



PERFORMANCE AUDIT

OF

TRAVEL MANAGEMENT

IN

UNDP

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Report on the audit of UNDP travel management Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of UNDP travel management from 2 March to 17 April 2015. Performance auditing is an independent examination of a programme, function, operation, project, or the management systems and procedures of an entity to assess whether the entity is achieving economy, efficiency and effectiveness in the employment of available resources.

The objective of this audit was to assess whether the current policies, procedures, and tools in place were conducive to the cost-effective management of travel. It aimed to identify opportunities for savings in travel costs and administrative costs of travel in UNDP. The audit focused on two main audit questions:

- (a) How can UNDP reduce travel costs?
- (b) How can official travel be managed more efficiently in UNDP?

The audit covered the period from 1 January 2013 to 31 March 2015. The audit addressed the overall responsibility for the management of business and entitlement travel by the Bureau of Management, as well as systems and processes to manage travel in headquarters bureaux and Country Offices. Data was collected from 3 headquarters bureaux, 9 Country Offices and 1 regional hub. The audit also built on the experiences of other international organizations.

Overall audit rating

OAI assessed UNDP travel management as **partially satisfactory**, which means, "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." This rating was mainly due to the non-availability of the UNDP travel and expense module for non-headquarters units, as well as to identify the potential for further reductions in travel costs and more efficient pre- and post-travel management in UNDP.

Key recommendations: Total = 8, high priority = 1

The eight recommendations aim to ensure the following: (a) achievement of the organization's strategic objectives (Recommendations 1, 2, 3, and 4) and (b) effectiveness and efficiency of operations (Recommendations 5, 6, 7 and 8).

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. The high (critical) priority recommendation is presented below.

With regard to the question "How can official travel be managed more efficiently in UNDP?" the following issue was noted:

Country Offices and regional hubs did not have access to the travel and expense module in Atlas (enterprise resource planning system of UNDP). This made travel management more cumbersome and weakened the oversight of travel.

Recommendation: Make the travel and expense module in Atlas available to non-headquarters units.

Good practices

- UNDP headquarters and Country Offices had access to video conference equipment and e-meetings facilities and encouraged their use.
- The Administrative Services Division had negotiated discounted airfares with more than 40 airlines for headquarters travel.

Management comments and action plan

The Bureau of Management accepted all of the recommendations and is 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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Director
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1. Introduction

1.1 Background and context of UNDP travel management

Travel is essential for UNDP to deliver on the organization's expected development objectives. UNDP has two types of travel: duty travel and entitlement travel.

Duty travel includes:

- official business travel, for staff attending meetings and conferences, participating in training courses, official consultations, project site visits and project/programme related missions;
- initial appointment travel, when staff take on a new assignment;
- reassignment travel, to support staff in moving from one duty station to another; and
- repatriation travel, when staff travel from their duty station to the authorized place of repatriation upon separation from UNDP service.

Duty travel also involves the payment of Daily Subsistence Allowance (DSA), which is applicable for lodging, meals, gratuities, transportation costs from the place of lodging to the first place of official business, and vice versa, and other payments made for personal expenses.

Entitlement travel includes:

- home leave, to allow eligible internationally-recruited staff members to periodically visit their home country to renew and strengthen cultural and family ties;
- family visits, for eligible staff residing alone at their duty stations;
- rest and recuperation, to alleviate stress and promote the health and well-being of staff assigned to designated locations; and
- medical evacuation travel, to allow staff members and eligible dependants to secure essential medical care or treatment for a severe illness or injury requiring medical intervention that is otherwise locally unavailable or inadequate.

UNDP travel expenses in 2013 and 2014 amounted to \$288 million and \$268 million, respectively. For 2014, the total travel expenses represented 5.5 percent of UNDP's total delivery.

UNDP's total travel costs decreased by 7 percent from 2013 to 2014. Travel costs in Country Offices and regional centres decreased by 9 percent from 2013 to 2014 due to reduced DSA costs; however, ticket costs increased by 5 percent. UNDP travel costs in headquarters increased by 5 percent from 2013 to 2014, while the number of UNDP staff in headquarters decreased by 5 percent. DSA costs amounted to 37 percent of total headquarters travel costs in 2014 and to 58 percent for Country Offices and regional centres. Headquarters DSA costs increased by 7 percent from 2013 to 2014 (see Table 1 and Figure 1).

The total amount spent on home leave in 2014 was \$5.7 million.¹

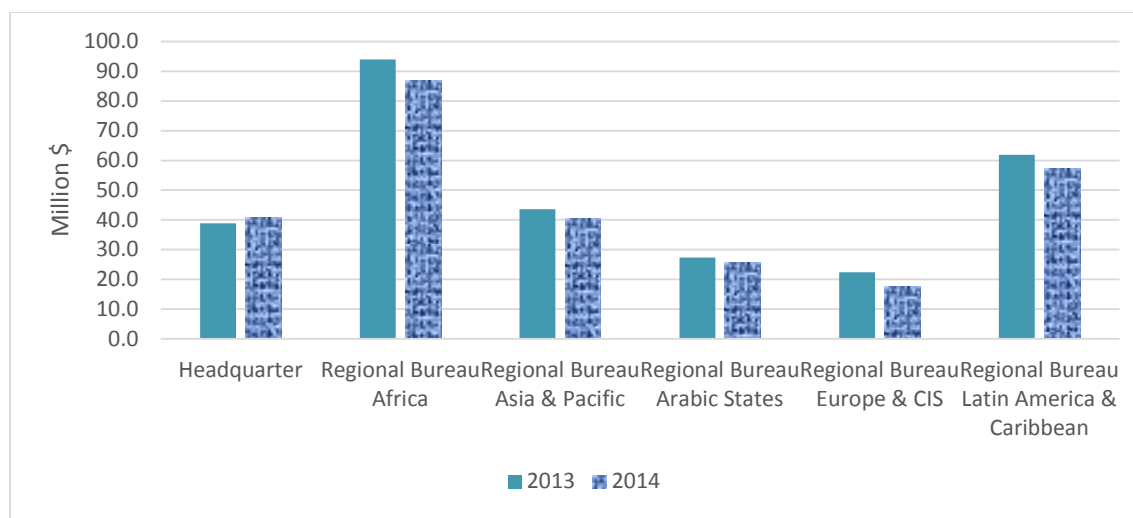
¹ Data was not available for other types of entitlement travel.

Table 1 - UNDP expenses for official business travel in 2013 and 2014

Travel expenses	2013 (\$ millions)	2014 (\$ millions)	Net change (%)
UNDP total	288.1	268.2	-7%
-Headquarters (incl. regional bureaux)	43.1	45.2	5%
-Tickets	27.3	28.3	3%
-DSA	15.8	16.9	7%
-Country Offices and regional hubs	245.0	223.0	-9%
-Tickets	90.0	94.5	5%
-DSA	155.5	128.5	-17%
UNDP staff	2013	2014	Net change (%)
Total	7,642	7,395	-3%
-Headquarters (incl. regional bureaux)	2,915	2,770	-5%
-Country Offices	4,727	4,625	-2%

(Source: Atlas and business travel analysis by Administrative Services Division for 2014)

Figure 1 - UNDP business travel expenses by headquarters and region in 2013 and 2014



(Source: Business Development Analysis by UNDP Global Shared Service Centre)

The Administrative Services Division is responsible for drafting and maintaining UNDP official travel policies, clarifying policies, managing the headquarters travel agent contract, guiding users on the travel and expense module set-up in Atlas, offering travel-related training, providing quotes for home leave requests for staff members whose duty station is New York, and negotiating airline discounts. The Administrative Services Division introduced several changes to travel policies that were adopted in 2014 with the view to reduce travel costs. The Division is also responsible for implementing the latest technology and launching time- and cost-saving initiatives to improve efficiency.

The Office of Human Resources establishes the policies for entitlement travel along with administrative services for such travel. The operational responsibilities for travel management in UNDP are decentralized to Country Offices and bureaux.

In April 2015, the Bureau of Management selected a new travel service provider for headquarters travel. The new provider will give staff the opportunity to book tickets online, will provide ticket quotes with the most economical route, notify the traveller on any price drops after ticketing, and track unused tickets. The new travel service provider also has a 'lowest price guarantee' and provides a travel portal dashboard for individual users. Provided UNDP uses the new opportunities for cost-savings, the new travel service provider is expected to reduce travel costs and provide more efficient ticket procurement. The Bureau of Management also established a corporate travel account (with a major bank) at headquarters with a pilot underway in the field, with the aim of providing financial and operational gains.

1.2 Audit objectives

The audit objective was to assess whether the existing policies, procedures, and tools in place are conducive to the cost-effective management of travel. It aimed to identify opportunities for savings in travel costs and administrative costs of travel in UNDP. The audit focused on two main audit questions:

(a) How can UNDP reduce travel costs?

This audit question encompassed travel planning, cost-saving opportunities and cost-saving incentives provided in UNDP's 'Programme and Operations Policies and Procedures' for official business and entitlement travel.

(b) How can official travel be managed more efficiently in UNDP?

This audit question encompassed systems and processes to manage travel in headquarters and Country Offices and the responsibilities for travel management in UNDP.

1.3 Audit scope and methodology

The audit covered the period from 1 January 2013 to 31 March 2015. The focus of the audit was on official business travel by air and on home leave as part of entitlement travel. A combination of document reviews, process walk-throughs, audit interviews, and quantitative data analysis was used to address the audit questions.

In order to assess UNDP's travel policies' conduciveness to reducing travel costs, both for official business and home leave travel, the audit analysed the respective policies to identify existing cost-reduction provisions and their effectiveness. The analysis also identified additional cost-saving measures that could be introduced in the policies. UNDP policies were compared to those of other United Nations agencies and discussions were held with three international organizations (see list below) to gather information on relevant practices and lessons learned in the area of travel management.

In order to define the audit questions, meetings were held during the planning phase of the audit with the Country Offices of the Democratic Republic of the Congo and Pakistan, the Regional Bureau for Latin America and the Caribbean, the Regional Bureau for Asia and the Pacific, the Management Consulting Team of the Bureau of Management, the travel teams of the United Nations Population Fund and the United Nations Secretariat, as well as the travel agency of UNDP during the audit period.

Interviews were held with three headquarters units (see list below) to gain a better understanding of the travel tools and processes used to plan and manage travel in headquarters. In addition, OAI conducted a walk-through of the process for travel request and authorization, as well as a post-travel reconciliation through the Atlas travel and expense module. Interviews were also held with a sample of Country Offices and one regional hub (see list below). The headquarters units as well as the Country Offices provided information on existing practices and their views on efficiency improvements as well as cost-saving opportunities. Discussions were also held with the Administrative Services Division and the Office of Human Resources throughout the audit assignment.

A quantitative data analysis was conducted to identify UNDP's travel volume and patterns, which included a breakdown by class of service, advance ticket purchases, and approvals of entitlement travel. The main data sources were the travel agency, and the UNDP Atlas travel and expense module for headquarters travel. Benchmarking reports were provided by the travel agency. The sample of Country Offices listed below provided similar travel data; however, the data was unavailable, incomplete or inaccurate in many cases, resulting in limited scope for data analysis. In most cases, the offices resubmitted the data based on feedback from OAI.

List of Country Offices/units interviewed

- Headquarters bureaux: Bureau for External Relations and Advocacy, Bureau for Policy and Programme Support, and Crisis Response Unit
- Country Offices: Brazil, Egypt, India, Indonesia, Kazakhstan, Nigeria, Somalia, Zambia and Zimbabwe
- Regional hub: Ethiopia (Addis Ababa)
- Other international organizations: International Organization for Migration, United Nations Children's Fund and United Nations Office for Project Services

1.4 Audit criteria

The audit criteria included policies, procedures and requirements against which facts could be assessed. The travel management audit built on the presumption that UNDP's general strategic objectives to enhance efficiency and reduce costs imply that managers at all levels should work to reduce travel and administrative costs, with due regard to the quality of outputs and the adequacy of controls. UNDP's objectives are specified under the following items, which were used as criteria for measuring performance throughout this audit:

- UNDP policies on duty travel and entitlement travel were used as audit criteria for assessing audit results, where they provided for efficiency of travel management.
- UNDP's 'Strategic Plan 2014-2017' states that:
 - the directions outlined in the Plan will require ongoing, including structural, change for UNDP to deliver effectively, responsively and with greater cost efficiency;
 - Country Offices will become more diverse and more efficient, pursuing options – where it makes business sense – for clustering back-office functions in service hubs in order to free up additional resources for programming; and
 - through improved management of financial and human resources, UNDP will become a leaner and more cost-effective organization. Further, it states that measures will be taken to obtain greater efficiencies in the delivery of policy and management services.
- The General Assembly resolution 'Quadrennial comprehensive policy review of operational activities for development of the United Nations system', dated 21 December 2012, stresses that "reform efforts should

enhance organizational efficiency” and further, efforts should be made “to enhance the coherence, effectiveness and efficiency of the United Nations development system.”

- UNDP’s ‘Accountability Framework’ and oversight policy stipulates, “Directors of headquarters bureaux are accountable to the Associate Administrator for monitoring the quality of their policy and practice support to UNDP offices.” Further, “Based on the concept of mutual accountability...managers are to provide adequate resources and appropriate tools, and delegate appropriate levels of authority to staff. Staff are to utilize these resources, tools and authority in an effective and efficient manner.”
- The Executive Board, in its decision of January 2010, urged “UNDP to prioritize and to ensure efficiency gains and savings” and requested “the management of UNDP to continue to adjust expenditure plans in line with income forecasts and to allocate savings to programmes, and to continue to update the Executive Board regularly on such savings, as appropriate, on travel and other costs.”
- The UN Joint Inspection Unit’s ‘Review of travel arrangements within the United Nations system’ (Report No. JIU/REP/2010/2) issued in 2010, made nine recommendations aiming at improving travel services and reducing costs.
- The UN Joint Inspection Unit’s report on ‘Lump sum payments in lieu of entitlements’ (Report No. JIU/REP/2012/9) issued in 2012, made five recommendations aiming at improving, among others, savings on overhead costs. The report’s focus on home leave and other statutory travel, and DSA on official travel, were relevant to the current audit. It included preparing a report on the usage of the lump-sum option for home leave travel, which would compare the costs for providing the lump-sum option with the cost of organization-assisted travel.
- UNDP’s ‘Internal Control Framework’ aims at helping UNDP achieve its goals by promoting orderly, economical, efficient and effective operations. The ‘Internal Control Framework’ stipulates, “each staff member is expected to uphold the highest standards of efficiency.”

2. Good practices

OAI identified the following good practices to support more efficient travel management and to lower travel costs:

- UNDP headquarters and Country Offices had access to video conference equipment and e-meetings facilities and encouraged their use.
- The Administrative Services Division had negotiated discounted airfares with more than 40 airlines for headquarters travel.

3. Audit observations

A. How can UNDP reduce travel costs?

Better planning of business travel, including earlier purchase of tickets can save costs

For business travel, the ‘UNDP Programme and Operations Policies and Procedures’ strongly encourage staff to confirm their travel itinerary as early as possible and to purchase tickets at least 21 days in advance of departure. The respective policies also strongly encourage the use of virtual technology instead of traveling.

The need for travel is assessed by supervisors prior to approval; this includes a confirmation that alternatives to travel were considered. However, the certification that travel is necessary is only an implicit step in the approval process.

Data for headquarters as well as for the Country Offices sample (summarized in Table 2) shows that fewer than 20 percent of air tickets were purchased more than 21 days in advance of departure. About 35 percent of tickets were purchased less than a week before departure. Some headquarters bureaux and Country Office staff indicated that purchasing tickets 21 days in advance, as encouraged by the policies and procedures, was not realistic for most types of travel.

Table 2 - Advance purchase of air tickets

Advance purchase period	Headquarters tickets (%)	Country Offices in sample trips (%)
< 3 days	19	12
4-6 days	16	24
7-13 days	29	32
14-20 days	16	14
>20 days	19	17
Total	100	100

The UNDP 'Business Travel Policy' stipulates that units and Country Offices are encouraged to establish a travel plan in advance as part of their annual work plans. However, travel planning is not mandatory. Offices interviewed indicated that travel planning took place in general, but was not detailed and consolidated. There was weak monitoring of travel plans. No central tools existed to support planning.

Advance ticket purchase is expected to result in significantly lower fares.² The average ticket price increases by approximately 2 percent for each day closer to the departure date. A benchmarking analysis showed that in 2014, for the majority of the most frequently travelled to cities by headquarters staff, ticket prices were lower if purchased in advance of departure. The savings were more for economy class travel than for business class travel.

About half of the Country Offices interviewed expressed the opinion that better travel planning could contribute to lower travel costs. One of the Country Offices included in the sample stated that it had experienced savings of approximately \$370,000 from better travel planning and early ticket purchasing.

The lack of adequate travel planning may prevent Country Offices and headquarters units from analysing cost-saving measures and from better coordinating meetings.

Priority:	Medium (important)
Recommendation 1:	
Amend travel policies to strengthen the requirements for travel planning to certify that travel is necessary and that there are no alternatives to travel, as well as to ensure that tickets are purchased early, and to hold managers accountable for travel planning.	
Responsible HQ bureau: Bureau of Management/Administrative Services Division	

² Joint Inspection Unit (2010) 'Review of travel arrangements within the United Nations System' (JIU/REP/2010/2).

Management action plan:

In the context of a potential policy revision, the Bureau of Management will work with stakeholders on how best to emphasize that the accountability for resource management sits with the manager authorizing travel.

Estimated completion date: June 2016

Changes to UNDP travel policies could contribute to lower ticket prices

UNDP policies for duty travel presents the basis for determining which class of travel to choose, and thereby the costs. UNDP's 'Accountability System' specifies, "Directors of headquarters bureaux are accountable to the Associate Administrator for monitoring the quality of their policy and practice support to UNDP offices."

Business class travel accounted for \$13 million in 2014, corresponding to 73 percent of UNDP headquarters total ticket costs. Around 42 percent of UNDP headquarters air tickets in 2014 were business class. Only 1 percent of flights in the Country Offices in the audit sample were business class (amounting to 7 percent of total ticket costs). It was noted that Country Office flights were primarily domestic or regional, unlike headquarters travel patterns that were mainly long distance. Benchmarking data from the travel agency showed that reducing travel in business class, in addition to earlier purchasing of tickets, would contribute to savings on ticket costs.

Overall, various elements for improving efficiency were introduced in UNDP's duty travel policy during the last revision that took place in 2014. However, an analysis of the duty travel policy indicated several areas that could significantly contribute to further reducing travel costs:

- Staff below the Assistant Secretary-General level are entitled to fly business class for flight durations over nine hours. For flights under nine hours, economy class is provided. Six United Nations agencies, including the United Nations Secretariat, use an 11-hour flight duration as the cut-off for business class entitlement. Clearly, increasing the threshold for business class flights, and thereby reducing the number of flights in business class, has the potential to reduce travel costs.
- The premium economy class provides better seating comfort than economy class and for a lower price than business class, and is offered by many flight carriers on long distance flights. UNDP headquarters and Country Offices use premium economy for less than 1 percent of travel. Policies from one of the international organizations include 'enhanced/premium economy' as an additional type of travel class for long distance flights. UNDP's travel policy refers only to the 'class immediately below first class' and 'economy class'. There is no specific mention of enhanced/premium economy class.
- The standard route for official business travel defined in UNDP's policy is the most direct and economical fare. A comparative analysis of travel policies between UNDP and other United Nations agencies showed that UNDP is not aligned with the United Nations Secretariat's travel policy, which defines the normal route for official business travel as "the most economical route available, provided that the total additional time of the whole journey does not exceed the most direct route by four hours or more." In some cases, the most economical route would be significantly less expensive than the most direct and economical route. For example, the most direct and economical route from A to B may cost \$11,000, while the most economical route may cost \$5,000. The most economical route implies a stop on the way, which increases the travel time by three hours.
- UNDP's travel policy lacks provisions for the use of frequent flyer points earned on duty or entitlement travel.

Priority	Medium (important)
Recommendation 2: Assess whether UNDP travel policies updated in 2012 need to be further updated by analysing the costs and benefits of: <ul style="list-style-type: none"> (a) establishing 11 hours as the minimum for business class entitlement; and (b) introducing the most economic route available as the normal route if it generates significant savings, unless the travel time for the journey exceeds the most direct route by a predefined threshold. Responsible HQ bureau: Bureau of Management/Administrative Services Division	
Management action plan: The Bureau of Management will conduct another assessment of the proposed policy revisions considering savings as well as the impact to staff well-being and productivity. The Bureau of Management notes that proposed actions depend on funding and on the ongoing Bureau of Management project (BOM 2.0). Estimated completion date: June 2016	

Further opportunities to obtain larger discounts on airline tickets

UNDP had special pricing agreements with 48 airlines for headquarters travel. The negotiations were carried out in collaboration with other United Nations agencies based in New York. The United Nations strategy was to negotiate fares on a variety of routes and with a large number of airlines. In addition, there was a global discount programme with the most frequently utilized airlines by more than 40 Country Offices and regional centres.

In the sample of Country Offices reviewed, 4 had negotiated rates with several airline companies, 3 had negotiated with one airline company, while another 3 relied on general discounts offered by travel agents. In six cases, the Country Offices negotiated along with other United Nations agencies, or the agencies used one of UNDP's agreements. During interviews, Country Offices stated that negotiations with more airlines along with additional collaboration between United Nations agencies could have led to higher discounts. However, the Bureau of Management considered that discount opportunities were limited for many of the Country Offices where the travel volume did not meet the minimum criteria. The headquarters' negotiated discounts were generally not used by Country Offices for international flights. The Administrative Services Division did not actively inform the Country Offices about this possibility of obtaining lower ticket costs.

Priority	Medium (important)
Recommendation 3: Explore additional cost-saving opportunities by: <ul style="list-style-type: none"> (a) negotiating further airline discounts on a global basis, using consolidated UNDP travel data to identify opportunities; and (b) promoting Country Offices/regional hubs' use of headquarters' agreements with airlines. 	

Responsible HQ bureau: Bureau of Management/Administrative Services Division

Management action plan:

The Bureau of Management noted that the bureaux are aware of the United Nations negotiated discounts at headquarters but they may not have the resources to raise travel requests at headquarters. The introduction of the Atlas travel and expense module to field offices will provide the option to raise travel requests outside of headquarters for offices that wish to benefit from headquarters discounts (refer to Recommendation 7).

The Bureau of Management will continue to build on the current airline programmes and will establish a global data warehouse for airline reporting that can be used to identify opportunities to expand headquarters contracts on a global basis.

The Bureau of Management noted that addressing the recommendation is dependent on: (a) collaboration from United Nations Secretariat (contract lead); (b) funding to establish a global data warehouse; and (c) regional centre/Country Office vendor participation in data delivery.

Estimated completion date: Ongoing

Changes to UNDP entitlement policies and better planning could contribute to reducing costs

UNDP policies for entitlement travel provide the details for the entitlements and determine the associated costs. UNDP's 'Accountability Framework' and oversight policy states, "Directors of headquarters bureaux are accountable to the Associate Administrator for monitoring the quality of their policy and practice support to UNDP offices."

UNDP policies on entitlement travel provided two options for staff to choose from: the lump-sum payment or travel arranged by the organization. The latter implies that UNDP buys the ticket and covers the costs. The lump-sum is to be calculated based on the following:

- For home leave: 75 percent of the unrestricted economy fare by the least costly scheduled air carrier and most direct route.
- For family visit: 75 percent of full fare economy class ticket.
- For rest and recuperation: 100 percent of the lowest fare, economy class or by the cheapest and most direct route.

The audit disclosed the following:

- The term 'full fare economy' was no longer in practical use in the airline industry, and was replaced by the term 'unrestricted economy', but these changes had not been made in UNDP entitlement policies. There is a risk that this can lead to erroneous calculations of the lump-sum option in Country Offices.
- The 'unrestricted economy' class used for entitlement travel provided for much flexibility in terms of cancellations, changing flight dates, and changing travellers, with a significant surcharge on ticket prices, especially when compared to a restricted fare or a ticket, which only allowed for changing of travel dates. OAI noted that full flexibility may not be necessary in all cases and that the necessary flexibility was not

specified in the policies. Several other United Nations agencies followed the United Nations Secretariat's approach in providing lump-sums based on restricted economy class fares. Lump-sum payments for home leave and family visits were calculated by taking 75 percent of ticket quotes provided by travel agencies. The United Nations Secretariat and some agencies provided only 70 percent of the ticket quote, thus reducing costs incurred by the organization for entitlement travels.

- Travel time arrangements in UNDP's entitlement policies foresee up to three days of leave for each trip of 16 hours or more. Most other United Nations agencies are more restrictive by following the United Nations Secretariat rules that allow a maximum of two days for each trip of more than 11 hours.
- Available data indicated that more than 50 percent of home leave travel was approved less than 30 days in advance of departure in 2014.³ Out of this, 10 percent in Country Offices and 13 percent in headquarters were approved only a week or less prior to departure. UNDP's policies do not include any requirements for advance planning of entitlement travel. Only one of the offices interviewed had consolidated plans for entitlement travel. For one of the international organizations interviewed, travel authorization for entitlement travel should be given no less than 30 days before travel. If that is not done, a change of travel dates is required; otherwise staff have to bear the difference in cost. Given that entitlement travel was paid mostly as a lump-sum, based on a price quote provided by the travel agency, travel costs and therefore lump-sum payments were in general higher the closer to the travel date the quotes were requested, in particular if the quotes were based on an unrestricted ticket.

The Office of Human Resources indicated that home leave, family leave and rest and recuperation travels were being revisited under the ongoing United Nations Comprehensive Review of the common system compensation package undertaken by the International Civil Service Commission. For example, under the proposed revised model, the Commission was considering recommending to the General Assembly in the fall of 2015 the discontinuation of the accelerated home leave entitlement, i.e. the frequency of home leave would not be based on the hardship of the duty station. Thus, all duty stations would have a 24-month home leave cycle instead of the 12-month home leave cycle applicable for hardship duty stations. This would be one among other recommendations aimed at achieving cost efficiencies.

In its response to the Chair of the International Civil Service Commission, and as part of the global compensation package review, the Administrator emphasized that it was a priority for UNDP to enable the organization to deploy the right combination of skills to the appropriate location in a timely manner. It was important that the new compensation system was flexible and simple to administer and that it would take into proper consideration mobility and hardship. The Administrator also emphasized that a future compensation package should be anchored in the financial reality of the organizations participating in the common system, with a focus on sustainability. The Office of Human Resources believed that they should proceed with caution before prematurely reducing entitlements that may negatively impact staff, particularly those serving in difficult and of extreme hardship duty stations. Moreover, they were hesitant to accept modifications to these entitlements piecemeal, which may have undermined UNDP's mobility and diversity efforts.

³ Data on approval of home leave in headquarters and Country Offices was incomplete or inaccurate.

Priority	Medium (important)
Recommendation 4: Improve policies on entitlement travel by: <ul style="list-style-type: none"> (a) aligning UNDP policies for home leave and family leave with the United Nations Secretariat rules for types of tickets and calculation of lump-sum, bearing in mind the ongoing review of the common system compensation package by the International Civil Service Commission; and (b) amending entitlement travel policies to include requirements for planning and obtaining the price quote well in advance, e.g., 21 days prior to the travel date. Responsible HQ bureau: Office of Human Resources	
Management action plan: The Bureau of Management will closely monitor the developments regarding the United Nations common system compensation review. It will, on the basis of the outcome of the General Assembly resolutions, review the need for policy changes on home leave and family leave entitlements, taking into consideration the concern that reductions in entitlements do not negatively impact attracting and retaining staff, particularly for service in difficult and extreme hardship duty stations.	
Estimated completion date: June 2016	

Advantages of lump-sum payment over entitlement travel arranged by the organization not assessed

UNDP has a strategic objective to become more cost-effective and efficient (see 1.4 audit criteria). UNDP's 'Accountability Framework' and oversight policy states, "Directors of headquarters bureaux are accountable to the Associate Administrator for monitoring the quality of their policy and practice support to UNDP offices." The 'UNDP Strategic Plan 2014-2017' states that Country Offices will become more diverse and more efficient, pursuing options – where it makes business sense – for clustering back-office functions in service hubs in order to free up additional resources for programming.

The majority of staff in headquarters and in Country Offices selected the lump-sum payment for home leave, and not the tickets arranged by the organization. Both the Administrative Services Division and the Office of Human Resources indicated that managing lump-sum payments incurs less administrative costs than purchasing tickets for staff. The United Nations Joint Inspection Unit's report on 'Lump-Sum payments in lieu of entitlements' (Report No. JIU/REP/2012/9) showed that in general, the lump-sum was substantially higher than the actual ticket costs. There was no evidence that an analysis was carried out to show that the prevailing practice of lump-sum payments was more cost-effective for UNDP than travel arranged by the organization. For headquarters, the Travel Services Section received a quote for a ticket price from the travel agency and calculated the lump-sum. The Country Offices had similar procedures, where quotes were obtained from the local travel agency and the lump-sum was calculated in the Country Office. The traveller then booked the ticket. There were few entitlement travels annually in most of the Country Offices surveyed. Furthermore, there was a lack of clarity and no central control over how the lump-sum should be calculated (e.g., whether surcharges, airline fees and taxes should be included).

Without clear guidelines on how the lump-sum payment should be calculated, there is a risk that the calculation of the lump-sum may not be consistent across headquarters and Country Offices.

Priority	Medium (important)
Recommendation 5: Improve efficiency and effectiveness of entitlement travel operations by: <ul style="list-style-type: none"> (a) preparing a cost-benefit analysis of the lump-sum option compared to tickets arranged by the organization; and (b) centralising the calculation of the lump-sum entitlement for home leave and family leave to the Administrative Services Division. Responsible HQ bureau: Office of Human Resources and Administrative Services Division	
Management action plan: The Bureau of Management will assess the viability and conduct a cost-benefit analysis of reverting from a lump-sum approach to organization assisted travel, taking into account the main objectives of the monetization of entitlement travel that was purposefully introduced in 2001. The implementation depends on funding/resources and the BOM 2.0 project.	
Estimated completion date: Ongoing.	

B. How can official travel be managed more efficiently in UNDP?

Improvements in pre- and post-travel processes could further increase efficiency of travel management

UNDP's 'Accountability Framework' and oversight policy states, "Based on the concept of mutual accountability...managers are to provide adequate resources and appropriate tools, and delegate appropriate levels of authority to staff. Staff are to utilize these resources, tools and authority in an effective and efficient manner." The Executive Board, in its decision of January 2010, urged "UNDP to prioritize and to ensure efficiency gains and savings."

Interviews held with headquarters units showed that travel requests were processed promptly in the Atlas travel and expense module (81 percent of requests were signed off by the certifying officer within one day of submission and 95 percent of requests were signed off by the approver within one day from the certifying officer's approval). However, an approval of the travel was also required by the traveller's supervisor, before the travel request was raised in Atlas, along with a budget check/approval to ensure that the required funds were available. This effectively resulted in at least a four-step approval process. A significant portion of post-travel processing included a paper-based element, including the completion and submission of a 'Voucher for Reimbursement of Expenses' form (F.10), as well as the manual reconciliation of the approved travel request and the submitted F.10 by the travel arranger. This was often a time-consuming process, and ran the risk of the reconciliation not being completed correctly, along with the failure to retrieve balances due to UNDP or the staff member.

Previous OAI audit reports, both for headquarters units and Country Offices, have identified recurring audit issues relating to F.10 forms missing, submitted late, or not completed fully or correctly. The current audit identified that from the period from January 2013 to March 2015 (total of 736 trips posted in Atlas), no F.10s had been submitted by headquarters staff. Some of these may have related to reimbursements due from staff to the organization.

The walk-through of the Atlas travel and expense module identified the following areas for improvement:

- The travel itinerary had to be completed manually by the travel arranger. This increased the likelihood of errors or inaccuracies in the information entered. Also, certain fields, such as the 'to/from' fields for cities/airports were entered as free text, reducing the usefulness of reports generated from the system, as those fields were not consistent or standardized. The UNDP Travel Services Section explained that UNDP was working with the headquarters' travel agency to use the agency's itinerary information to populate a travel request shell template, with flight information being automatically transferred over to Atlas; there was, however, no set date for introducing this functionality.
- When an expense request was created and linked to a travel request, the relevant information from the travel request was not carried over to the expense request. This resulted in the wasted efforts of re-entering the information, along with the risks associated with entering information manually, as discussed above.
- The post-travel reconciliation had to be initiated by the travel arranger after he/she had performed a manual reconciliation outside of the system to establish whether a credit or debit was due to the traveller. There was no automation of the reconciliation process.

Priority	Medium (important)
Recommendation 6: Improve the efficiency and controls over pre- and post-travel processing and the Atlas travel and expense module. Responsible HQ bureau: Bureau of Management/Administrative Services Division	
Management action plan: The Bureau of Management will explore the technical feasibility of implementing the following items: <ol style="list-style-type: none"> (a) requiring the travel requester to upload evidence of approval of the travel (including the absence of alternatives to travel) into the travel request to allow the workflow approver to check the business necessity, validity and relevance of the proposed travel; (b) replacing the free text entry of 'to/from' cities/airports with a standardized field, to ensure greater consistency as well as more useful reporting/monitoring data; (c) allowing the transfer of travel request information to the expense request when the two are linked, to help ensure accurate transfer of information between the two modules; (d) increasing automation of the post-travel reconciliation by retrieving DSA rates applicable at the time of travel with DSA rates initially paid to the traveller and automatically settle any balances from/to the traveller; and (e) incorporating the F.10 form in the travel and expense module, with an upload function for the traveller to upload supporting documentation such as copies of boarding passes. 	

The project will be initiated in the 3rd quarter of 2015. Implementation depends on system capacity and funding.

Estimated completion date: December of 2016

Organization-wide roll-out of travel and expense module would improve process efficiency and oversight

UNDP's 'Accountability System' stipulates "Directors of headquarters bureaux are accountable to the Associate Administrator for monitoring the quality of their policy and practice support to UNDP offices." Further, "Based on the concept of mutual accountability...managers are to provide adequate resources and appropriate tools, and delegate appropriate levels of authority to staff. Staff are to utilize these resources, tools and authority in an effective and efficient manner." The Executive Board, in its decision of January 2010, urged "UNDP to prioritize and to ensure efficiency gains and savings."

Unlike the headquarters units, Country Offices and regional hubs did not have access to the Atlas travel and expense module. The process in such cases followed the existing procure-to-pay process in the Atlas finance application, with additional approval steps prior to the creation of the e-requisition in Atlas. Discussions with Country Offices showed a range of turnaround times for arranging travel – from one day to one week – depending on each office's internal approval processes, approval steps and staff resources in finance and administration. A total of 2 out of 10 non-headquarters offices interviewed had developed, or were in the process of developing, their own travel request and approval systems, that then fed into the existing procure-to-pay process in Atlas.

All Country Offices interviewed, with the exception of one, stated that they required all staff to complete an F.10 form upon return from travel. This was then processed by the finance team that made any necessary adjustments to payments.

The Country Offices interviewed expressed the view that it would be very useful for them to have access to the Atlas travel and expense module for both the travel and expense request processes. The Administrative Services Division provided a document with a brief rollout plan for the Atlas travel and expense module to non-headquarters units at the start of the 4th quarter 2014. The Administrative Services Division indicated that this work was on hold, due to other more urgent tasks.

The process of obtaining and analysing travel data from the Country Offices demonstrated weaknesses in making the travel information available to offices and limitations in how travel data could be used for effectively monitoring travel, including compliance with travel policies, obtaining better ticket prices and improving the efficiency of the travel request and post-travel reconciliation processes. In almost all cases reviewed, the initial data received from Country Offices was incomplete, incorrect or inaccurate. In most cases, the data was based on requests that offices made to their travel agencies, so it was likely that the travel agencies were in a position to provide a complete and accurate set of data. This also demonstrated limited capacity, in some offices, to gather and check basic travel information provided to them by their travel agents.

Priority	High (Critical)
Recommendation 7: Make the travel and expense module in Atlas available to non-headquarters units. Responsible HQ bureau: Bureau of Management /Administrative Services Division	
Management action plan: Development work to make available the travel and expense module in Atlas to non-headquarter units is complete. This project will be going through phases. Implementation depends on interest from non-headquarters units and funding for implementation and support infrastructure, as well as the outcome of the BOM 2.0 project. Estimated completion date: Ongoing	

Potential for improved training and support for travel management

The United Nations General Assembly resolution 'Quadrennial comprehensive policy review of operational activities for development of the United Nations system', dated 21 December 2012, stresses that "reform efforts should enhance organizational efficiency" and further, that "efforts should be made to enhance the coherence, effectiveness and efficiency of the United Nations development system." UNDP's 'Accountability System' stipulates "Directors of headquarters bureaux are accountable to the Associate Administrator for monitoring the quality of their policy and practice support to UNDP offices." Further, "Based on the concept of mutual accountability...managers are to provide adequate resources and appropriate tools, and delegate appropriate levels of authority to staff. Staff are to utilize these resources, tools and authority in an effective and efficient manner."

All Country Offices interviewed explained that the travel policies as well as roles and responsibilities were clear. Offices interviewed expressed that they received timely and useful support from the Travel Services Section in headquarters but limited or no support from the regional hubs, with the exception of one office that coordinated with the hub to obtain better ticket prices for travel to/from the hub and headquarters. Additionally, some of the Country Offices identified a need for better training for travel arrangers and approvers, both as part of their induction as well as on an ongoing basis, to help ensure that roles and responsibilities are clearly understood and policies are followed closely. Previous OAI audits have also disclosed many recurring issues of non-compliance with UNDP 'Programme and Operations Policies and Procedures' regarding travel management in Country Offices.

Priority	Medium (important)
Recommendation 8: Develop and make available training material guiding both travel arrangers, certifying officers and approvers through the end-to-end travel request, processing and post-travel reconciliation process, by clearly setting out the roles and responsibilities of all staff involved in the process. Responsible HQ bureau: Bureau of Management/Administrative Services Division	
Management action plan: The Bureau of Management will define a project and make efforts to ensure funding. Training materials are readily available. Depending on available funding, an assessment of the optimal modality to deliver self-learning, as well as the needed financial resources to deliver, will be undertaken. Estimated completion date: March 2016.	

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 UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP.
- **Medium (Important)** Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP.
- **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.