports were complete and accurate or that the reported performance information was reliable.

(2) The UNHCR Representation in Kazakhstan should develop and implement an action plan for improving the quality and effectiveness of the work of the team undertaking financial and performance monitoring of partners, including through enhanced training and supervision of the team.

UNHCR accepted recommendation 2 and stated that it established the new composition of the verification team on 19 September 2014. It would prepare an action plan on improving the quality and effectiveness of the work of the multi-functional team by 30 April 2015. Recommendation 2 remains open pending receipt of the action plan for strengthening the training and supervision of the verification team.

Need for enhanced monitoring of mini-grant and financial assistance activities

21. The monitoring and reporting provisions in the project partnership agreement require the Representation to oversee the day-to-day activities of the partner and to assess project progress according to the project's results-based work plan. Two partners provided mini-grants and financial assistance to asylum seekers and refugees as per the terms of their respective project partnership agreements. The Representation had issued to one of the partners a concept note on mini-grants and to the other partner a standard operating procedure on financial assistance to guide these activities.

22. However, the Representation's monitoring of the partners' activities did not adequately address issues related to mini-grants and financial assistance, even though the Representation's staff acted as member of the respective committees that made decisions on the mini-grants and financial assistance. The Representation did not take appropriate action on the Mini-Grant Committee's approval of four late proposals and exclusion of three other late proposals, which indicated lack of transparency and consistency in the selection of beneficiaries eligible for grants. In addition, although the first partner distributed a total of \$46,850 in mini-grants between 1 January 2013 and 30 June 2014, neither the partner nor the Representation conducted any impact assessments of the grants provided to beneficiaries, contrary to the results-based framework of UNHCR under which the project's work plan was formulated. The second partner distributed financial assistance totalling \$199,196 from 1 January 2012 to 30 June 2014.

However, the Representation did not provide any remedial action on the Financial Assistance Committee's approval of grants without relevant documentation of the decisions made. OIOS concluded that the guidance prepared for the mini-grants and financial assistance was poorly defined. For example, the concept note for mini-grants did not include any provisions for the need to conduct impact evaluations of the grants. The standard operating procedure for the provision of financial assistance did not require documentation on the evaluation of requests for financial assistance or the use of an evaluation template.

23. These shortcomings occurred because of inadequate monitoring by the Representation of the mini-grants and financial assistance projects, including the decisions made by the respective committees. As a result, there was a risk that the mini-grants projects and financial assistance activities were not operating effectively and achieving the intended results.

(3) The UNHCR Representation in Kazakhstan should prepare and implement an action plan for strengthening the monitoring controls over mini-grants and financial assistance projects by ensuring that: (a) the relevant guidance is revised to include clearly established requirements for approval of grant proposals and to reflect the need to undertake an impact assessment of the grants; (b) appropriate controls for monitoring compliance with the above-mentioned guidance are established; and (c) the impact of mini-grants and financial assistance provided to date is evaluated.

UNHCR accepted recommendation 3 and stated that it would: (a) complete the revision of the guidance on mini-grants and financial assistance to beneficiaries by 15 April 2015; (b) establish controls for monitoring compliance with the above-mentioned guidance by 15 April 2015; and (c) conduct and complete the evaluation of the impact of mini-grants and financial assistance by 15 May 2015. Recommendation 3 remains open pending receipt of the revised guidance on mini-grants and financial assistance, which should include appropriate provisions for how compliance with the guidance will be monitored, and the results of the impact assessments undertaken.

Need to strengthen monitoring of partners' procurement activities

24. According to the UNHCR Implementing Partner Procurement Guidelines and article 16.4 of the project partnership agreement, the Representation should review the partners' procurement activities to ensure that competitive bidding is undertaken for procurement valued at \$5,000 and above using either an invitation to bid or request for proposal, and that a request for quotation is issued by the partners for all procurement valued at \$2,000 or more but less than \$5,000.

25. The Representation provided the partners with copies of the implementing partner procurement guidelines. However, it did not appropriately monitor and take action on the partners' deviations from the established procurement rules regarding the need to undertake competitive bidding. OIOS noted that the Representation's monitoring was not adequate to identify and resolve procurement shortcomings at the three partners. One of the partners entered into two contracts without competitive bidding. These were contracts with an advertising agency for \$43,607 and with a telephone service provider for \$6,365. Another partner incurred expenditures of \$94,139 from 1 January 2012 to 30 June 2014 on various healthcare services. While this partner invited bids from medical clinics for the medical referral and treatment services for the refugees and asylum-seekers, it did not use a bidding process for the pharmacies where the partner purchased medicines for the refugees and asylum-seekers. The third partner entered into a contract with a vendor for \$3,896 for the printing of brochures without requesting a formal quotation.

26. The above shortcomings happened because the Representation's staff did not adequately review the partners' procurement transactions as part of the financial verifications conducted and because of lack

of knowledge of the verification team members of UNHCR procurement rules and procedures. As a result, the Representation was at risk of not getting adequate value for money from its procurement of goods and services through partners.

(4) The UNHCR Representation in Kazakhstan should develop and implement an action plan for strengthening the monitoring of partner procurement activities by including the review of partners' procurement transactions as an integral part of the financial verification exercises and enhancing the knowledge of the Representation's staff of the UNHCR partner procurement guidelines.

UNHCR accepted recommendation 4 and stated that it would develop an action plan for strengthening the monitoring of partner procurement activities by 15 April 2015. Recommendation 4 remains open pending receipt of the action plan for strengthening monitoring of partner procurement activities and evidence of related activities undertaken, including the provision of training to verification team members.

B. Regulatory framework

Need to periodically assess the agreed actions in the Central Asia strategy

27. The UNHCR Global Management Accountability Framework requires operations to monitor and assess their performance and impact at the region and country levels through regular field missions and conversations with diverse groups of persons of concern. According to the Representation's Central Asia strategy for 2011-2013, the strategic vision and the related actions to be performed by the regional office and the country offices in the region under each of the six priority areas of the strategy need to be revised based on progress made and changes in the operational environment. This requires a periodic assessment of the agreed actions during the effective period of the strategy.

28. The Representation did not conduct any structured assessment of the progress made and the accomplishments achieved against the agreed action points in the Central Asia strategy. This meant that opportunities were missed for identifying some of the actions which were poorly defined, so that they could have been revised. For instance, the 2011-2013 strategy identified an action by the regional office 'to provide technical assistance and support to country offices' that was too vague and unspecific to be measurable. Another action "to identify a regional stockpile for logistics, supplies and information technology equipment" was retained in the strategy from a prior period although it was no longer relevant as a regional stockpile had already been established by UNHCR in Dubai. Further, absence of the assessment of the agreed actions in the 2011-2013 strategy led to the Representation not taking into account any lessons learned from the implementation of the strategy when formulating the 2014-2016 Central Asia strategy.

(5) The UNHCR Representation in Kazakhstan should prepare and implement an action plan for periodically assessing the UNHCR Central Asia strategy.

UNHCR accepted recommendation 5 and stated that the UNHCR Regional Office and Country Representatives discussed the issues related to the UNHCR strategy in Central Asia. They agreed to develop a solutions strategy for the countries of the region whereby each country should identify solutions for individual groups of persons of concern and clearly mark implementation period and expected results for reaching complete durable solutions. Regional Office Almaty focal points together with the Country Office would prepare the results of the latest periodic assessment of the 2014-2016 strategy conducted and provide evidence of the related actions taken by 15 May 2015. Recommendation

5 remains open pending receipt of the results of the latest periodic assessment of the 2014-2016 Central Asia strategy and evidence of the related actions taken.

Need to strengthen the voucher preparation, review and approval process

29. According to the UNHCR Manual, the Representation is required to obtain signatures on payment vouchers by voucher preparers and approvers. The Manual further requires bank signatories to ensure that a properly supported payment voucher is approved, that original invoices are clearly marked as “Paid”, and that any other supporting documents are attached to the payment vouchers.

30. OIOS reviewed the supporting documentation provided by the Representation for voucher preparation and approval, and verified 58 payment vouchers. The review indicated that payment approving staff did not verify and sign 57 per cent (33 occurrences) of the vouchers. In addition, 33 per cent (19 occurrences) of the vouchers were prepared outside of Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system, and were therefore not subject to the inbuilt controls in the system. Furthermore, the staff members who approved these payments did not print their names and titles on the vouchers, although there were printed instructions in this regard on the accounts payable vouchers. In addition, the petty cash custodian did not stamp the invoices as ‘Paid’ to mitigate the risk of duplicate use of paid invoices. The bank signatories did not exercise adequate review to see if the vouchers were complete and supported by the necessary documents before signing the bank transfer authorizations. The Representation also used incorrect account codes in three purchase orders reviewed.

31. The above shortcomings happened because of lack of appropriate guidance to staff involved in preparing, reviewing and approving financial documents. These practices increased the risk of fraud and errors in financial management.

(6) The UNHCR Representation in Kazakhstan should prepare and implement standard operating procedures on voucher preparation, review and approval.

UNHCR accepted recommendation 6 and stated that it would implement Standard Operating Procedures on voucher preparation, review and approval by 15 April 2015. Recommendation 6 remains open pending receipt of the standard operating procedures on voucher preparation, review and approval.

Need to strengthen procurement and vendor registration procedures

32. According to the UNHCR Manual, the Representation is required to follow appropriate procurement approval procedures, including specifying clear and detailed requirements in the terms of reference for the goods or services to be procured, providing criteria or technical evaluation of bids in the invitation to bid, and conducting technical evaluations before the financial assessment of the received bids. The Representation is required to establish a vendor registration committee for evaluating prospective vendors in light of technical, commercial and financial criteria.

33. OIOS reviewed 25 purchase orders and supporting vouchers for an aggregate amount of \$377,419 (25 per cent of the total procurement of \$1.5 million from 1 January 2012 to 4 July 2014) and identified three control deficiencies which were systemic in the items tested. First, the Representation did not establish a system for regular technical evaluation of the procurement of goods and services including: (a) formation of technical evaluation committees; (b) provision of criteria for technical evaluation of bids in the invitation to bids; and (c) instructing bidders to submit bids in separate sealed envelopes. Second, the Representation did not send regret letters to the unsuccessful bidders, as required. Third, although the

Representation established a vendor registration committee in 2013 and also maintained a vendor registration database in MSRP, the vendor registration committee was not meeting regularly. Hence, the performance, capacity and capability of the vendors were not adequately evaluated.

34. These shortcomings happened because the Representation did not have trained and experienced supply staff. The members of the local committee on contracts, who were also members of the bid opening committee, also did not have sufficient knowledge of the UNHCR procurement rules and procedures. As a result, there was a risk that the Representation was not fully obtaining value for money from its procurement activities.

(7) The UNHCR Representation in Kazakhstan should put in place an action plan for strengthening procurement and vendor registration procedures by training staff involved in these activities and ensuring that the vendor registration committee regularly performs its work of evaluating the performance and the technical, commercial and financial capabilities of vendors.

UNHCR accepted recommendation 7 and stated that it established the Vendor Review Committee on 15 August 2014. The Committee conducted three sessions to consider registration of new vendors. The Committee would prepare an action plan for strengthening procurement and vendor registration by 30 April 2015. Recommendation 7 remains open pending receipt of the action plan for strengthening procurement and vendor registration procedures and evidence of the activities undertaken to ensure compliance with UNHCR procurement rules and procedures and the effective functioning of the Vendor Review Committee, including through the provision of training.

IV. ACKNOWLEDGEMENT

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

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	The UNHCR Representation in Kazakhstan should provide training to the members of the Implementing Partner Management Committee on their roles and responsibilities and put in place an action plan for ensuring adequate supervision of the work of the Committee.	Important	O	Submission to OIOS of evidence of completion of the training for the IPMC members and a copy of the action plan for ensuring adequate supervision of the work of the Committee	30 April 2015
2	The UNHCR Representation in Kazakhstan should develop and implement an action plan for improving the quality and effectiveness of the work of the team undertaking financial and performance monitoring of partners, including through enhanced training and supervision of the team.	Important	O	Submission to OIOS of the action plan for strengthening the training and supervision of the verification team	30 April 2015
3	The UNHCR Representation in Kazakhstan should prepare and implement an action plan for strengthening the monitoring controls over mini-grants and financial assistance projects by ensuring that: (a) the relevant guidance is revised to include clearly established requirements for approval of grant proposals and to reflect the need to undertake an impact assessment of the grants; (b) appropriate controls for monitoring compliance with the above-mentioned guidance are established; and (c) the impact of mini-grants and financial assistance provided to date is evaluated.	Important	O	Submission to OIOS of the revised guidance on mini-grants and financial assistance, which should include appropriate provisions for how compliance with the guidance will be monitored, and the results of the impact assessments undertaken	15 May 2015
4	The UNHCR Representation in Kazakhstan should develop and implement an action plan for strengthening the monitoring of partner	Important	O	Submission to OIOS of the action plan for strengthening monitoring of partner procurement activities and evidence of related activities	15 April 2015

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

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

⁴ C = closed, O = open

⁵ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
	procurement activities by including the review of partners' procurement transactions as an integral part of the financial verification exercises and enhancing the knowledge of the Representation's staff of the UNHCR partner procurement guidelines.			undertaken, including the provision of training to verification team members	
5	The UNHCR Representation in Kazakhstan should prepare and implement an action plan for periodically assessing the UNHCR Central Asia strategy.	Important	O	Submission to OIOS of the results of the latest periodic assessment of the 2014-2016 Central Asia strategy and evidence of the related actions taken	15 May 2015
6	The UNHCR Representation in Kazakhstan should prepare and implement standard operating procedures on voucher preparation, review and approval.	Important	O	Submission to OIOS of the standard operating procedures on voucher preparation, review and approval	15 April 2015
7	The UNHCR Representation in Kazakhstan should put in place an action plan for strengthening procurement and vendor registration procedures by training staff involved in these activities and ensuring that the vendor registration committee regularly performs its work of evaluating the performance and the technical, commercial and financial capabilities of vendors.	Important	O	Submission to OIOS of the action plan for strengthening procurement and vendor registration procedures and evidence of the activities undertaken to ensure compliance with UNHCR procurement rules and procedures and the effective functioning of the Vendor Review Committee, including through the provision of training	30 April 2015

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ² / Important ³	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Kazakhstan should provide training to the members of the Implementing Partner Management Committee on their roles and responsibilities and put in place an action plan for ensuring adequate supervision of the work of the Committee.	Important	Yes	Deputy Rep	30 Apr 2015	Training to the members of the IPMC will be provided by 15 April 2015. As a result of the training, an action plan for ensuring adequate supervision of the work of the Committee will be prepared by 30 April 2015.
2	The UNHCR Representation in Kazakhstan should develop and implement an action plan for improving the quality and effectiveness of the work of the team undertaking financial and performance monitoring of partners, including through enhanced training and supervision of the team.	Important	Yes	Deputy Rep	30 April 2015	A new composition of the Verification team was established on 19 September 2014. An action plan on improving the quality and effectiveness of the work of the multi-functional team will be prepared by 30 April 2015.
3	The UNHCR Representation in Kazakhstan should prepare and implement an action plan to strengthen the monitoring controls over mini-grants and financial assistance projects by ensuring that: (a) the relevant guidance is revised to include clearly established requirements for approval of grant proposals and to reflect the need to undertake an impact assessment of the grants; (b) appropriate controls for monitoring compliance with the above-mentioned guidance are established; and (c) the impact of mini-grants and financial assistance provided to date is evaluated.	Important	Yes	Deputy Rep	(a) 15 April 2015 (b) 15 April 2015 (c) 15 May 2015	(a) Revision of guidance on mini-grants and financial assistance to beneficiaries will be completed by 15 April 2015. (b) Controls for monitoring compliance with the above-mentioned guidance are to be established by 15 April 2015. (c) Evaluation of the impact of mini-grants and financial assistance provided to date will be conducted and completed by 15 May 2015.

Management Response

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

Rec. no.	Recommendation	Critical ² / Important ³	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	The UNHCR Representation in Kazakhstan should develop and implement an action plan for strengthening the monitoring of partner procurement activities by including the review of partners' procurement transactions as an integral part of the financial verification exercises and enhancing the knowledge of the Representation's staff of the UNHCR partner procurement guidelines.	Important	Yes	Deputy Rep	15 April 2015	An action plan for strengthening the monitoring of partner procurement activities will be developed by 15 April 2015.
5	The UNHCR Representation in Kazakhstan should prepare and implement an action plan for periodically assessing the UNHCR Central Asia strategy.	Important	Yes	Regional Rep	15 May 2015	The UNHCR Regional Office and Country Representatives discussed the issues related to the UNHCR strategy in Central Asia. It was agreed to develop a solutions strategy for the countries of the region whereby each country should identify solutions for individual groups of persons of concern and clearly mark implementation period and expected results for reaching complete durable solutions. RO Almaty focal points together with the Country Office will continue to follow up on decisions taken at the Representatives meetings every other week and will prepare the results of the latest periodic assessment of the 2014-2016 strategy conducted and provide evidence of the related actions taken by 15 May 2015.

Management Response

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

Rec. no.	Recommendation	Critical ² / Important ³	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
6	The UNHCR Representation in Kazakhstan should prepare and implement standard operating procedures on voucher preparation, review and approval.	Important	Yes	Snr. Reg. Admin/Fin Officer	15 April 2015	The RO Almaty will implement Standard Operating Procedures on voucher preparation, review and approval by 15 April 2015.
7	The UNHCR Representation in Kazakhstan should put in place an action plan to strengthen procurement and vendor registration procedures by training staff involved in these activities and ensuring that the vendor registration committee regularly performs its work of evaluating the performance and the technical, commercial and financial capabilities of vendors.	Important	Yes	Snr. Reg. Admin/Fin Officer	30 April 2015	A new Vendor Review Committee was established on 15 August 2014. The Committee has already conducted 3 sessions to consider registration of new vendors. The VRC will prepare an action plan for strengthening procurement and vendor registration by 30 April 2015.