Republic of Kenya
MINISTRY OF HEALTH

Assessment of Kenya Medical Supplies Agency

(KEMSA)

April 2008

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KENYA MEDICAL SUPPLIES AGENCY

Assessment of Kenya Medical Supplies Agency (KEMSA)

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The Strengthening Pharmaceutical Systems (SPS) Program strives to build capacity within developing countries to effectively manage all aspects of pharmaceutical systems and services. SPS focuses on improving governance in the pharmaceutical sector, strengthening pharmaceutical management systems and financing mechanisms, containing antimicrobial resistance, and enhancing access to and appropriate use of medicines.

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ACRONYMS

CEO	Chief Executive Officer (KEMSA)
EPN	Ecumenical Pharmaceutical Network
GOK	Government of Kenya
HAZMAT	Hazardous Materials
ICT	Information and Communication Technology
ISP	Internet Service Provider
KCCT	Kenya College of Communication Technology
KEMSA	Kenya Medical Supplies Agency
KSH	Kenya Shillings
LAN	Local Area Network
LMI	Logistics Management Institute
MCA-TP	Millennium Challenge Account – Threshold Program
MCC	Millennium Challenge Corporation
MEDS	Mission for Essential Drugs & Supplies
MOH	Ministry of Health
MOU	Memorandum of Understanding
MSCU	Medical Supplies Coordinating Unit
MSH	Management Sciences for Health
QA	Quality Assurance
QCU	Quality Control Unit
RHF	Rural Health Facilities
SOPs	Standard Operating Procedures
SPS	Strengthening Pharmaceutical Systems
STC	Special Treatment Clinic
USAID	United States Agency for International Development
WAN	Wide Area Network

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We wish to express our sincere appreciation to the Millennium Challenge Corporation, USAID and MSH for providing funding, leadership and technical support towards implementation of the Kenya MCA-TP, Component Two activities that will enable KEMSA to achieve both its vision and mission, on behalf of the people of Kenya.

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EXECUTIVE SUMMARY

The Government of Kenya has pursued a reform agenda for the procurement and distribution of drugs and other medical supplies as a major priority since the early 1990s. As early strategy components, the establishment of the Health Sector Reform Secretariat and the development of the National Drug Policy in 1994 combined to produce both the structure and early policy framework required for eventual change.

The Kenya Medical Supplies Agency (KEMSA) was established as a state corporation under Cap 446, through the Kenya Medical Supplies Agency Order 2000 (Legal Notice No. 17 of 11th February, 2000). This was a radical step intended to contribute in the reversal of the decline of the health status of Kenyans through the improvement of medicines and medical supplies availability. The Public Procurement and Disposal Act of 2005 and its subsequent Public Procurement Regulation of 2006 further demonstrate the Government's commitment to remain on an aggressive path towards transforming the way government agencies interface with industries, at home and abroad.

Since its inception in February 2001, KEMSA as an approved state corporation has made many strides and provided a significant service in support of healthcare. Since late 2006, KEMSA has converted all 141 hospitals in Kenya to the 'pull system' and established direct monthly deliveries with open tender commercial transporters. However, the Agency continues to struggle through countless set backs, only achieving partial acceptance and functionality, since its establishment. Although recognized by many as an improved organizational approach from its government predecessor (the Medical Supplies Coordinating Unit), KEMSA as the lead commercial activity in support of Kenya's public health sector has struggled for most of its seven years of existence. There are many factors and reasons for this apparent struggle – the least of which stems from KEMSA's inability to effectively demonstrate sustained improvements in accountability, transparency and overall service delivery. These shortfalls, whether actual or perceived, are of concern to those outside the organization especially to the over 4000 health facilities, some of which are at considerable distances from central operational base in Nairobi.

Substantial efforts continue; to find the right solutions which would allow KEMSA to not only achieve the intended mandate, but also to optimize its support to health service delivery across all of Kenya. Since 2003, several initiatives have attempted to move KEMSA closer to its intended functionality. A Memorandum of Understanding (MOU) between the Ministry of Health, the KEMSA Board of Directors and the Development Partners has reached near final approval, only to fall short of actual implementation. Introduction of a ministerial committee and supporting management consultant agency in 2004, are key examples of productive efforts to address KEMSA's plight, resulting in partial consensus building and modest gains towards long-term capacity and improved performance.

Perhaps the biggest challenges which hinder KEMSA's ability to achieve full acceptance and operational success are the combined effects of inadequate funding and lack of timely allocation of both approved procurement and operational budgets which the Agency must have to sustain operational viability. At the core of these major shortfalls lies the reality that the Ministry of Health continues to with-hold a major portion of the procurement of medical supplies from KEMSA. Although past agreements had been reached to finally transfer all medical commodities procurement activities and funding to KEMSA, in practice the MOH continues to maintain control of a large portion of the annual medical supplies procurement contracts.

On the other side of the equation, over the last few years, KEMSA has failed to implement even the basic internal core process improvements required to build confidence in its stakeholders. These improvements would include the manner in which supplies are stored and the way the Agency relates to development

partners and facility customers. Measured improvements in both would go a long way in changing perceptions and would increase effectiveness in accountability and service delivery.

Although previous assessments do acknowledge some level of improvement, many aspects of the Agency's performance continue to require management's leadership. The failure by KEMSA to show substantial improvement in core processes is viewed externally as limited capacity which translates into lack of confidence in KEMSA as an organization. The Agency continues to be overwhelmed with the day to day challenges of meeting basic mission requirements (procurement, receiving, storage and logistics/ distribution) because of effects of failed corrective actions and persistent inadequate funding. In the end, the current outcome in the way KEMSA is viewed externally is much the same - many customers, development partners, stakeholders, and most critically, the Ministry of Health lack full confidence in KEMSA, thus are reluctant to commit to transferring the full procurement mission and funding to the Agency.

In order to improve the overall supply chain response and health service delivery, KEMSA and MOH, with funding from the MCA – TP Component Two have proposed a number of activities to be implemented with technical assistance from MSH/SPS. The technical assistance falls under the following broad objectives:

1. Strengthen KEMSA's procurement capacity and accountability
2. Improve supply chain management of public health resources
3. Establish capacity within Ministry of Health to monitor KEMSA's procurement function and assess compliance
4. Strengthen the supervision of medical supplies to RHFs

The second objective above involves specific activities to strengthen KEMSA's staff capacity, internal processes and infrastructure. In order to rationalize these proposed activities and inform the implementation process, a comprehensive external assessment of the Agency's operations and management was deemed necessary.

The assessment preparations began in early February to mid-March 2008. MSH/SPS assisted KEMSA Management in the development of the Terms of Reference, timeline and tasks for the assessment. MSH/SPS teamed up with its partners, LMI, EPN, and MOH to finalize preparations and conduct the assessment.

The overall task for the assessment was to provide information to:

- Validate the intent for planned interventions under the MCA-TP program
- Identify areas of weakness in KEMSA's functional areas
- Make recommendations for further system strengthening to support KEMSA to realize its Vision and Mission.
- Identify steps, timelines and responsible persons to complete the recommendations suggested by the assessment

The results of the assessment are intended for the benefit of KEMSA management and key stakeholders as a means to appropriately proceed with the planned strengthening activities under the MCA-TP Component Two.

The analysis of the assessment teams' findings provided short- mid- and long-term recommendations to correct weaknesses or gaps, which if not addressed may have either strategic or operational adverse impacts on the Agency's mission. There were twenty four (24) findings identified by the assessment team and recommendations to address them are summarized in the following eight (8) categories:

1) Develop strategic plans, policies and standard procedures for each functional/operational area of the Agency.
2) Develop key performance indicators that measure and track the Agency's accountability, stewardship and service delivery.
3) Develop and implement a strategic communication program to improve customer/stakeholder coordination and support leading to improved relations between KEMSA, its stakeholders and development partners.
4) Improve internal processes, supervision, management expectations and standards across all functional areas so as to increase accountability and transparency to customers and stakeholders, as well as improving service delivery outcomes.
5) Develop and institute an environment which fosters open vertical and horizontal communications, expectations for performance, knowledge and skills, and improves retention, recruitment and career development across the organization.
6) Improve the Agency's overall resource level to ensure the funding required to retain qualified staff, make timely payment to suppliers and transporters and to meet operational expenses.
7) Complete strategic and operational capital investment plans and secure funding approval to optimize critically required warehousing, ICT infrastructure and integrated information architecture to automate business processes fully.
8) Conduct a manpower review to establish the appropriate staffing level and skills mix for the Agency so as to properly align human resources to meet both current and mid-term objectives.

The assessment provides to KEMSA a snap shot view of its organization and offers practical recommendations it should undertake to close gaps for improved outcomes. The first five (5) recommendations above are actions KEMSA can initiate immediately with minimal resources. The potential impacts from taking these actions will improve current operations, external coordination and outcomes. The combined effects of all, if implemented properly, will provide to KEMSA the opportunity for a new organizational image. The three (3) remaining recommendations are external to KEMSA and center on acquiring additional budget resources, securing investment support, procurement funding, and lastly, validating the organization's structure and composition to correct both depth, mix and skills shortfalls.

This technical report provides the detailed results, recommendations and conclusions of the assessment which was conducted from 31 March through 11 April 2008.

1.0 BACKGROUND

1.1 Kenya Medical Supplies Agency (KEMSA) - Its Origins

The government of Kenya has sought to reform procurement and the distribution of medicines and other medical supplies for a very long time. In the early 1990s, the Health Sector Reforms got under way and 'drug supplies' was identified as one of the key sectors earmarked for radical reforms. In June 1996, a stakeholders' conference was held at KCCT Mbagathi to deliberate and gain consensus on the way forward for the reform of 'drug supplies' in public health facilities. Participants in that conference included managers from the Ministry of Health headquarters and provinces, development partners, medical professional bodies, Treasury and the pharmaceutical industry. From the conference, a key resolution was made stating that; "in order to improve the quality of health care services and ensure sustainability in the long term, it is necessary to set up an autonomous and legally mandated body corporate, independent of the day to day management of the Ministry of Health, with the capacity to plan, procure, warehouse and distribute drugs and other medical supplies to all public health facilities". Prior to this, the provision of medical supplies to support health care in public facilities was derived directly from procurements made by the Ministry of Health and KEMSA's predecessor MSCU

As a result of the resolution, a task force and a steering committee comprising of all stakeholders, were established to advance an agenda and a key process to actualize the reform for medical supplies. The efforts of these two committees culminated in the establishment of the Kenya Medical Supplies Agency (KEMSA) as a state corporation through the Legal Notice No. 17, dated 11 February 2000. The notice outlined three key objectives for the Agency:

- Develop and operate a viable commercial service for the procurement and sale of drugs and other medical supplies.
- Provide a secure source of drugs and other medical supplies for Public Health institutions.
- Advice the Health Management Boards and the general public on matters related to the procurement, cost effectiveness and rational use of drugs and other medical supplies.

As originally directed, KEMSA was opened as a state corporation in February 2001 with the mandate to plan, procure, warehouse and distribute all drugs and other medical supplies to public health facilities.

1.2 KEMSA Today

KEMSA vision is "to be a world class supplier of integrated quality, affordable essential medical commodities to health facilities". KEMSA's mission is "to improve the healthcare of Kenyans through efficient procurement and reliable distribution of quality medical commodities and promotion of rational drug use and practices". KEMSA's business focus is heavily weighted towards managing the pharmaceutical segment of the medical commodity, as the current CEO and several of its officers, stakeholders and partners come from the pharmacy discipline. Nonetheless, the organization's overall focus is on all medical products and continuous service improvements to ultimately realize a fully synchronized and integrated medical supply chain. In 2007, KEMSA received over KSH 12Billion worth of medical materials (approximately 1/3 from direct KSH procurements and 2/3 from 3rd Party/Donor Programs).

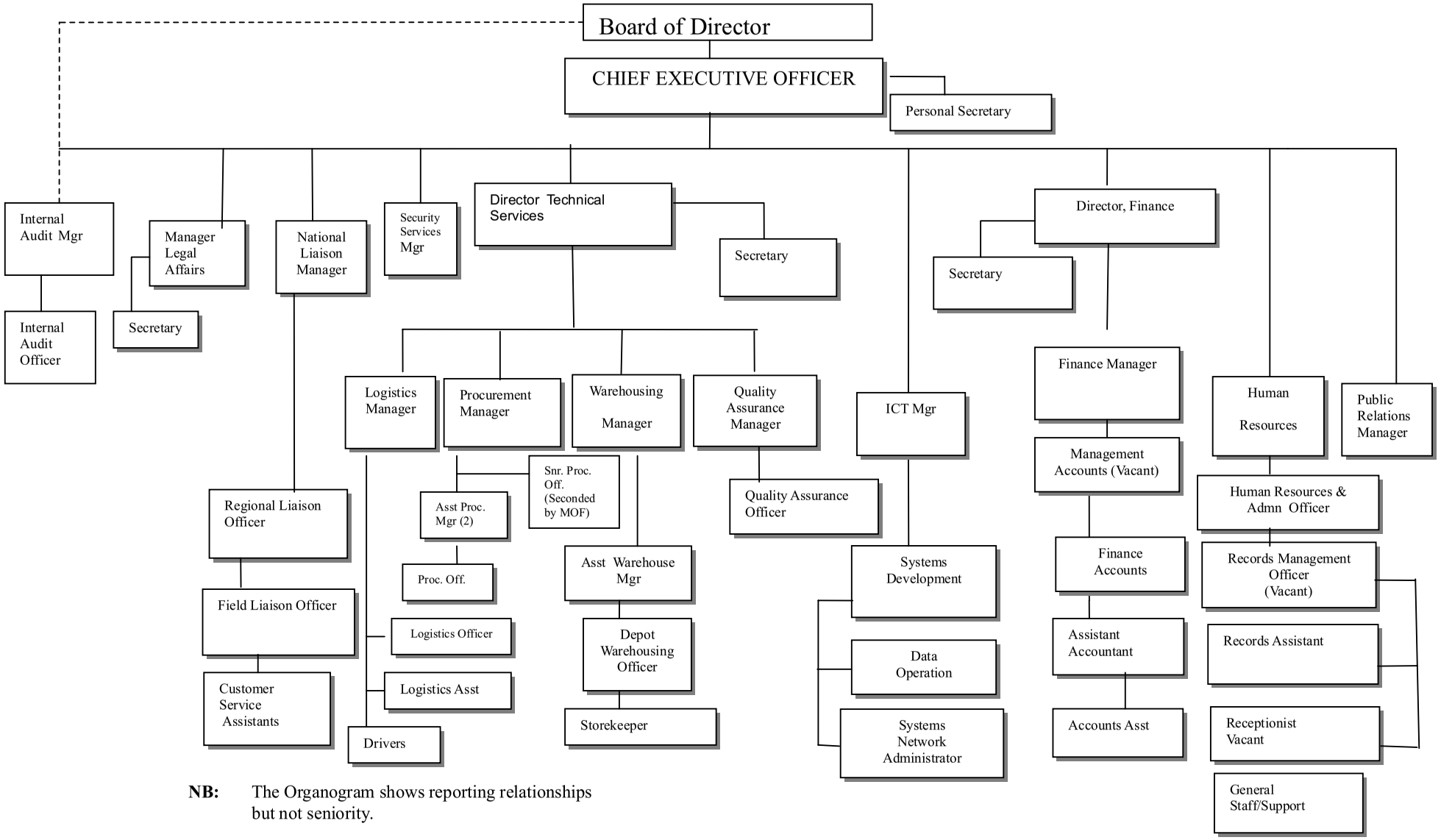
Today, KEMSA draws its leadership and technical skills for daily operations from 120 full time and contract staff members. Many of the core functions manual tasks are performed by 226 casual workers, of which 180 are deployed in the warehousing operations. This dependency on "temporary" staff for a substantial part of the organization's mission (warehousing, assembly and data entry) produces enormous challenges for management, many times impacting adversely on the continuity of operations.
KEMSA's operations are managed from different locations throughout Kenya. Currently, in Nairobi, the Agency's administration and central supply management are conducted at three locations: Commercial Street (Procurement, Administration & Warehousing), Mombasa Road (Inventory Management & Warehousing) and Embakasi (Receiving & Initial Warehousing). Staff at these facilities form the "central operations" capability which performs all procurement, receiving and the majority of the Agency's warehousing and distribution. Quality Assurance works across all three locations. KEMSA has 7 other warehousing facilities classified as Regional Depots located in Eldoret, Kisumu, Nakuru, Nyeri, Meru, Garissa and Mombasa. These are viewed as supplementary to the services provided by Nairobi's central operations and provide bulk storage capacity for supplies and on-demand emergency orders requested by District Medical Officers.

In the last two years, KEMSA converted all hospitals to the "pull" method of distribution. The hospitals order from manual catalogues, both line items and kit supplies. They receive direct deliveries on a monthly basis from the Nairobi "central operations" by commercial carrier transporters. KEMSA's limited internal fleet is utilized only for close deliveries, generally to facilities in the Nairobi area. District and rural health facilities in five provinces currently remain on the traditional "push" method of distribution. Almost all of their supplies are also delivered by commercial carrier transporters from Nairobi, on a quarterly basis. Their supplies are almost exclusively configured as standard kits, designed by MOH.

In 2005, KEMSA began the initiative to organize and resource its liaison/customer support capacity to address both the number and demands of their district and rural health facilities throughout the country. These additional positions were funded by USAID. At the time of this assessment there were six (6) Regional Liaison Officers and eight (8) Field Liaison Officers. The Field Liaison Officers were employed in 2006. There are six districts, which are not covered by an assigned Field Liaison Officer. These receive support and assistance from one of the Regional Liaison Officers. Liaison support throughout the regions is conducted with limited or no communication via internet. Although this approach is beginning to yield dividends, the full impact will be determined by more staffing, training and resources.

1.3 KEMSA – Organization and Structure

Current organization structure of KEMSA



NB: The Organogram shows reporting relationships but not seniority.

The organization's structure as depicted above is extracted from KEMSA's current 2007-2010 Business Plan. At the executive level, the organization's leadership consists of the CEO, Director of Technical Services and the Director of Finance. Although not classified as an executive, the ICT Manager reports directly to the CEO. Other direct reports considered as senior management are: Legal Affairs, Internal Audit, Public Relations, Human Resources, Security and National Liaison/Customer Support. At the operational level, the Agency's core business functions are organized under four (4) managers who supervise and coordinate much of the day to day operations namely; Procurement, Warehousing, Logistics/Distribution and Quality Assurance.

1.4 KEMSA Governance and Management

KEMSA operates under the direct supervision of a Board of Directors as specified in the Legal Notice.

The Board membership is constituted of:

a) A non executive Chairman appointed by the President by virtue of his knowledge and experience in matters relating to health services, marketing of pharmaceuticals, or business administration.
b) The Permanent Secretary, Ministry of Health.
c) The Permanent Secretary, Ministry of Finance
d) The Director of Medical Services
e) The Chief Pharmacist
f) The Registrar of the Nursing Council
g) One Pharmacist with experience in drug and medical supplies management nominated by the Pharmaceutical Society of Kenya and appointed by the Minister
h) One person nominated by the Federation of Pharmaceutical Manufacturers of Kenya and appointed by the Minister
i) Two persons who are members of District Health Management Boards but are not public servants, appointed by the Minister;
j) One person appointed by the Kenya Medical Association, appointed by the Minister
k) One person from the public with skills in business, finance and management, appointed by the Kenya Institute of Management, appointed by the Minister
l) The Chief Executive Officer of KEMSA, who serves as the Board Secretary.

A Vice-Chairman is elected from amongst the members.

Members of the KEMSA Board serve a term of three (3) years and are eligible for re-appointment.

The Board has the following responsibilities:

- Policy direction on administration, management and development of the Agency.
- Establishment of an Internal Audit department, 'to monitor and evaluate the financial transactions of the Agency' and other committees as it deems necessary.
- Ensuring that proper books and records of accounts are maintained and audited.
- Appointment of department heads, other senior officers deemed necessary and approval for all other recruitment by the Agency

- Provide overall supervision, control and administration of the Agency's finances under the "Kenya Medical Supplies Agency Fund".

Board meetings are scheduled at a minimum of once every 3 months and are required to be documented. In the absence of the Chairman and Vice-Chairman, members of the Board attending the meeting choose one of them to act as Chairman.

The Legal Notice included the specification for the establishment of a Chief Executive Officer (CEO) for KEMSA. As envisioned, the CEO is appointed by the Board to serve as its Secretary and to manage the operations of the Agency and is subject to the terms and conditions set forth by the Board. The authority for the Agency's control and executive management is derived directly from the Legal Notice and is vested solely in the CEO.
The activities and performance of the Agency are reported each year in form of an Annual Report to its stakeholders. The Board also submits a report every six (6) months outlining the Agency's activities, operations and performance to the Ministry of Health.

In practice, the Agency is operated with full-time, contracted and casual or temporary staff members. Included in the Legal Notice was a provision to provide to all Board, officers and staff members of the Agency limited protection from personal liability. All were envisioned to be protected from pecuniary liability as long as their actions were considered within the provisions of the Legal Notice.

KEMSA is financed primarily from allocated funds from Treasury. The Minister of Health determines the amount "necessary to enable the Board to carry out its functions, having regard to the estimates for the year". Other Agency funds may come from gifts, grants and donations. The CEO has the day to day oversight of all the Agency's funds and bank accounts.

External Audits of the Agency's accounts and funds are conducted directly by the Auditor General's (State Corporations) Office and by an independent and reputable audit firm appointed by the Board. Since all funding earmarked for medical commodities comes from the Treasury to the Ministry of Health for management oversight and control, KEMSA as an Agency is also subject to external audit by the principal auditing office that conducts external audits on the Ministry.

1.5 KEMSA's Alignment and Purpose

KEMSA was originally established to function under the general direction of the Ministry of Health, for the following purposes:

- Procure drugs and medical supplies, offer for sale and distribute to all public health institutions based on the terms of the Board.
- Establish warehouse facilities in Nairobi and any other towns in Kenya for the purpose of storage, packaging, sale and distribution to public health institutions.
- Perform all technical and laboratory analyses of drugs and medical supplies to determine suitability for procurement, sale, use, storage or disposal by the Agency.
- Advise all consumers and health providers on the rationale and cost effective use of drugs and medical supplies in consultation with other agencies.

- Utilize guidelines on the procurement, storage, use and disposal of pharmaceutical products within public health institutions, in consultation with other agencies.
- Initiate and manage sub-contracts for any of the above functions to other competent agents or institutions as determined by the Board in line with the purposes of the Agency.
- Provide access to the Agency's facilities for educational purposes as directed by the Board.

Even after KEMSA's establishment, MOH originally retained all procurement activities for pharmaceuticals and equipment through its internal procurement office. Early in the Agency's development, this approach may have been an attempt to ensure sustained support of the public health institutions while KEMSA established its systems and infrastructure.

From its inception, KEMSA has not fully realized its mandate due to the following constraints and challenges:

- Inadequate human resource capacity and skill sets
- Inadequate systems and infrastructure
- Poorly maintained and limited access to adequate operating facilities
- Sub-optimal financial resources for capitalization, operations and maintenance
- Unclear policy and practice on the part of the Ministry to allow KEMSA fulfill its mandated functions, particularly that of procurement.

1.6 The Struggle to Operationalize KEMSA

In an attempt to overcome many of these issues hindering KEMSA from operating fully, all stakeholders agreed at the Decentralization Implementation Support Review in March 2003, to sign a Memorandum of Understanding (MOU) between the Ministry of Health, the KEMSA Board of Directors and the Development Partners. As part of this understanding, all parties committed themselves to support KEMSA's full establishment and operationalization. MOH was to support KEMSA's human resource capacity by instituting competitive hiring, transferring or sharing of staff assets between MOH and KEMSA, and mobilization of the necessary resources to provide budgetary allocations to pay for start up capital, operations, maintenance and capital development. Under this MOU, the Ministry was to transfer the procurement and management of stocks to KEMSA fully. Thereafter, MOH was to purchase its requirements from KEMSA on a sustainable basis. Lastly, MOH was to grant autonomy to KEMSA by formally transferring all stock assets and assisting in building capacity within the ministry, local governments, institutional and faith based organizations to do business with KEMSA. Further, MOH was to negotiate with Treasury for budgets and release of all medical supply related funds for the purchase of stocks to KEMSA.

As part of the agreement, the KEMSA Board was required to provide the policy guidelines as well as procure, support and monitor the services of a management consultant agency. The Board was also required to avail all proceeds from the distribution of initial stocks to maintain appropriate stock levels and use diligence in preventing stock outs, loss, theft and expiration of drugs. This would enable KEMSA procure and distribute medical commodities to the Ministry's selected facilities, districts specified in agreements with development partners, mission hospitals and the Private Sector Health Providers on sustainable competitive terms and conditions.

The development partners' role in facilitating the establishment of KEMSA was to:

- fund the services of the management consultant;
- facilitate the integration of parallel programs into a single 'basket funding' approach for all health commodities,
- serve on the committee appointed by the KEMSA Board to oversee the performance of the management consultant;
- fund and participate in post-contract evaluation,
- continue to support and assist in lobbying for funds and technical assistance from other development partners;
- to procure or finance the procurement of specific program drugs on a district by district basis according to their financial capacity. The procurements were restricted to essential commodities agreed upon by MOH and the development partners.

As at FY2004/2005, only a few of the above specifics were fully or even partially fulfilled. The two areas most fully complied with were the provision of MoH staff for seconding to KEMSA and the funding of the management consultant agency by USAID to jump start the operations of KEMSA. The management consultant e-Sokoni began its assistance to KEMSA in April 2004 for a three-year period. Its focus was primarily internal to assist the KEMSA Board and Management at the operational level to organize and consistently improve its service delivery.

1.7 Agreements – Almost within Reach

Strategic level agreements and understanding between most parties seemed to remain the greater challenge. To facilitate the signing of the Memorandum of Understanding (MOU), the Permanent Secretary, MOH formed a Ministerial Committee chaired by the Director of Medical Services in November of 2004, to review the Ministry's obligations in the MOU. The Committee validated that MOH's obligations under the agreement were realistic. The major issue concerning MOH in fulfilling the capitalization requirements for KEMSA was that all MOH's expenses were constrained to fit within the Medium Term Expenditure Framework (MTEF). The MTEF mandate was government-wide and enforced by the Treasury to significantly curb all expenditures of government. Within the MTEF, maximum ceilings were established and frozen for a period of three years.

In an effort to move forward in fully establishing KEMSA, MOH agreed to a two (2) phased approach. The first phase was in 2005/2006; starting with the transfer of funds for the procurement of all health commodities from MOH to KEMSA, with effect from 1 July 2005. The second action in the first phase involved MOH providing a grant to KEMSA for KSH 360M for the following purposes:

a) KSH 120M for personnel and other operations and maintenance requirements;
b) KSH 120M for logistical support for delivery of medical commodities to public health facilities; and
c) KSH 120M for capital development.

During this first phase, KEMSA was to build its procurement and logistical capacities and establish its integrated business processes and systems. Key Performance Indicators were agreed upon and were to

form the basis for a performance based contract that KEMSA would sign with the Government. All these key agreements were also stipulated in the KEMSA Strategic Plan for 2005-2010.

In early FY 2006/2007, MOH and KEMSA were to review KEMSA's progress on the indicators and agree on the modalities for utilizing any funding surpluses or methods to bridge budgetary gaps. Satisfactory achievement by KEMSA on the key performance indicators would enable KEMSA to move to the second development phase of ensuring the sustainability of KEMSA's operations. In April 2007, the management consultant agent contract with KEMSA ended. With the departure of e-Sokoni, KEMSA's officers were forced to fully assume the lead role of managing the day to day operations.

Following this assessment, KEMSA will continue to maintain direct control of daily operations as it receives technical assistance from MSH/SPS to strengthen its systems.

1.8 KEMSA – The Second Transition with New Support

In 2007, KEMSA continued to face challenges in meeting both the demands of its mandate and the magnitude of limitations experienced in processing receipts of over KSH 12B by value in support of MOH and third Party/donor funded programs. Despite funding shortfalls and late budget allocations from MoH, the Agency continued with its plans to convert hospital supply systems from 'push' to 'pull' and provide direct deliveries using commercial transporters. Control of all procurements for the medical commodities did not transfer to KEMSA as agreed upon. KEMSA was evicted from one of its Nairobi warehouses for lack of payment.

Meanwhile, KEMSA was able to continue with its core operations as well as meet most of its "direct delivery" customer expectations as promised in the Agency's new 'direct delivery' approach to facilities and customers throughout the country.

Among the novel initiatives that exist to improve KEMSA's performance is the MCA-Threshold Program's Component Two whose goal is in resonance with the Agency's functional mandate.

The four specific objectives of MCA-TP Component Two are intended to strengthen both KEMSA's organizational capacity and improve on its service delivery. The first objective focuses on improving KEMSA's procurement capacity and accountability. The second objective involves KEMSA's capacity to manage the supply chain more effectively. The third objective involves establishing and strengthening the capacity of MOH to monitor KEMSA's procurement functions and to take appropriate follow-up actions. The fourth objective involves the strengthening of how medical supplies are managed in rural health facilities. These four objectives were approved and funded by MCA-TP through USAID for an initial two year period – 2007 through 2009. Twenty focused activities were defined and developed and will be intensely supported by the Management Sciences for Health (MSH) to finally build KEMSA's intended capacity and improve the Agency's support to the public health sector in Kenya.

Deliberate planning for the assessment began in early February 2008, with the development of Terms of Reference by KEMSA's management and MSH providing technical expertise in planning and carrying out the assessment. To undertake this comprehensive assessment, MSH/SPS drew further expertise

from its partners; Logistics Management Institute (LMI) and Ecumenical Pharmaceutical Network (EPN). The two organizations brought on board supply chain expertise particularly in procurement, warehousing and logistics/distribution. An assessment team comprising MSH/SPS, LMI, EPN and MOH was formed. The Team developed the evaluation tools, undertook on-site assessment and data analysis. Final assessment planning and actual conduct occurred from 26 March through 11 April 2008 when a formal briefing on initial findings and recommendations was provided to KEMSA management, USAID and MSH.

The organization's structure as depicted above is extracted from the current 2007-2010 KEMSA Business Plan. At the executive level, the organization's senior leadership consists of the CEO, Director of Technical Services and the Director of Finance. Although not classified as an executive, the Director of ICT Services and Support reports directly to the CEO. Other direct reports as the executive special staff are: Legal Affairs, Internal Audit, Public Relations, Human Resources, Security and National Liaison / Customer Support. At the operational level, the organization's core business functions are organized under four (4) managers who supervise and coordinate much of the agency's day to day mission. These managers oversee the missions of Procurement, Warehousing, Logistics – Distribution and Quality Assurance.

Today, KEMSA operates with 120 full time and contract staff members. These personnel provide the leadership and technical skills in managing the daily operations. Many of the manual tasks required within the core functions of the organization are performed by 226 casual workers, of which 180 are located within the agency's warehousing operations. This mix and dependency on "temporary" staff for a substantial part of the organization's mission (warehousing, assembly and data entry) produces enormous challenges for management and, at times, impacts adversely on the continuity of operations. This shortfall and the circumstances surrounding this issue were identified during the assessment.

KEMSA's operations are managed from different facility locations throughout Kenya. Currently, in Nairobi, the agency's administration and central material management is conducted at three locations: Commercial Street (Procurement, Administration & Warehousing), Mombassa Road (Inventory Management & Warehousing), Embakasi (Receiving & Initial Warehousing). Staffs at these facilities form the "central operations" capability for the agency as a whole. National Liaison – Customer Support and Quality Assurance work across all three locations. The central operations perform all procurement and receiving and the majority of the agency's warehousing and distribution providing direct support to the country's 141 hospitals, and over 4000 Rural Health Facilities. KEMSA's other warehousing facilities are classified as Regional Depots, which provide bulk storage capacity for supplies and on-demand distribution requested by District Medical Officers and regional facilities. This regional capacity is currently viewed operationally as supplemental to support provided by Nairobi's central operations. The seven (7) Regional Depots are located in Eldoret, Kisumu, Nakuru, Nyeri, Meru, Garissa and Mombasa.

In the last two years, KEMSA has converted all hospitals to the "pull" method of distribution. All hospitals order, from manual catalogs, both line item and kit materials on a demand basis. They receive direct deliveries on a monthly basis from the Nairobi "central operations" by commercial carrier transports. KEMSA's limited internal fleet transport fleet is utilized only for close in deliveries, generally to facilities in the Nairobi area. Districts and rural health facilities in five provinces currently remain on the traditional "push" method of distribution. Almost all of their supplies are also delivered by commercial carrier transports from Nairobi, scheduled once each quarter. Their supplies are almost exclusively configured as standard kits, designed by MoH .

In 2005, KEMSA began the initiative to organize and resource its liaison /customer support capacity to address both the number and demands of their district and rural health facilities throughout the country side. These additional positions were funded by USAID. At the time of this assessment there are 6 Regional Liaison Officers and 8 Field Liaison Officers. The Field Liaison Officers were not employed until 2006. There are six districts, which are not covered by an assigned Field Liaison Officer. These receive support assistance coverage at a distance from one of the Regional Liaison Officers. This approach is beginning to provide dividends but the full impact will be determined by more staffing, training and resources. Liaison support throughout the regions is conducted solely on manual basis with limited to no internet capability.

GOALS AND OBJECTIVES OF THE ASSESSMENT

The goal of the assessment was to collect information on the status and processes of current KEMSA management and operations in order to identify existing needs and gaps to inform strategies for strengthening its transparency, accountability and consistency of service delivery.

Specific objectives of the Assessment were:

1) To validate the intent for planned interventions under the MCA-TP program

2) To identify areas of weakness in KEMSA's functional areas

3) To make recommendations for further system strengthening to support KEMSA to realize its Vision and Mission.

4) To identify steps, timelines and responsible persons to complete the recommendations suggested by the assessment

2.0 METHODOLOGY

The assessment was undertaken through the following approaches:

1) Desktop review of existing KEMSA documents
2) Structured interviews
3) Observations of processes (using assessment checklists)
4) Field visits to four (4) warehouses
5) Focus group discussions

2.1 Development of the Assessment Tools

Tools for the assessment were developed as a collaborative process between LMI, EPN and MSH/SPS-Nairobi teams. During the preparatory stage of the assessment, LMI was tasked with the development of the assessment tools. LMI originally developed five (5) checklists for each primary assessment focus area outlined in the Terms of Reference. (i.e. Procurement, Warehousing, Logistics/Distribution, ICT and Governance) All checklist questions were designed to determine the Agency's current processes and practices during the on-site phase of the assessment. Provision was made for narrative comments on each checklist. Draft checklists were provided electronically to MSH/SPS for comments by 14 March, finalized and forwarded back to MSH/SPS assessment planners by 21 March.

Once the initial team arrived in Nairobi on 25 March, the checklists were reviewed and modified to accommodate local wording and standard practices to ensure accuracy and applicability. All changes were incorporated by 28 March. Also during this period, the MSH/SPS staff together with other team members developed a second assessment tool to be utilized in conjunction with the checklists:- the key informant questionnaire" for each of the five (5) assessment focus areas. These questionnaires were utilized during the assessment to interview the KEMSA officers, management, and key stakeholders outside the organization (e.g. Director of Medical Services, MOH, and Chairman of the KEMSA Board of Directors).

The third assessment tool was also developed by the MSH/SPS Nairobi staff and validated through discussions with the other assessment team members. This tool involved identification of ten (10) Key Performance Indicators. Four (4) of these were identified by USAID for long-term MCA-TP program tracking. Two of the long-term indicators were focused on accuracy of tracer list inventories, while the other two were focused on overall medical procurement methods and price. Of the ten Key Performance Indicators, seven (7) focused on procurement, while the remaining three (3) focused on quality assurance and warehouse processes.

All three assessment tools were designed to capture the status of a particular subject or focus area. Each elicited both Yes/No response and open discussion. All three tools were used in the analysis phase of the assessment to establish linkages of issues, verification of findings, analysis detail for identification of gaps in procedure or processes, and lastly to verify the completeness of recommendations.

The final method of evaluation involved the review of available documentation. The assessment team requested to see a wide variety of documents ranging from strategic business plans, to functional plans, policies, standard operating procedures, ledgers, logs, memoranda and public notices. Retrieval of this information was sometimes difficult. Some specific references utilized in the assessment analysis and

report preparation were the following: Kenya Country Plan, Terms of Reference, MCA-TP Component Two Activities, Legal Notice Number 17, KEMSA Business Plans - 2007-2010, 2005-2010, 2005-2008, Logistics Strategic Review - 2006, Logistics Strategic Objectives 2006-2007, Service Level Agreement for Transport Costing - 2005, Functions and Linkages of Government and State Corporation Boards - 2008. The two categories of documentation that were consistently lacking were strategic functional plans and internal standard operating procedures. In those cases where either one or both types of documentation were missing, the impacts on communication and understanding were evident at many levels. In those specific cases, the assessment team documented the findings appropriately by functional area.

2.2 Execution of the Assessment

The assessment was launched on 27th March at KEMSA's Commercial Street Board Room. In attendance were KEMSA's CEO and senior managers , USAID, MSH/SPS Country Director, and the full assessment team, which included members of the Ministry of Health, MSH/SPS staff, LMI and EPN. The co-leaders for the on-site assessment phase were Oliver Hazemba-MSH, Michael Johnson-LMI and Dr. John Munyu, Director of Technical Services-KEMSA. To facilitate data collection managers in each of the four focus areas (i.e. Procurement, Warehousing, Logistics/Distribution and ICT), committed themselves to assist by ensuring timely completion of checklists, informant questionnaires, examination of key performance indicators, as well as collection of required references and source documentation.

The assessment team was divided into five focus area groups as follows; two (2) members for Procurement, four (4) members for Warehousing, three (3) members for Logistics/Distribution, two (2) members for ICT, and three (3) members for Governance. These assignments remained throughout the on-site evaluation, analysis and presentation phases of the assessment. Each focus group appointed a team leader and was responsible for the completion of their focus area checklist, key informant questionnaire interviews, evaluation of key performance indicators and documentation of results. The assessments were conducted during multiple visits to KEMSA - Nairobi locations - Mombasa Road, Embakasi and Commercial Street operations.

Field visits were conducted at one regional depot and 2 health facilities. Three (3) team members visited the Regional Depot in Nyeri, and completed all aspects of the assessments at that location. This allowed the team first hand experience and understanding of the capacity and limitations of depot operations. The team also visited the Nyeri Provincial General Hospital to assess the level of KEMSA support from a hospital facility perspective. The hospital's pharmacist provided detailed record keeping. Another field visit was conducted to the Nairobi Special Treatment Clinic (STC) Casino Dispensary.

The focus area of governance was the last and most challenging to complete. The KEMSA Legal Services Manager assisted in arranging for interviews where the team was able to learn valuable insights into all aspects of the governance issues surrounding KEMSA as a state corporation. Interviews were conducted with the KEMSA Legal Services Manager, Director of Technical Services, Chief Executive Officer, the Chairman of the KEMSA Board of Directors, and the Director of Medical Services for the Ministry of Health. Attempts were made to interview other key stakeholders such as the Permanent Secretary of the Ministry of Health and the Vice Chair of the KEMSA Board. Unfortunately, scheduling was not pos-

sible within the time allotted. The data collection phase of the assessment concluded on 7 April.

From 7-10 April, the assessment team conducted detailed analysis on all available information collected, conducted group sessions and began the documentation of findings. Included in the analysis process was the use of 'gap analysis' techniques designed to define the impacts associated with each finding. Once a gap was identified, an analysis of the gap provided further validation of the impacts – either operational or strategic. The assessment group was required to further define the areas affected by the gap – accountability, transparency or service delivery, or any combination thereof. With findings and gap analysis completed, groups developed recommendations to address the identified gaps or deficiencies. The results of this analysis process provided the framework for the development of the report, which was presented in a briefing to members of the KEMSA, USAID and MSH on 11 April.

2.3 Assessment Team Composition

The core assessment team was comprised of 11 professionals from policy, pharmacy, nursing and supply chain backgrounds. Team members from 4 organizational perspectives (Ministry of Health, Management Sciences for Health, Ecumenical Pharmaceutical Network and the Logistics Management Institute) provided their expertise and experiences to examine each of KEMSA's mission functions.

The core team members came from 7 countries. The team co-leaders were Oliver Hazemba, MSH - Zambia, Michael Johnson, and LMI - USA. Team members were: Rosalind Kirika, MSH – Kenya, Janet Kimeu, MSH – Kenya J.N. Mbuva, MoH – Kenya, N. Mucheru MoH-Kenya, Mercy Kasina, MoH – Kenya, , Mike Omotosho, EPN – Nigeria, Donna Kusemererwa, EPN – Uganda, Stephen Bonnah, EPN – Ghana, and Langton Mukura, EPN – Malawi. The core group worked cohesively as a team throughout the 25 March-11 April assessment period.

During the on-site assessment phase, the core team was augmented at various times by 10 key staff from KEMSA to facilitate the gathering of information. These additional members were: Dr. Wanjau Mbuthia-National Liaison Manager, Ignatius Kaburu-Logistics Manager, Edward Buluma-Procurement Manager, Samuel Okanda-Warehouse Manager, Godfrey Kiptum-Human Resources & Admin Manager, Paul Koske-ICT Manager, John Mwangi-Acting Finance Manager, John Kabuchi-Assistant Procurement Manager, Fred Wanyonyi-Legal Services Manager Mildred Sheshia-Odwori and Joan Wakori-Regional Liaison Officers.

3.0 ASSESSMENT FINDINGS AND DISCUSSION

3.1 Procurement: Findings, Gaps and Recommendations

Context: KEMSA handles commodities from various sources including procurements by MOH, donations, KEMSA procurement, parallel programs and other development partners. From the budgetary allocation of KSH 2.7Billion by the Ministry of Health (MOH) for medicines and medical supplies, approximately 75% of the procurements by value are done by MOH with 25% undertaken by KEMSA. From a total value of KSH 12Billion handled in the year 2007, KEMSA procurement was KSH 3.1billion (25.8%), 41% of which was purchased locally and the balance (59%) from international suppliers. The average lead time from advertisement to time of initial delivery was 6 months. 115 products were tendered; 7 were non-responsive and the remainder (108) was successfully tendered. From a list of 20 tracer drugs, KEMSA paid 69% of the average International price (and 72% of MEDS price) in the year 2007.

P1. Finding: Lack of an internal strategic policy to guide the procurement department in its operations.

Gap: KEMSA does not have an internal strategic policy for its procurement department to provide focus to conduct internal procurement planning and processes. (Strategic Impacts: Accountability, Transparency and Service Delivery)

The procurement unit follows the 2005 Public Procurement and Disposal Act and the 2007 Procurement Regulations, together with the department's Standard Operating Procedures. KEMSA uses manual systems and procedures for procurement. These do not offer reliable and accurate management information which is a key factor in ensuring transparency across the entire procurement process. Although KEMSA is involved to some extent in the forecasting and quantification process, reliability and accuracy of information used is not guaranteed. Inventory and consumption data is not easily available for use in procurement planning.

Recommendations:

1) A clear documented internal policy framework for procurement needs to be formulated to assist KEMSA realize its mandate.

2) The process of forecasting and quantification should be an integrated process involving MOH and KEMSA. This will strengthen KEMSA's procurement capacity to optimize the provision of medical material, enhance partnerships and improve the overall confidence in the procurement system.

3) An integrated automated procurement module is needed for effective reporting, monitoring and evaluation of vendor proposals, performance of contract administration to improve accountability, transparency and service delivery. It would also improve accuracy, reliability of inventory and availability of consumption data which are essential to optimizing procurement planning.

4) Training in e-Procurement methods and modules is required to improve the overall transparency and capacity for the procurement function in KEMSA.

P2. Finding: Overall, the procurement process within KEMSA is conducted in compliance of the Procurement Act guidelines providing substantial value in the provision of medical material.

Gap: Limited responsiveness to procure and schedule delivery of listed medical requirements to meet public health needs. (Operational Impacts – Transparency and Service Delivery)

KEMSA procures medicines from essential medicines list for public health services on request from Ministry of Health. Normally procurements of medical commodities are done through an open tender system (PPD Act) but other methods are permitted in special circumstances which would optimize award, transparency and service delivery. Where KEMSA does not get any quotes for specific products, KEMSA in collaboration with MoH resort to alternative products with similar therapeutic values. KEMSA and MoH do not provide for regulatory exemptions for products that have limited commercial viability in relation to meeting specific public health needs.

Currently, KEMSA's procurements follow the Governments fiscal year. Consistently, the bulk of deliveries occur in the last quarter of the fiscal year when vendors anticipate speedy payments. These huge deliveries severely burden KEMSA warehousing and delivery capacities. The parallel procurement system is an additional challenge because there is no communication on the procurement and delivery schedules for MOH procurements, which makes planning for warehouse space and distribution very difficult.

Recommendations:

1) KEMSA should take advantage of other contracting methods and sourcing mechanisms in collaboration with other stakeholders (MoH and Pharmacy and Poisons Board) to meet customer expectations, wherever possible.

2) In order to manage warehouse space at KEMSA, deliveries should be scheduled quarterly rather than having all the deliveries in a short span of time. This will ease the pressure that the warehouse is currently experiencing.

3) For commodities which are warehoused and distributed by KEMSA, development partners should involve KEMSA in their procurement to have a coordinated fee for procurement and deliveries, or they should offer financial resources for KEMSA to do the procurement. KEMSA should also negotiate an appropriate fee for warehousing and distributing program and donated materials.
4) Increase efforts to ensure KEMSA meets payment terms to vendors

P3. Finding: KEMSA started processing payments to suppliers in the 2007/08 financial year. Previously the payments were made by MOH. KEMSA's payment terms to suppliers stipulate 2 months

but from 2007/2008 orders, the average payment period was 5 months. However, the figure is not very objective because KEMSA has not been paying its suppliers smoothly due to delayed disbursement of funds from MOH. Of the KSH 3.1B budgetary allocation, only KSH 302M has been received by March 2008. Out of KSH 750M worth of deliveries, only KSH 150M (20%) has been paid out.

Gap: Delay in release of funds from MOH to KEMSA results in delayed payment of suppliers and this may have a negative impact on future supplier participation and pricing. (Strategic Impacts – Accountability, Transparency and Service Delivery)

Currently, KEMSA's procurement funding flow limits their capacity to procure consistently in a timely manner and at best price. This coupled with the not using all contracting methods may impact on price, availability and timely delivery of medical material to meet customer expectations. Supplier interviews confirmed that better prices were possible with on-time payment.

Recommendation:

Funds for all medical supplies should be ring fenced and directly disbursed to KEMSA from the Treasury on a scheduled basis to enable KEMSA to negotiate with vendors for optimal product price, delivery schedules and management of inventories.

P4. Finding: The Quality Assurance department conducts the quality assurance processes (sampling, testing, and surveillance) and plays a crucial role in the procurement and warehousing activities. QA's mandate is to ensure that all products procured are of acceptable quality from receipt, storage through distribution. Currently, the Quality Assurance unit has three staff members against a minimum requirement of seven.

Gap: Because of limited staffing and resources, quality assurance processes are not effectively sustained. (Strategic Impacts – Accountability and Service Delivery)

There is lack of resource capacity in the Quality Assurance unit to ensure high quality supplies for KEMSA. Therefore, key areas like assessment of manufacturers for compliance to current Good Manufacturing Practice and warehouse surveillance are compromised.

Recommendations:

1) Recruitment of staff in Quality Assurance to enable them to perform their duties at full capacity.

2) Train staff across all departments on Quality Assurance procedures in line with the Quality policy of the Agency.
3) Mobilize additional resources for Quality Assurance

3.2 Warehouse: Findings, Gaps and Recommendations

W1. Finding: On review, there is no current strategic agreement on the operation and utilization of KEMSA warehouses.

Although there is a warehousing strategy included in both the KEMSA strategic plan 2005-2010 and business plan 2007-2010, interview results from senior management and key stakeholders indicate the lack of agreement on a single focus; as different strategies (centralized & decentralized) are proposed. Currently, there is a proposal under consideration to decentralize warehousing to 3 warehouses countrywide i.e. Mombasa, Kisumu and Eldoret which would operate as fully functional outlets. The rest of the regional depots would be serviced from the central warehouses in Nairobi.

Gap: Lack of an approved plan for synchronization across all stakeholders to gain acceptance and obtain resources to improve mid and long term warehouse capabilities. (Strategic Impacts – Accountability, Transparency & Service Delivery)

No strategic plan was available to describe KEMSA's mid and long term plans for the utilization of KEMSA warehouses. Interview results varied widely in responses to establish the strategic approach which was decided upon, including improvement and investment intentions.

Recommendations:

1) KEMSA Senior Management and the Board of Directors should conduct an analysis of options to determine the best mid-term and long-term directions for warehouse operations and investment strategies.

2) Once decisions are made the Board of Directors should involve the Agency's major stakeholders (MOH and development partners) to review and gain consensus before proceeding with implementation of the agreed upon plan. Until the decision is made, KEMSA Senior Management should invest minimal expense in the renovations of the Commercial Street warehouse.

3) In the short term, KEMSA Senior Managers should proceed with capital expense procurements in the Mombasa Road and Embakasi warehouses to establish master location systems, installation of vertical risers and stock–reach material handling equipment (MHE) to integrate with the current Navision system. Included should be the expenditures for radio frequency peripherals to further enhance accountability, transparency and service delivery.

W2. Finding: 75% of commodities warehoused and distributed by KEMSA are procured by third party/donor programs. This procurement is outside of KEMSA's control and arrives with little or no advance notice for KEMSA managers to properly integrate into daily receiving, warehousing and distribution planning.

Gap: Limited coordination between KEMSA and third party/donor programs creates significant disrup-

tion and burden to KEMSA's daily operations. (Operational Impacts – Accountability, Transparency & Service Delivery)

The third party/donor programs traditionally procure medical material to support specified programs for delivery to Kenya. KEMSA is intended to be the lead agency to procure for the public supply chain management consortium. However, KEMSA is not actively involved in the procurement processes and therefore, not knowledgeable about procured stocks and expected receipts. During the assessment, observations included multiple unscheduled deliveries of large volume material which devastated KEMSA's daily planning, warehouse and logistics/distribution operations.

Recommendations:

1) KEMSA needs to establish and incorporate a coordinating process as standard procedure to create the two-way communication and coordination required with all third party/donor programs. KEMSA will therefore become involved early in the procurement and will be able to forecast scheduling of in-bound medical materials to the warehouses.

2) KEMSA should seek to improve its customer facing processes to recognize third party/donor program partners as priority customers

3) KEMSA Senior Management needs to move quickly in cooperation with partners in the public supply chain management consortium to leverage capacities between KEMSA and partner processes. There appears to be a significant opportunity to integrate procurement capabilities and skills to improve procurement response and overall cost. This approach has promise to mitigate KEMSA's small procurement staff, facilitate coordination processes within the consortium, and eventually assume all the procurement for the public sector needs.

W3. Finding: Inconsistencies in key accountability processes and basic essential warehousing practices were observed (disorganized and unsafe storage, expired and obsolete material co-mingled with usable materials).

Gap: Lack of a master design and active stock location system in all warehouses visited. (Operational Impacts – Accountability, Transparency & Service Delivery)

In each of the visits to the three warehouse locations in Nairobi (Mombasa Road, Embakasi and Commercial Street), and at the regional depot location in Nyeri, the same issues were observed. Upon questioning the staff, similar responses were recorded to indicate that the observations were more likely accepted as standard practice. Among the major observations is the absence of an active master location system to plan the storage of stocks upon receipt and to facilitate the picking processes successfully and in minimal times.

Currently, Embakasi acts as the receiving and initial storage warehouse for most bulk deliveries. This 165,000 sq.ft. warehouse has the most potential for vertical storage capacity. It was packed and did not

meet standard practices. It had few distinguishable aisles, with stock in many areas stacked more than 20 feet without support of pallet risers. Common stocks were not stored in close proximity but were positioned throughout as received. There was no indication of the length of time items were in storage or any evidence of cyclic counts for accountability.

This warehouse has substantial potential which could easily be improved with the introduction of pallet riser systems, mechanical material handling equipment (MHE) and an active master location system.

At the Commercial Street 42,000 sq.ft. warehouse, good warehousing practices were observed to be lacking. Although a much smaller facility, once again there was no evidence of an active master location system, common stocks were not stored together and there was no documentation to indicate conducted cyclic counts or time in storage. Materials were positioned at random, except for the area storing donor program materials, which was well maintained. In the remainder of the warehouse, expired stocks were commingled with serviceable stocks. Hazardous Materials (HAZMAT) were in larger quantities than the allocated space could accommodate. Therefore, the excess materials were stored outside the room. Refrigerated stocks were well maintained and record keeping on temperature monitoring (every 4 hours) was complete at the time of assessment.

In most of the warehouse space at Commercial Street, the only distinguishing difference was storage restrictions caused by many wall supports and low ceilings which negate any opportunity for vertical storage to optimize the space available. Beyond storing special program and equipment materials, this location provides limited additional capacity potential.

The Regional Depot in Nyeri is a 9,120 sq.ft. warehouse, with limited opportunity for vertical storage, possibly offering two pallet positions high. Stocks were stacked in an orderly fashion along two aisles. Expired stocks were segregated in a caged area away from serviceable stocks. HAZMAT materials were segregated in a separate room away from the main warehouse. Refrigerated stocks were well maintained and record keeping on temperature monitoring (every 4 hours) was complete.

At the Mombasa Road warehouse, approximately 79,000 sq. ft., the initial observations were vastly different in some respects with some repeated practices as seen at the other locations. Evident was the benefit of some capital expense procurements, specifically the installation of the pallet-riser systems and refrigerated storage room. This is the most active warehouse that provides direct delivery support to health facilities in the country. There was an attempt to begin the planning for a location system.

Further into the assessment, several of the same process issues became visible. Actual sample processes to validate performance indicators on both location and cyclic counting accuracy could not be validated against the Navision system record. There was evidence that cyclic counts are conducted at this warehouse and the staff indicated that this is done on a weekly basis with focus on high value/class A items. However, the staff acknowledged that these had been conducted in the absence of the Finance department, therefore, had to be revisited in order to acquire approval for stock adjustment. Manual bin cards were consolidated in an office location and not secured in each bin location. None of the cards reviewed were accurate against either the physical stock or the quantities posted in the automated system. Although interviews indicated the completion of annual inventory for accountability, the isolated

sampling performed provided several areas of concern that questioned the accuracy and accountability of the inventory record. There is no distinction between storage, assembling and dispatch work areas. All processes and associated materials seemed intermingled.

Recommendations:

1) KEMSA Management should initiate a policy requirement with corrective action to design and implement standard active master location systems across all warehouses to improve inventory organization, maintenance, accountability and service delivery outcomes.

2) KEMSA Management should include both annual and cyclic inventories at all warehouse locations in the warehouse policy. The policy should be clear on the procedures and percentage goals for both annual (100%) and cyclic (10%) inventory processes. Included in the monthly cyclic requirement should be the conduct of 'cycle inventories by location', to provide a sample verification of inventory accuracy by location with the automated accounts records. Additionally, a percentage for cycle count inventories should be directed after every 1-2 accommodation cycles (production of daily pick lists). If this third tier of accountability is included in policy, it normally involves 10% of the products picked during any given cycle. Both types of cyclic inventories are used to consistently maintain accurate counts for products in inventory and to maintain accuracy of the automated record.

A threshold percentage must be established for all inventory errors, by value and quantity. If an error is above a set threshold, the cause should be established and corrective action taken and documented. All adjustments to the automated record, regardless of value, should be accounted for in writing and signed by the manager responsible for the facility.

3) Warehouse Managers should discontinue the use of 'bin cards', once the standard master location system is implemented. The use of 'location cards' at each stock location provides a visual verification of location and aides as a record of 'cyclic inventory count quantity with date'.

4) Warehouse Managers to:
   - Discontinue manual processes in order to maximize the use and benefits within the Navision system.
   - Rationalize use of dual accountable records and manual systems to maximize the benefits within Navision and establish a single accountability position.

5) Warehouse Managers to incorporate normal cycle times, pick list completion time, inventory denial procedures and critical cycle tasks in warehouse SOPs to initiate inventory accountability across their facilities.

6) KEMSA needs to formally establish an accountable manager for inventory held at each warehouse.

W4. Finding: Overall, communication mechanisms and dissemination of plans and operational information (SOPs) are not in place. Warehouse staff members are not always aware of key standard procedures and priority requirements that they are expected to perform.

All standard procedures were inaccessible and said to be in the warehouse manager's computer. Standard Operating Procedures were not copied and distributed for work sections to utilize as part of their daily tasks.

Gap: Warehouse staff are not fully aware of all organizational and operational information and therefore, limited in their abilities to optimally perform their assigned duties. (Operational Impacts – Accountability & Service Delivery)

In review of the bin cards, the documentation of quantities pulled were not in sequential order and quantities posted did not match either the stock record card or the Navision system. The Navision system was used as the reference quantity to correct a particular warehouse's stock record card. Adjustments to records were routinely made without documented evidence of causative research and corrective action.

Recommendations:

1) As part of a new KEMSA Strategic Communication Plan, Warehouse Managers need to improve all internal communication mechanisms to maximize the dissemination of plans and operational information, including standard operating procedures. Warehouse staff members must be aware of key standard procedures and priority requirements that they are expected to perform.

2) All standard operating procedures should be copied and maintained in each work section. These standard procedures should constitute a substantial area of focus during staff training sessions.

3.3 Logistics/Distribution: Findings, Gaps and Recommendations

L/D1. Finding: Lack of an approved Strategic Distribution Plan for Logistics/Distribution, although Strategic Objectives and Standard Operating Procedures were provided.

Gap: No strategic plan and metrics to guide and evaluate current distribution operations throughout the country. (Strategic Impacts – Service Delivery & Transparency)

Although Logistics Department Strategic Objectives (June 2006-2007) were provided, they were not for the current fiscal year. No record was provided to confirm service delivery at facilities, though it was a stated objective. The same was observed for objectives involving reduced lead time, route mapping or monitoring and evaluation of transporters. These are service delivery related but also allow KEMSA to promote the transparency of its operations to both its customer base and to key decision makers within the Ministry of Health.

The ability to validate the level of service KEMSA consistently provides will likely promote increased trust and appreciation for improved distribution capacity. Both improved service delivery and transparency in KEMSA's logistics/distribution were identified by MOH as key indicators required before passing the full supply chain mandate to KEMSA.
Recommendations:

1) Develop and disseminate a Strategic Logistics/Distribution Plan.

2) Implement, track and market logistics/distribution performance indicators (timely delivery, reduced lead time to facilities, identification of most economic routes, and validation of shipments en route).

3) Strengthen collaboration and integration of processes between customer service, warehouse and dispatch sections to improve service delivery response.

4) Market the Logistics/Distribution service to customer base and key stakeholders to further promote confidence in service delivery and transparency.

L/D2. Finding: Lack of integrated automated processes for dispatch of materials en-route to facilities.

Gap: Dispatch processes and visibility of materials en-route are not planned for and integrated as part of an overall KEMSA Strategic ICT Plan. (Strategic Impacts – service delivery and accountability).

Current manual procedures between assembly, the service representative and dispatch functions are separated, thus requiring additional resources to complete each customer order. Details from the pick list are manually transferred to a delivery note by dispatch personnel. Depending on the size of a particular customer order, there is considerable time lost to validating the order and planning for transport. Current processes do not include the completion of packing lists for the customer to allow a secondary means of validation upon arrival at the customer facility. Combined, each aspect as currently completed provides increased opportunities for error and wastes human capital resources.

In questioning staff from logistics, warehousing and ICT, there was no evidence of a plan to link the functions of dispatch with other key functions to produce an integrated automated process that would optimize overall service delivery.

Added features to any automated solution sought should include consideration for the containerization and banding of customer orders, use of tamper-evident seals, integration of Radio Frequency Identification Devices (RFID) with on-board GPS and linkage of in-transit visibility software at both KEMSA and customer ends of the dispatch process. These additional physical and automated capability enhancements would allow all parties (KEMSA, its stakeholders and customers) to track the location of materials dispatched from any KEMSA warehouse. The impact from this integrated approach with automation would provide all parties with improved efficiencies in service delivery and accountability; both strategic imperatives for KEMSA's future.

Recommendations:

1) Develop an integrated warehouse automation plan which includes and links the critical dispatch and assembly functions into one overall process.
2) Consider the inclusion of added physical and automated capabilities (e.g., containerization and RFID tags) to improve the visibility and security of materials in transit.

3) Aggressively pilot and market the combined benefits and outcomes to stakeholders to demonstrate KEMSA's care for medical supplies en-route to facilities throughout the country and utilize distribution improvements to demonstrate service delivery and accountability.

L/D3. Finding: Lack of physical temperature verification for cold chain items in transit.

Gap: Inability to ascertain cold chain maintenance of materials in transit. (Operational Impacts – Service Delivery & Accountability)

Best commercial practices and case literature draw out the need for this step in all dispatch and loading processes for temperature sensitive medical material bound for a customer's facility. Potential liability for the original cost and replacement of lost material are only one aspect of any failure to maintain the tightest cold chain procedures when managing temperature sensitive medical material in distribution. The cost of company insurance for replacement is miniscule compared to the loss of the customer's confidence, critically important for any service organization. The steps of verification and documenting in a 2-man rule procedure will not only safeguard KEMSA's reputation, but also demonstrate the added degree of accountability and care for any temperature controlled shipments departing from KEMSA facilities.

Recommendations:

1) Implement (across all KEMSA facilities) the added standard operating procedure for temperature verification and documentation and require KEMSA's Logistics/Distribution staff to comply.

2) Train dispatch, warehouse staff and commercial transporters on the importance of this added accountability requirement and market this added precaution taken by KEMSA on behalf of the customer.

3.4: Information and Communication Technology: Findings, Gaps and Recommendations

ICT1. Finding: KEMSA's ICT activities are obscure with most guidance from the ICT Technical Report to the Board in 2005. ICT has neither a written corporate policy nor a governance body/framework to drive its intent or standard to guide action towards achieving desired outcomes.

Gap: KEMSA experiences ICT implementation difficulties originating from limited staff commitment, lack of internal systems, infrastructure and corporate leadership towards automation. (Operational Impacts:-

Transparency, Accountability & Service Delivery)

Lack of ICT Governance Policy transcends into KEMSA limited capacity to exude fully the Navision system to address the institutional needs as a business enterprise. This is compounded by inadequate staff and skills to guarantee the provision of accurate information that ensures transparency, accountability and enhances service delivery.

Recommendations:

1) KEMSA must develop a clear ICT Governance Policy to guide and drive its intent and actions to provide a robust ICT service supported by international best practice and security standards. This must include mandate for establishing and controlling the medical master data record with classification standards.

2) KEMSA management should recommend to the Board the establishment of a fifth oversight committee to perform a technical governance and guidance role for KEMSA ICT program and reviews.

ICT2. Finding: The ICT Manager reports to the Director of Finance. KEMSA's ICT is a governance and operational support function that should facilitate the integration of automation across the organization

Gap: The ICT department is limited in its ability to facilitate and influence the introduction and operation of ICT across all aspects of the organization. (Operational Impacts – Transparency, Accountability & Service Delivery)

The ICT department as currently positioned is seen as a help desk resource for trouble shooting automation issues within the organization. The ICT Manager is not seen as the lead automation expert of KEMSA's ICT program development and operation. Neither is the ICT Unit seen as the lead entity within the organization for information assurance and security. There is no linkage between the information records resource and the ICT unit. The technical governing body for KEMSA's ICT program is the Board's Technical Services Committee which is neither ICT emphatic nor does it have any core ICT personnel.

Recommendations:

1) Realign KEMSA's organogram for the ICT Unit to report to the CEO as specified in the current business plan.

2) Recognize the critical role and functions of the ICT unit to reflect its importance as a technical support program for KEMSA.

ICT3. Finding: KEMSA does not aggressively pursue a comprehensive ICT program.

Staff morale towards responding to ICT project implementation is less than adequate, plagued by lack of confidence in the ICT system being deployed, limited training and management supervision. The combination of these issues results in high error rates.

Gap: KEMSA is constrained by the quality and quantity of the staff it has to effectively provide ICT services to meet the organization wide operations. This is compounded by the management's inadequate appreciation of the benefits of integrated automated processes across the organization. (Operational Impacts – Accountability, Transparency & Service Delivery)

No person is essentially assigned to do specific duties as most of the staff hired are casuals. For instance, cyclic count to check on the quality assurance of the automated systems currently in use is not being carried out routinely. Lack of long term retention of staff does not allow sustainability; increases error rates and brings in a new set of problems each time a new casual is hired. This challenge frequently pulls management to daily tasks and away from ERP business process development and implementation.

Recommendations:

1) KEMSA must embrace technology in all its business processes and culture.

2) KEMSA management should actively endorse and promote the integration of appropriate ICT training and capabilities throughout the organization to optimize the service delivery mandate. Management should also aggressively pursue ERP development and implementation to fulfill KEMSA's stated vision.

3) KEMSA needs to rationalize its staff establishment to facilitate increased requirements for staff that can utilize ICT applications.

ICT4. Finding: All warehousing and distribution functions are constrained by limited capacity for connectivity and provision of hardware.

Gap: KEMSA's current ICT architecture does not support its business processes in an integrated manner across all functions within the organization. (Strategic Impacts – Accountability, Transparency & Service Delivery)

It is complex to correct errors originating from incomplete data entry. This requires the intervention of the vendor to eliminate the gaps and errors in data entry. As a result, the corrective process affects the timelines of service delivery. The Navision system provides for the location of items in zones and bins. However, the service area has not zoned the locations in the warehouse but rather uses a single global bin prolonging the picking process as it relies on experiential memory. The system is designed to show all items in stock and flag any items with short dated shelf lives below three months. Once flagged, those items cannot be released for picking, unless a manual management over ride is performed. Maintaining accurate shelf life dates for each item in stock is an on-going challenge. Manual reconciliation with automated stock reports out of Navision is a critical process that must be routinely performed. A process addition to increase the validation of quantities on-hand and item shelf life (expiration dates) is the recommended introduction of a daily percentage driven cycle count inventory.

Another added safe guard in the Navision system is its ability to track items by batch numbers. Any errors in batch entry will mean that the items will not be available for issue. Verification of batch information is a third data collection point that can be performed during all cyclic inventories (cycle count or monthly cyclic inventories). The warehouse Navision module has not been validated for its accuracy on reporting and the ICT and warehousing units are still conducting tests. The system provides for assembly of kits. However, a reversal process of disassembling kits for itemized allocation is a challenging operation.

The financial module design has been plagued with management and leadership challenges. The modular approach to achieve seamless business enterprise solutions is proving to be a challenge to the effective implementation of ICT tools. The user department has yet to agree on the design and their operational needs. The initial designed tools were not accepted by the Director of Finance, who left KEMSA before ensuring that the system was rooted in the department. At the time of the assessment, the department had not accepted to utilize the system fully to generate all the necessary reports. Hence, ICT has to revisit the finance module to meet the needs of the department

Recommendations:

1) KEMSA to pursue an aggressive review of business process linkages to ensure full integration across all aspects of the organization.

2) KEMSA management should resource the development of an integrated ICT architecture plan which fully incorporates business processes to optimize service delivery.

ICT5a. Finding: KEMSA has made limited use of the Navision system to support its business processes.

Gap: The technical capabilities of Navision have not been fully exploited to provide strategic functional information for decision making and operations, particularly for warehouse, dispatch and finance services. (Strategic Impacts – Accountability, Transparency & Service Delivery)

Navision, as currently deployed does not receive full endorsement from management. Warehouse and Logistics/Distribution modules are not in place, although planned. Utilization of current modules in place has marginal use and impact in actual daily operations and decision making processes. Manual inventory record keeping is preferred over the current automation capability invested.

Recommendations:

1) The user departments should articulate their business processes and automation needs to the ICT unit in order to conduct a functional/technical alignment.

2) Navision technical representatives should be utilized to further review, modify, integrate and exploit the capabilities of the existing system to meet the identified functional needs.

3) If Navision investment does not meet all needs, KEMSA senior management and ICT unit should conduct a review of other applicable systems that integrate with Navision.

ICT5b. Finding: KEMSA's Nairobi warehouses and its regional depots are connected via an Internet Service Provider (ISP) and wireless telephone system. Current data exchange is slow and often impedes operational processes.
Gap: Limited functional network linkages exist, to enable information flow between and within all central warehouses and regional depots. ERP implementation is severely limited due to lack of ICT infrastructure. (Strategic Impacts – Accountability, Transparency & Service Delivery)

Management intends to transform four (4) provincial depots into distribution centers. In addition, MOH in collaboration with KEMSA has planned to increase the pull system for ordering of medicines by health facilities. This will require improvements in connectivity, use of internet and intranet with peripherals. The planned increase in pull system by MOH in collaboration with KEMSA will require faster and better service delivery coordination supported by enhanced ICT infrastructure in order to reach all facilities.

Recommendations:

1) All the central warehouses and regional depots should be connected via Local Area Network (LAN) and interconnected via Wide Area Network (WAN).

2) Internet connectivity should be provided to the regional depots as well and the bandwidth increased from the current 128/256 Kbs to 256/512 Kbs to provide for faster and better service delivery coordination across the WAN.

3) Conduct hardware and software analysis (including radio frequency devices) to integrate the results with the ICT functional requirements review.

3.5 Governance: Findings, Gaps and Recommendations

G1. Finding: Though established as a State Corporation by Legal Notice No. 17, 11 February 2000 as the procurement agency for MOH, dual procurement processes continue between MOH and KEMSA.

Gap: In practice only a partial mandate for procurement of health commodities has been ceded by Ministry of Health. (Strategic Impacts – Accountability, Transparency & Service Delivery)

From the assessment interviews, consistent responses identified significant limitations which do not allow KEMSA to effectively operate. Procurement execution for medical materials is split between KEMSA and the MOH. Even though KEMSA has the sole function, the total procurement funding does not come to KEMSA. MoH retains control of both the procurement funding and of the larger value procurements. KEMSA performs only a portion of its procurement mandate and is constrained by MOH to an allocation

of procurement funding on a quarterly basis. These allocations have historically neither been transacted on time or for a full quarter of the approved procurement budget. There was indication that at times, KEMSA lacked the necessary funds to proceed with procurement planning and execution.

Recommendations:

1) In the short term, the Ministry of Health should transfer all procurement functions for medical commodities and funding to KEMSA.

2) In the long term, the Board of Directors should petition Ministry of Health to pursue through Parliament the establishment of KEMSA's legal status.

3) Ministry of Health should only perform an oversight role of KEMSA's performance.

4) Ministry of Health should release full quarter allocations to comply with 2007 Public Procurement Regulation, Section 10.2.b.

G2. Finding: The Board composition is drawn almost exclusively from government and health sectors, with limited private and commercial sector representation

Gap: Commercial sector representation from retail and supply chain sector is too inadequate to benefit KEMSA's commercial activities mandate. (Strategic Impacts – Accountability & Transparency)

Seven years after establishment as a state corporation, KEMSA has not made a successful transition to function as an effective commercial entity (e.g. use of a revolving account, reimbursement, timely payments and limited procurement scope and funding). The current composition of the board does not provide the richness of experiences from the private sector to optimize its support on KEMSA's behalf.

Recommendation:

Review the composition of the Board to include the sectors which impact KEMSA's commercial mandate (e.g., retail and supply chain professions) to address the challenges routinely faced by KEMSA.

G3. Finding: KEMSA's Board established advisory and oversight committees to provide checks and balances over Procurement, Finance, HR and Technical Services. The Procurement Oversight Committee was originally chartered to ensure transparency and accountability of KEMSA's management and execution processes on procurement.

Gap: Procurement lead times have increased since the establishment of the Procurement Oversight Committee, thereby causing delays in the procurement processes. (Strategic Impacts – Accountability, Transparency & Service Delivery)

Interviews conducted identified that the committee was originally focused as intended by the Board's

charter; to review procurement processes and tender adjudication to provide guidance to the Director of Procurement. The committee's focus appears to have drifted from policy oversight to management control over procurement evaluations and processes.

Recommendations:

1) The Board to conduct a review of recent procurement lead times and determine the extent to which the Procurement Oversight Committee may be contributing to delayed procurements.

2) The Board to review the committee's TOR and appropriately redirect its focus to ensure its actions are solely on policy issues and not management oversight.

G4. Finding: KEMSA has developed a Business Plan, Strategic Management Plan and various procedures for its operating departments and functions. Interviews at multiple levels during the assessment identified that most of the staff throughout the organization have not seen these documents. Additionally, management meetings are being conducted only with managers at the department level and above.

Gap: The organization's strategic documents are not communicated to staff; so uniform understanding of the purpose, direction and approaches to service delivery is limited. (Operational Impacts – Accountability & Transparency)

Recommendations:

1) The Board and Management should develop the cultural framework for the organization; including values, ethics, and ethos. These should be communicated internally and externally to build an improved image for the company.

2) The Board and Management should develop a Strategic Communication Plan for communicating to staff and other stakeholders.

3) Extend the reach of management and create an atmosphere (including both vertical and horizontal open communication) to promote belonging and teamwork.

G5. Finding: KEMSA has 120 full time and contracted staff members and 226 casual workers to support its daily operations. Review of the staff establishment has not been conducted since 2003.

Gap: KEMSA does not have the appropriate number and mix of skill sets to conduct effective operations to meet its prescribed mandate and meet future mission growth and complexity. (Strategic Impacts – Accountability & Service Delivery)

The organization's mission scope and complexity has continuously grown in that timeframe. At many levels, organization functions are limited by both quantity and quality of the staff at hand. Recruitment and retention has not been satisfactory as key members (e.g. Director of Finance and the Deputy) have departed. Management is consistently challenged with the turnover of temporary workers, further com-

plicating daily operations. Adequate funding for hiring and training down to lower levels is very limited or non existent.

Recommendations:

1) The Board of Directors should urgently work with the Ministry of Health and Treasury to address the inadequate funding to enable KEMSA Management to sustain the required recruitment and retention programs.

2) KEMSA Management should establish an effective internal and external training program for all employees.

3) Pursue the use of performance based contracts for hiring casual workers.

4) Develop a formal training and career advancement program within the organization.

G6. Finding: KEMSA is funded by the Treasury through the Ministry of Health for all its operations and services, including the procurement of medical materials.
Current year funding is severely limiting the organization's capacity at all levels to effectively implement its business and strategic management plans.

Gap: Inadequate funds are provided to fully meet current expectations and responsibilities as provided in the Legal Notice No. 17, dated 11 February 2000. (Strategic Impacts – Accountability, Transparency & Service Delivery)

KEMSA submitted a 2007-2008 budget proposal to MOH for KSH 674M. MOH pressed for a reduced proposal which KEMSA resubmitted for KSH 515M, possibly driven in part by Kenya's implementation of the 'Medium Term Expenditure Framework', a policy to curb government funding growth. KEMSA was actually allocated KSH 274M for Operations and Maintenance and KSH 50M for Capital development (63% of the proposed budget).

KEMSA's quarterly budget allocation from MOH is KSH 68.5M of which, KSH 38.5M is specified for payment for transport requirements. Currently, high spending by MOH from Essential Drugs Allocation procurement limits substantially on what KEMSA is able to receive. Although KEMSA is supposed to benefit from economies of scale to create best pricing, that is not always possible due to its inability to make full payments to vendors due delayed release of the quarterly allocation. KEMSA has submitted a 2008-2009 budget proposal for KSH 838M to accommodate its mission growth.

In their 2007/2008 budget proposal KEMSA requested KSH 350M for capital improvements to both exterior and interior of Embakasi and Mombasa Road warehouses. It appeared that the amount was included in MOH submission to the Treasury, but not approved. A similar amount was included again in the 2008-2009 budget proposal. The limiting factor appears to be the lack of KEMSA to formally document its Embakasi Street, Mombasa Road and Commerce Street warehouses as corporate assets since KEMSA

does not hold the title deed to any of its major warehouse operational sites.

Recommendations:

1) Treasury should ring fence and directly disburse the annual budget funding for KEMSA operations and procurement to ensure access to medical materials necessary to meet Ministry of Health Programs.
2) KEMSA should institute a processing fee to offset third part/donor program workload.

3) Ministry of Health should continue to exclusively perform oversight of KEMSA performance to ensure access to medical material for public health programs.

G7. Finding: Late disbursement of budget allocation to KEMSA severely limits its ability to promptly pay vendors, required transport support, and warehouse rentals.

Gap: KEMSA's mission execution is constrained to sustain uninterrupted operations and service delivery. (Strategic Impacts – Accountability, Transparency & Service Delivery)

Key to KEMSA's success is the timely allocation of its full annual budget in order to meet financial responsibilities. KEMSA was evicted in 2007 as a tenant from the Mlolongo warehouse for failure to pay rent in a period when their annual budget allocation was not released from MOH. Lack of funding for transportation requirements appears to be a consistent issue, adversely affecting service delivery.

KEMSA cannot fulfill the customer daily demand because of limitation in funds to pay both vendors and storage.

Recommendation:

Treasury should ring fence and directly disburse the annual budget funding for KEMSA operations and procurement to ensure access to medical materials necessary to meet Ministry of Health Programs.

3.6 Findings from Key Performance Indicators (KPIs)

The assessment findings thus far were mostly derived from team observations, the functional area checklists (Annex 4). and key informant interviews (Annex 5). This section of the report describes the results of the third evaluation tool utilized – performance indicators. There were 10 key performance indicators selected by the team prior to the assessment. These are detailed in Annex 7. Seven (7) of them are focused on the procurement process and three (3) on warehouse processes. A sample list of 20 Tracer products (Annex 6) identified as being of special interest by the MOH was used to collect information on the performance indicators.

The first procurement indicator "% of Average International Price Paid" aimed to determine how often KEMSA's negotiated price on Tracer Commodity items was lower than either the MSH International

price and/or the tender price from Mission for Essential Drugs and Supplies (MEDS), a procurement agency for medical commodities, primarily for faith based organizations in Kenya. The international prices referred to are those maintained in the MSH Drug Price Indicator Guide, a database, which is compiled and maintained by MSH. The MEDS price is derived from the tender prices for the relevant year. 2006/2007. This indicator may also show the value of KEMSA as the sole procurement agency and the potential impact to negotiated pricing if KEMSA were able to commit for the full volume of medical supplies.

KPI 1: Finding

i) Review of the 2007/2008 tender records for procurements found KEMSA's price on average to be 69% of International price and 72% of the MEDS price. Of the 20 products, only two were actually higher priced, which indicates sound procurement procedures in use by KEMSA.

No.	Indicator Product	I(1) % MEDS Price	I (1) % International Price
1	Cap. Amoxicillin 250mg	92	88.88
2	Syr. Amoxicillin 125mg/5ml	80.80	73.20
3	Tab paracetamol 500mg	119.75	114.15
4	Tab cotrimoxazole 480mg	82.32	73.02
5	Tab Albendazole 400mg	-	81.99
6	Tab chlorpheniramine 4mg	69.42	39.92
7	Tab AL 20/120mg x 24s'	-	-
8	Tab metronidazole 200mg	81.30	71.43
9	Inj Gentamycin 20mg/2ml	46.63	47.47
10	Inj Benzylpencillin 1mu	97.01	85.59
11	Inj Adrenaline 1mg/ml	64.67	44.43
12	Inj Hydrocortisone 100mg	69.23	59.96
13	ORS 500ML/satchet	57.96	57.96
14	1% tetracycline eye ointment	70.10	83.29
15	1% Clotrimazole cream	73.33	47.00
16	Cotton Wool	98.1	-
17	Surgical Glove 7.5	100	-
18	Gauze Roll	184	-
19	IV Giving Set	81.8	-
20	Syringe 5cc with needle	-	-

ii) Other 2007/2008 procurement indicators revealed the following:

- 100% of KEMSA's procurement in the period was by open tender.
- 0% of the procurements for the year were processed as emergencies
- KEMSA only procures 25.8% of what it warehouses and distributes
- 41% of KEMSA's procurements are from local manufacturers (59% from international suppliers)
- Average lead time for a sample of orders is 6 months for all suppliers - 7 months for foreign suppliers, and 5 months for local manufacturers
- Average time for payment for sample orders – 5 months for all suppliers, both foreign suppliers and local manufacturers.

Gap: The impact of KEMSA's poor annual funding level.and disbursement schedules are partially demonstrated by results from indicators 5 and 6.

Recommendation:

As observed earlier, KEMSA needs to have adequate funding, disbursed in a timely manner to be able to honour contracts.

The last three (3) indicators focused on process accuracy in both quality assurance and the warehouses (Commercial Street and Mombasa Road). In each of the indicators, the team conducted office visits and actual location sampling to acquire the information.

KPI 2: Finding –
i) The team found that 20% of tenders were subjected to Quality assurance procedures.

Gap: There were limited resources and apparently, no set targets for number of samples to be analyzed annually. This impacts negatively on the effectiveness of the QA Department.

The QA department has 3 staff members covering all the warehouses. Although quality assurance SOPs are displayed in the warehouses it is difficult for the three staff to undertake checks in all of them. Also, there are minilabs, but these are not fully utilized.

Recommendations:

i) Mobilize additional resources for the QA Department.

ii) Ensure relevant training for staff on QA as appropriate for each function at KEMSA

KPI Finding 3: The last two warehouse process indicators could not be determined conclusively. Attempts to secure accurate data on either "Average % of Stock Records Corresponding with Physical Counts of Indicator Drugs" nor "Average % of Time Out of Stock for Indicator Drugs" were unsuccessful. Neither Navision nor the manual records provided current or historical recordings of physical counts. The same was true for records from either system for 'out of stock' information. Physical inspection of actual warehouse locations did reveal that inventory was on hand for the Tracer (Indicator) Drugs/Products.

Team observations from the last three indicators are as follows:

- Record keeping for these specific indicators needs to be instituted in order to demonstrate accountability and transparency

- KEMSA's practice of attempting to maintain two record systems (Navision and manual) is not accurate in either respect, and historical performance indicators for Tracer Drugs/products are not accurately maintained in either system

- Considerable time was required to find the locations of these tracer products because accurate locations for each were not in either the automated or manual record systems.

Recommendations:

The team strongly recommended for KEMSA to:

i) Do away with the manual system of record and focus attention on validating all information in Navision. This may require an out of cycle 100% inventory of each warehouse.
ii) Establish Key Performance Indicators for all MOH Tracer drugs/products, as well as other process oriented indicators. This would enable KEMSA to both demonstrate accountability, transparency and service delivery as well as improve internal staff performance standards.

Results: Measurement Indicators

	No.	Indicator Description	Response / Finding/ Result	Source of Information	Comments / Additional Information
PROCUREMENT	1	% Average International Price paid for last regular procurement of a set of indicator drugs	MEDS 72% International 69%	'07 MSH Internt'l Indicator Guide vs KEMSA'07/08 tender prices	
	2	Percentage by value of KEMSA medicines purchased through competitive tender	100%	'07/'08 Tender Prices	
	3	% of emergency procurement out of total procurement for the year	0%	Assist Procure-ment Manager	
	4	% by value of drugs procured by KEMSA over the total drugs handled	25.8%	Assist Procure-ment Manager	
	5	% by value of drugs purchased from local manufacturers	41%	'07/'08 Tenders	
	6	Average lead time for a sample of orders			
		a) all suppliers	6 months	Assist Procure-ment Manager	Sample of 10 of 36
		b) local manufacturers	5 months	Assist Procure-ment Manager	Sample of 5 of 14
		c) foreign suppliers	7 months	Assist Procure-ment Manager	Sample of 5 of 22
	7.	Average time for payment for a sample of orders			

		a) all suppliers	5 months		
		b) local manufacturers	5 months		KSH750M all deliveries, KSH150M have been paid
		c) foreign suppliers	5 months		
DISTRIBUTION/ WAREHOUSING/ SERVICE LIAISON/ QA	**No.**	**Indicator Description**	**Response / Finding/ Result**	**Source of Information**	**Comments / Additional Information**
	8	% of drugs subjected to Quality Control testing out of all drugs procured in the annual tender	Approximately 20% of medicines undergo identification tests by KEMSA and are submitted to NDQCL for testing	Dr. John Aduda Head of QA	Not verified and no documentation to this effect
	9	Average % of stock records that corresponds with physical counts for a set of indicator drugs in KEMSA and its depots	Nil	Mombasa road warehouse	Physical stock counts were conducted for 10 items. The physical stock did not tally with either the bin cards or the computer stock for any of the items. According to the staff the more reliable stock records should be the bin cards, however, on the day of the survey the staff had a 10 day backlog on the bin cards
	10	Average percentage of time out of stock for a set of indicator drugs in KEMSA and Depots storage	Not determined	Paul Koske Dr. Joan Wakori	This indicator could not be determined from either the computer records or the bin cards. Consultation with various KEMSA staff confirmed this.

3.7 Findings from Customers and Vendors

Customer perspective

The Assessment's primary focus was on KEMSA. Consequently, only two facilities Provincial General Hospital (PGH), Nyeri and one health center (Special Treatment Clinic, Nairobi North District) were visited. Also limited vendor experience was obtained through telephone interviews with one transport company – JIHAN Freighters, and two (2) supplier firms – COSMOS, LTD and BIODEAL LAB, LTD.

C 1: Findings . For the PGH, The last delivery from KEMSA was within the scheduled time. The order fill rate was 70%. 9.4% of items were over supplied and 11.1% under supplied. 3 items were not ordered but were supplied. There were no issues reported with KEMSA's delivery of ART and TB drugs. The hospital reported considerable quantities of expired supplies on-hand and was waiting for KEMSA to pick them up sometime in the future.

The health facility in Nairobi's North District reported an Order Fill Rate of 50% with a delivery schedule of every 5 months instead of the agreed upon 3 months. Expired drugs were plentiful and the facility was waiting for KEMSA to pick them up. No issues were reported with ART or TB medications from KEMSA.

Gap: KEMSA has an inadequate response to its customers' most pressing needs e.g. inability to address the issue of expired drugs, delayed delivery schedules.

Recommendations:

KEMSA should build customer confidence by speedily addressing needs and honouring delivery scheduled.

Vendors' perspective

V I Finding: All three commercial firms visited reported having a good relationship with KEMSA with the only issue being payment lag time.

Gap: Delayed payments for service delivered.

For both suppliers, each stated that they could provide better prices if they could be assured that KEMSA would pay every month on time.

Recommendation

Funds for KEMSA operations and procurement functions should be ring-fenced so that vendors are paid on time.

4.0 CONCLUSIONS

The Kenya Medical Supplies Agency (KEMSA) is in its seventh (7) year of existence as a state corporation. It is a unique organization with a stand alone mission and mix of functions that is provided by no other entity in support of Kenya's public health sector. Its challenge is to fulfill the mandate for which it was founded – to engage efficient commercial practices and provide optimal health service support to all public health facilities in the country. Even with successful support transitions like implementation of 'push to pull distribution system' and the direct delivery to hospitals, there are key aspects of the organization which require significant and immediate commitment to correct and sustain.

In its fourth year of existence, KEMSA benefited from the technical expertise of a management consultancy (e-Sokoni) in inventory management, warehousing, logistics/distribution and ICT. In many cases e-Sokoni assumed the lead role to control and manage the agency's day to day operations.

Effective August 2007, KEMSA management was required to assume full control of the Agency's daily operations at all levels. This shift has already occurred, but gaps exist in management's understanding and acceptance of the importance of their direct and consistent involvement in the functional details of the organization. The dynamics of managing a supply and distribution organization requires a hands-on approach from management and the pursuit of best practices to be consistently successful. Most of the issues facing KEMSA can be overcome with committed professionals who will lead from the front, manage with integrity, and be willing to become directly and personally engaged in the physical dynamics of the day to day operations.

Another critical requirement for KEMSA management is its willingness to sincerely address and re-direct the organization's culture. Management must recognize the necessity for changing the way it communicates, both internally and externally. To address how KEMSA is perceived as an organization, each member of management must make a personal commitment to focus on the positive; particularly, the manner in which customers, development partners and suppliers are accommodated. There must be a sense of urgency to address 'customer facing' within KEMSA. A different proactive approach is desperately and immediately required if perceptions about the organization are to ultimately change. Lastly, management must demonstrate positive leadership by aggressively establishing on-going linkages with development partners, district and rural health facilities to effect the changes required and reverse current support limitations. This should be pursued as a priority strategy initiative.

KEMSA, with all its apparent shortcomings and funding constraints, is performing a critical support service for the public health sector in Kenya. At many levels of government, leaders desire to see an improved service level; particularly a renewed focus to support rural health facilities. Development partners' support remains very active in providing critical programs and supplies. If KEMSA is successful in changing its approach to actively pursue its support role to both donor programs and the rural health facilities, the financial and stakeholder support which it so desperately requires will follow.

4.1 Proposed Composite Recommendations

i) Involvement of management in functional details of the Organization.

> Recommendation: Management must be more directly involved and provide effective supervision in the functional details of the organization.

The assessment team's principal recommendation is for KEMSA management to direct personal leadership focus and consistent involvement in the functional details of the organization. To overcome the challenges and obstacles the agency is facing, this must be Priority One for all levels of management.

The dynamics of managing a supply and distribution organization requires a hands-on approach from management at every level to be consistently successful. Most of the issues facing KEMSA can be overcome with committed professionals who are willing to 'lead from the front', manage with integrity, and be willing to become directly and personally engaged in the physical dynamics of the day to day operations

ii) Synchronization and Dissemination of Plans, Policies & Procedures

> Recommendation: Develop and synchronize all the organization's strategic plans, operational level functional plans, policies and standard operating procedures.

The assessment team witnessed from the management level down to the work stations a consistent lack of knowledge and understanding of the Organization and its mission. There were clear instances where the lack of knowledge concerning strategic plans, the linkage of each mission area's plans and objectives, and visible standard operating procedures detracted from a synchronized mission outcome.

Failure to establish visible linkages between each level limits the opportunity to synchronize the activities across the organization. Ensuring that each mission area's plans, policies and standard operating procedures support the strategic plan and overall mission of the organization is critical to overall success. Ensuring standard operating procedures are available, staff at each level is trained and is using them promotes staff understanding and ownership throughout the organization. Specific gaps included are – P1, W1, W4, L/D1, and ICT1.

iii) Use of Meaningful Key Performance Indicators

> Recommendation: Develop and track measurable key performance indicators for each mission area of the organization, and use each to verify results of performance and accomplishment.

In each area assessed, there were very few key performance indicators (KPIs) or metrics established or in use to provide standards to evaluate a specific performance level or mission accomplishment. In

some cases, standards were found in documentation as a stated expectation, but not actively measured and tracked as strategic operational indicators. The Organization's performance is not documented for positive use such as for internal training or external marketing to stakeholders and development partners.

The establishment of measurable key performance indicators and their application in each mission area provides the means to monitor the status of performance at every level of the organization. It also establishes an expectation for the organization and a means of evaluating and marketing the level of mission accomplishment over time. KPIs also provide management the opportunity to recognize and reward excellence in performance. Specific gaps included are: P1, W3, L/D1, ICT1, and G4.

iv) Focus on Strategic and Operational Level Communication

> Recommendation: Develop and actively implement an internal and externally focused strategic communication program to improve customer and stakeholder coordination, support and relationships; and ultimately; mission outcomes.

Throughout the assessment, there were consistent instances where communication was lacking or non-existent. This was evident across all levels of the organization, within internal management, between management and the Board; and most noticeably, between the Organization, its stakeholders, development partners and customer facilities.

There are several levels that should be addressed in this plan to immediately impact and establish meaningful communication that will influence the coordination of daily support requirements, and correct relationships. The most urgent need is between KEMSA and its development partners to integrate procurement and delivery expectations. The next level of communication urgency is with all customers. Communication to and with Rural Health and District facilities should be aggressively pursued to consistently address their issues and improve service delivery and transparency. An aggressive program by region, to relieve facilities of expired drugs provides an immediate strategy to foster goodwill and demonstrate accountability. With the development of performance standards and objectives, in the short term, KEMSA would benefit by actively marketing its accomplishments, plans and milestones to MoH, development partners and to its customer base at large. Specific gaps included are – L/D1, L/D2, G4.

v) Correct and Improve Internal Processes and Performance Expectations

> Recommendation: Immediately correct processes and update standard procedures to optimize operational capacities and improve accountability, transparency & service delivery at the strategic and operational levels.

This recommendation provides the most practical and shortest-term capacity improvement across all focus areas, representing one third of the gaps identified.

Immediate actions to correct process gaps will provide both efficiency and capacity improvements. At the core of this recommendation are focused improvements that bring the most immediate impacts to the warehouse, dispatch and ICT operational capabilities. These include: 1) Interface with development partners, 2) Integration of forecasting & quantification, 3) employment of all contracting methods, 4) staggering delivery schedules & standard pallet loads, 5) Master location system 6) One automated record system,(maximize

Navision), 7) Increased use of cyclic-cycle count inventories, 8) location cards & surveys, 9) Institution of critical cycle tasks, 10) Appointment of accountable managers, 11) Establishment of threshold percentages for errors, 12) Documentation for all inventory adjustments, 13) Packing lists, 14) Containerization & banding, 15) Cold chain verification, 16) ICT unit alignment, ICT standards development, ICT skills mapping & ERP implementation. Specific gaps included are – P1, P2, W3, L/D3, ICT2, ICT4, ICT5, G4.

vi) Create an Internal 'KEMSA' Culture and Climate

> Recommendation: Develop and inculcate a new 'KEMSA' culture and climate to optimize open communication, participation and involvement throughout the organization.

This recommendation applies to all levels of management in order to foster open vertical and horizontal communication and expectations so as to impact on overall mission outcomes and organizational stability.

Although this recommendation requires management's action, the development of the culture and opening up communication involves every person within the Organization. Beyond communication improvement, definitive and consistent action in this area can positively impact on organizational performance, improvement of knowledge and skills, recruitment and retention. It can also commence an understanding of career development opportunities within the organization. Specific gaps included are – W4, G4.

vii) Improve the Organization's Resource Level and Funding

> Recommendation: MOH should release to KEMSA all budgeted and allocated funding for material procurement, distribution, operations and maintenance.

This recommendation involves release of the full allocation of all current year budget funding intended for both procurement and operational expenses of KEMSA. Repeated observations throughout the assessment, (in interviews, walk-through and the review of financial records), revealed that the current funding level is insufficient for the Agency to function effectively.

The current manner in which the approved budget is controlled and released by the MoH severely constrains and limits KEMSA's capacity to bring best commercial practices and mission outcomes to the public sector health service delivery. Past and current practices in this regard seemed to be directly tied to the continuation of split procurement processes. Specific gaps included are – P3, P4, G1, G5, G6, G7.

viii) Secure Support and Funding for Investment Plan

> Recommendation: Complete all capital investment plans and seek Board approval and subsequent stakeholder support.

At the center of this recommendation is the need to develop consensus on singular mid- and long-term strategies for efficient warehousing, dispatch, ICT infrastructure and ERP development. Current divisions on these issues have a negative impact, affecting short-term operations and service delivery.

This recommendation also includes both a decision and policy implementation for standard distribution fees for all deliveries which involve materials outside the approved essentials process. Also included are the issues surrounding the need for KEMSA to establish real property assets with existing operational locations (lack of title deeds). KEMSA's current inability to secure consensus and funding for capital investment, facilities, equipment related expenditures, ICT infrastructure and ERP development, severely limits its ability to ensure both current and future operational capacities. Interviews and discussion, both internal and external to KEMSA, found wide differences as to the best course of action to pursue in the mid- and long- term. (Mid-term was viewed as being up to 7 years, long-term seemed focused upto to 2020 and beyond).
Specific gaps included are – P1, W1, L/D2, ICT4, ICT5a, and ICT5b.

ix) Conduct a Review of Organization Structure and Skills Mix

> Recommendation: Conduct a manpower review to validate the organizational structure and rationalize staffing levels and skill mix.

The current structure and skills mix do not support KEMSA's mission or complexity. The latest review involved changes in descriptions to the upper management of the Organization in 2003. Current staffing and mix of "full time" and casual staff impacts negatively on both the continuity of operations, accountability, transparency, and service delivery.

KEMSA is minimally meeting its daily mission requirements. The current mix of 120 full time/contract staff and 226 casuals is challenging. The assessment team observed the negative impact to some of the Organization's specific areas - data input, warehouse processing and maintenance.
(Specific gaps included are – P4, ICT3, and G5.)

4.2 Assessment Limitations

This evaluation was very well planned and orchestrated to provide the most accurate and timely assessment and recommendations to the KEMSA leadership and key stakeholders. KEMSA, with the support of MSH/SPS, produced the required consensus on the critical areas for review. The Terms of Reference were followed in all aspects of the assessment's preparation and execution.

There were two areas however, which were only addressed in a limited way during the assessment. The first concerns the Agency's customer base, and the second, how its supplier and transportation partners should be addressed. The Terms of Reference did not include any description on requirements on these two key aspects of the process; therefore, assessment methods were not developed in advance to ensure adequate data collection and analysis.

The assessment team recognized this well into the data collection process during 31 March – 4 April 2008. Positive attempts were made to schedule visits or conduct telephone interviews. Information was collected from one provincial hospital, one district health center, two manufacturers/suppliers, and one open tender transportation company. Summaries of the limited information collected were incorporated into the Findings section of this Report. Although both the number of sites and amount of information collected was limited, what is included provides additional perspectives for consideration.

ANNEXES

Annex 1: Terms of Reference for the Assessment

KEMSA

INTRODUCTION

As part of several initiatives to reform the public procurement system so as to improve delivery of health services, a number of activities were proposed by KEMSA to be implemented under the Millennium Challenge Account Threshold Program (MCA-TP).

The aim of the proposed activities is to make public procurement transparent in order to reduce corruption, improve financial and expenditure management and enhance efficiency in service delivery.

KEMSA's proposed activities are articulated in Component two of the Kenya Country Plan for the MCA-TP and have been incorporated in the KEMSA Business Plan 2007-2010. The main objective of this component is to strengthen transparency and accountability in the health sector thereby reducing opportunities for rent- seeking in order to improve access to affordable health care.

This will involve:

- Strengthening KEMSA's procurement capacity and accountability.
- Improving supply chain management of public health sector commodities.
- Establishing institutional and HR capacity for MOH to be able to monitor KEMSA procurement performance and compliance with good procurement practices.
- Strengthening Support Supervision mechanisms for improving timely access to drugs and medical supplies by Rural Health Facilities (RHFs).

OVERALL TASK

To conduct a comprehensive assessment of the Kenya Medical Supplies Agency (KEMSA), specifically the management, procurement, warehousing, logistics and information technology functions in order to inform the implementation process of interventions planned under the MCA- TP. In addition, the assessment will identify areas of weakness and make recommendations for further system strengthening, towards the realization of KEMSA's vision and mission as outlined in the Business Plan.

OVERALL EXPECTED OUTPUT

1. The primary output will be a Report on the comprehensive assessment of the management and operations of KEMSA which should include recommendations on:

- The steps to be taken, in order of priority, for KEMSA to achieve its stated objectives (with associated timelines and responsible persons).
- The steps, timelines, and prioritizations for KEMSA effectively to contribute to the achievement of Millennium Challenge Account goals.

The report should include sections covering assessments and recommendations related to the following specific functions:

a) Procurement
b) Warehousing
c) Logistics
d) Information and Communications Technology
e) Governance and Management

2. Recommendations for consideration by the MCA Component 2 Technical Working Team regarding interventions and support required to help fill identified gaps or build capacity.

DELIVERABLES

Final assessment report with recommendations to inform strategic plans for implementation of MCA-TP interventions to address identified gaps in KEMSA

BACKGROUND

The Kenya Medical Supplies Agency, KEMSA, was gazetted as a State Corporation under Cap 446 through Legal Notice No. 17 of 11th February 2000. The broad objectives of establishing KEMSA as stipulated in the legal notice are:

a) To develop and operate a viable commercial service for the procurement and sale of drugs and other medical supplies.
b) To provide a secure source of drugs and other medical supplies to public health institutions.
c) To advise the Health Management Boards and the general public on matters relating to the procurement, cost effectiveness and rational use of drugs and other medical supplies.

Further, the Legal Notice No. 17 of 11th February 2000 clearly outlines the critical functions of KEMSA as follows:

- To procure medicines and medical supplies, offer for sale and supply the same to Public Health Institutions.
- To establish warehouse facilities in Nairobi or any other area in Kenya for the purpose of storage, packaging or sale of medicines and medical supplies to health institutions.
- To carry out, or cause to be carried out, technical and/or laboratory analysis of medicines and medical supplies to determine their suitability for procurement, sale, use, storage and disposal.
- To advise the customers and health providers on the rational and cost effective use of medicines and medical supplies in consultation with the agencies.
- To use guidelines on the procurement, storage, use and disposal of pharmaceutical products within public health institutions in consultation with the agencies.
- To sub-contract any of the above functions to competent agents or institutions as may be determined by the Board, without prejudice to the objects for which the Agency is established.
- To make available its facilities for use for educational purposes on such terms and conditions as the Board may deem necessary.

The rationale for setting up KEMSA as an autonomous supply agency was that this model would allow for greater efficiency and flexibility associated with private management and private sector employment conditions.

At the same time, public sector supervision was to be maintained to ensure that KEMSA services would provide a range of essential medicines at reasonable prices with adequate control of quality in order to safe guard the health of Kenyans.

However, KEMSA was not able to assume its full mandate due to various limiting factors, including lack of adequate funds required for operations, maintenance and capital development, and lack of a policy decision from MOH to operationalize the procurement function of KEMSA.

To its credit, KEMSA has been able to successfully undertake several reform initiatives such as appointment of an independent board, development of a business plan, recruitment of professional staff, advocacy for a professional procurement function based at KEMSA, among others.

These and many other modest gains made by KEMSA provide fertile grounds for further focused improvements in commodity procurement and supply chain efficiency in support of the objectives of National Health Sector Strategic Plan II (NHSSPII) while at the same time contributing to the Public Financial Management (PFM) reform strategy.

ASSESSMENT METHODOLOGY\

- Desktop review of all the existing documents on KEMSA. This shall include, but not be limited, to strategic plans, previous assessment reports, KEMSA's appraisal reports, SOPs, policies etc;
- Interviews with KEMSA staff, MOH and stakeholders; (as guided by the MCA-TP Component Two TWT)
- Interviews with commodity suppliers and service providers e.g. KEMSA's transporters
- Field visits;
- Focus group discussions;

TIME FRAME FOR THE ACTIVITY

The assessment should take place on 25th March – 6th May 2008. The total number of days assigned to this assessment is 23 including report writing and presentation.

The assessment team will be expected to work collaboratively with the MCA Component Two Technical Working Team. Typical activities during the assessment planning period will include, but not be limited to the following:

Task	Sub-task	Duration	Dates
Assessment planning	Develop and discuss program of work	5 Days	25th- 29th March
	Meet with KEMSA, MOH staff & stakeholders		
	Harmonize the assessment tools		
Conduct assessment	Review documents	5 Days	31st March - 5th April
	Conduct key informant interviews		
	Conduct Field /Site visits/ Observation missions		
Post Assessment	Consolidate/ Collate & analyze data/ information	5 Days • 3 days analysis and collation of data • 1 ½ days report writing • ½ Day presentation of draft	7th – 16th April
	Prepare preliminary report		
	Present preliminary report to stakeholders & receive feedback		
Reporting	Incorporate stakeholder feedback & compile final report	8 Days • 5 Days incorporation of feedback and compilation of report • 1 Day preparation of final PowerPoint presentation • 3 Days travel and presentation of final report	6th – 14th May
	Prepare final PowerPoint presentation for stakeholders		
	Present final report 3 days		

DETAILED DESCRIPTIONS OF SPECIFIC FUNCTION ASSESSMENTS

1. PROCUREMENT FUNCTION

The purpose of this assessment is to determine the current status of KEMSA's procurement function and operations in order to identify areas of weaknesses and suggest recommendations for further system strengthening. Specifically, the assessment will include coverage of the following issues and provide evidence to:

- Inform the establishment of a planning unit within the procurement department to harmonize and coordinate procurement planning;
- Identify constraints in the tendering process and the capacity of the Procurement Unit to apply modern, efficient and cost-effective approaches utilizing a bigger, well trained team, in line with the new procurement regulations.
- Inform review, update and implementation of Standard Operating Procedures (SOPs) for procurement in line with the new procurement guidelines.
- Provide options for creation of linkages and coordination of stakeholders involved in public procurement for the public sector to achieve timely availability of health commodities and ensure optimal utilization of storage space;
- Inform development of a fee structure for procurement carried out on behalf of other organizations;
- Identify training needs to capacitate the Procurement Unit staff (both new & old) in specific areas to support the increased workload as well as undertake procurement in adherence to the new public procurement regulations.
- Select an appropriate IT system to facilitate automated technical and financial evaluation of tenders, purchase order processing and contract management and expedite reporting activities;
- Renovate and provide for an ample and secure facility to improve the storage of and ease retrieval of tender samples and documents.
- Design an audit system and SOPs to support improvement of suppliers' capacity in tendering.
- Inform the design of an audit system for monitoring the procurement process.

EXPECTED OUTPUT

The output will be a section of the main report covering an assessment and related recommendations covering the procurement function at KEMSA. This should include recommendations on the steps, in order of priority, with associated timelines and identified responsible persons for the procurement function to achieve its stated objectives i.e. to develop and implement an effective and efficient system for procurement of goods and services.

2. LOGISTICS FUNCTION

The purpose of this assessment is to identify areas of weaknesses in the logistics function and suggest recommendations for further system strengthening. Specifically, the assessment will provide evidence to:

- Revise the current distribution strategy;
- Recommend options for the development of a revised annual distribution strategy in support of the move to decentralize the function to regional distribution centres;
- Develop a Distribution Master Plan to improve the distribution system;
- Recommend periodicity of review of the Master Plan.
- Map the location of public health facilities within Kenya as well as the road distances from KEMSA to those

facilities in order to inform routing and distribution zoning.
- Review and identify challenges in the outsourced transport system;
- Inform planning for and management of the internal transport fleet.
- Recommend modalities for harmonization and integration of distribution of parallel programs' commodities with that of the essential medicines and supplies.
- Provide options for budgetary support for warehousing and distribution of parallel programs' commodities;
- Inform selection of an efficient management information system that will meet KEMSA's need for integrated functions (accurate data capture, commodity tracking, distribution activities and performance reporting) while supporting departmental linkages within KEMSA,
- Recommend modalities for improving visibility of delivery schedules;
- Develop key performance indicators (KPIs) to measure distribution performance i.e. to monitor and evaluate service reliability, customer satisfaction and operational efficiency of KEMSA.
- Inform revision and update of existing Standard Operating Procedures (SOPs), including processes, documentation, responsibilities, and inter-departmental relationships, to reflect the decentralized structure.
- Identify gaps in capacity for new roles as well as inform up-skilling and appropriate recruitment for improved efficiencies.

EXPECTED OUTPUT

The output will be a section of the main report covering an assessment and related recommendations on the logistics function at KEMSA. This should include recommendations on the steps, in order of priority, with associated timelines and identified responsible persons for this function to achieve its stated objectives, i.e. to be a reliable distribution system that effectively and efficiently delivers medicines and medical supplies to the health facilities and able to continuously review the logistics strategy to ensure that it meets the changing need of the organization and customers.

3. WAREHOUSE FUNCTION

The purpose of this assessment is to determine the current status of KEMSA's warehouse function in order to identify areas of weaknesses and make recommendations for further system strengthening. The assessment will provide evidence to:

- Improve the storage facilities of the warehouse.
- Improve the management and control of the receiving operations.
- Maximize the effective use of space.
- Improve material handling systems.
- Improve systems and methods for stock picking and order assembly.
- Implement an optimal staff and labour structure.
- Improve inventory control and management systems to achieve the performance target levels of 99% accuracy.
- Effect timely and reliable delivery of medical commodities.
- Strengthen KEMSA's cold chain system.
- Provide options for increased security within the various KEMSA warehouses.
- Address environment, health and safety system at KEMSA's warehouses.
- Establish key performance indicators for Warehouse function.
- Determine the capacity of KEMSA's warehouse to roll out the pull system.
- Improve the planning, monitoring and utilization of all warehouse resources.

EXPECTED OUTPUT

The output will be a section of the main report covering the assessment and related recommendations of the warehouse function at KEMSA. This should include recommendations on the steps, in order of priority, with associated timelines and identified responsible persons for this function to achieve its stated objectives i.e. achievement of the best practice standards of goods receipt, storage, order picking and management of inventory and warehouse resources while satisfying customer requirements of providing the right product in good condition at the right place at the right time.

4. ICT FUNCTION

The purpose of this assessment is to determine the current status of KEMSA's ICT function in order to identify areas of weaknesses and make recommendations for further system strengthening. It should provide evidence to:

- Ascertain the requirements for KEMSA to provide and maintain sufficient hardware equipment for its users.
- Inform the design of KEMSA LANs to adhere to the standards of certified structured cabling data and voice networks so as to provide and maintain links between Distribution centers and improve flow of information through the organization.
- Identify, obtain and implement software application packages to perform specific tasks as required.
- Inform the design and acquisition of an integrated business application system to support the functions of all the KEMSA departments.
- Identify needs, support and facilitate ICT training to KEMSA staff.
- Inform the development of the ICT department to perform its function efficiently.
- Inform design and procurement of an ICT Infrastructure to support ICT Projects.

EXPECTED OUTPUT

The output will be a section of the main report covering an assessment and related recommendations on the ICT function at KEMSA. This should include recommendations on the steps, in order of priority, with associated timelines and identified responsible persons for this function to achieve its stated objectives i.e. to pprovide and maintain sufficient hardware equipment and software application packages to users throughout KEMSA with network linkages between distribution centers in KEMSA to enable and improve the flow of information throughout the organization to ensure efficiency of its business.

5. GOVERNANCE AND MANAGEMENT FUNCTION

Purpose of the Sub-Task

The purpose of this assessment is to review all aspects of KEMSA overall management and governance with a view to establish current status, confirm requirements related to securing efficient and effective delivery of the required services within the context of ongoing health sector reforms, identify areas of weakness and make recommendations for required changes and strengthening.

The aspects to be reviewed shall include (but not necessarily be limited to) the following:

A. General Management and Governance Aspects

- Legal mandate
- Organizational vision, mission & objectives
- Organizational structure, roles and responsibilities of senior management
- Business (strategic) plan
- Board composition, legal mandate, functioning, relationship with management (including oversight function)
- Functioning of the Board Procurement Oversight Committee
- Representation of stakeholder interests
- Legal and working relationship with MoH
- Autonomy/Independence of decision making
- Management SOPs and guidelines
- Recent performance of management with reference to organizational structure, mission, objectives, corporate plan, etc
- Internal (e.g. inter-departmental) collaboration and communication (including departmental and senior management meetings)
- Human resources capacity and management (particularly numbers, skill-mix and functioning of casual staff).
- Human Resources Development Plan
- Impact on procurement and supply management efficiency that other programs have on the capacity of MOH and KEMSA.
- Internal (management) audit system
- Transparency of the tender process

B. Financial Aspects

- Financial management systems, capacity, management and performance, including cash flow and projections (available working capital and debt portfolio vs. procurement plans and orders placed) with reference to organizational structure, staffing, competencies and SOPs
- Financial accounting procedures and processes, guidelines and SOPs including order and invoice processing
- Current funding systems and procedures
- Pricing and fee policy and structures, including handling fees for 3rd party supplies in relation to operating expenses
- Investment and/or capitalization requirements and mechanisms for internal/external funding as needed in the context of a coherent financial/business plan

EXPECTED OUTPUTS

The output will be a section of the main report covering an assessment and related recommendations on Governance and Management aspects of KEMSA. This should include recommendations on the steps, in order of priority, with associated timelines and identified responsible persons for this function to achieve KEMSA'S stated mission; i.e. "To improve the healthcare of Kenyans through efficient procurement and reliable distribution of quality medical commodities and promotion of rational drug use and practices."

ANNEX 2

List of Individuals Interviewed

KEMSA

1. Peter T. Kanyago, Chairman, KEMSA Board
2. Dr. Charles Kandie, Chief Executive Officer, KEMSA
3. John Munyu, Technical Director, KEMSA
4. Caroline Bwire, Personal Assistant to CEO, KEMSA
5. Kaburu Arithi, Logistics Manager, KEMSA
6. Edward Buluma, Procurement Manager, KEMSA
7. Dr. Wanjau Mbuthia, National Liaison Manager, KEMSA
8. Dr. John Aduda, Quality Assurance Manager, KEMSA
9. Toddy Madahana, Security Services Manager, KEMSA
10. Joseph Abok, Internal Audit Manager, KEMSA
11. Godfrey K. Kiptum, Human Resource & Administration Manager, KEMSA
12. Enos Namasaka, Human Resource & Administration Officer, KEMSA
13. Paul Koske, ICT Manager, KEMSA
14. Fred Wanyonyi, Corporation Secretary, KEMSA
15. Okanda Samuel, Warehouse Manager (Mombassa Road), KEMSA
16. Kiarie Kiage, Assistant Warehouse Manager, (Mombasa Road)
17. Mutua, Assistant Warehouse Manager, (Embakasi)
18. Oliver Mulama, Assistant Warehouse Manager, (Commercial Street)
19. Mildred Sheshia-Odwori, Regional Liaison Officer, Nairobi Province
20. Mary Koros, Customer Service Assistant

Ministry of Health, Nairobi

1. Dr. James W. Nyikal, Director of Medical Services

Pharmaceutical Suppliers and Transporters

1. Cosmos Ltd And Biodeal Lab. Ltd
2. Mr Juma Ruwa - Jihan Freighters

ANNEX 3

List of Facilities Visited

1. KEMSA – Commercial Street Warehouse
2. KEMSA – Mombasa Road Warehouse
3. KEMSA – Embakasi Warehouse
4. Provincial General Hospital, Nyeri
5. STC Casino Dispensary, Nairobi

ANNEX 4 : Checklists

KEMSA Procurement Assessment Checklist

Title:	Phone:	E-mail
Signature:		
II. Facility Information		
Facility Name: Commercial Street warehouse		Address: P.O Box 47715
City/Town: Nairobi		Region and Zip Code: 00100
Facility Point of Contact: John Kabuchi, Assistant Procurement Manager	Phone: 3922000	E-mail; john.kabuchi@kemsa.co.ke
Building Composition: ☐ Brick ☐ Wood ☐ Metal ☐ Other _____		
Building Ownership: ☐ Government ☐ Commercial		Date Facility Constructed:
Total Square Footage:		Total Number of Floors:
Total Number of Occupants:		Normal hours of operation:
Distance to Nearest Police Department:		Police Department Phone:
Distance to Nearest Fire Station:		Fire Department Phone:

KEMSA Procurement Assessment Checklist

Requirement	Yes	No	N/A
III. Concept Development and Procurement Planning			
1. Is a written procedure published and referred to by staff to develop the procurement plan?	☒	☐	☐
2. Does the Procurement Manager conduct a procurement plan meeting?	☒	☐	☐
3. As part of the plan, is a procurement team established for the procurement? Specify composition?	☒	☐	☐
4. For larger and longer term contracts, is a Procurement Unit's Representative appointed?	☒	☐	☐
5. Is market research for the requirement performed by both the requiring User Department and the Procurement Team?	☒	☐	☐
6. In the early stages of planning, does the market research include discussions with potential contractors?	☐	☒	☐
7. Does the procurement section maintain and utilize a master list of reputable healthcare contractors and procurement linkages from which to solicit information and coordinate during the planning process?	☐	☒	☐
8. During the market research phase of planning, is there active coordination between the Procurement Unit, the User Department Representative and the Contract Specialist? Explain how this is currently happening.	☐	☒	☐
9. While the Procurement Plan is being developed, is past performance information considered and discussed?	☐	☒	☐
10. While the Procurement Plan is being developed, is the option of sole source or small business considered with final rationale documented in the plan?			
11. While the Procurement Plan is being developed, does this team document its deliberation and rationale best procurement approach for the acquisition (e.g. local, regional, international, open or restricted/limited vendor, sole source, small business, etc.)? Obtain copies of two previous large value procurements (1 active and 1 closed).	☒	☐	☐
12. While the Procurement Plan is being developed, is the team required to fulfill specified government special programs' goals? Obtain a copy?	☒	☐	☐
13. Is all information and data collected summarized in the Acquisition Plan?	☒	☐	☐
14. Is a Procurement Plan finalized with milestone events and referred to during entire acquisition process?	☒	☐	☐
15. Is there a current published Procurement Procedure for KEMSA, and does it incorporate the latest government guidelines and Public Sector Procurement practices?	☒	☐	☐
16. Are KEMSA's procurement plans and documents maintained securely within the facility?	☒	☐	☐
17. Are KEMSA's procurement functions performed using an automated procurement system?	☐	☒	☐
18. Is the selection of Products for procurement based on National Essential Medicines List, KEMSA Master Product Lists? Specify			
19. For purpose of procurement are *v*endors identified based on past performance?	☐	☒	☐

Comments:

Procurement Method and Procurement Planning

The procurement unit of KEMSA has its own SOPs for procurement and a procurement plan exists. Open tender is used for procurement unless in cases where it is not practical. A procurement team comprising the Procurement Manager, Quality Assurance Manager, Director of Technical Services, Logistics Manager, Warehouse Manager and the C.E.O is formed. In the planning stage, there is no proper market research done but the team looks at the previous for the item for MOH requests but for internal procurements, spot checks for the prices are done to check the value for money. The procurement function is not automated but computerization starts at issuing an L.P.O. Previous performance of vendors is taken into consideration but new vendors are also allowed to participate for consideration.

Requirement	Yes	No	N/A
IV. Tender Performance Contract			
1. Does the Procurement Unit require a Tender Performance Contract (TPC) to be written for new contract procurements? Specify policy if by a threshold and note the amount.	☒	☐	☐
2. Does the Procurement Unit require a written justification on any requirements where competition is limited?	☒	☐	☐
3. Is there a standardized format used for the development of the TPC?	☒	☐	☐
4. Is the Contract Specialist permitted to deviate from the TPC format?	☐	☒	☐
5. Does the Requiring Activity's Representative participate in the development of the TPC?	☒	☐	☐
6. Do the Procurement Unit and Technical Representative review the TPC for content?	☒	☐	☐
7. Is the TPC maintained throughout the entire procurement process? Obtain a copy.	☒	☐	☐

Comments:

Tender Performance Contract

The procurement unit requires a tender performance contract (TPC) to be written for new contract procurements. The policy says threshold is Ksh1 000 000, 00. Where competition is limited, the procurement unit requires a written justification on any requirements to ensure transparency. A standard format for is used in the development of a TPC and the contract specialist is not allowed to deviate from the TPC format. The user department also participates in the development and review of TPC and ensures its maintenance throughout the entire procurement process. This is important because it has an impact on service delivery.

Requirement	Yes	No	N/A
V. Specifications			
1. Is a Quality Assurance Plan (QAP) prepared for each procurement? If determined by a threshold, specify the amount.	☒	☐	☐
2. Does the QAP specify how, where, when and how often the contractor's services or product will be evaluated?	☒	☐	☐
3. Is a standard format utilized in writing the QAP?	☒	☐	☐
4. Is the Contracting Specialist permitted to deviate from the QAP format?	☐	☒	☐
5. Do the Procurement Unit and Technical Representative review the QAP for content?	☒	☐	☐
6. Is the QAP maintained throughout the entire procurement process? Obtain a copy.	☒	☐	☐

Comments:

Specifications

For each procurement, a Quality Assurance Plan (QAP) is prepared and is not determined by a threshold. The Quality Assurance Plan specify how, where, when and how often the contractor's services or product will be evaluated. However, due to lack of resources in the QA department, it has not been able to evaluate them as planned. This will consequently have an impact on quality and service delivery at KEMSA. A standard format exists for in writing the QAP and the contract specialist is not permitted to deviate from the format and the procurement unit ensures that the QAP is maintained throughout the entire procurement process.

Requirement	Yes	No	N/A
VI. Independent Government Estimate			
1. Is an Independent Government Estimate (IGE) prepared for each acquisition?	☐	☒	☐
2. Does the User Department provide the cost estimates to the Contracting Specialist?	☒	☐	☐
3. Does the Procurement Team review cost estimates provided and validate with other official source information as part of the final IGE development?	☐	☒	☐
4. Is the IGE always controlled as the internal Government Estimate and therefore, used as the basis for determining price reasonableness on future contractors' proposals?	☐	☒	☐
5. Do the Procurement Officer and Technical Representative review the IGE and supporting documentation for content, validity and reasonableness?	☐	☒	☐
6. Is the IGE, supporting documentation and the Government's Estimated Cost known only by the Procurement Officer, Technical Representative and the Contracting Specialist?	☐	☒	☐
7. Are the IGE and Government's Estimated Cost maintained secure at all times by the Contracting Specialist and only brought out for use in the evaluation process?	☐	☒	☐
8. Are the IGE and Government's Estimated Cost maintained throughout the procurement process?	☐	☒	☐

Comments:

Independent Government Estimate

The system of using an Independent Government Estimate is not in use at the moment. However, it is still at proposal stage.

Requirement	Yes	No	N/A
VII. Evaluation Factors			
1. Does the User Department prepare a list of factors that can be used in evaluating contractor's proposals?	☒	☐	☐
2. Is the User Department educated on the 'best value continuum' and the 'lowest price-technically acceptable' prior to final determination of the evaluation factors to be considered?	☒	☐	☐
3. Are the User Department and Tender Evaluation Committee informed that past performance and price are mandatory evaluation factors?	☐	☒	☐
4. Are these factors reviewed by the Procurement Unit, Technical Representative, and Contracting Specialist prior to the formal solicitation – Request for Proposals?	☒	☐	☐
5. Are the evaluation factors included in the formal solicitation – Request for Proposals (RFP)?	☒	☐	☐
6. Are factors and any sub factors included in the RFP prioritized and weighted?	☒	☐	☐
7. Does the Procurement Officer appoint the Tender Evaluation Committee members in writing?	☒	☐	☐
8. Are the evaluation factors and all supporting documentation maintained throughout the procurement process?	☒	☐	☐
9. Does the Procurement Manager meet with the Procurement Team to discuss and review the final Procurement Plan, Purchase Request and Funding before rendering approval to proceed with the solicitation?	☒	☐	☐

Comments:

Evaluation Factors

The user department is actively involved in the evaluation process. The tender evaluation committee members are appointed by the Chief Executive Officer in writing. For transparency and accountability, the procurement manager meet with the procurement team to discuss and review the final procurement plan , purchase requests and funding before rendering approval to proceed. The User Department and Tender Evaluation Committee are not informed that past performance and price are mandatory evaluation factors because other factors come into play like delivery time, quality of product etc.

KEMSA Procurement Assessment Checklist

Requirement	Yes	No	N/A
VIII. Invitation to Tender Process			
1. Does KEMSA conduct procurements using a standardized tender process?	☒	☐	☐
2. Is the 'Intent or Invitations to Tender' notice advertised in multiple media formats?	☒	☐	☐
3. Is the Public informed of where to look for all government tenders?	☒	☐	☐
4. Is there a standard period for tender advertising to the Public?	☒	☐	☐
5. Prior to the formal tendering, does the Procurement Unit and key members of the Procurement Team conduct a Pre-Proposal Conference?	☒	☐	☐
6. Does the tender process include provisions for accelerated, orderly, systematic procedures for emergency tenders?	☒	☐	☐
7. Does the user department participate throughout the tendering process and provide Pre-Award Technical Advice to the Procurement Unit?	☒	☐	☐
8. Are Technical Evaluations formal and do they include the Evaluation Committee and Contracting Specialist, at a minimum.	☐	☒	☐
9. As part of the Evaluation Committee process, are all fully qualified proposals-vendors offered to participate in Oral Presentations and Negotiations with the Procurement Unit?	☐	☒	☐
9. After Oral Presentations and Negotiations, is there a closed full review and discussion involving the Procurement Team, Evaluation Committee, Technical Representative and Contracting Officer?	☐	☒	☐
10. Is the full tendering process reviewed and found 'administratively and legally sufficient' by Admin and Legal officer prior to the announcement of the award?	☒	☐	☐
11. Are all final participating vendors informed in writing of the award decision?	☒	☐	☐
12. Is there a specified period in the award decision document for appeals, and is the appeal process described in detail?	☒	☐	☐
13. Is the final notice of contract award only made known to the public after the appeal deadline date has passed with no appeals received at KEMSA Procurement?	☒	☐	☐
14. Does KEMSA utilize standard and universally accepted appeal procedures?	☒	☐	☐
15. Is all documentation from the Tendering Process maintained throughout the procurement process?	☒	☐	☐
16. Is the complete record of the Tender and subsequent Contract maintained for a prescribed period of time in historical files? Specify the timeframe.	☒	☐	☐

Comments:

Invitation to tender Process

Transparency is being addressed in the tender process. KEMSA conduct procurements using a standardized tender process and invitation to tender notice is advertised in multiple media formats which include the newspaper, local advertisements and the website. The public is also informed of where to for all government tenders. User department actively involved throughout the tender process in providing technical advice, pre-bid / pre-proposal conference is conducted, appeal procedures are followed and all final participating vendors are informed in writing of the award decision.

Requirement	Yes	No	N/A
IX. Low-value Procurement Procedures			
1. Does KEMSA's Procurement Strategy and Plan include program controls and procedures for the acquiring medical material and services without awarding a formal contract? Describe.	☒	☐	☐
2. If allowed, is that program formalized by the government and Board of Directors as part of the Procurement Officer's Authority?	☒	☐	☐
3. Is there a specified procurement threshold established for 'micro procurements'?	☒	☐	☐
4. Are 'micro procurements' executed in a decentralized manor by agents under the Procurement Officer's Authority?	☐	☒	☐
5. Are all 'micro procurement' agents required to conduct market research and document more than one price comparison with actual vendor quotes before awarding the procurement?	☒	☐	☐
6. Are 'micro procurement' agents required to record their rationale (e.g. price, quantity, delivery time, etc.) for their award decisions?	☒	☐	☐
7. Are each agents 'micro procurement' files reviewed and audited on a scheduled basis?	☒	☐	☐
8. Are there any documented instances where 'micro procurement' has occurred at KEMSA without documenting more than one price quote?	☒	☐	☐
9. Is the selection of Products for procurement based on National Essential Medicines List, KEMSA Master Product Lists? Specify	☐	☒	☐
10. For purpose of procurement are *v*endors identified based on past performance?	☐	☒	☐

Comments

Low value Procurement procedures

KEMSA procurement strategy and plan include controls and procedures for acquiring material and services without awarding a formal contract. A specified procurement threshold is established for low value procurements. All low value procurements should be below Ksh30 000 , 00. Normally, the procurement officer gets a quotation and an L.P.O will suffice in place of a contract. For procurements below Ksh 10 000 ,00 a cash sale can be obtained without necessarily getting a quotation. For procurements above Ksh 1million, a contract has to be put in place. Low value procurements are not decentralized. Low value procurements are reviewed and audited on a scheduled basis. Low value procurements are only done for operational requirements and not medical items.

KEMSA Warehouse Assessment Checklist		
I. General Information		
Evaluator's Name: Janet Kimeu, Mercy Kasina Donna Kusemererwa		Date:
Title:	Phone:	E-mail:
Signature:		
II. Facility Information		
Warehouse/Depot: Commercial Street		Address: PO Box 47715 00100 GPO
City/Town: Nairobi		Province: Nairobi
Facility Point of Contact: Oliver Mulama	Phone: 537670/1/2/3	E-mail:
Building Composition: ☐ Brick ☐ Wood ☐ Metal ☐ Other ____Concrete blocks, Iron sheets and metal frame work _____ _____		
Building Ownership: ■ Government ☐ Rented		Date Facility Constructed:
Total Square Footage: Building vs. Floor space: 42,000 sq ft (warehouse space)		Total Number of Floors: one with a small mezzanine floor
Total Number of Staff warehouse department only: 21 - 2 permanent, 4 contract, 15 casual		Normal Hours of Operation: 8.00am – 5.00 pm
Distance to Nearest Police Station:		Police Station Phone:
Distance to Nearest Fire Station:		Fire Station Phone:

Comments:

Warehouse is in urgent need of renovation and refurbishment

Staff often work overtime 7.30 – 6.00 pm

The commodities stored at the warehouse include TB medicines, antimalarials, public health commodities, ARVS and other HIV related commodities and medical equipment.

Requirement	Yes	No	N/A
III. Facility Characteristics			
1. Is the facility structurally sound and generally free from major defects?	☐	☒	☐
2. Are windows secured to prevent entry from outside?	☐	☐	☒
3. Are ceilings secured to prevent entry from outside? *Warehouse has no ceiling*	☐	☐	☒
4. Is the facility floor smooth, non-pitted concrete, or similar flooring? Is it devoid of cracks or defects that could impede the movement of cargo?	☐	☒	☐
5. In general, is floor space sufficient to allow for warehouse operations (receiving, stock replenishment, inventory, consolidation, and preparation of materials for shipment)?	☐	☒	☐
6. Does the facility have restrooms?	☒	☐	☐
7. Does the facility have separate loading and shipping dock bays? *Doors are used both receipt and shipment*	☐	☒	☐
Provide number of bay doors: 2 ___(#) Receiving ___(#) Shipping			
8. Are loading dock doors a minimum of 8' high?	☐	☒	☐
9. Does the facility have loading dock levelers?	☐	☒	☐
10. Can the facility effectively accommodate delivery vehicles?	☐	☒	☐
11. Can facility parking/staging area accommodate up to __ (#) trucks?	☐	☐	☐
12. Is there any evidence of water leaks or structural damage?	☒	☐	☐
Comments:			

Requirement	Yes	No	N/A
IV. Utilities/Power Supply			
1. Does the facility have sufficient amp load capability?	☒	☐	☐
2. Does the facility have emergency backup power?	☒	☐	☐
3. Is the emergency power generator serviced on a scheduled basis? Obtain copy.	☒	☐	☐
4. Is the facility connected to all public utilities (telephone, water, sewer and electricity)?	☒	☐	☐
5. Is the facility monitored for temperature and humidity control? Obtain copies	☐	☒	☐
6. Do the air conditioning, gas, and electricity operate properly?	☒	☐	☐
7. Is the facility humidity controlled?	☐	☒	☐
8. Is ventilation adequate and are exhaust systems working?	☒	☐	☐
9. Does the facility have adequate lighting?	☒	☐	☐
10. Are there a sufficient number of battery recharge stations (outlets) for the materiel handling equipment?	☒	☐	☐
11. Are the battery recharge stations consolidated?	☐	☒	☐

Comments:

5. No humidity monitoring is done.Room temperature is monitored but inconsistently. Staff have a perception that temperatures are optimal so they do not feel the need to measure.

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
V. Physical Security			
1. Does the facility have threat targets/hazards within its vicinity?	☒	☐	☐
2. Is there a history or evidence of uncontrolled external access into the building?	☐	☒	☐
3. Is access control visibly enforced?	☐	☒	☐
4. Does the facility have a physical security plan? Obtain copy.	☒	☐	☐
5. Does the facility manager conduct semi-annual key security inventories?	☐	☒	☐
6. Does the facility have emergency fire/~~bomb~~ procedures?	☒	☐	☐
7. Does the facility have an occupant emergency evacuation plan?	☐	☒	☐
8. Are there exterior barriers extending the physical perimeter (i.e., concrete barriers, planters, boulders, fences, and vehicle gate controls) of the facility?	☐	☒	☐
9. Are the exterior barriers separating the parking/drop-off area from the facility?	☐	☒	☐
10. Do all exterior and interior doors have two locks (i.e., one deadbolt and one key lock)?	☐	☒	☐
11. Are door hasp bolts installed on the interior of all door frames?	☐	☒	☐
12. Do all exterior doors have high security locks?	☐	☒	☐
13. Does the facility have monitoring devices or intrusion detection (IDS) systems installed?	☐	☒	☐
If yes, are all access points such as exterior doors, windows, and loading dock doors alarmed?	☐	☐	☒
14. Is the Intrusion Detection System tested periodically and documented? Obtain copy.	☐	☐	☒
15. Is the Intrusion Detection System on backup power supply?	☐	☐	☒
Is it tested semi-annually?	☐	☐	☒
16. Is there exterior lighting with 360 degree coverage around the exterior of the facility?	☐	☐	☒
17. Are there guard or key badge controls for entrance door?	☐	☒	☐
18. Does the facility have closed a circuit television (CCTV) monitoring system?	☐	☒	☐
19. If Closed Circuit TV is limited, is it monitoring external facility doors and door to controlled substance storage vault/area?	☐	☐	☒
20. Is the Closed Circuit TV monitored by the security force?	☐	☐	☒
21. Is the Closed Circuit TV on back-up power supply? Included in test documentation (above)?	☐	☐	☒
22. Are access to control systems for the utilities, such as, ventilating, air conditioning, back-up generator, and utility closets limited to authorized personnel only?	☒	☐	☐

Comments:

- Access control is enforced into the main premises but access to the warehouse is quite easy once within KEMSA premises
- Premises are secured with a private security firm as well as armed administration police. Head of security indicates that their approach is based on a certain element of trust in the permanent and contract staff.
- The head of security conducts a risk assessment every 6 months in which process they review the key security inventories including electric fence, panic buttons, weapons etc.

Requirement	Yes	No	N/A
VI. Personnel Security			
1. Are all personnel subject to police/other background checks?	☐	☒	☐
2. Do personnel have security identification badges?	☐	☒	☐
3. Are physical security checks conducted during entry and exit?	☐	☒	☐
4. Does facility conduct annual physical security awareness training?	☒	☐	☐
5. Does facility have visitor access controls to prevent unauthorized entry into the facility, which should include sign-in register and temporary visitor badges?	☒	☐	☐
6. Are visitors provided escorts?	☐	☒	☐

Comments:

Only casual staff are required to provide a letter of good conduct from the police

Security briefs are written to staff periodically on various external and internal threats

Physical security checks are conducted only on exit and only for casual staff

Requirement	Yes	No	N/A
VII. Parking			
1. Does KEMSA have a parking plan for all vehicles?	☐	☒	☐
2. Are all vehicles set back at least 100 feet (30 meters) from the facility?	☐	☒	☐
If not, are vehicles within 100 feet (30 meters) of the facility screened by a guard?	☐	☒	☐
3. Are there parking barriers separating the parking/drop-off area from the facility?	☐	☒	☐
4. Is employee parking separated from public parking?	☐	☒	☐
5. Are trucks inspected for possible explosives before backing into the loading dock?	☐	☒	☐

Comments

Parking area is under development. Currently employees park in the off loading/ loading area since their designated parking is not available.

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
VIII. Receiving Area			
1. Is material segregated and processed by ~~Bill of Lading~~/Purchase Order?	☒	☐	☐
2. Is segregated material physically opened and inventoried using packing lists, purchase order?	☒	☐	☐
3. Are all material inventories documented using the 2-man rule?	☐	☒	☐
4. Are receipts immediately posted in the inventory management system using the 2-man rule?	☐	☒	☐
5. If materials are for stock, are storage locations and quantities posted in the inventory management system?	☒	☐	☐
6. If materials are for stock, are storage locations printed or tagged to the exterior packaging?	☐	☒	☐
7. If not automated, are receipted quantities documented on a receiving document and signed using a 2-man rule?	☐	☒	☐
8. If not automated, are ~~storage locations~~, potency dates and lot numbers documented on the same receiving document?	☐	☒	☐
9. Is the expiration date, lot number, manufacturer number written on each copy of the purchase order?	☒	☐	☐
9. Is the expiration date, lot number, and manufacture number visually checked on each product ~~and documented on the outside of each exterior box~~ and inputted in the inventory management system receipt?	☒	☐	☐
10. Are copies of all receipt documentation (i.e., Bill of Lading, pack list, purchase order, and/or vendor call number, and receiving document) stapled and kept in a "completed file?"	☒	☐	☐
11. Is the completed receipt documentation delivered directly to Procurement and/or Inventory Managers for obligation and status inputs?	☐	☒	☐
12. Once receipted, are materials for stock moved away from the receiving area and staged for put away into storage locations?	☒	☐	☐
13. If materials are identified as "cross dock customer," are the materials moved into shipping once posting is completed?	☐	☐	☒
14. Does the receiving have a process for resolving quantity discrepancies between the ~~Bill of Lading~~ Purchase order and the quantity received? Obtain a copy.			
15. Are controlled substances segregated, received, and stored in a lockable container prior to transfer to the vault?	☐	☒	☐
16. Is the controlled substance container also sealed with tamper-evident seals in the receiving area using a 2-man rule?	☐	☒	☐
17. Are records kept in receiving on all tamper-evident seals applied in the receiving area?	☐	☒	☐
18. Is the controlled substance container transfer to the vault conducted by the controlled substance custodian and a receiving clerk?	☐	☒	☐
19. For material not processed because of missing receipt information, is there a segregated space within the receiving area identified for "queries/frustrated receipts?"	☐	☒	☐
20. Are frustrated receipts posted in a separate file and worked daily with Procurement and/or Item Managers to attempt processing?	☐	☒	☐
21. Are aged frustrated receipts reviewed for appropriate resolution or action?	☐	☐	☒
22. On arrival, are drivers' credentials checked and logged into a "Drivers' log?"	☐	☒	☐
23. Is the receiving area/shipping area(s) monitored and secured?	☐	☒	☐
24. Is a waiting area with restrooms located in an area proximal to the area to prevent visitors and/or drivers from entering the receiving/shipping area?	☒	☐	☐
25. Are materials adequately protected against pilferage?	☐	☐	☐
26. If items are received in cold or frozen pack containers, are these taken on arrival to the refrigerator or freezer for inventory and receipt processing later in the day?	☒	☐	☐
27. Prior to placing in temperature controlled storage, is the temperature of contents at receiving recorded on the receipt paperwork?	☐	☒	☐

Requirement	Yes	No	N/A
28. Is the receiving area floor cleared and cleaned daily?	☐	☒	☐
29. Are written procedures in place to deal with any violations of requirements of material handled by the warehouse department(throughout its processes?	☐	☒	☐
30. On separate pages, describe and flowchart the existing receiving processes.			

Comments:

Cross docking rarely occurs in KEMSA.

No goods are accepted if there is a quantity discrepancy since the suppliers are local they are asked to bring the missing items before the consignment is accepted. In the cases where this is expected to take some time whatever quantity is received is what is entered into the system.

The receiving floor is not cleared daily because of the involvement of QC in each receipt.

Cleaning is done on a daily basis however the warehouse is in general neither clean nor tidy.

Requirement	Yes	No	N/A
IX. Storage Area			
1. Does the layout of the storage area maximize the efficiency of storage and distribution of the product to customers?	☐	☒	☐
2. Does warehouse staff use barcode technology to facilitate storing the product?	☐	☒	☐
3. Does storage have established performance standards, i.e., 24 hours for processing of cutaways into locations?	☐	☐	☐
4. Are products stored properly to minimize damage?	☐	☒	☐
5. Are employees trained to ensure the proper handling, storing, and distribution of the product?	☐	☐	☐
6. Is the warehouse organized using a floor diagram and a discrete location numbering system throughout?	☐	☒	☐
7. Is the floor diagram updated and available for reference by the warehouse staff?	☐	☐	☒
8. Are locations kept current on the floor diagram?	☐	☐	☒
9. Are the storage locations adequately identified to facilitate the location of the product?	☐	☒	☐
10. Are measures in place to prevent unauthorized access to the storage area?	☒	☐	☐
11. Are fast, medium, and slow-moving products identified and located to ensure efficient handling, selection, and issue?	☒	☐	☐
12. Is storage utilization monitored and action taken to prevent wasted or excess space?	☐	☒	☐
13. Is there sufficient space between storage racks to enable effective and safe access and utilization of materiel handling equipment and or conveyor systems?	☐	☐	☒
14. Are results of the most recent location survey posted and in view by all staff?	☐	☐	☒
15. Is shelf-life material stored by lot number and expiration date?	☒	☐	☐
16. Is the 'First-Expired-First-Out' (FEFO) principle applied when ~~storing and~~ selecting shelf-life materiel?	☐	☒	☐
17. Is there 100% warehouse wide inventory conducted at least annually? Obtain a copy.	☒	☐	☐
18. Is there a periodic inventory conducted to ensure accuracy of inventory of locations and quantities?	☐	☐	☒
19. Do all aisles provide a 2 meters passage? Document distance	☐	☐	☒
20. Are all pallet risers installed with a safety locking device? Document distance.	☐	☐	☐
21. Are fire evacuation plans posted through the warehouse facility and evacuation exercises conducted and documented quarterly? Obtain a copy of last evacuation exercise results.	☐	☐	☐

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
22. Do all warehouse staff receive periodic drivers training for all equipment (i.e., pallet jacks, material handing equipment, fire extinguishers, and conveyors) and at least annually? Obtain copy Do all warehouse staff receive first aid training at least annually? NO	☐	☐	☐
23. Do all warehouse staff possess a current valid operators' license for all required equipment and vehicles? Visually confirm.	☐	☒	☐
24. Do all warehouse staff wear/use lumbar supports, safety visors/glasses, aprons, safety shoes, and Material Handler safety harnesses?	☐	☒	☐
25. Is the warehouse cleaned, free from infestation, accumulated waste, and row maintenance performed regularly?	☐	☒	☐
26. Are all materials received and properly stored into locations, daily?	☐	☐	☒
27. Are materiel requests picked and staged for shipment using a pick list?	☐	☒	☐
28. Are pick lists initialed by the picker and secured with the picked material?	☐	☒	☐
29. Is there an established process for resolving warehouse denials? Obtain a copy.	☐	☐	☒
30. Are location errors resolved or reported/documented to the warehouse manager as they occur?	☐	☐	☐
31. Are material location changes recorded in the inventory management system?	☐	☐	☒
32. Is there an established process for processing customer returns and excess products? Obtain a copy.	☐	☒	☐
37. Is there a comprehensive product surveillance program to ensure the serviceability of materiel?	☐	☒	☐
38. Are shelf-life material and other material with deteriorative properties stored in environmentally controlled areas?	☒	☐	☐
39. Is unserviceable materiel segregated from usable stock and placed in a quarantined area?	☐	☒	☐
40. Does the storage area have the appropriate materiel handling equipment to ensure efficient operations?	☐	☒	☐
41. Does the storage area have sufficient lighting to enable operations to be executed accurately and safely?	☒	☐	☐
43. On separate pages, describe and flowchart the existing storage processes.			

Comments:

Some expired and unserviceable materials were found in the warehouse side by side with useable stock. Warehouse staff indicate that the expiry store is full and also space constraints prevent them from doing proper material segregation.

Warehouse surveillance is done on an adhoc basis and no specific person is assigned.

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
X. Hazardous Materials (HAZMAT)			
1. Are HAZMAT locations included in the warehouse floor diagram?	☐	☐	☒
2. Is there a monthly inventory of all HAZMAT? Obtain copy of last inventory?	☐	☒	☐
3. Is the HAZMAT storage area separated from the rest of the warehouse storage locations?	☒	☐	☐
4. Is the HAZMAT stored separately by hazard type?	☐	☒	☐
5. Are manufacturers' Material Safety Data Sheets (MSDS) kept up to date and available for use by all warehouse staff?	☐	☒	☐
6. Are HAZMAT placards for each type posted on internal storage area doors, and on the warehouse exterior doors designating the highest danger?	☐	☒	☐
7. Are discrepancies with HAZMAT immediately investigated, reported, and documented?	☐	☒	☐
8. On separate pages, describe and flowchart the existing HAZMAT processes.			
9. Is there a contract to properly dispose of hazardous materials (HAZMAT) products?	☐	☒	☐

Comments:
There is an inflammable /corrosives store but because it is small HAZMAT can be found all over the warehouse.

Requirement	Yes	No	N/A
XI. Order Assembly and Checking Area			
1. Are picked materials delivered to assembly and checking with an initialed pick list?	☐	☒	☐
2. Are material orders packed to prevent damage, breakage, spillage, or contamination by other products?	☒	☐	☐
3. Are temperature-sensitive products packaged properly to prevent damage during transport?	☒	☐	☐
4. Is the assembly and checking area adequate to handling the peak levels of volume?	☒	☐	☐
5. Are HAZMAT materials and orders segregated for assembly preparation by customer?	☐	☒	☐
6. Does all HAZMAT arrive for assembly and checking area with their respective pick lists and MSDS?	☐	☐	☒
7. Do controlled substances arrive in assembly and checking area in a locked container with tamper-evident seals?	☐	☒	☐
8. Prior to order assembly, is each pick list signed and copy left with material?	☐	☒	☐
9. Is the order assembly process-thru-to banding conducted using a 2-man rule?	☐	☒	☐
10. During order assembly and checking process, are all customer materials boxed with packing materials with appropriate materials?	☒	☐	☐
11. Are prepared shipping labels and packing slips affixed to the outside of all shipment containers?	☒	☐	☐
12. Are the shipment containers marked as "TEMPERATURE CONTROLLED," as necessary?	☒	☐	☐
13. Is each customer shipment container banded with a tamper-evident seal prior to transport arrival, or before the end of shift?	☒	☐	☐
14. Are material orders for controlled substances ~~and HAZMAT~~ processed separately, at designated times?	☒	☐	☐
15. Is there documentation for the order checking process? Obtain copy	☐	☐	☐
16. Once the orders are checked, is the information from the pick list used to document the packing list by customer?	☐	☐	☐
17. On separate pages, describe and flowchart the existing shipping processes.			

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
XIII. Refrigerated Items			
1. Are receipted refrigerated items immediately transferred to storage personnel for put away?	☒	☐	☐
2. Are refrigerated items maintained at recommended temperatures?	☒	☐	☐
3. Do the refrigeration units have temperature-monitoring devices to ensure proper temperature ranges are maintained?	☒	☐	☐
4. Do storage personnel periodically check the temperature of these units to ensure that temperature ranges have not exceeded recommended manufacturer ranges?	☒	☐	☐
5. Is a daily log of temperature being maintained?	☒	☐	☐
6. Is the log posted outside the refrigeration unit?	☒	☐	☐
7. Do the refrigeration units have an alarm system that alerts storage personnel if the unit malfunctions?	☐	☒	☐
8.If so, does the alarm unit provide alerts to storage personnel if the unit fails after normal duty hours?	☐	☐	☒
9. Are the refrigeration units on emergency power?	☒	☐	☐
10. Does storage have procedures for the proper handling, storing, issuing, and transporting of refrigerated material?	☐	☐	☐
11. Are warehouse personnel trained in the handling of refrigerated items?	☐	☐	☐
12. Does the storage operation have a written emergency plan of action in the event of a power outage?	☐	☐	☐
13. Does the storage operation have a contract with a refrigeration repair company to respond to equipment malfunctions?	☒	☐	☐
14. Are storage personnel familiar with the plan and what actions to take?	☐	☐	☐
15. Is food, water, or beverages being stored in these units?	☐	☒	☐
16. If spoilage occurs, are refrigerated items segregated from the regular inventory?	☐	☐	☐
17. Do storage personnel immediately notify Quality Control Unit (QCU) if spoilage occurs? If not what happens?	☐	☐	☒
18. Are refrigerated items packed in approved containers prior to shipment?	☐	☒	☐
19. For vaccines, are insulated containers used and are temperature monitors placed in the container to monitor the temperature while in transit?	☐	☒	☐
20. Are vaccines stored away from walls, coils, and peripheral areas?	☐	☐	☒
21. Are there procedures that prohibit vaccines from being stored in the refrigeration unit door?	☐	☐	☒
22. Is access limited to the refrigeration units to authorized personnel only?	☐	☒	☐
23. Upon receipt, do receiving personnel know to notify the supervisor and QCU if the temperature monitor inside a vaccine container indicates the temperature ranges have been exceeded?	☐	☐	☐
24. On separate pages, describe and flowchart the existing refrigerated item processes.			

Comments:

Vaccines are handled by KEPI

According to the contact person – Oliver Mulama the SOPS in use for warehouse activities are those prepared for the ISO process and apply to all the warehouses.

In KEMSA picking, checking and order assembly are not clearly distinct functions all these activities can be taking place simultaneously for one order.

In Commercial street ARV orders are picked on a memo from the MOH program officers rather than a picking list. According to the assistant manager this is because ARV orders have to be processed in 3 days and if they wait for a pick list the orders cannot be completed in time.

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
XIV. Inventory Management (IM)			
1. Does KEMSA use an automated IM system to manage and process materiel orders? Specify the system(s).	☒	☐	☐
2. Is the IM system robust enough to manage all existing functions of the operation (i.e. order management, quality assurance, receiving, storage, and shipping)?	☒	☐	☐
3. If manual, are procedures w/ internal controls evident and robust enough to manage all existing functions of the operation (i.e. order management, quality control, receiving, storage, and shipping)?	☐	☐	☐
4. Does the IM system have the ability to track inventory value and costs?	☒	☐	☐
5. Is there a formal KEMSA Inventory account and master item file?	☐	☐	☐
6. Does the IM section establish min/max levels in the IM system for each master record file item?	☐	☒	☐
7. Are Reorder Points established for each master record file item?	☐	☒	☐
8. Can the IM system be used for batch picking?	☒	☐	☐
9. Does the IM system produce standard management reports for reviewing the inventory posture?	☐	☐	☐
10. Does the IM section have an automated process for customer's to order material?	☒	☐	☐
11. Does the IM section have a process for providing automated material status to customers?	☐	☒	☐
12. Does the IM section use back order when processing customer orders? If not what happens?	☐	☒	☐
13. Does the IM section and director utilize key performance indicators to evaluate the effectiveness and efficiency of its overall operation? Obtain a copy of current KPI report (s)	☒	☐	☐
14. Does the IM section have a customer support element - yes and a support handbook distributed to each customer? no	☒	☐	☐
15. Does the IM section have the appropriate staff level and skill mix to effectively perform its support mission to the customer base?	☐	☒	☐
16. Does the IM section and director establish and conduct an employee training program? Obtain a copy?	☐	☐	☐
17. Is there an accountable record of inventory (e.g. S13) for the current year? If yes who is responsible?	☐	☐	☐
18. Are the record copies on file of all Inventory Adjustments for the current year? If yes is there threshold for adjustment?	☐	☐	☐
19. Does the IM section periodically evaluate the status of the inventory for obsolete or slow-moving material?	☐	☐	☐

Comments:

IM as described above is handles by the customer service department. The department has a charter which customers have been sensitized about and provides information on how to order using the standard order form booklets. The majority of the staff in the department are casuals and therefore have limited possibilities for training. The skill gaps in the department include data entry, order rationalization, and ability to interprete orders and add value to the order process.

Batch picking: the system can be used for batch picking but currently the process is organised in such a way that the pickers hand write the batch number and expiry date actually picked on the pick list and then the customer service staff enter this data and then generate a delivery note.

Max, Min and reorder levels are not defined in the system because quantification is done in consultation with the MOH and based on available funding.

KEMSA Warehouse Assessment Checklist		
I. General Information		
Evaluator's Name: Mercy Kasina, Donna Kusemererwa, Janet Kimeu		Date: 1st April, 2008
Title:	Phone:	E-mail:
Signature:		
II. Facility Information		
Warehouse/Depot: Embakasi		Address: PO Box 47715 00100 GPO
City/Town: Nairobi	Province: Nairobi	
Facility Point of Contact: Mutua Lawrence	Phone: 0721-827726	E-mail: n/a
Building Composition: ■ Brick ☐ Wood ■ Metal ☐ Other ____Concrete		
Building Ownership: ☐Government ■ Rented	Effective date of Lease: December 2007	
Total Square Footage: Building vs. Floor space: 142,000 sq ft	Total Number of Floors: 1 Single level warehouse	
Total Number of Staff warehouse department only: 70 casuals + 6 permanent	Normal Hours of Operation: 8.00am – 5.00 pm	
Distance to Nearest Police Station: Embakasi (1 km)	Police Station Phone:	
Distance to Nearest Fire Station: City Centre (20 km)	Fire Station Phone:	

Comments:

- Spacious + well lit warehouse
- Natural lighting is used at the time of the visit
- No communication facilities with KEMSA

Requirement	Yes	No	N/A
III. Facility Characteristics			
1. Is the facility structurally sound and generally free from major defects?	☒	☐	☐
2. Are windows secured to prevent entry from outside?	☐	☐	☒
3. Are ceilings secured to prevent entry from outside? *Warehouse has no ceiling*	☐	☐	☒
4. Is the facility floor smooth, non-pitted concrete, or similar flooring? Is it devoid of cracks or defects that could impede the movement of cargo?	☒	☐	☐
5. In general, is floor space sufficient to allow for warehouse operations (receiving, stock replenishment, inventory, consolidation, and preparation of materials for shipment)?	☒	☐	☐
6. Does the facility have restrooms?	☒	☐	☐
7. Does the facility have separate loading and shipping dock bays? *Doors are used both*	☒	☐	☐
Provide number of bay doors: __1_(#) Receiving _1__(#) Shipping			
8. Are loading dock doors a minimum of 8' high?	☒	☐	☐
9. Does the facility have loading dock levelers?	☐	☒	☐
10. Can the facility effectively accommodate delivery vehicles?	☒	☐	☐
11. Can facility parking/staging area accommodate up to __ (#) trucks? 20	☐	☐	☐
12. Is there any evidence of water leaks or structural damage?	☐	☒	☐

Comments:

- Window in the office
- No ceiling
- Major cracks at the joints
- The floor space would be sufficient but currently there is no racking and te inventory management is poor. Commodities are scattered and space is not optimized

Requirement	Yes	No	N/A
IV. Utilities/Power Supply			
1. Does the facility have sufficient amp load capability?	☐	☐	☒
2. Does the facility have emergency backup power?	☐	☒	☐
3. Is the emergency power generator serviced on a scheduled basis? Obtain copy.	☐	☐	☒
4. Is the facility connected to all public utilities (telephone, water, sewer and electricity)?	☐	☒	☐
5. Is the facility monitored for temperature and humidity control? Obtain copies	☐	☒	☐
6. Do the air conditioning, gas, and electricity operate properly?	☐	☐	☒
7. Is the facility humidity controlled?	☐	☐	☐
8. Is ventilation adequate and are exhaust systems working?	☒	☐	☐
9. Does the facility have adequate lighting?	☐	☐	☐
10. Are there a sufficient number of battery recharge stations (outlets) for the materiel handling equipment?	☐	☐	☐
11. Are the battery recharge stations consolidated?	☐	☐	☐

Comments:

- On a sunny day natural light is adequate
- Forklifts are gas powered

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
V. Physical Security			
1. Does the facility have threat targets/hazards within its vicinity?	☐	☒	☐
2. Is there a history or evidence of uncontrolled external access into the building?	☐	☒	☐
3. Is access control visibly enforced?	☐	☒	☐
4. Does the facility have a physical security plan? Obtain copy.	☐	☐	☐
5. Does the facility manager conduct semi-annual key security inventories?	☐	☐	☐
6. Does the facility have emergency fire/bomb procedures?	☐	☐	☐
7. Does the facility have an occupant emergency evacuation plan?	☐	☐	☐
8. Are there exterior barriers extending the physical perimeter (i.e., concrete barriers, planters, boulders, fences, and vehicle gate controls) of the facility?	☐	☒	☐
9. Are the exterior barriers separating the parking/drop-off area from the facility?	☐	☒	☐
10. Do all exterior and interior doors have two locks (i.e., one deadbolt and one key lock)?	☐	☒	☐
11. Are door hasp bolts installed on the interior of all door frames?	☐	☒	☐
12. Do all exterior doors have high security locks?	☐	☒	☐
13. Does the facility have monitoring devices or intrusion detection (IDS) systems installed?	☐	☒	☐
If yes, are all access points such as exterior doors, windows, and loading dock doors alarmed?	☐	☐	☒
14. Is the Intrusion Detection System tested periodically and documented? Obtain copy.	☐	☐	☒
15. Is the Intrusion Detection System on backup power supply?	☐	☐	☒
Is it tested semi-annually?	☐	☐	☒
16. Is there exterior lighting with 360 degree coverage around the exterior of the facility?	☐	☐	☒
17. Are there guard or key badge controls for entrance door?	☐	☒	☐
18. Does the facility have closed a circuit television (CCTV) monitoring system?	☐	☒	☐
19. If Closed Circuit TV is limited, is it monitoring external facility doors and door to controlled substance storage vault/area?	☐	☐	☒
20. Is the Closed Circuit TV monitored by the security force?	☐	☐	☒
21. Is the Closed Circuit TV on back-up power supply? Included in test documentation (above)?	☐	☐	☒
22. Are access to control systems for the utilities, such as, ventilating, air conditioning, back-up generator, and utility closets limited to authorized personnel only?	☐	☐	☒

Comments:

- Since there is no power the above are not applicable.

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
VI. Personnel Security			
1. Are all personnel subject to police/other background checks?	☐	☐	☐
2. Do personnel have security identification badges?	☐	☒	☐
3. Are physical security checks conducted during entry and exit?	☐	☒	☐
4. Does facility conduct annual physical security awareness training?	☐	☐	☐
5. Does facility have visitor access controls to prevent unauthorized entry into the facility, which should include sign-in register and temporary visitor badges?	☒	☐	☐
6. Are visitors provided escorts?	☐	☒	☐
Comments: - Security guards at the gate IV. Background check:- Casual staff here to bring a letter of good conduct from the police			

Requirement	Yes	No	N/A
VII. Parking			
1. Does KEMSA have a parking plan for all vehicles?	☐	☒	☐
2. Are all vehicles set back at least 100 feet (30 meters) from the facility?	☐	☒	☐
If not, are vehicles within 100 feet (30 meters) of the facility screened by a guard?	☐	☒	☐
3. Are there parking barriers separating the parking/drop-off area from the facility?	☐	☒	☐
4. Is employee parking separated from public parking?	☐	☒	☐
5. Are trucks inspected for possible explosives before backing into the loading dock?	☐	☒	☐
Comments:			

Requirement	Yes	No	N/A
VIII. Receiving Area			
1. Is material segregated and processed by Bill of Lading/Purchase Order?	☒	☐	☐
2. Is segregated material physically opened and inventoried using packing lists, purchase order?	☒	☐	☐
3. Are all material inventories documented using the 2-man rule?	☐	☒	☐
4. Are receipts immediately posted in the inventory management system using the 2-man rule?	☐	☒	☐
5. If materials are for stock, are storage locations and quantities posted in the inventory management system?	☒	☐	☐
6. If materials are for stock, are storage locations printed or tagged to the exterior packaging?	☐	☐	☒
7. If not automated, are receipted quantities documented on a receiving document and signed using a 2-man rule?	☐	☒	☐
8. If not automated, are storage locations, potency dates and lot numbers documented on the same receiving document?	☐	☒	☐
9. Is the expiration date, lot number, manufacturer number written on each copy of the purchase order?	☐	☐	☐
9b. Is the expiration date, lot number, and manufacture number visually checked on each product and documented on the outside of each exterior box and inputted in the inventory management system receipt?	☐	☐	☐

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
10. Are copies of all receipt documentation (i.e., Bill of Lading, pack list, purchase order, and/or vendor call number, and receiving document) stapled and kept in a "completed file?"	☐	☐	☐
11. Is the completed receipt documentation delivered directly to Procurement and/or Inventory Managers for obligation and status inputs?	☐	☐	☐
12. Once receipted, are materials for stock moved away from the receiving area and staged for put away into storage locations?	☒	☐	☐
13. If materials are identified as "cross dock customer," are the materials moved into shipping once posting is completed?	☐	☐	☐
14. Does the receiving have a process for resolving quantity discrepancies between the Bill of Lading and the quantity received? Obtain a copy.			
15. Are controlled substances segregated, received, and stored in a lockable container prior to transfer to the vault?	☐	☐	☒
16. Is the controlled substance container also sealed with tamper-evident seals in the receiving area using a 2-man rule?	☐	☐	☒
17. Are records kept in receiving on all tamper-evident seals applied in the receiving area?	☐	☐	☒
18. Is the controlled substance container transfer to the vault conducted by the controlled substance custodian and a receiving clerk?	☐	☐	☒
19. For material not processed because of missing receipt information, is there a segregated space within the receiving area identified for "queries/frustrated receipts?"	☐	☒	☐
20. Are frustrated receipts posted in a separate file and worked daily with Procurement and/or Item Managers to attempt processing?	☐	☐	☐
21. Are aged frustrated receipts reviewed for appropriate resolution or action?	☐	☐	☐
22. On arrival, are drivers' credentials checked and logged into a "Drivers' log?"	☐	☒	☐
23. Is the receiving area/shipping area(s) monitored and secured?	☐	☒	☐
24. Is a waiting area with restrooms located in an area proximal to the area to prevent visitors and/or drivers from entering the receiving/shipping area?	☐	☒	☐
25. Are materials adequately protected against pilferage?	☒	☐	☐
26. If items are received in cold or frozen pack containers, are these taken on arrival to the refrigerator or freezer for inventory and receipt processing later in the day?	☐	☐	☒
27. Prior to placing in temperature controlled storage, is the temperature of contents at receiving recorded on the receipt paperwork?	☐	☐	☒
28. Is the receiving area floor cleared and cleaned daily?	☐	☒	☐
29. Are written procedures in place to deal with any violations of requirements of material handled by the warehouse department(throughout its processes?	☐	☐	☐
30. On separate pages, describe and flowchart the existing receiving processes.			

Comments:

- Samples are taken suppliers do not issue inventory
- Not locations only quantities via commercial – Mombasa Road
- 9b. KEMSA management ensures that all outer cartons (as well as pack) must have lot, expiration, manufacturer details. Checking is based on samples
- 10. Yes all receipt documents are moved to Mombasa Road
- 11. A copy of the s12 form is sent to finance in order to facilitate payment.. ?Procurements role during receipt – to be crynmd
- 12. There is no clear system in place, no segregation
- SOPs for warehouse operations are not readily available/accessible are only on the computer of the warehouse manager who was on leave at the time of the visit.

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
IX. Storage Area			
1. Does the layout of the storage area maximize the efficiency of storage and distribution of the product to customers?	☐	☒	☐
2. Does warehouse staff use barcode technology to facilitate storing the product?	☐	☒	☐
3. Does storage have established performance standards, i.e., 24 hours for processing of cutaways into locations?	☐	☐	☐
4. Are products stored properly to minimize damage?	☐	☒	☐
5. Are employees trained to ensure the proper handling, storing, and distribution of the product?	☐	☐	☐
6. Is the warehouse organized using a floor diagram and a discrete location numbering system throughout	☐	☒	☐
7. Is the floor diagram updated and available for reference by the warehouse staff?	☐	☐	☒
8. Are locations kept current on the floor diagram?	☐	☐	☒
9. Are the storage locations adequately identified to facilitate the location of the product?	☐	☒	☐
10. Are measures in place to prevent unauthorized access to the storage area?	☒	☐	☐
11. Are fast, medium, and slow-moving products identified and located to ensure efficient handling, selection, and issue?	☐	☒	☐
12. Is storage utilization monitored and action taken to prevent wasted or excess space?	☐	☒	☐
13. Is there sufficient space between storage racks to enable effective and safe access and utilization of materiel handling equipment and or conveyor systems?	☐	☐	☒
14. Are results of the most recent location survey posted and in view by all staff?	☐	☐	☒
15. Is shelf-life material stored by lot number and expiration date?	☐	☐	☐
16. Is the 'First-Expired-First-Out' (FEFO) principle applied when storing and selecting shelf-life materiel?	☐	☐	☐
17. Is there 100% warehouse wide inventory conducted at least annually? Obtain a copy.	☐	☐	☒
18. Is there a periodic inventory conducted to ensure accuracy of inventory of locations and quantities?	☐	☐	☒
19. Do all aisles provide a 2 meters passage? Document distance	☐	☐	☒
20. Are all pallet risers installed with a safety locking device? Document distance.	☐	☐	☒
21. Are fire evacuation plans posted through the warehouse facility and evacuation exercises conducted and documented quarterly? Obtain a copy of last evacuation exercise results.	☐	☒	☐
22. Do all warehouse staff receive periodic drivers training for all equipment (i.e., pallet jacks, material handing equipment, fire extinguishers, and conveyors) and first aid, at least annually? Obtain copy.	☐	☐	☐
23. Do all warehouse staff possess a current valid operators' license for all required equipment and vehicles? Visually confirm.	☐	☐	☐
24. Do all warehouse staff wear/use lumbar supports, safety visors/glasses, aprons, safety shoes, and Material Handler safety harnesses?	☐	☒	☐
25. Is the warehouse cleaned, free from infestation, accumulated waste, and row maintenance performed regularly?	☐	☒	☐
26. Are all materials received and properly stored into locations, daily?	☐	☒	☐
27. Are materiel requests picked and staged for shipment using a pick list?	☐	☒	☐
28. Are pick lists initialed by the picker and secured with the picked material?	☒	☐	☐
29. Is there an established process for resolving warehouse denials? Obtain a copy.	☐	☐	☐
30. Are location errors resolved or reported/documented to the warehouse manager as they occur?	☐	☐	☒
31. Are material location changes recorded in the inventory management system?			

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
32. Is there an established process for processing customer returns and excess products? Obtain a copy.	☐	☐	☒
33. Is there a comprehensive product surveillance program to ensure the serviceability of materiel?	☐	☒	☐
34. Are shelf-life material and other material with deteriorative properties stored in environmentally controlled areas?	☐	☒	☐
35. Is unserviceable materiel segregated from usable stock and placed in a quarantined area?	☐	☒	☐
36. Does the storage area have the appropriate materiel handling equipment to ensure efficient operations?	☐	☒	☐
37. Does the storage area have sufficient lighting to enable operations to be executed accurately and safely?	☒	☐	☐
38. On separate pages, describe and flowchart the existing storage processes.			

Comments:

- 4. Goods are stocked contrary to many recommendations
- 5. Majority of staff are casual and undergo at the job training
- 9. No racking therefore no stock locations
- 17. Only been in this site for 3 months
- 23. Only the forklift drivers are licensed
- 24. No protective gear worn except a coat and not consistently
- 24d. Protective wear budgeted for but budget was slashed – October needs identified. Overalls will be bought – 200 to be procured soon agreed in a meeting
- 25. Cleaned but not clean
- Warehouse staff contact + permanent – train at Egerton
- 32. Embakasi acts more of an internal warehouse
- No 15 and 16: Commodities are arranged on pallets by batch no. and expiry however placement of stocks in the warehouse is not FEFO compliant, MHE in Embakasi is hired.

Requirement	Yes	No	N/A
X. Hazardous Materials (HAZMAT)			
1. Are HAZMAT locations included in the warehouse floor diagram?	☐	☐	☐
2. Is there a monthly inventory of all HAZMAT? Obtain copy of last inventory?	☐	☐	☐
3. Is the HAZMAT storage area separated from the rest of the warehouse storage locations?	☐	☐	☐
4. Is the HAZMAT stored separately by hazard type?	☐	☐	☐
5. Are manufacturers' Material Safety Data Sheets (MSDS) kept up to date and available for use by all warehouse staff?	☐	☐	☐
6. Are HAZMAT placards for each type posted on internal storage area doors, and on the warehouse exterior doors designating the highest danger?	☐	☐	☐
7. Are discrepancies with HAZMAT immediately investigated, reported, and documented?	☐	☐	☐
8. On separate pages, describe and flowchart the existing HAZMAT processes.	☐	☐	☐
9. Is there a contract to properly dispose of hazardous materials (HAZMAT) products?	☐	☐	☐

Comments:

Not applicable

Most non pharms are transferred to Mombasa for issuing

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
XI. Order Assembly and Checking Area			
1. Are picked materials delivered to assembly and checking with an initialed pick list?	☐	☒	☐
2. Are material orders packed to prevent damage, breakage, spillage, or contamination by other products?	☒	☐	☐
3. Are temperature-sensitive products packaged properly to prevent damage during transport?	☐	☐	☒
4. Is the assembly and checking area adequate to handling the peak levels of volume?	☐	☐	☐
5. Are HAZMAT materials and orders segregated for assembly preparation by customer?	☐	☐	☒
6. Does all HAZMAT arrive for assembly and checking area with their respective pick lists and MSDS?	☐	☐	☒
7. Do controlled substances arrive in assembly and checking area in a locked container with tamper-evident seals?	☐	☐	☒
8. Prior to order assembly, is each pick list signed and copy left with material?	☐	☐	☒
9. Is the order assembly process-thru-to banding conducted using a 2-man rule?	☐	☒	☐
10. During order assembly and checking process, are all customer materials boxed with packing materials with appropriate materials?	☐	☐	☒
11. Are prepared shipping labels and packing slips affixed to the outside of all shipment containers?	☒	☐	☐
12. Are the shipment containers marked as “TEMPERATURE CONTROLLED,” as necessary?	☐	☐	☒
13. Is each customer shipment container banded with a tamper-evident seal prior to transport arrival, or before the end of shift?	☒	☐	☐
14. Are material orders for controlled substances and HAZMAT processed separately, at designated times?	☐	☐	☒
15. Is there documentation for the order checking process? Obtain copy	☐	☐	☐
16. Once the orders are checked, is the information from the pick list used to document the picking list by customer?	☐	☐	☐
17. On separate pages, describe and flowchart the existing shipping processes.	☐	☐	☐

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
XIII. Refrigerated Items			
1. Are receipted refrigerated items immediately transferred to storage personnel for put away?	☐	☐	☐
2. Are refrigerated items maintained at recommended temperatures?	☐	☐	☐
3. Do the refrigeration units have temperature-monitoring devices to ensure proper temperature ranges are maintained?	☐	☐	☐
4. Do storage personnel periodically check the temperature of these units to ensure that temperature ranges have not exceeded recommended manufacturer ranges?	☐	☐	☐
5. Is a daily log of temperature being maintained?	☐	☐	☐
6. Is the log posted outside the refrigeration unit?	☐	☐	☐
7. Do the refrigeration units have an alarm system that alerts storage personnel if the unit malfunctions?	☐	☐	☐
8.If so, does the alarm unit provide alerts to storage personnel if the unit fails after normal duty hours?	☐	☐	☐
9. Are the refrigeration units on emergency power?	☐	☐	☐
10. Does storage have procedures for the proper handling, storing, issuing, and transporting of refrigerated material?	☐	☐	☐
11. Are warehouse personnel trained in the handling of refrigerated items?	☐	☐	☐
12. Does the storage operation have a written emergency plan of action in the event of a power outage?	☐	☐	☐
13. Does the storage operation have a contract with a refrigeration repair company to respond to equipment malfunctions?	☐	☐	☐
14. Are storage personnel familiar with the plan and what actions to take?	☐	☐	☐
15. Is food, water, or beverages being stored in these units?	☐	☐	☐
16. If spoilage occurs, are refrigerated items segregated from the regular inventory?	☐	☐	☐
17. Do storage personnel immediately notify Quality Control Unit (QCU) if spoilage occurs? If not what happens?	☐	☐	☐
18. Are refrigerated items packed in approved containers prior to shipment?	☐	☐	☐
19. For vaccines, are insulated containers used and are temperature monitors placed in the container to monitor the temperature while in transit?	☐	☐	☐
20. Are vaccines stored away from walls, coils, and peripheral areas?	☐	☐	☐
21. Are there procedures that prohibit vaccines from being stored in the refrigeration unit door?	☐	☐	☐
22. Is access limited to the refrigeration units to authorized personnel only?	☐	☐	☐
23. Upon receipt, do receiving personnel know to notify the supervisor and QCU if the temperature monitor inside a vaccine container indicates the temperature ranges have been exceeded?	☐	☐	☐
24. On separate pages, describe and flowchart the existing refrigerated item processes.	☐	☐	☐
Comments:			

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
XIV. Inventory Management (IM)			
1. Does KEMSA use an automated IM system to manage and process materiel orders? Specify the system(s).	☐	☒	☐
2. Is the IM system robust enough to manage all existing functions of the operation (i.e. order management, quality assurance, receiving, storage, and shipping)?	☐	☐	☒
3. If manual, are procedures w/ internal controls evident and robust enough to manage all existing functions of the operation (i.e. order management, quality control, receiving, storage, and shipping)?	☐	☒	☐
4. Does the IM system have the ability to track inventory value and costs?	☐	☐	☒
5. Is there a formal KEMSA Inventory account and master item file?	☐	☐	☐
6. Does the IM section establish min/max levels in the IM system for each master record file item?	☐	☒	☐
7. Are Reorder Points established for each master record file item?	☐	☒	☐
8. Can the IM system be used for batch picking?	☐	☐	☐
9. Does the IM system produce standard management reports for reviewing the inventory posture?	☐	☐	☐
10. Does the IM section have an automated process for customer's to order material?	☒	☐	☐
11. Does the IM section have a process for providing automated material status to customers?	☐	☐	☐
12. Does the IM section use back order when processing customer orders? If not what happens?	☐	☒	☐
13. Does the IM section and director utilize key performance indicators to evaluate the effectiveness and efficiency of its overall operation? Obtain a copy of current KPI report (s)	☐	☐	☐
14. Does the IM section have a customer support element and a support handbook distributed to each customer?	☐	☐	☐
15. Does the IM section have the appropriate staff level and skill mix to effectively perform its support mission to the customer base?	☐	☐	☐
16. Does the IM section and director establish and conduct an employee training program? Obtain a copy?	☐	☐	☐
17. Is there an accountable record of inventory (e.g. S13) for the current year? If yes who is responsible?	☐	☐	☐
18. Are the record copies on file of all Inventory Adjustments for the current year? If yes is there threshold for adjustment?	☐	☐	☐
19. Does the IM section periodically evaluate the status of the inventory for obsolete or slow-moving material?	☐	☐	☐

Comments:

- 3. Manual systems are not well developed
- 11. Picked, dispatched from telephone call
- KPI for CSS - order fill rate
  - order turn around time
  - nature + number of complaints

Additional Comments			

KEMSA Warehouse Assessment Checklist		
I. General Information		
Evaluator's Name: Donna Kusemererwa, Janet Kimeu, Mercy Kasina		Date: 1st April, 2008
Title:	Phone:	E-mail:
Signature:		
II. Facility Information		
Warehouse/Depot: Mombasa Road		Address:
City/Town: Nairobi	Province: Nairobi	
Facility Point of Contact: Keige Kiarie	Phone:	E-mail:
Building Composition: ☐ Brick ☐ Wood ■ Metal ☐ Other ____Concrete		
Building Ownership: ☐Government ■ Rented	Date Facility Constructed:	
Total Square Footage:	Total Number of Floors: A small mezzanine floor in the warehouse	
Total Number of Staff only: 60 casuals 20 permanent	Normal Hours of Operation: 8.00am – 7.30 pm 8.00 – 5.00 pm	
Distance to Nearest Police Station: Embakasi	Police Station Phone:	
Distance to Nearest Fire Station:	Fire Station Phone:	

Comments:

The building is generally in a good state of repair except for the floor which is badly damaged in many areas.

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
III. Facility Characteristics			
1. Is the facility structurally sound and generally free from major defects?	☒	☐	☐
2. Are windows secured to prevent entry from outside?	☐	☒	☐
3. Are ceilings secured to prevent entry from outside? *Warehouse has no ceiling*	☒	☐	☐
4. Is the facility floor smooth, non-pitted concrete, or similar flooring? Is it devoid of cracks or defects that could impede the movement of cargo?	☐	☒	☐
5. In general, is floor space sufficient to allow for warehouse operations (receiving, stock replenishment, inventory, consolidation, and preparation of materials for shipment)?	☒	☐	☐
6. Does the facility have restrooms?	☒	☐	☐
7. Does the facility have separate loading and shipping dock bays? *Doors are used both*	☒	☐	☐
Provide number of bay doors: __1_(#) Receiving _1__(#) Shipping			
8. Are loading dock doors a minimum of 8' high?	☐	☒	☐
9. Does the facility have loading dock levelers?	☐	☒	☐
10. Can the facility effectively accommodate delivery vehicles?	☐	☒	☐
11. Can facility parking/staging area accommodate up to _5_ (#) trucks? 20	☐	☐	☐
12. Is there any evidence of water leaks or structural damage?	☒	☐	☐

Comments:

- Limited delivery area
- More space required for order assembly
- 2. But they are quite high
- 4. Has major cracks + defects
- 11. quite specious
- 12. The floor is badly damaged

Requirement	Yes	No	N/A
IV. Utilities/Power Supply			
1. Does the facility have sufficient amp load capability?	☒	☐	☐
2. Does the facility have emergency backup power?	☐	☒	☐
3. Is the emergency power generator serviced on a scheduled basis? Obtain copy.	☐	☐	☒
4. Is the facility connected to all public utilities (telephone, water, sewer and electricity)?	☒ ☐	☐ ☐	☐ ☐
5. Is the facility monitored for temperature and humidity control? Obtain copies	☐	☐	☐
6. Do the air conditioning, gas, and electricity operate properly?	☐	☒	☐
7. Is the facility humidity controlled?	☐	☐	☐
8. Is ventilation adequate and are exhaust systems working?	☐	☐	☐
9. Does the facility have adequate lighting?			
10. Are there a sufficient number of battery recharge stations (outlets) for the materiel handling equipment?	☐ ☒	☒ ☐	☐ ☐
11. Are the battery recharge stations consolidated?			

Comments:

- The temp chart @ station visited had last been measured in December 2007.
- Generator has been bought but not installed. It belonged to JSI
- In the process of buying generators for the computers
- 9. A bit dark in the **...**
- 10. One charges of very low capacity

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
V. Physical Security			
1. Does the facility have threat targets/hazards within its vicinity?	☐	☒	☐
2. Is there a history or evidence of uncontrolled external access into the building?	☐	☒	☐
3. Is access control visibly enforced?	☒	☐	☐
4. Does the facility have a physical security plan? Obtain copy.	☐	☐	☐
5. Does the facility manager conduct semi-annual key security inventories?	☐	☐	☐
6. Does the facility have emergency fire/bomb procedures?	☐	☐	☐
7. Does the facility have an occupant emergency evacuation plan?	☐	☐	☐
8. Are there exterior barriers extending the physical perimeter (i.e., concrete barriers, planters, boulders, fences, and vehicle gate controls) of the facility?	☐	☒	☐
9. Are the exterior barriers separating the parking/drop-off area from the facility?	☐	☒	☐
10. Do all exterior and interior doors have two locks (i.e., one deadbolt and one key lock)?	☐	☒	☐
11. Are door hasp bolts installed on the interior of all door frames?	☐	☒	☐
12. Do all exterior doors have high security locks?	☐	☒	☐
13. Does the facility have monitoring devices or intrusion detection (IDS) systems installed?	☐	☒	☐
If yes, are all access points such as exterior doors, windows, and loading dock doors alarmed?	☐	☐	☒
14. Is the Intrusion Detection System tested periodically and documented? Obtain copy.	☐	☐	☒
15. Is the Intrusion Detection System on backup power supply?	☐	☐	☒
Is it tested semi-annually?	☐	☐	☒
16. Is there exterior lighting with 360 degree coverage around the exterior of the facility?	☒	☐	☐
17. Are there guard or key badge controls for entrance door?	☒	☐	☐
18. Does the facility have closed a circuit television (CCTV) monitoring system?	☐	☒	☐
19. If Closed Circuit TV is limited, is it monitoring external facility doors and door to controlled substance storage vault/area?	☐	☐	☒
20. Is the Closed Circuit TV monitored by the security force?	☐	☐	☒
21. Is the Closed Circuit TV on back-up power supply? Included in test documentation (above)?	☐	☐	☒
22. Are access to control systems for the utilities, such as, ventilating, air conditioning, back-up generator, and utility closets limited to authorized personnel only?	☒	☐	☐

Comments:

- Have guard dogs at night + security guards

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
VI. Personnel Security			
1. Are all personnel subject to police/other background checks?	☐	☐	☐
2. Do personnel have security identification badges?	☐	☒	☐
3. Are physical security checks conducted during entry and exit?	☒	☐	☐
4. Does facility conduct annual physical security awareness training?	☐	☒	☐
5. Does facility have visitor access controls to prevent unauthorized entry into the facility, which should include sign-in register and temporary visitor badges?	☒	☐	☐
6. Are visitors provided escorts?	☒	☐	☐

Comments:

- Permanent – Recruitment
- Casuals – have to provide a police clearance
- Visitors are supposed to sign in as they come in but the team…..
- Administration police

Requirement	Yes	No	N/A
VII. Parking			
1. Does KEMSA have a parking plan for all vehicles?	☐	☐	☒
2. Are all vehicles set back at least 100 feet (30 meters) from the facility?	☐	☒	☐
If not, are vehicles within 100 feet (30 meters) of the facility screened by a guard?	☐	☒	☐
3. Are there parking barriers separating the parking/drop-off area from the facility?	☐	☒	☐
4. Is employee parking separated from public parking?	☐	☒	☐
5. Are trucks inspected for possible explosives before backing into the loading dock?	☐	☒	☐

Comments:

Requirement	Yes	No	N/A
VIII. Receiving Area			
1. Is material segregated and processed by Bill of Lading/Purchase Order?	☐	☐	☐
2. Is segregated material physically opened and inventoried using packing lists, purchase order?	☒	☐	☐
3. Are all material inventories documented using the 2-man rule?	☐	☒	☐
4. Are receipts immediately posted in the inventory management system using the 2-man rule?	☐	☒	☐
5. If materials are for stock, are storage locations and quantities posted in the inventory management system?	☐	☐	☐
6. If materials are for stock, are storage locations printed or tagged to the exterior packaging?	☐	☒	☐
7. If not automated, are receipted quantities documented on a receiving document and signed using a 2-man rule?	☐	☒	☐
8. If not automated, are storage locations, potency dates and lot numbers documented on the same receiving document?	☐	☐	☐
9. Is the expiration date, lot number, manufacturer number written on each copy of the purchase order?	☒	☐	☐

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
9b. Is the expiration date, lot number, and manufacture number visually checked on each product and documented on the outside of each exterior box and inputted in the inventory management system receipt?	☐	☐	☐
10. Are copies of all receipt documentation (i.e., Bill of Lading, pack list, purchase order, and/or vendor call number, and receiving document) stapled and kept in a "completed file?"	☒	☐	☐
11. Is the completed receipt documentation delivered directly to Procurement and/or Inventory Managers for obligation and status inputs?	☐	☐	☐
12. Once receipted, are materials for stock moved away from the receiving area and staged for put away into storage locations?	☒	☐	☐
13. If materials are identified as "cross dock customer," are the materials moved into shipping once posting is completed?	☐	☐	☐
14. Does the receiving have a process for resolving quantity discrepancies between the Bill of Lading and the quantity received? Obtain a copy.			
15. Are controlled substances segregated, received, and stored in a lockable container prior to transfer to the vault?	☐	☐	☒
16. Is the controlled substance container also sealed with tamper-evident seals in the receiving area using a 2-man rule?	☐	☐	☒
17. Are records kept in receiving on all tamper-evident seals applied in the receiving area?	☐	☐	☒
18. Is the controlled substance container transfer to the vault conducted by the controlled substance custodian and a receiving clerk?	☐	☐	☒
19. For material not processed because of missing receipt information, is there a segregated space within the receiving area identified for "queries/frustrated receipts?"	☐	☒	☐
20. Are frustrated receipts posted in a separate file and worked daily with Procurement and/or Item Managers to attempt processing?	☐	☐	☐
21. Are aged frustrated receipts reviewed for appropriate resolution or action?	☐	☐	☐
22. On arrival, are drivers' credentials checked and logged into a "Drivers' log?"	☐	☒	☐
23. Is the receiving area/shipping area(s) monitored and secured?	☐	☐	☐
24. Is a waiting area with restrooms located in an area proximal to the area to prevent visitors and/or drivers from entering the receiving/shipping area?	☐	☐	☐
25. Are materials adequately protected against pilferage?	☐	☐	☐
26. If items are received in cold or frozen pack containers, are these taken on arrival to the refrigerator or freezer for inventory and receipt processing later in the day?	☐	☐	☒
27. Prior to placing in temperature controlled storage, is the temperature of contents at receiving recorded on the receipt paperwork?	☐	☐	☒
28. Is the receiving area floor cleared and cleaned daily?	☐	☒	☐
29. Are written procedures in place to deal with any violations of requirements of material handled by the warehouse department(throughout its processes?	☐	☐	☐
30. On separate pages, describe and flowchart the existing receiving processes.			

Comments:

- The floor appears to be cleaned daily but the place is quite dirty maybe also because of the cracks and floor state
- Receiving floor not cleaned daily because the intervention of ac has to be done before stocks can be located
- Queries are resolved in 2 days
- No locations in use currently

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
IX. Storage Area			
1. Does the layout of the storage area maximize the efficiency of storage and distribution of the product to customers?	☐	☒	☐
2. Does warehouse staff use barcode technology to facilitate storing the product?	☐	☒	☐
3. Does storage have established performance standards, i.e., 24 hours for processing of cutaways into locations?	☐	☐	☐
4. Are products stored properly to minimize damage?	☐	☒	☐
5. Are employees trained to ensure the proper handling, storing, and distribution of the product?	☐	☐	☐
6. Is the warehouse organized using a floor diagram and a discrete location numbering system throughout	☐	☒	☐
7. Is the floor diagram updated and available for reference by the warehouse staff?	☐	☐	☒
8. Are locations kept current on the floor diagram?	☐	☒	☐
9. Are the storage locations adequately identified to facilitate the location of the product?	☐	☒	☐
10. Are measures in place to prevent unauthorized access to the storage area?	☐	☒	☐
11. Are fast, medium, and slow-moving products identified and located to ensure efficient handling, selection, and issue?	☐	☒	☐
12. Is storage utilization monitored and action taken to prevent wasted or excess space?	☐	☐	☐
13. Is there sufficient space between storage racks to enable effective and safe access and utilization of materiel handling equipment and or conveyor systems?	☐	☒	☐
14. Are results of the most recent location survey posted and in view by all staff?	☐	☒	☐
15. Is shelf-life material stored by lot number and expiration date?	☒	☐	☐
16. Is the 'First-Expired-First-Out' (FEFO) principle applied when storing and selecting shelf-life materiel?	☐	☐	☐
17. Is there 100% warehouse wide inventory conducted at least annually? Obtain a copy.	☐	☐	☐
18. Is there a periodic inventory conducted to ensure accuracy of inventory of locations and quantities?	☐	☐	☒
19. Do all aisles provide a 2 meters passage? Document distance	☐	☐	☐
20. Are all pallet risers installed with a safety locking device? Document distance.	☐	☐	☐
21. Are fire evacuation plans posted through the warehouse facility and evacuation exercises conducted and documented quarterly? Obtain a copy of last evacuation exercise results.	☐	☐	☐
22. Do all warehouse staff receive periodic drivers training for all equipment (i.e., pallet jacks, material handing equipment, fire extinguishers, and conveyors) and first aid, at least annually? Obtain copy.	☐	☐	☐
23. Do all warehouse staff possess a current valid operators' license for all required equipment and vehicles? Visually confirm.	☐	☐	☐
24. Do all warehouse staff wear/use lumbar supports, safety visors/glasses, aprons, safety shoes, and Material Handler safety harnesses?	☐	☒	☐
25. Is the warehouse cleaned, free from infestation, accumulated waste, and row maintenance performed regularly?	☐	☐	☐
26. Are all materials received and properly stored into locations, daily?	☐	☒	☐
27. Are materiel requests picked and staged for shipment using a pick list?	☒	☐	☐
28. Are pick lists initialed by the picker and secured with the picked material?	☒	☐	☐
29. Is there an established process for resolving warehouse denials? Obtain a copy.	☐	☐	☐
30. Are location errors resolved or reported/documented to the warehouse manager as they occur?	☐	☐	☒
31. Are material location changes recorded in the inventory management system?	☐	☐	☒

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
32. Is there an established process for processing customer returns and excess products? Obtain a copy.	☐	☐	☐
37. Is there a comprehensive product surveillance program to ensure the serviceability of materiel?	☐	☒	☐
38. Are shelf-life material and other material with deteriorative properties stored in environmentally controlled areas?	☐	☒	☐
39. Is unserviceable materiel segregated from usable stock and placed in a quarantined area?	☒	☐	☐
40. Does the storage area have the appropriate materiel handling equipment to ensure efficient operations?	☐	☒	☐
41. Does the storage area have sufficient lighting to enable operations to be executed accurately and safely?	☐	☒	☐
43. On separate pages, describe and flowchart the existing storage processes.			

Comments:

- Picking is done by a group and only the team warden signs
- Once a year an annual stock take is done in June
- Pilferage is limited. Possible because of security as well as Government of Kenya labeling. Also no culture in the organization
- The kind of reach trucks in use at this warehouse are not able to maneuver between the aisles of the warehouse another type of truck is needed
- 5. warehouse manager and some also
- 17. a maximum of 3 times cycle counting
- 19. roughly 3m
- 23. one of two has a license
- 24. No protective gear
- 25. cleaning in process but warehouse quoted dirty
- 29. report to supervisor then manger
- 32. Transporter ……
- 37. not written out activity done

Requirement	Yes	No	N/A
X. Hazardous Materials (HAZMAT)			
1. Are HAZMAT locations included in the warehouse floor diagram?	☐	☒	☐
2. Is there a monthly inventory of all HAZMAT? Obtain copy of last inventory?	☐	☒	☐
3. Is the HAZMAT storage area separated from the rest of the warehouse storage locations?	☒	☐	☐
4. Is the HAZMAT stored separately by hazard type?	☐	☐	☐
5. Are manufacturers' Material Safety Data Sheets (MSDS) kept up to date and available for use by all warehouse staff?	☐	☒	☐
6. Are HAZMAT placards for each type posted on internal storage area doors, and on the warehouse exterior doors designating the highest danger?	☐	☒	☐
7. Are discrepancies with HAZMAT immediately investigated, reported, and documented?			
8. On separate pages, describe and flowchart the existing HAZMAT processes.	☐	☐	☐
9. Is there a contract to properly dispose of hazardous materials (HAZMAT) products?	☐	☐	☐

Comments:

- There is no clear demarcation between picking + order assembly
- 3. Only a separate room on an adjacent building
- Carries, vest + inflammable

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
XI. Order Assembly and Checking Area			
1. Are picked materials delivered to assembly and checking with an initialed pick list?	☒	☐	☐
2. Are material orders packed to prevent damage, breakage, spillage, or contamination by other products?	☒	☐	☐
3. Are temperature-sensitive products packaged properly to prevent damage during transport?	☐	☐	☒
4. Is the assembly and checking area adequate to handling the peak levels of volume?	☐	☒	☐
5. Are HAZMAT materials and orders segregated for assembly preparation by customer?	☒	☐	☐
6. Does all HAZMAT arrive for assembly and checking area with their respective pick lists and MSDS?	☒	☐	☐
7. Do controlled substances arrive in assembly and checking area in a locked container with tamper-evident seals?	☐	☐	☒
8. Prior to order assembly, is each pick list signed and copy left with material?	☒	☐	☐
9. Is the order assembly process-thru-to banding conducted using a 2-man rule?	☒	☐	☐
10. During order assembly and checking process, are all customer materials boxed with packing materials with appropriate materials?	☐	☒	☐
11. Are prepared shipping labels and packing slips affixed to the outside of all shipment containers?	☐	☒	☐
12. Are the shipment containers marked as “TEMPERATURE CONTROLLED,” as necessary?	☐	☐	☒
13. Is each customer shipment container banded with a tamper-evident seal prior to transport arrival, or before the end of shift?	☐	☐	☐
14. Are material orders for controlled substances and HAZMAT processed separately, at designated times?	☒	☐	☐
15. Is there documentation for the order checking process? Obtain copy	☐	☐	☐
16. Once the orders are checked, is the information from the pick list used to document the picking list by customer?	☒	☐	☐
17. On separate pages, describe and flowchart the existing shipping processes.	☒	☐	☐

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
XIII. Refrigerated Items			
1. Are receipted refrigerated items immediately transferred to storage personnel for put away?	☐	☐	☐
2. Are refrigerated items maintained at recommended temperatures?	☐	☐	☐
3. Do the refrigeration units have temperature-monitoring devices to ensure proper temperature ranges are maintained?	☐	☐	☐
4. Do storage personnel periodically check the temperature of these units to ensure that temperature ranges have not exceeded recommended manufacturer ranges?	☐	☐	☐
5. Is a daily log of temperature being maintained?	☐	☐	☐
6. Is the log posted outside the refrigeration unit?	☐	☐	☐
7. Do the refrigeration units have an alarm system that alerts storage personnel if the unit malfunctions?	☐	☐	☐
8.If so, does the alarm unit provide alerts to storage personnel if the unit fails after normal duty hours?	☐	☐	☐
9. Are the refrigeration units on emergency power?	☐	☐	☐
10. Does storage have procedures for the proper handling, storing, issuing, and transporting of refrigerated material?	☐	☐	☐
11. Are warehouse personnel trained in the handling of refrigerated items?	☐	☐	☐
12. Does the storage operation have a written emergency plan of action in the event of a power outage?	☐	☐	☐
13. Does the storage operation have a contract with a refrigeration repair company to respond to equipment malfunctions?	☐	☐	☐
14. Are storage personnel familiar with the plan and what actions to take?	☐	☐	☐
15. Is food, water, or beverages being stored in these units?	☐	☐	☐
16. If spoilage occurs, are refrigerated items segregated from the regular inventory?	☐	☐	☐
17. Do storage personnel immediately notify Quality Control Unit (QCU) if spoilage occurs? If not what happens?	☐	☐	☐
18. Are refrigerated items packed in approved containers prior to shipment?	☐	☐	☐
19. For vaccines, are insulated containers used and are temperature monitors placed in the container to monitor the temperature while in transit?	☐	☐	☐
20. Are vaccines stored away from walls, coils, and peripheral areas?	☐	☐	☐
21. Are there procedures that prohibit vaccines from being stored in the refrigeration unit door?	☐	☐	☐
22. Is access limited to the refrigeration units to authorized personnel only?	☐	☐	☐
23. Upon receipt, do receiving personnel know to notify the supervisor and QCU if the temperature monitor inside a vaccine container indicates the temperature ranges have been exceeded?	☐	☐	☐
24. On separate pages, describe and flowchart the existing refrigerated item processes.			

Comments:

- 2. separation by formulation, i.e. drugs, non pharms
- 5. stored separately
- 6. one list used
- 11. Goes with transporter
- 13. Use KEMSA tapes
- 15. Picking list
- 16. Delivery note

KEMSA Warehouse Assessment Checklist

Requirement	Yes	No	N/A
XIV. Inventory Management (IM)			
1. Does KEMSA use an automated IM system to manage and process materiel orders? Specify the system(s).	☒	☐	☐
2. Is the IM system robust enough to manage all existing functions of the operation (i.e. order management, quality assurance, receiving, storage, and shipping)?	☐	☒	☐
3. If manual, are procedures w/ internal controls evident and robust enough to manage all existing functions of the operation (i.e. order management, quality control, receiving, storage, and shipping)?	☐	☐	☐
4. Does the IM system have the ability to track inventory value and costs?	☐	☒	☐
5. Is there a formal KEMSA Inventory account and master item file?	☐	☒	☐
6. Does the IM section establish min/max levels in the IM system for each master record file item?	☐	☒	☐
7. Are Reorder Points established for each master record file item?	☐	☐	☐
8. Can the IM system be used for batch picking?	☒	☐	☐
9. Does the IM system produce standard management reports for reviewing the inventory posture?	☐	☒	☐
10. Does the IM section have an automated process for customer's to order material?	☒	☐	☐
11. Does the IM section have a process for providing automated material status to customers?	☒	☐	☐
12. Does the IM section use back order when processing customer orders? If not what happens?	☐	☒	☐
13. Does the IM section and director utilize key performance indicators to evaluate the effectiveness and efficiency of its overall operation? Obtain a copy of current KPI report (s)	☒	☐	☐
14. Does the IM section have a customer support element and a support handbook distributed to each customer?	☒	☐	☐
15. Does the IM section have the appropriate staff level and skill mix to effectively perform its support mission to the customer base?	☐	☒	☐
16. Does the IM section and director establish and conduct an employee training program? Obtain a copy?	☒	☐	☐
17. Is there an accountable record of inventory (e.g. S13) for the current year? If yes who is responsible?	☐	☐	☐
18. Are the record copies on file of all Inventory Adjustments for the current year? If yes is there threshold for adjustment?	☐	☐	☐
19. Does the IM section periodically evaluate the status of the inventory for obsolete or slow-moving material?	☒	☐	☐

Comments:

- Lack of co-ordination between various departments to ensure input of information into systems e.g creation of items in navision
- Critical items are sent out as prompted by the customer
- High activity due to pull system and increase number of facilities
- Have one receipt officer (permanent):
  - 7 casuals for D Note
  - 8 casuals for Navision
- 1. Navision manual side by side
- 9. Perform cycle counts of class A weekly
- 11. Not accurate
- 13. Accuracy of stock records
- 14. No service liaison department
- 17. Finance Dept. warehouse fills S12
- 19. Cycle counts – adhoc on delivery

KEMSA Logistics Assessment Checklist		
I. General Information		
Evaluator's Name: Mike Johnson, Stephen Bonnah, Dr. Josphat Mbuva		Date: 1st April 2008
Title:	Phone:	E-mail:
Signature:		
II. Facility Information		
Facility Name: KEMSA – Logistics Operations		Address: Commercial Street and Mombasa Road locations
City/Town: Nairobi	Region and Zip Code:	
Facility Point of Contact: Kaburu M'Arithi	Phone: 254-020-3922000	E-mail: Ignatius.kaburu@kemsa.co.ke

KEMSA Logistics Assessment Checklist

Requirement	Yes	No	N/A
III. Distribution Concept			
1. Does a distribution strategy and plan exist for KEMSA? Obtain a copy?	☐	☒	☐
2. Does the current strategy and plan specify distribution objectives, goals, and metrics, including time frames for customer delivery?	☒	☐	☐
3. Are logistics/distribution related performance metric/objectives included in KEMSA performance reviews? Obtain a copy.	☒	☐	☐
4. Does KEMSA's Strategic Plan direct and specify revision of the existing distribution strategy?	☒	☐	☐
5. Does KEMSA's logistics-distribution currently operate with a detailed routing and zoning scheme?	☒	☐	☐
6. Do current internal and external transport fleets operate with established routes and driving time goals?	☒	☐	☐
7. Does the distribution plan specify how distribution zones and primary routes are determined?	☒	☐	☐
8. Are distance and cost identified as essential criteria in the determination of zones and routes?	☒	☐	☐
9. Does KEMSA senior management verify all zones and routes to ensure best value for service?	☒	☐	☐
10. Do current contracts for outsourced transport support specify expectations for security, care in transport and delivery time goals for medical material?	☒	☐	☐
11. Does the current distribution-transportation contract and performance work statement specify how costs for delivery and services will be determined and adjudicated?	☒	☐	☐
12. Does the current distribution strategy and plan include the requirement to incorporate medical material into mixed loads in order to distribute parallel commodities?	☒	☐	☐
13. Is cold chain management of medical material mandated in the current distribution strategy – plan and/or daily practice?	☒	☐	☐
14. Is there a requirement for both internal and external fleets to maintain both refrigerated and freezer capable vehicles?	☐	☐	☒
15. Does the current annual KEMSA budget have sufficient funds to effectively manage and meet expectations for the distribution of medical material?	☐	☒	☐
16. Is the function of logistics-distribution for the KEMSA operation currently programmed and budgeted as a distinct accounting line?	☒	☐	☐
17. Are current internal and external fleet distribution operations in accordance with written policy, procedures and routinely audited?	☒	☐	☐
18. Does the existing logistics-distribution strategy, plan and programmatics support improved In transit Visibility/Radio Frequency Identification (ITV/RFID) technologies? If yes, specify.	☐	☒	☐
19. Are there SOPs for each of the processes involved in distribution?	☒	☐	☐

Comments:

III.-10. – Loss and damage insurance required and in place for both KEMSA and each tender who provide transport support for medical material.

III.-13. – Use only overnight courier service for all cold chain deliveries.

III.-14. – Not required as an internal capability because of courier service.

III.-15. - Transport contract currently funded at 50% of requirement.

III.-17. - In accordance with internal KEMSA policy. No external policy mandate found.

III.-18. – KEMSA management expects to being the review of this technology as an MCA funded project.

KEMSA Logistics Assessment Checklist

Requirement	Yes	No	N/A
IV. Distribution Operations			
1. Does KEMSA currently have daily management control over both internal and external fleets?	☒	☐	☐
2. Are assigned transports maintained and in good operating condition?	☒	☐	☐
3. Are all drivers and assistant drivers licensed and included in KEMSA's training programs?	☒	☐	☐
4. Are all drivers trained and evaluated on their knowledge of proper security, care in transport and delivery time goals for medical material?	☒	☐	☐
5. Do all drivers receive an orientation to their assigned customers and are customers informed of any changes in driver assignments prior to the first delivery?	☐	☒	☐
6. Are all refrigerated and freezer capable transports checked for temperature hold before loaded with medical material?	☐	☐	☒
7. Are all drivers required to maintain a daily driving log and does management audit and maintain log records?	☒	☐	☐
8. Are all internal and external transports equipped with required safety devices, including vehicle placard mounts and placard for transporting HAZMAT?	☐	☐	☒
9. Are all medical material pallets and transport vehicle cargo containers sealed with tamper-evident seals before leaving the KEMSA docks?	☐	☐	☒
10. Are installed tamper-evident seals logged and checked by distribution clerks using a 2 man rule?	☐	☐	☒
11. Are all drivers and transports periodically audited enroute to their assigned customer destination (s)?	☒	☐	☐
12. Is there record of failed delivery of medical material at customer destination (s)?	☒	☐	☐
13. Is there record of any missing, damaged, expired or out-of-temperature range medical material after delivery at customer destination (s)?	☐	☒	☐
L	☐	☐	☒
15. By procedure are designated customers the only person (s) authorized to break the tamper-evident seal upon arrival at the assigned destination?	☐	☐	☒
16. Are there clearly defined key performance indicators for distribution?	☒	☐	☐

Comments:

Specify Internal or External.

VI.-1. – KEMSA has control over all aspects of its internal fleet. Control over the external fleet is the contracted firm as an open tender.

VI.-2. – Verifying maintenance records.

VI.-3. – License verification and sustainment is mandated for employment/contract. All drivers in the KEMSA internal fleet are included in the organization's training program. The Tender is responsible for his drivers.

VI.-4. – Yes for internal fleet drivers.

VI.-5. – Drivers are not assigned to a specific facility. All internal drivers are provided an orientation on the facilities supported.

VI.-6. – Courier Service.

VI.-7. – Yes for internal fleet drivers.

VI.-8. – Kenyan Highway Regulations only regulated by weight. Currently nothing on HAZMAT.

VI.-9.&10. – Does not apply because courier contract does not allow for placing seals on doors. Police require the ability to check internal loads.

VI.-14.&15. – Same as above. Police must have access to inspect cargo on any transport.

KEMSA Logistics Assessment Checklist

Requirement	Yes	No	N/A
V. Dispatch Area			
1. Are pick lists organized for dispatch preparation for the customer?	☒	☐	☐
2. Does the shipping operation use internal transportation or commercial assets, or a combination thereof, to transport product?	☒	☐	☐
3. Do shipping personnel verify the accuracy of the product picked to the pick list before loading on trucks?	☒	☐	☐
4. Does dispatch ensure that the health facility order and the delivery note information match?	☒	☐	☐
5. Does dispatch provide the carrier with a transport consignment note to schedule transport assets?	☒	☐	☐
6. Do dispatch personnel stage material according to customer or destination?	☒	☐	☐
7. Is the facility order used to build the transport consignment note for shipment?	☒	☐	☐
8. Is each shipment container's weight documented on the transport consignment note?	☒	☐	☐
9. Are delivery notes kept with each shipment until transport arrives?	☒	☐	☐
10. Prior to loading, are drivers' credentials checked and logged into a "Drivers' Log?"	☒	☐	☐
11. Once transport arrives, does the dispatch clerk work with the transport driver to confirm shipments, special load instructions, and complete signatures on transport consignment note?	☒	☐	☐
12. Once the transport has departed, does dispatch clerk assemble one copy of all documentation, post release, and shipment in system before filing?	☐	☐	☒
13. If manual, does the dispatch clerk assemble remaining copies of all shipment documentation and deliver to the Item Manager for ledger posting?	☐	☒	☐
14. On separate pages, describe and flowchart the existing shipping processes.			

Comments:

V.2. Both internal and external transports are utilized based upon the total weight of the dispatch. Lower weighted dispatches are couriered and higher are arranged with commercial transports.

V.10. Documentation of dispatch and verification of drivers is maintained in one comprehensive dispatch log.

V.13. Documentation remains in dispatch with comprehensive files. Very good documentation.

KEMSA Information (ICT) Assessment Checklist		
I. General Information		
Evaluator's Name: **Oliver & Mike**		Date: **30th March, 2008**
Title:	Phone:	E-mail:
Signature:		
II. Facility Information		
Facility Name: **KEMSA**		Address: **COMMERCIAL ROAD**
City/Town: **NAIROBI**		Region and Zip Code:
Facility Point of Contact: **ICT**	Phone:	E-mail:
Building Composition: ☐ Brick ☐ Wood ☐ Metal ☐ Other ____**ALUMINIUM AND GLASS**_____		
Building Ownership: **o Government** ☐ Commercial		Date Facility Constructed:
Total Square Footage:		Total Number of Floors:
Total Number of Occupants:		Normal Hours of Operation:
Distance to Nearest Police Department:		Police Department Phone:
Distance to Nearest Fire Station:		Fire Department Phone:

KEMSA Information (ICT) Assessment Checklist

Requirement	Yes	No	N/A
III. Information Communication & Technology (ICT) Governance			
1. Is an internal ICT governance body in place to oversee, coordinate, and provide policy to improve information management and security implementation within the organization? The Governing Body is the Technical Committee	☐	☒	☐
2. Are there information management and security policies published?	☐	☒	☐
3. Is there an active commitment to information management and security within the governance body and leadership of the organization? If not where does it lie?	☒	☐	☐
4. Is there an authorization process established in policy for the review and procurement of information assets? In ICT SOPs, authorization standard operating procedures, page 8.	☒	☐	☐
5. Does current governance and policy include the use of internal and independent information program and system reviews?	☐	☒	☐
6. Does the governance body review and approve recommended changes to the ICT portfolio before solutions are implemented?	☒	☐	☐
7. Does current information and security policy(s) include the description of hardware and software configuration management processes for use by the organization? In SOPs, Systems configuration and software management processes, page 9	☒	☐	☐
8. Does the governance body review and approve all functional and technical changes to the organization's information and communication systems?	☒	☐	☐
9. Do current information management and security policies and plans include Information Assurance standards and processes?	☐	☒	☐
10. Is the Information Security Standard ISO 27002 (17799) 2005 used and applied in the oversight and management of current operations?	☐	☒	☐
11. Are current Ethernet LAN cabling data and voice networks in the organization certified to meet IEEE 802 standards?	☒	☐	☐
What hardware and software applications are currently approved for use within the organization?	☐	☐	☐
12. Does the governance body currently review configuration test results on all hardware and software, prior to implementation or procurement? Management does the job	☐	☒	☐
13. Are all functional and technical hardware and software changes sufficiently tested and documented before implementation,	☒	☐	☐
14. Does the organization have ICT training plan for KEMSA staff	☐	☒	☐
Comments: Inaugurate a steering committee for major projects			

KEMSA Information (ICT) Assessment Checklist

Requirement	Yes	No	N/A
IV. Information Asset Management			
1. Is there an internal department in KEMSA to manage the organizations information assets and security? Identify name and senior responsible information manager. Paul Koske	☒	☐	☐
2. Is there an Information Management Plan for the organization? Obtain a copy.	☒	☐	☐
3. Is there a master inventory record of all information assets (i.e. hardware, software, databases and date files, contracts and agreements, audit trails, operational continuity plans, archived information, communication equipment), in KEMSA? Obtain a copy. Only for hardware for insurance purpose	☐	☒	☐
4. Are the organization's information assets adequately protected and secured?	☐	☒	☐
5. Is the use of controls on information evident?	☒	☐	☐
6. Are owners nominated for all information assets in their respective area of responsibility?	☒	☐	☐
7. Are the assets documented on a current individual hand receipt? Obtain copy.	☐	☒	☐
8. Is there evidence that asset owners are held responsible for protecting and maintaining the organization's information assets, even if responsibility implementing controls is delegated? Staff in position of KEMSA assets are held reponsible	☒	☐	☐
9. Are periodic inventories conducted and hand receipts updated? How often? _____ only as required	☐	☒	☐
10. After questioning staff members, are there consistent instances where responsibilities cannot be carried out effectively because of the lack of hardware, software, data flow, or communication equipment? Describe. Need for hardware particularly in finance and finance	☒	☐	☐
11. Is it evident that staff members understand rules on acceptable use of information, assets, e-mail, mobile devices, and limits?	☒	☐	☐
12. Is there a classification system in place which establishes levels of protection for information assets, and how information is to be handled and secured at each level?	☒	☐	☐
13. Is there evidence of information asset labeling and with active procedures to ensure its security?	☐	☒	☐
Comments: There is a records office which documents and safe guard organization information assets.			

KEMSA Information (ICT) Assessment Checklist

Requirement	Yes	No	N/A
V. Information Security			
1. Does the Information Management Plan include policy standards to ensure the organizations security of all information assets?	☒	☐	☐
2. Does the organization use physical barriers to prevent unauthorized access to KEMSA's information and premises?	☒	☐	☐
3. Are physical security perimeters and barriers in place to protect areas that contain the organization's information processing center?	☒	☐	☐
4. Are walls used to protect areas that contain the organization's information and information processing center?	☒	☐	☐
5. Are manned reception desks used to protect areas that contain the organization's information and information processing center? If card controlled, specify.	☒	☐	☐
6. Is an access log used and maintained which record all persons entering the organization's information processing center?	☐	☒	☐
7. Are security perimeters defined and are they evident through effective procedures and alert methods? (no alerts)	☐	☒	☐
8. Are high security locks used on exterior doors of information storage and the information processing center?	☐	☒	☐
9. Are physical security barriers and perimeters free from physical gaps and weaknesses? (Aluminum and glass)	☐	☒	☐
10. Are physical barriers in place to prevent contamination from external environmental sources?	☐	☒	☐
11. Is ventilation and climate control sufficient to protect the organization's information and information processing center?	☒	☐	☐
12. Are effective security controls specified in all third-party service contracts for the organization?	☐	☒	☐
13. Does the organization's physical security controls comply with all relevant health and safety regulations and standards?	☒	☐	☐
14. Are sufficient controls and agreements in place to limit the release and use of the organization's information to external parties?	☒	☐	☐
15. Are there instances in the past where assets or information was lost or compromised? Obtain copies and comments. Yes, 1 CPU from commercial street premises and 3 laps tops outside the premises	☒	☐	☐
16. Is there adequate firewall security? (Software firewall but no hardware firewall)	☐	☒	☐

Requirement	Yes	No	N/A
VI. ICT Infrastructure			
1. Does the organization have effective Local Area Network?	☐	☒	☐
2. Does the organization have sufficient high speed capability	☐	☒	☐
3. Does the organization have sufficient and effective telecommunication infrastructure?	☐	☒	☐
4. Does the organization have sufficient and effective WAN connectivity to Distribution Centres?	☐	☒	☐
Additional Comments (Please reference the related sections)			
1. Only Head office and Mombassa road have LAN 2. Internet –speed not sufficient 3. Critical need for training in ICT governance 4. The functional position of ICT Unit should be re-evaluated			

KEMSA Governance Assessment Checklist			
I. General Information			
Evaluator's Name: Mike Johnson, Rosalind Kirika, Oliver Hazemba			Date: 3 April 2008
Title:	Phone:	E-mail:	
Signature:			
Facility Name:		Address:	
City/Town:		Region and Zip Code:	
Facility Point of Contact: Fred Wanyonyi – Corporate Secretary	Phone: 254-020-3922000	E-mail: fred.wanyonyi@kemsa.co.ke	

KEMSA Governance Assessment Checklist

Requirement	Yes	No	N/A
II. Governance			
1. Has the Board of Directors composition, structure and functions been recently reviewed to ensure optimal effectiveness with stakeholders and senior management?	☐	☒	☐
2. Has there been a recent review of the Board's Procurement Oversight Committee to determine the effectiveness of its composition, mission, goals, objectives and accomplishments?	☐	☒	☐
3. Is there a formal and informal audit program in effect for the organization?	☒	☐	☐
4. Do formal audit reports exist that evaluated the transparency of the organization's procurement and tender processes?	☒	☐	☐
5. Does the current organizational structure facilitate and support the activities required to meet stated legal mandate, missions, goals and objectives?	☐	☒	☐
6. Does the organization have a strategic plan that clearly delineates the vision, mission objectives, and responsibilities of senior management?	☒	☐	☐
7. Is the strategic plan current and available to all employees and are they familiar with the contents of the plan?		X	
8. Within the plan, are the roles and responsibilities of management and employees clearly defined, documented, and understood?	☒	☐	☐
9. Does the Board of Directors periodically review and approve the organization's management plans, policies and procedures (e.g. Procurement, Human Resources, Financial Management, Information Communication & Technology Management, Quality Assurance, Warehousing, and Transportation/Distribution)?	☐	☒	☐
10. Are the current management plans, policies, procedures effective for across the organization?	☐	☒	☐
11. Are organizational plans, policies, procedures and operations conducted with a mandate from the Board of Directors and Senior Management for openness and transparency?	☐	☒	☐
12. Are management and organizational performance reviews conducted and documented on a scheduled basis?	☒	☐	☐
13. Has the Human Resources organization and function been recently reviewed to ensure optimal effectiveness?	☒	☐	☐
14. Is there a current Human Resources (HR) Plan for the organization?	☒	☐	☐
15. Does the HR Plan detail recruitment, retention, performance evaluation, incentive awards, and education and training standards and goals which are established and monitored by the Board of Directors and Senior Management?	☐	☒	☐
16. Does the organization have the appropriate number of personnel and skill sets to perform its mission?	☐	☒	☐
17. Does the organization have a structured employee training program?	☒	☐	☐
18. Do employees receive training that is current, documented and available for review?	☐	☒	☐
19. Does the organization have written procedures for the procurement, finance, inventory, receipt, storage, shipment, transportation /distribution, customer service & support?	☐	☒	☐
20. Does the organization have established performance standards or metrics that measure the effectiveness of the operation? Obtain a copy.	☐	☒	☐
21. Does the organization monitor these metrics and take corrective actions when required?	☐	☒	☐
22. Does KEMSA have in place a comprehensive program designed to develop and operate a viable commercial service for the procurement and sale of pharmaceuticals drugs and other medical supplies?	☐	☒	☐

KEMSA Governance Assessment Checklist

Requirement	Yes	No	N/A
23. Are the provisions of Legal Notice No. 17 of 11 February 2000 being met by KEMSA in its role to secure a sufficient source of drugs and other medical supplies for public health institutions?	☐	☒	☐
24. Are Board of Director's Meetings formally documented and available for viewing?	☒	☐	☐
25. Does the Board of Directors maintain a Master Record of the organization's centennial events and incidents as a controlled means ensuring corrective resolution/action?	☐	☒	☐
26. Are the provisions of Legal Notice No. 17 of 11 February 2000 being met by KEMSA in its role to secure a sufficient source of drugs and other medical supplies for public health institutions?	☐	☒	☐

Comments:

II.1. – Not since the establishment in 2000. II.2. – POSC put in place to meet the procurement mandate of 2005, the board formally authorized its establishment. Requires a revisit to bring it back to its intended purpose. II.5. – Structure is adequate, but composition and authorized numbers at the right skill level is not. Not surveyed since 2003. II.7. – Overall plan is adequate and in place. Communication within the organization in lacking. II.9. – All plans and policies are reviewed and approved by the CEO, and not the Board of Directors. II.10. & 11. – No on both – too many casuals make #10 impractical and the board only reviews what is brought to it – plans etc are not. II.15. – Yes by senior management, not by the board. II.16. – Absolutely not on either account. II.18. – training below junior manager level is not done, mostly because of lack of funding. II.19. & 20. & 21. – No on all, procedures beyond those required for ISO are kept at the section/department level. KEMSA reports metrics on only what is required. No definitive action or report backs are part of normal corrective action. II.22. – KEMSA is still in the daily survival mode and the lack of adequate resources and consolidated procurement mission and planning does not permit the development of a comprehensive program. II.23. & 26. – Absolutely not – MOH has not consolidated procurement and funding to KEMSA as the Legal Note # 17 directed. II.25. – To my knowledge, the board only reviews an agenda and the only running documentation is in the form of minutes. Centennial event review is a good idea and might help KEMSA if the board consistently saw what KEMSA is struggling with on a daily basis.

Human Resources questions answered by Godfrey Kiptum, HR Manager

KEMSA Governance Assessment Checklist

Requirement	Yes	No	N/A
III. Financial Aspects			
1. Are there policies, procedures, and processes in place that provide tools & oversight of all financial aspects of KEMSA operations?	☒	☐	☐
2. Does the financial structure and mechanism for KEMSA meet all national mandates and standards?	☒	☐	☐
3. Do the above policies, procedures, and processes address cash flow and projections of future costs?	☐	☒	☐
4. Do financial accounting procedures, guidelines and SOPs include order and tender invoice processing?	☐	☒	☐
5. Is the financial management structure and financial operations of KEMSA subject to both scheduled and unscheduled internal and external audits?	☒	☐	☐
6. Are audit records kept on the results of previous internal and external financial management and operations audits? Obtain copies of last two audit reports?	☒	☐	☐
7. Are there instances from previous audit records which identify transactions where the tendering process was interrupted due to inadequate liquidity of KEMSA funds?	☒	☐	☐
8. Is current funding adequate to meet KEMSA requirements?	☐	☒	☐
9. Are pricing and fee policy structured agreements consistent with accepted business management practices?	☒	☐	☐
10. Are there plans and mechanisms in place to address long-term investment and capitalization projects?	☒	☐	☐

Comments: Specify details on both internal and/or external audits.

Finance questions answered by John Mwang, Finance Manager.

III.2. & 3. – Since the new Procurement Law in 2005, the finance standards were changed to comply with the 'International Financial Reporting Status Standard'. KEMSA supplements additional accounting procedures which are approved by the Institute of Certified Public Accountants of Kenya. Change in recent mandates for KEMSA to perform all accounts payable and provide separate accounting for all procurements have caused significant change in KEMSA procedures which need to be updated to reflect what is currently being done. The decentralization of procurement and limited consistent funding cause the finance area to be constantly challenged – little time for work on procedures or developmental training. II.4. – Yes, day to day internal procedures do comply, but on as currently written in older procedures.

III.8. – KEMSA submitted a 2007-2008 current year budget proposal to MOH for KSH 674M. MOH pressed for a reduced proposal and KEMSA resubmitted for KSH 515M, possibly driven in part Kenya's implementation of the 'Medium Term Expenditure Framework', a policy to curb government funding growth. KEMSA was actually budgeted for KSH 274M O & M and KSH 50M Capital Equipment, for a total of KSH 324M to operate KEMSA's mission, or 63% budgeted. To date, KEMSA has received vouchers from MOH of KSH 38.5M as a quarterly allocation of funding, well below a full allocation of KSH 81M, or 48% of quarterly budget for the currently year. Current high spending by MOH for Essential Drug procurement limits substantially what KEMSA is possibly able to receive. KEMSA is currently unable to consolidate procurements for economies of scale and KEMSA finance department struggles to make full payment to vendors for supplies delivered, given the rate of quarterly allocation KSH operating KSH. KEMSA has submitted a 2008-2009 budget proposal for KSH 838M to accommodate mission growth in number of health facilities, as well as supply demand. Included in both budget year proposals was/is the request to establish a 'Revolving Account' supply account to enable KEMSA to charge for the supplies delivered to health facilities. 2007-2008 submission was for KSH 600M. As a commercial activity, KEMSA would have to buy all supplies and operate within that revolving account.

III.10. – KEMSA requested in their 2007-2008 budget proposal request KSH 350M for design to plan for capital improvements to both exterior and interior of Abucasi and Mombasa warehouses. It appeared that the amount was included in MOH submission to the Treasury, but not approved. A similar amount was included again in the 2008-2009 budget proposal submission for KEMSA. A limiting factor appears to be the lack of KEMSA to formally document its (Abucasi Street, Mombasa Road and Commerce Street warehouses as corporate assets because KEMSA as a state corporation does not hold the title and deed to any of its major warehouse operational sites.

Annex 5

Key Informant Questionnaire - Sample

Key Informant Questionnaire – Logistics

1. What is KEMSA's Distribution/Logistics Management Policy?

    - A-A Logistics Strategy Policy exists as 'KEMSA Logistics Quality objectives' – dated September 2006. This policy is approved by the CEO. As written it addresses the primary processes and measures to facilitate the management of distribution/logistics quality within KEMSA. The two primary focuses of the policy are centralized distribution and direct delivery to every health facility, who are the customers. Key objectives of this approach are controlling the distribution and costs of medical material. To standardize delivery schedule goals are established for all hospitals to receive distribution of routine supplies every two months, and rural health facilities every three months.

2. Describe the Distribution/Logistics Management system currently existing in KEMSA?

    - A-KEMSA Customer Service coordinates the ordering schedule with the health facilities supported by the pull system. Customer facilities submit orders to customer service section that verifies the order and keys it into the system to produce the picking lists. The pick lists are processed by the warehouse, which picks from stock and moves material to be assembled. Once assembled, a delivery note is produced by the designated customer service representative and the logistics dispatch section completes the load estimate and schedules the transport for the following working day. Once the transport arrives, material is re-inventoried for quantity of boxes, documentation is signed and the dispatch is done.

    - A-The Distribution/Logistics Management System has been modified and implemented over the last two years to include other considerations which would improve distribution response and reduce costs. Personnel and operations have moved to increase capacity and output from the centralized distribution centers in Nairobi, vice regional depots. Depots staffs are downsized to conform to the new mission focus, primarily for storage and direct customer coordination, as all procurement, ordering and distribution emanates from Nairobi. Additionally, the support concept for order fulfillment and response for over 2000 facilities across the country has been transitioned from 'PUSH' to 'PULL'. All hospitals are currently supported through 100% 'PULL'. In addition, the rural Health Centers and Dispensaries are supported by a 30% pull and 70% push system. Regional depots primary store supply requirements to support area public health missions. Overall, the movement away from 'PUSH' as the primary means of logistical support to 'PULL' support the policy by reducing cost, waste while increasing control.

3. Does the Distribution/Logistics Plan support strategic planning, program and work planning needs?

    - A- Yes. Daily coordination and weekly work plan meetings are conducted by customer service, warehouse and logistics leaders to resolve issues and modifications to delivery requirements, methods and synchronization of receipts and deliveries.

    - Q- Are there times when external transports are not available? A- Not really. The company responds to the call for vehicles and moves transport assets and drivers to fill the gap. The

contract is an open tender contract. If there is a delay it is usually only one additional day, except for longer distance regional deliveries involving several routes. In those cases, the delay is longer. If the dispatch is for urgent material, or deliveries are to facilities around Nairobi, the internal KEMSA transport is usually utilized.

- Q- Explain how the KEMSA internal fleet is managed and utilized? A- The internal fleet is more expensive than the external fleet, except for short haul loads. The use of the internal fleet is focused for three priority distribution requirements – delivery to all facilities in the immediate Nairobi area, emergency supplies and program supplies. Most of the loads are mixed or parallel commodity loads.

- Q- Explain what is meant by 'parallel commodity load'? A- The material included on the delivery note is all classified as 'medical' material. The mix of the medical load is across multiple commodities of medical material (i.e. pharmaceuticals, medical surgical, equipment), but it is a 100% medical load.

- Q- How does KEMSA handle requirements for material requests which fall outside of the Quarterly Work Plans? A- KEMSA responds to the requirements of health facility customers based upon the based on availability of stock. With the number of special program and material use beyond planned requirements, KEMSA must perform through ADHOC planning and execution.

4. What are the major gaps and challenges in current Distribution/Logistics Management system, how are they being addressed?

    - A- The logistics and specifically the money for the distribution function of KEMSA is only funded at 50% of required, roughly KSH 38.5M per quarter. Limited reimbursement of a 5% fee for distributing donor program materials and pooling of available resources across the KEMSA operation allows the transports to continue. Restricting the use of internal fleet transports for all deliveries within the Nairobi area extends the availability of resources for distribution throughout the rest of Kenya.

    - Q- Explain further what is the 5% distribution fee and were does it comes from? A- MOH encourages the donor programs as one of the primary means of funding for medical material for Kenya. Previously, the programs would agree to support with material and expected KEMSA to deliver for free. Because of our limited funding and because Kenya is restricted to use available funding to procure government requirements, the MOH approved the policy revision to allow KEMSA to impose the additional fee for transport of parallel-donor program materials. The added 5% distribution fee is detailed in MOUs between the MOH and each the of the donor programs. The forecast amount is accounted as a special accounting line for distribution of only donor program materials.

    - Q- What is the performance of direct distribution to hospitals and rural health facilities? A- Good is the norm and there are few issues. The bigger issues are always in deliveries to rural and remote areas of Kenya. The longest distribution route distances always require the transporter to divert and shift loads alone the route. There have been losses in sort and re-load of material which has been investigated by KEMSA. For a transport company to make money on the long routes to the rural areas, they must maintain max weight and cube. As the

first load, if our medical shipment does not maximize the transporter's load, he will acquire additional shipments en-route. These situations mean that sometimes the time to re-sort and complete the delivery usually extends the delivery time – 3-4 days.

- Q- Explain what is meant by remote areas? Q- These are facilities at the extreme in distance from Nairobi. Few transport companies will deliver to some of these areas because of the lack of opportunities to gain more load at the farthest end to off-set expenses. In some cases, there are remote areas that are difficult to maneuver because of poor roads or terrain. In extreme cases, KEMSA coordinates delivery with the closest district medical officer of health. The requiring district comes to that off-load point and picks up the material for return back to the home facility or purpose.

- Q- If there is material missing, what is the responsibility of the transporter? A- All transport companies on KEMSA's open tender contract are required to carry accident and/or loss in theft insurance for their equipment and loads. KEMSA as a company also carries insurance. If the loss is due to theft, it is a Police matter and KEMSA assists. We maintain a copy of the Police report-investigation for insurance claims.

- Q- What actions do you take towards contracted transport companies who you believe have misused medical material? A- KEMSA investigates.

- Q- Are there audits done on KEMSA shipments? A- Yes, internal and usually annually.

- Q- Are there other areas that you see gaps or challenges which are not easily resolved? A- Yes, many. Operating with central storage and distribution with direct delivery has proven to be the most effective for KEMSA. Operating multiple location warehouses and transferring material from site to site is not efficient and is costly. On the short term, KEMSA requires investment funding to acquire more storage racks, forklifts, personnel, automation and tracking technologies to off set the increase and mission and complexity. Processes need technologies, more skills and training to reduce manual documentation, improve communication and coordination, especially with special program organizations. Overall, there is the need for investment in skills training to deal with all facets of the operation, especially the complexity of medical material types and medical requirements for higher specialization.

- Do you have visibility of materials in distribution after transports have left a KEMSA warehouse? No, only when there are issues at the receiving end upon delivery. Normally, those issues are taken up by the Customer Service Section, not logistics. We know technologies exist to provide the visibility (e.g. software for in transit visibility and devices to track containers. The issue with current funding for KEMSA operations means this advancement will be delayed until higher priorities such as the warehouse and automation are accomplished.

- Q- What is your perception about customer satisfaction? A- Most of the time, the customers always complain. Although some failures occur within KEMSA, there are failures also on the part of the customer especially in the areas of ineffective requirements determination, excessive order quantities and inadequate management and appropriate use of inventories, specifically in instances of large quantities of expired medical supplies.

- Q- Logistics is not a stand-a-lone function, how do you coordinate and link with other departments internally and externally with parallel programs and your customers? A- Coordination mechanisms and linkages are weak and require strengthening to optimize KEMSA's overall support.

5. What in your opinion are the possible solutions to the stated gaps and challenges, and how are they being addressed?

    - Q- What is started as current solutions? A- Purchase of 5 acres of land in Nairobi for the purpose of a new central, state of the art warehouse and distribution center. KEMSA is paying KSH 4M a month in rental now. There is a need for policy and funding to expedite construction. Development funding exists to the tune of KSH 50M per year and can be assessed for development.

    - Q- How is KEMSA addressing automation of its functions? A- Priority is needed to automate current manual distribution processes. KEMSA is moving towards an ERP and logistics should be included, perhaps with the warehouse module.

    - Q- Are there issues with procurement? A- Yes. Better integrated procurement of all materials, including those from parallel programs and with better financing modalities. There is a need to improve our ability to forecast medical procurements.

    - Q- Are there issues with the procurement cycle? A- Many, but to try something different a policy change to create a rollover account would allow money to extend beyond one fiscal year. Additionally, policy change to allow deliveries to occur over one or more years should be considered to reduce over buying and capacity overload of our warehouses. Buying just to spend is wasteful and there usually isn't money to buy what is needed.

    - Q- Based on KEMSA's expanding mission, are there changes you would recommend to deal with mission creep? A- KEMSA now manages over 2000 inventory items while the number of health facilities has grown significantly. Customer locations need to be mapped to maximize transport planning. Look for new policy to identify and procure only critical medical material by KEMSA, the rest of the procurement should be procured directly by the health facilities. This would allow KEMSA to concentrate on pharmaceutical, rural support, equipment and all other large procurements.

    - Q- Are there other policy or process changes to KEMSA's business that are required? A- With procurement policy change and procurement thresholds established for facilities, allow decentralization for pre-planned procurements of general use medical supplies to reduce the range and amount KEMSA has to manage. Require KEMSA to retain procurement execution oversight for materials that the facilities buy.

    - Q- Is there more that could be done for off-setting expenses KEMSA is not budgeted for? A- Implement the current 5% distribution fee beyond storage and delivery of special donor programs. Include the fee charge for storage and distribution of all dual commodity shipments (i.e. medical supplies, equipment mixed loads) to any facility.

    - Q- Are there changes that could be made to your current transportation contract? A- Yes, move to at least a 2 or more year contract for all transportation services. This would allow

the inclusion of specialized truck missions, like medical to make it more attractive to transport companies to move medical.

- Q- Do you have adequate staff to manage the logistics function of KEMSA? A- No, only 3 officers authorized from a 2003 organizational document. The mission and complexity of operations today requires more than it did in 2003.

ANNEX 6 . Tracer Products

No.	MoH Tracer Drugs	I (1) % MEDS Price	I(1) % INTERN. Price	I (9)	I (10)
1	Cap. Amoxicillin 250mg	92	88.88	0	0
2	Syr. Amoxicillin 125mg/5ml	80.80	73.20	0	0
3	Tab paracetamol 500mg	119.75	114.15	0	0
4	Tab cotrimoxazole 480mg	82.32	73.02	0	0
5	Tab Albendazole 400mg	-	81.99	0	0
6	Tab chlorpheniramine 4mg	69.42	39.92	0	0
7	Tab AL 20/120mg x 24s’	-	-	0	0
8	Tab metronidazole 200mg	81.30	71.43	0	0
9	Inj Gentamycin 20mg/2ml	46.63	47.47	0	0
10	Inj Benzylpencillin 1mu	97.01	85.59	0	0
11	Inj Adrenaline 1mg/ml	64.67	44.43	0	0
12	Inj Hydrocortisone 100mg	69.23	59.96	0	0
13	ORS 500ML/satchet	57.96	57.96	0	0
14	1% tetracycline eye ointment	70.10	83.29	0	0
15	1% Clotrimazole cream	73.33	47.00	0	0
16	Cotton Wool	98.1	-	0	0
17	Surgical Glove 7.5	100	-	0	0
18	Gauze Roll	184	-	0	0
19	IV Giving Set	81.8	-	0	0
20	Syringe 5cc with needle	-	-	0	0

ANNEX 7 Measurement Indicators

	No.	Indicator Description	Response / Finding/ Result	Source of Information	Comments / Additional Information
PROCUREMENT	1	% Average International Price paid for last regular procurement of a set of indicator drugs			
	2	Percentage by value of KEMSA medicines purchased through competitive tender			
	3	% of emergency procurement out of total procurement for the year			
	4	% by value of drugs procured by KEMSA over the total drugs handled			
	5	% by value of drugs purchased from local manufacturers			
	6	Average lead time for a sample of orders			
		a) all suppliers			
		b) local manufacturers			
		c) foreign suppliers			
	7.	Average time for payment for a sample of orders			
		a) all suppliers			
		b) local manufacturers			
		c) foreign suppliers			

	No.	Indicator Description	Response / Finding/ Result	Source of Information	Comments / Additional Information
DISTRIBUTION/ WAREHOUSING/ SERVICE LIAISON/ QA	8	% of drugs subjected to Quality Control testing out of all drugs procured in the annual tender			
	9	Average % of stock records that corresponds with physical counts for a set of indicator drugs in KEMSA and its depots			
	10	Average percentage of time out of stock for a set of indicator drugs in KEMSA and Depots storage			

Annex 8 : Powerpoint Presentation for Dissemination

KEMSA Assessment Nairobi, Kenya

March 31- April 11 2008

KEMSA : Mandate

State Corporation (Est. Legal Notice No.17) to:

1. Operate as a Commercial Service – Procurement & Sales
2. Secure Source of Drugs & Medical Supplies
3. Advise on Procurement, Cost Effectiveness & Use of Drugs & Medical Supplies

Assessment Background

Millennium Challenge Account – Threshold Program (MCA-TP) Component 2:
Overall goal

Strengthen Transparency & Accountability in the health sector thereby improve access to affordable health care.

Assessment Focus & Rationale

Focus: Procurement, Warehousing, Logistics, ICT, Governance

- To inform the implementation process of interventions planned under the MCA-TP
- To identify areas of weakness
- To make recommendations for further system strengthening to realize KEMSA's Vision & Mission

Assessment Methodology

- Desktop Reviews of existing documents
- (Strategic Plans, Reports, Appraisals, SOPs & Policies)
- Structured Interviews (KEMSA, MoH & Stakeholders)
- Observations on processes
- Field Visits to 4 Warehouses
- Focus Group Discussions

Assessment Team

From 7 countries

- MSH/SPS
- LMI
- EPN
- MOH
- Expertise in Policy, Logistics,P'ceutical Mgt

FINDINGS, GAPS & RECOMMENDATIONS

PROCUREMENT

Procurement - P1

Finding: Lack of a documented Internal Strategic Procurement Policy

Gap: Strategic Policy to focus on Planning & Processes lacking (Strategic Impact: Accountability, Transparency & Service Delivery)

Recommendations:

1) Develop policy framework to assist KEMSA's mandate
2) Integrate MoH-KEMSA forecasting & quantification processes
3) Fully automate KEMSA's procurement processes
4) Initiate e-Procurement methods and modules

Procurement – P2

Finding: Processes are conducted within current Procurement Act and Regulations

Gap: Limited responsiveness to procure & schedule delivery of listed medical requirements to meet public health needs. (Operational Impacts – Transparency & Service Delivery)

Recommendations:

1)Employ proactive planning & additional contracting methods to meet customer expectations
2)Increase efforts to ensure KEMSA meets payment terms to vendors
3) Incorporate quarterly delivery schedules to reduce volume impacts
4) Seek involvement in Development Partners' Procurements

Procurement – P3

Finding: KEMSA has not been paying its suppliers on time

Gap: Delayed release of funds impacts negatively on supplier performance and pricing (Strategic Impact: Accountability, Transparency & Service Delivery)

Recommendation:

Treasury to ring fence and directly disburse funds to KEMSA to allow optimization of price, delivery and management of orders.

Procurement – P4

Finding: The Quality Assurance department conducts quality assurance processes in accordance with procedures

Gap: Limited staffing & resources impacts effectiveness of the QA department (Strategic Impact: Accountability & Service Delivery)

Recommendations:

1. Mobilize additional resources for Quality Assurance
2. Recruit additional staff for Quality Assurance
3. Train all KEMSA staff in Quality Assurance procedures

WAREHOUSE

Warehouse – W1….(i)

Finding: Strategies differ on the approach for utilization of warehouses

Gap: Lack of an approved plan for synchronization across all stakeholders to gain acceptance and resources to improve mid and long range warehouse capabilities (Strategic Impact: Accountability, Transparency & Service Delivery)

Recommendations:
Conduct an analysis of options to determine the best mid-term and long-term direction for warehouse operations and investment strategies

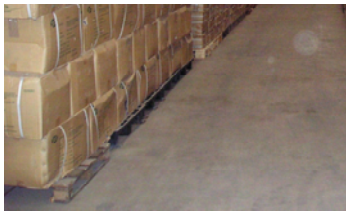
Warehouse – W2

Finding: 75% of commodities KEMSA handles & distributes are procured by third party/donor programs without advance notice to KEMSA to integrate into daily receiving, warehousing and distribution planning

Gap: Limited coordination between KEMSA and third party/donor programs creating significant disruption to daily operations (Operational Impact: Accountability, Transparency & Service Delivery)

Recommendations:

- Establish and incorporate a coordinating process/unit to create a 2-way communication & coordination for scheduling in & out- bound shipments
- Seek improvement of customer facing processes to recognize third party/donor program partners as priority customers
- Enhance cooperation with partners in the PSCMC to leverage capacities, integrate procurement capabilities so as to improve procurement response and overall cost effectiveness



Warehouse – W3

Finding: Inconsistencies in key accountability processes & basic essential warehousing practices were observed (Disorganized & unsafe storage; expired & obsolete materials co-mingled with usable materials)

Gap: Lack of a master design & active stock location system in all the w/houses visited (Operational Impact: Accountability, Transparency & Service Delivery)

Recommendations:

- Initiate a policy requirement with corrective action to design and implement standard active master location systems across all warehouses
- Institute and strengthen procedures for cyclic counts to improve inventory management at all warehouses
- Train all relevant staff/workers on best warehouse practice procedures

Warehouse – W3… (Cont'd)

Recommendations:

- Establish a threshold percentage for all inventory errors by value & quantity; require causative research, corrective action & signed documentation prior to record adjustments
- Replace 'bin cards' with 'location cards' once the active master location system is implemented
- Rationalize use of dual accountable records & manual systems to maximize the benefits within Navision and establish a single accountability position
- Incorporate normal cycle times, pick list completion times, inventory denial procedures & critical cycle tasks into warehouse SOPs
- Formally establish an accountable manager for inventory held at each warehouse

Warehouse – W4

Finding: Warehouse staff are not aware & do not have operational information & SOPs for daily tasks

Gap Warehouse staff have limited capabilities to optimally perform their daily assigned duties (Operational Impact: Accountability & Service Delivery)

Recommendations:

- Improve all internal communication mechanisms to maximize the dissemination of plans and operational information, including standard operating procedures
- Copy and maintain operational information & SOPs in each work section

LOGISTICS

Logistics/Distribution – L/D1

Finding: Lack of an Internal Strategic Logistics/Distribution Plan

Gap: No Strategic Plan & Metrics to focus on Distribution (Strategic Impact: Service Delivery & Transparency)

Recommendations:

1) Develop a Strategic Plan for Logistics/Distribution
2) Implement & market current performance indicators
3) Strengthen internal collaboration to improve delivery response
4) Market KEMSA Logistics / Distribution to customer base

Logistics/Distribution – L/D2

Finding: Lack of integrated automated processes for dispatch of materials en-route to facilities

Gap: Shipments of materials are not visible between KEMSA & customers (Strategic Impact: Service Delivery & Accountability)

Recommendations:

1. Integrated assembly & dispatch functions into one automation plan
2. Implement containerization & Radio Frequency devices to improve security & visibility of materials in transit
3. Aggressively market KEMSA's care and delivery for materials

Logistics/Distribution – L/D3

Finding: Lack of physical temperature verification for cold chain items for transit

Gap: Inability to ascertain cold chain maintenance of materials in transit (Operational Impact: Service Delivery & Accountability)

Recommendations:

1) Implement additional cold chain requirements to ascertain temperature during transit
2) Train dispatch, warehouse staff & commercial transport drivers on KEMSA's cold chain management procedures

INFORMATION COMMUNICATION TECHNOLOGY (ICT)

ICT - 1

Finding: KEMSA lacks an ICT governance policy, but takes guidance from the ICT Technical Report to the Board of 2005

Gap: Uncoordinated ICT business enterprise activities (Operational Impact: Transparency, Accountability & Service Delivery)

Recommendation:
KEMSA must develop a clear ICT Governance Policy to guide and drive its action & intent of providing a robust ICT service supported with international assurance & security standards

ICT – 2

Finding: ICT Manager reports to the Director of Finance, however, KEMSA's ICT is an operational support capability that should facilitate the integration of automation across the organization.

Gap: The ICT dept. is limited in its ability to facilitate and influence the introduction and operation of ICT across all aspects of the organization. (Operational Impact: Transparency, Accountability & Service Delivery)

Recommendations:

1) Realign KEMSA's organogram for the ICT Unit to report to the CEO as specified in the current business plan.
2) Recognize the critical role and functions of the ICT unit to reflect its importance as a strategic program for KEMSA

ICT – 3

Finding: KEMSA does not aggressively pursue a comprehensive ICT program
Gap: Weak & Uncoordinated ICT business enterprise activities (Operational Impact: Accountability, Transparency & Service Delivery)

Recommendations:

1. KEMSA must embrace technology in all its business processes and culture.
2. Actively endorse and promote the integration of appropriate ICT training and capabilities throughout the organization
3. Rationalize staff establishment to facilitate increased requirements for staff that can utilize ICT applications

ICT – 4

Finding: Constrained and limited capacity for connectivity and hardware for the warehousing and distribution functions

Gap: KEMSA's current ICT architecture does not support its business processes in an integrated manner across all functions within the organization (Strategic Impact: Accountability, Transparency & Service Delivery)
Recommendations:

1) Pursue an aggressive review of business process linkages to ensure full integration across all aspects of the organization
2) Develop an integrated ICT architecture plan to fully incorporate automated business processes

ICT – 5a

Finding: KEMSA has Navision application system in support of its business processes

Gap: Technical capabilities of Navision have not been fully exploited to provide strategic functional information (Strategic Impact: Accountability, Transparency & Service Delivery)

Recommendations:

1. User departments should articulate their business processes and automation needs to ICT to conduct a functional/technical alignment
2. Further review and exploit the capabilities of the existing system, pursue ERP development, establish medical commodities master record
3. If Navision investment does not meet all needs, conduct a review of other applicable systems that can integrate with Navision

ICT – 5b

Finding: Nairobi warehouses and the regional depots are connected via an internet service provider (ISP) and wireless telephone system

Gap: Limited functional network linkages exist to enable timely information flow between & within central warehouses and regional depots (Strategic Impact: Accountability, Transparency & Service Delivery)

Recommendations:

- All the central warehouses and regional depots should be connected via:
  - Local Area Network (LAN) & Wide Area Network (WAN)
  - V-SAT to provide Internet Service and increased bandwidth
- Conduct a hardware & software analysis to integrate the results with the ICT functional requirements review
- Incorporate radio frequency devices and other peripherals

GOVERNANCE

Governance – G1

Finding: Though established with full procurement authority as a State Corporation by Legal Notice, dual procurement processes continue between MOH and KEMSA

Gap: In practice, only a partial mandate for procurement of health commodities has been ceded by MOH. (Strategic Impacts – Accountability, Transparency and Service Delivery)

Recommendations:
MOH transfers all medical commodities procurement activities and funding to KEMSA
KEMSA BoD should petition MOH to pursue through Parliament the establishment of KEMSA's legal status
MOH only perform an oversight role of KEMSA performance.
Release full quarter allocations to comply with 2007 Public

Procurement Regulation, Section 10.2.b

Governance – G2

Finding: Late disbursement of budget allocation to KEMSA severely limits its ability to promptly pay vendors, required transport support, and warehouse rentals on a timely basis.

Gap: KEMSA's mission execution is constrained to sustain uninterrupted operations and service delivery. (Strategic Impact (s) – Accountability, Transparency and Service Delivery)

Recommendation:
Treasury should ring fence and direct disburse the annual budget funding for KEMSA operations and procurement to ensure access to medical materials necessary to meet Ministry of Health & Programs' needs.

Governance – G3

Finding: : Current year funding is severely limiting the organization's capacity at all levels to effectively implement its business and strategic management plans

Gap: Inadequate funds are provided to fully meet current mission expectations and responsibilities. (Strategic Impact (s) – Accountability, Transparency and Service Delivery)

Recommendations:

- Treasury should ring fence and direct disburse the annual budget funding for KEMSA operations and procurement to ensure access to medical materials necessary to meet Ministry of Health Programs
- Institute a processing fee to off-set 3rd Party/Donor Program workloads
- Ministry of Health should continue to exclusively perform oversight of KEMSA performance to ensure access to medical material for public health programs

Governance – G4

Finding: The BoD composition is drawn almost exclusively from government and public health sectors, with limited private and commercial sector representation.

Gap: Commercial sector representation from retail and supply chain sectors is too inadequate to benefit KEMSA's commercial activity mandate. (Strategic Impact (s) – Accountability and Transparency)

Recommendation:
Review the composition of the Board of Directors to include the sectors which impact KEMSA'S mandate (e.g. retail and supply chain professions) to address the challenges routinely facing KEMSA.

Governance – G5

Finding: KEMSA's Board of Directors has established advisory and oversight committees to provide checks and balance over Procurement, Finance, HR and Technical Services

Gap: Procurement lead times have increased since the establishment of the Procurement Oversight Committee. (Strategic Impact (s) – Accountability, Transparency and Service Delivery)

Recommendations:

- Conduct a review of recent procurement lead times and determine the extent to which the Procurement Oversight Committee may be contributing to delayed procurements
- Review the Committee's terms of reference and appropriately redirect its focus to ensure its actions are solely on policy and not management oversight.

Governance – G6

Finding: Most of the staff do not have access to the organization's business plan, strategic plans or procedures

Gap: The organization's strategic documents are not communicated to the staff limiting uniform understanding of the purpose, direction and approaches to Mission accomplishment. (Operational Impact (s) – Accountability and Transparency)

Recommendations:

- Develop a corporate cultural framework for the organization, including values, ethics, and ethos
- Disseminate the framework internally and externally to build an improved image & understanding of the organization;
- Develop a Strategic Communications Plan which includes goals for communicating to staff, customer facilities, stakeholders and vendors
- Extend the reach of management and create an atmosphere (including both vertical and horizontal open communication) to promote belonging and teamwork

Governance – G7

Finding: KEMSA has 120 full time and contracted staff members and 226 casual workers to support its daily mission. Review of the staff establishment has not been conducted since 2003

Gap: The organization does not have the appropriate number and skill mix to conduct effective operations to meet its prescribed mandate and meet future mission growth and complexity. (Strategic Impact (s) – Accountability and Service Delivery

Recommendations:

- Address the inadequate funding to enable KEMSA Management sustain the required recruitment and retention programs
- Establish an effective internal and external training program for all employees
- Pursue the use of performance based contracts for hiring casual workers;
- Develop a formal training and career advancement program.

CONCLUSIONS

Conclusions:

- The gaps identified were either strategic or operational in nature
- Recommendations provided are either short term, mid term or long term
- short term < 3mths; mid term< 6mths; long term < 1yr
- For KEMSA to harness maximum benefits from MCA-TP interventions, all short term recommendations need immediate attention

Procurement Priorities

GAP DESCRIPTION	Short <3m h	Mid <6 mth	Long < 1yr	POC
P1: No Strategic Policy to focus on Planning & Processes		X		Proc. Mgr
P2: Lack of flexibility to use other procurement methods	X			CEO
P3: Delay in release of funds to KEMSA for payment		X		CEO
P4: Limited staffing & resources		X		HR Mgr

Warehouse Priorities

GAP DESCRIPTION	Short <3mth	Mid <6 mth	Long < 1yr	POCs
W1: Achieve a clear strategy on w/house facilities.		X		CEO
W2: Limited co-ord. b/n KEMSA and 3rd party/donor programs	X			DTS
W3: No master design & active location system exists	X			DTS
W4: Disseminate plans & information	X			W Mgr.

Logistics/ Distribution Priorities

GAP DESCRIPTION	Short <3mth	Mid <6 mth	Long < 1yr	POCs
L/D1: Lack of internal strategic distribution plan			X	DTS
L/D 2: Lack of shipment visibility b/n KEMSA and its customers		X		L/D Mgr.
L/D 3: Inability to ascertain cold chain maintenance procedures	X			L/D Mgr.

ICT Priorities

GAP DESCRIPTION	Short <3m h	Mid <6 m h	Long < 1yr	POCs
ICT 1: Uncoordinated ICT business enterprise activities	X			ICT Mgr.
ICT 2: ICT manager re-alignment to CEO	X			CEO
ICT 3: Lag in pursuit of comprehensive ICT program	X			CEO

ICT Priorities

GAP DESCRIPTION	Short <3mth	Mid <6 mth	Long < 1yr	POCs
ICT 4: ICT architecture does not support all functions	X			ICT Mgr.
ICT 5a: Navision has been under-exploited to provide full functionality	X			DTS
ICT 5b: Limited functional network linkages b/n w/houses & depots		X		ICT Mgr.

Governance Priorities

GAP DESCRIPTION	Short <3m h	Mid <6 m h	Long < 1yr	POCs
G1: Partial mandate for procurement ceded by MOH		X		C, BoD
G2: Increase commercial sector BoD rep.- retail & supply chain			X	PS
G3: Increased procurement lead times since establishment of POC		X		C, BoD
G4: No uniform understanding of plans/ SOPs	X			CEO

Governance Priorities

GAP DESCRIPTION	SHORT <3mths	MID <6 mths	LONG < 1yr
G5: Inappropriate no. & skill sets across staff		X	CEO
G6: Inadequate funds to meet current mission expectations	X		C, BoD
G7: Constrained mission execution to sustain w/housing, dispatch, ICT	X		C, BoD

NEXT STEPS (WITHIN 1MTH)

- Dissemination of findings to KEMSA BoD, MOH HQ, parallel program & other stakeholders
- 2-day workshop to develop implementation plans & gain consensus on milestones
- Fast-track MCA work plan as long as KEMSA implements all preliminary short-term operational and strategic recommendations

Acknowledgements

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