UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

UN WOMEN TRAVEL MANAGEMENT FUNCTION

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Report on the audit of UN Women's travel management function
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UN Women's travel management function from 9 February to 6 March 2015. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

(a) governance (corporate planning, delegation of authority, environmental considerations);

(b) efficiency and effectiveness of travel management arrangements, processes and tools (travel framework, travel service delivery, travel information management, monitoring and reporting, financial management); and

(c) compliance with existing travel policies and procedures, including duty travel related to field monitoring, travel of implementing partners/consultants and travel relating to staff entitlement.

The audit covered UN Women travel management activities from 1 January to 30 November 2014, with recorded expenditures totalling $18 million. This was the first audit of the travel management function.

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

Overall audit rating

OAI assessed UN Women's travel management function as **satisfactory**, which means, "Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity."

Key recommendations: Total = **4**, high priority = **0**

The four recommendations aim to ensure the following: (a) achievement of the organization's strategic objectives (Recommendation 1); (b) effectiveness and efficiency of operations (Recommendations 2 and 3); and (c) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 4).

The audit did not result in any high (critical) priority recommendations. There are four medium (important) priority recommendations, which means, "Action is required to ensure that UN Women is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UN Women." These recommendations include actions to implement a process for corporate oversight and monitoring over the travel activities, to improve processes, controls and procedures for the payment of Daily Subsistence Allowance to meeting participants, as well as to implement policies and procedures that facilitate accurate computation and reporting on greenhouse gas emissions and enhance compliance with UN Women travel policy.

Management comments and action plan

The Chief of Procurement and the Director a.i. of the Division of Management and Administration accepted all of the recommendations and are in the process of implementing them. Comments and/or additional information provided had been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.

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I. About UN Women's travel management function

Travel management is a critical business support function that allows UN Women to carry out its mandate. The Under-Secretary-General/Executive Director, while retaining all accountability, has delegated management and approval authority for the duty travel policies and procedures to the Director of the Division of Management and Administration. The Director of the Division of Management and Administration further delegated the duty travel management authority to Regional Directors, Country/Multi-Country Representatives and heads of office at headquarters. Those with delegated authority are responsible for ensuring that operational procedures are established for duty travel and that control systems exist to follow the policies and procedures contained therein. The policy also provides for further sub-delegations to other staff members to carry out duty travel management tasks.

The travel management function is decentralized, which means that travel transactions are initiated and processed in the various business units at headquarters and in field-based offices. In addition to the 'Delegation of Authority Framework', travel policies, procedures and processes are set out in 'UN Women's Financial Regulations and Rules', the 'Internal Control Framework', and the 'Programme and Operations Manual'.

In performing the Chief Procurement Officer role, the Director, Division of Management and Administration, is supported by the Travel Unit at headquarters. This Unit has overall responsibility for providing: (a) strategic guidance and advice; (b) technical and Atlas-related training and support; and (c) travel oversight and monitoring. The total travel processed at headquarters and field-based offices and charged to the corresponding accounts in Atlas (enterprise resource planning system of UNDP) during the audit period from 1 January to 30 November 2014 amounted to $18 million.

Headquarters-based travel is outsourced and is administered using the Travel and Expenses Module in Atlas. The travel management services are provided to UN Women via a global Long-Term Agreement between the service provider and UNDP on behalf of UN agencies. Travel for field offices is procured through the use of local travel agencies and is administered and processed by the field offices using the Atlas Procurement Module to generate e-requisitions and purchase orders, which are then approved by the delegated authority in the field office. Any travel advances are expensed/liquidated through the submission of a Voucher for Reimbursement of Expenses/Travel Claim form (F.10) by the traveller within two weeks of completion of the travel.

II. Audit results

OAI made four recommendations ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the office and are not included in this report.

Medium priority recommendations, arranged according to significance:

(a) Implement a process for corporate oversight and monitoring over the travel activities of UN Women offices/units (Recommendation 2).
(b) Improve the processes, controls and procedures relating to the payment of Daily Subsistence Allowance to event and meeting participants (Recommendation 3).
(c) Finalize and implement UN Women-specific policies and procedures that facilitate accurate computation and reporting on greenhouse gas emissions (Recommendation 1).
(d) Enhance compliance with duty travel policies and procedures (Recommendation 4).

The detailed assessment is presented below, per audit area:

A. Governance

1. Environmental considerations

Issue 1 Lack of policies and procedures for reporting on greenhouse gas emissions

The 'Programme and Operations Manual' requires that all efforts be undertaken to minimize environmental impact and that alternatives to travel be considered. Travel approvers must ensure that event attendance is absolutely necessary, and that there are no alternatives other than travelling. In addition, UN Women has committed to making its operations and travel activities climate neutral as part of its full support of the 'Strategic Plan for Sustainability Management in the United Nations', which requires United Nations organizations to incorporate environmental considerations into their travel policies and procedures.

Despite the strategic commitment, the 'Programme and Operations Manual' had not been revised to include specific policies, or requirements to guide UN Women offices/units in implementing climate neutral practices.

During discussions, management indicated that greenhouse gas emissions are computed and collected by the United Nations Environment Programme based on data provided by each UN organization. The data provided by UN Women only includes information for headquarters units because the details required for reporting cannot be readily obtained for field-based offices. For example, the UN greenhouse gas calculator and reporting tool requires entry of the particulars of the flight concerned, including the number of passengers, travel destinations and cabin class. Further, UN Women has not defined "headcount" in regard to reporting on greenhouse gas emissions and whether non-staff and meeting attendees should be included in computations for reporting purposes.

In response to the draft report, management indicated that reporting on greenhouse gas emissions is a challenge for all UN agencies and that a policy on environmental sustainability was drafted in 2014 and shared with key stakeholders for comments.

A lack of clarity regarding the policies and procedures regarding travel-related greenhouse gas emissions may result in inaccurate reporting and the inability to meet targets.

Priority	Medium (Important)
Recommendation 1: Finalize and implement UN Women-specific policies and procedures, consistent with the 'Strategic Plan for Sustainability Management in the United Nations', that facilitate accurate computation and reporting on greenhouse gas emissions. **Responsible HQ division:** Division of Management and Administration	

Management action plan:

Feedback on the draft policy on environmental sustainability was received in May 2015 from the United Nations Environment Programme and the policy was being updated to reflect comments received.

Estimated completion date: June 2015

B. Efficiency and effectiveness of travel management arrangement, processes and tools

1. Travel framework

Issue 2 Lack of corporate oversight and monitoring over travel activities

The 'Programme and Operations Manual' requires that the UN Women Procurement Section perform oversight and monitoring of UN Women procurement-planning and activities, and reporting of all travel activities.

The audit found that there was no corporate oversight and monitoring of travel processes and transactions to assess the effectiveness, compliance and efficiency of the decentralized travel management processes and related controls employed by offices/units in safeguarding human and financial resources. This was the result of limited capacity and the absence of tools, systems and processes to facilitate oversight and monitoring of travel activities.

Inadequate corporate oversight of the decentralized units' processes, controls and management of travel activities increases the risks that travel may be inefficient or ineffective, may result in inaccurate reporting, and may prevent efficient analysis of data. This could also result in lack of compliance with the UN Women travel policy.

At the time the audit report was being drafted, the Procurement Unit has started populating its procurement dashboard with information that will enable the Unit to improve its monitoring of travel activities.

Priority	Medium (Important)
Recommendation 2: Implement a process for corporate oversight and monitoring over the travel activities of UN Women offices/units. **Responsible HQ division:** Division of Management and Administration	
Management action plan: Management will either develop a process or purchase a system to record and monitor all travel requests/approvals to ensure corporate oversight of the travel activities. **Estimated completion date:** October 2015	

Issue 3 Weaknesses in the controls related to the payment of Daily Subsistence Allowance

The 'Programme and Operations Manual' requires that all travellers be paid Daily Subsistence Allowance prior to travel being undertaken. Non-staff are advanced 80 percent of the travel costs and staff are paid 100 percent. UN Women events, such as trainings, conferences, and meetings, often consist of over 50 participants and often include vulnerable groups or individuals without established or well-functioning bank accounts. As a result, Daily Subsistence Allowance payments need to be made in cash. Out of a total sample of transactions amounting to $997,000, over $168,000 (17 percent) related to Daily Subsistence Allowance paid to event/ meeting participants. Contrary to the 'Programme and Operations Manual' policy, the practice was to advance the funds to a UN Women staff member who was responsible for distributing the amounts to the participants.

Due to the lack of alignment between the policy and the operational context in the field, there were insufficient controls to adequately mitigate the risks relating to: (a) a staff member carrying a significant amount of cash; (b) verifying the identity of cash recipients and the amounts received; and (c) ensuring consistent coding of corresponding expenditures. At the time the audit report was being drafted, the Procurement Unit has already initiated actions to update their travel policies and procedures.

When policies, processes and controls are not aligned with the operational practices in a decentralized environment, there are increased risks of human and financial resources not being adequately safeguarded.

Priority	Medium (Important)
Recommendation 3: Improve the processes, controls and procedures relating to the payment of Daily Subsistence Allowance to event and meeting participants. **Responsible HQ division:** Division of Management and Administration	
Management action plan: Management will revise the travel chapter of the 'Programme and Operations Manual' to explicitly state the methods that can be used to make payments to event participants, particularly those who travel from countries with limited or no banking facilities. **Estimated completion date:** October 2015	

C. Compliance with existing travel policies and procedures

1. Compliance with duty travel policies

Issue 4 Lack of compliance with duty travel policy

The 'Programme and Operations Manual' states that UN Women heads of office are responsible for ensuring that operational procedures are established for duty travel and that control systems exist to follow the policies and procedures contained therein. The duty travel section of the 'Programme and Operations Manual' explains travel entitlements and provides guidelines, administrative requirements and operational procedures for processing official business or duty travel (such as attendance in meetings and conferences, participation in training courses, official briefings/debriefings, official consultations, project site visits and project/programme-related missions) undertaken by staff members, consultants and service contract holders, and non-UN Women personnel or 'Other Special Persons'.

A review of 125 transactions amounting to $997,000 noted the following issues of non-compliance with the 'Programme and Operations Manual' travel policy section:

- In 56 cases (or 45 percent of the sample), the documentation provided did not include the F.10 form as required
- In 56 cases (or 45 percent), the mission plans were not provided with the travel documents submitted as required.
- In 51 cases (or 41 percent), documentation of completed security clearance was not provided, even though this information is a requirement for the approval of payments.
- In 44 cases (or 35 percent), there was insufficient evidence to justify the approval of the travel activity. Critical supporting documents were missing, such as original air ticket stubs/coupons and receipts for additional claimable charges, all of which are required by the 'Programme and Operations Manual' and the travel checklists. As a result, the audit team was neither able to verify compliance with travel policies nor recalculate the accuracy of the Daily Subsistence Allowance paid.

The travel policy also requires that travellers liquidate advances within two weeks of return from travel to clear the travel-related purchase orders. The review of a report of 155 open travel-related purchase orders for the 23 offices/units indicated that 137 (88 percent) of the open purchase orders had been outstanding for more than 90 days and 35 (23 percent) had been outstanding more than 300 days as of 20 February 2015. This may be attributed to the lack of corporate oversight and monitoring over travel activities as identified in Issue 2 above.

The lack of compliance with the duty travel policies and procedures may prevent the office from obtaining adequate assurance that travel activities were undertaken in a cost-efficient and cost-effective manner and that planned objectives were achieved.

Priority	Medium (Important)
Recommendation 4: Enhance compliance with duty travel policies and procedures by: (a) issuing a memo to all field-based offices and headquarters units indicating the deficiencies noted and the requirement for all travellers to comply with the travel policies and procedures; and (b) implementing a procedure for monitoring and follow up on all long-outstanding travel purchase orders at the corporate level. **Responsible HQ division:** Division of Management and Administration	
Management action plan: Management has created a table in the existing procurement dashboard to report on long-outstanding travel purchase orders. It will also issue a memo to all field-based offices as recommended. **Estimated completion date:** May 2015	
OAI Response: OAI acknowledges the action taken by management; this will be reviewed at a later stage as part of its standard desk follow-up process.	

Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

- **Satisfactory** — Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.
- **Partially Satisfactory** — Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.
- **Unsatisfactory** — Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.

B. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** — Prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women.
- **Medium (Important)** — Action is required to ensure that UN Women is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UN Women.
- **Low** — Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.