**UNITED NATIONS DEVELOPMENT PROGRAMME**
**Office of Audit and Investigations**

**UNDP**

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PERFORMANCE AUDIT

OF

UNDP TRAVEL MANAGEMENT

Report No. 2131

Issue Date: 7 October 2019

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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 17 June to 19 July 2019. Performance audit is an independent examination of an entity to assess whether the entity is achieving economy, efficiency and effectiveness in the employment of available resources.

The audit aimed to review the efficiency, compliance, governance, risk management and control processes of UNDP travel. It also included discussions and tests of transactions from selected UNDP offices, Central/Regional Bureaux and Hubs. Specifically, the audit team reviewed whether travel in UNDP was managed in an economical and efficient manner, and in compliance with UNDP policies and procedures.

The audit covered UNDP travel from 1 January 2017 to 30 April 2019. The last audit of travel management was conducted by OAI in 2015, although entitlement travel was audited by OAI in 2017.

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

**Overall audit rating**

OAI assessed UNDP travel management as **partially satisfactory/some improvement needed**, which means, "The assessed governance arrangements, risk management practices and controls were generally established and functioning but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area." This rating was mainly due to instances of non-compliance with UNDP policies and procedures.

**Key recommendations:** Total = **5**, high priority = **1**

For the high (critical) priority recommendation, 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:

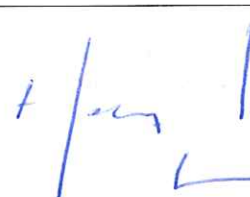| | |
|---|---|
| Non-compliance with Home Leave policy and guidance (Issue 2) | Audit testing identified a high number of instances of non-compliance with the requirements of the Home Leave policy. For instance, in 15 out of the 30 Home Leave travels reviewed, the staff members had not uploaded any supporting documentation in eServices. Additionally, in one case, the staff member had made a business deviation on the return leg of their Home Leave travel; however, there was no Travel Request raised for the official travel. In another case, the departure date of the staff member was five working days prior to the approved departure date in the Home Leave itinerary, without an amendment to the Home Leave entry. |
| | In discussions with the Benefits and Entitlements Services (BES) team in Copenhagen, it was confirmed that no checks had been taking place for Home Leave post-travel, but that such checks were planned to begin in late 2019. |
| | <u>Recommendation 2:</u> The Bureau for Management Services should develop and implement: (a) controls in eServices to ensure the timely certification of Home Leave in line with the Home Leave policy; and (b) regular checks of Home Leave travel (post-travel) to help ensure that staff comply with the Home Leave policy and certification/documentation requirements. |

## Management comments and action plan

The Assistant Administrator and Director of the Bureau for Management Services, and the Assistant Administrators and Directors of the Regional Bureaux accepted all five recommendations and are in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.

Helge S. Osttveiten
Director
Office of Audit and Investigations

## I.      About UNDP Travel Management

Travel is essential to UNDP for delivering 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 attending meetings and conferences, participating in training courses, official consultations, project site visits and project/programme related missions;
- initial appointment travel, when staff take up new assignments;
- reassignment travel, to support staff in moving from one duty station to another; and
- repatriation travel, when staff are travelling from their respective duty stations to the authorized place of repatriation upon separation from UNDP service.

Duty travel involves payment of a Daily Subsistence Allowance (DSA), which is applicable for lodging, meals and other payments made for travel-related services.

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 to 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 dependents to secure essential medical care or treatment for a severe illness or injury requiring medical intervention, which is unavailable locally or inadequate.

Entitlement travel was included in the 2017 audit of UNDP Staff Payroll, Allowances and Benefits (Report No. 1765); however, a sample of Home Leave travels within the current audit period was selected for compliance testing.

UNDP's travel expenses in 2017 and 2018 amounted to $156 million and $163 million, respectively, and represented 3 percent of UNDP's total delivery. For the first four months of 2019, travel expenses amounted to $44 million, representing 3 percent of the UNDP's total delivery for this period.

**Table 1: UNDP expenses for official business travel in 2017, 2018 and 2019**

| Description | 2017 | 2018 | Percentage change (in the 2017/2018 expenditures) | 2019 (4 months to 30 April 2019) |
|---|---|---|---|---|
| *Travel expenses* | | | | |
| UNDP total | **155,665,000** | **162,981,000** | **5% ⬆** | **43,591,000** |
| Tickets | | | | |
| International | 42,880,000 | 43,906,000 | 2% ⬆ | 12,315,000 |
| Local (in-country) | 11,827,000 | 13,239,000 | 12% ⬆ | 2,815,000 |
| Daily Subsistence Allowances (DSA) | | | | |
| International | 48,700,000 | 51,732,000 | 6% ⬆ | 14,896,000 |

| | | | | |
|---|---|---|---|---|
| Local (in-country) | 40,327,000 | 40,858,000 | 1% ⬆ | 10,782,000 |
| *Learning* | | | | |
| Ticket costs | 3,206,000 | 4,012,000 | 25% ⬆ | 898,000 |
| DSA | 8,725,000 | 9,235,000 | 6% ⬆ | 1,885,000 |

Sources: Atlas General Ledger Data and OAI Data Analytics Voucher Dashboard

The General Operations Unit of the Bureau for Management Services is responsible for drafting and maintaining UNDP official travel policies as well as clarifying policy content. The General Operations Unit also manages the Headquarters travel agent contract, negotiates airline discounts, guides users on the travel and expense (T&E) module setup in Atlas (enterprise resource planning system of UNDP), offers travel-related training, and provides quotes for Home Leave requests.

The 'UNDP Programme and Operations Policies and Procedures' provide guidance for undertaking travel within UNDP. While the focal point for the travel policy is the Bureau for Management Services/General Operations, travel processing, including Home Leave travel, is primarily decentralized to business units within UNDP.

The Bureau for Management Services has streamlined several business practices, including travel, with the aim of enabling Country Offices to more effectively support development outcomes through less onerous operational practices.

Ultramar (now Travel and Transport) had been engaged by Bureau for Management Services starting in April 2015 as a provider of travel services for Headquarters. At the time of the audit, the contract was in its final year and due to expire at the end of March 2020. Services had been extended to include the Regional Hub in Bangkok with an Ultramar Asia Office.

## A. Audit Objectives

The objective of the audit was to review the efficiency, compliance, governance, risk management and control processes of UNDP travel. It also included discussions and tests of transactions from selected UNDP offices, Central/Regional Bureaux and Regional Hubs.

Specifically, the audit addressed the following questions:

1. Is travel undertaken in an economical and efficient manner?

      1.1. Do UNDP policies and procedures promote efficiency and economy in travel?
      1.2. Is the travel & expense (T&E) module effectively used across UNDP offices?
      1.3. Is the contract with Ultramar set up in a way that promotes efficiency and economy in travel and has UNDP achieved value for money during the contract term?

2. Is travel conducted in accordance with the 'UNDP Programme and Operations Policies and Procedures'?

      2.1. Is travel processed (i.e., planned, approved, and liquidated) in accordance with the 'UNDP Programme and Operations Policies and Procedures'?

## B. Audit Criteria

To form a conclusion against the audit objectives, criteria set out in the following documents were adopted:

1. 'UNDP Programme and Operations Policies and Procedures'
2. Any other guidelines issued on travel management by the Bureau for Management Services, including streamlining emails.

## C.  Audit Methodology

The audit fieldwork involved documentation reviews, interviews and written inquiries. Audit testing included a sample of 84 travels across UNDP and the UN Office for South-South Cooperation. Additionally, a sample of 30 Home Leave travels from the audit period were selected for compliance testing.

The audit team reviewed the data from the OAI data analytics database and from the T&E module of Atlas. Further, the audit team requested additional documents from the Headquarters travel unit and reviewed the various business streamlining emails, which highlighted the actions initiated by the Bureau for Management Services in travel management.

## II.  Audit results

Overall, OAI found that travel policies and procedures promoted economy and efficiency, and that travel was managed to a large extent in an economical and efficient manner. The contract with the Headquarters travel agency was managed effectively by the General Operations Unit of the Bureau for Management Services, and UNDP was able to achieve value for money from the contract. The rollout of the T&E module to all Country Offices will further increase efficiency in managing travel. However, OAI identified some weaknesses as noted in the report below.

OAI made one recommendation ranked high (critical) and four recommendations ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the Bureau for Management Services and Regional Bureaux and are not included in this report.

**High-priority recommendation**:
   (a)  The Bureau for Management Services should develop and implement controls in eServices to ensure the timely certification of Home Leave, and regular checks to help ensure that staff comply with the Home Leave policy and certification/documentation requirements (Recommendation 2).

**Medium priority recommendations**, arranged according to significance:
   (a)  The Regional Bureaux should review and provide oversight over the duty travel transactions and follow up with Country Offices where outstanding issues have been identified (Recommendation 3).
   (b)  The Office of Human Resources should develop and implement a detail assignment policy (Recommendation 4).
   (c)  The Bureau for Management Services should update the Home Leave policy, main procedure and/or guidance in eServices to align the requirements for post-travel Home Leave certification and documentation by staff members (Recommendation 1).
   (d)  The Bureau for Management Services should develop and issue guidance to offices on the sourcing of travel agents (Recommendation 5).

The detailed assessment is presented below, per audit area:

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### A. Is travel undertaken in an economical and efficient manner?

Overall, OAI found that UNDP policies and procedures promoted economy and efficiency. The use of the T&E module and the contract with the travel provider provided opportunities for cost-savings and efficiency in managing travel.

In order to improve the efficiency and economy of travel management, UNDP introduced the T&E module. The module was first introduced to Headquarters units before being rolled out to Country Offices over the period 2017–2019. At the time of the audit fieldwork, the use of the T&E module was not mandatory but was made mandatory for duty travels on 1 August 2019. As a result, some Country Offices were processing travel concurrently through the T&E module as well as through purchase orders and vouchers.

The audit team gathered feedback from all five Regional Bureaux on their Country Offices' experience of using the T&E module, which showed a number of significant benefits offered by the module that contributed to enhanced efficiency. These included: (i) the availability of a travel dashboard, which allows real-time monitoring of the status of outstanding Travel Requests and claims; (ii) enhanced visibility of travel expenditure, which improves compliance and has enabled offices to retrieve useful operational information where needed; (iii) readily available information required to prepare and keep track of the travel; (iv) a 'one stop shop' to process travel transactions (including ticket & entitlement), which results in saving processing time – also, incorporating a DSA calculator with the monthly published rates helps to ensure the accuracy of travel advance calculations; and (v) a paperless T&E module or 'green' process, which has successfully and effectively replaced the paper-based travel claim/F10 with the added benefit of saving office space, as paper records are no longer needed and electronic approvals and data/documents are stored in Atlas.

The audit team also gathered feedback from the five Regional Bureaux on a number of drawbacks and challenges that Country Offices in their regions encountered while using the T&E module, including: (i) several Country Offices were still on a learning curve as they switched from the previous purchase order-based system to the T&E module; (ii) a reconciliation process was yet to be launched via the Global Shared Services Unit (GSSU) for the Regional Bureau for Latin America and the Caribbean; (iii) Country Offices raised concerns about the issue of creating individual travel profiles and Travel Requests in the T&E module for large groups of travellers who are meeting participants, as this can be a cumbersome and time-consuming process.

### Issue 1      Lack of consistency in policy and guidance on Home Leave certification

The 'UNDP Programme and Operations Policies and Procedures' on Home Leave set out the criteria and requirements for staff taking Home Leave and includes the provisions for the certification of the Home Leave upon the return to the duty station.

A review of the Home Leave policy and guidance showed inconsistencies regarding certification of Home Leave by the travellers upon their return to their duty stations. Specifically:

- The Home Leave policy states (paragraph 62) that "upon return from Home Leave travel, a staff member is required to upload supporting documents into eServices to provide evidence that he or she complied with the required minimum length of stay in his or her home country."

- The Home Leave request procedure (step 8) states that "the staff member must certify that travel has taken place as authorized within 30 days of returning from Home Leave via the leave module in eServices if the Home Leave was requested via eServices: the staff member has the option to upload

scanned copies of supporting documents/boarding passes." It also allowed for certification of the Home Leave outside eServices via a manual form for staff not using the eServices module within Atlas.

- The note on the Home Leave page in eServices requires staff to certify that they have accepted "this lump sum payment in lieu of other entitlements […] in relation to this particular travel. The Home Leave travel has taken place as authorized. I have uploaded scanned copies of proof of travel in Atlas HR eServices."

Considering the high percentage of cases of non-certification in eServices or failure to upload supporting documents into eServices, the certification and documentation requirements in the above three sources of policy/procedure/guidance should be aligned. This would help clearly communicate the requirement for certification within 30 days from the staff member's return from Home Leave and the requirement to upload supporting documents (boarding passes or copy of stamped passport) to eServices.

Inconsistent Home Leave guidance may lead to processing errors or misuse of the staff entitlement.

| Priority | Medium (Important) |
|---|---|
| **Recommendation 1:**<br><br>The Bureau for Management Services should update the Home Leave policy, main procedure and/or guidance in eServices to align the requirements for post-travel Home Leave certification and documentation by staff members. | |
| **Management action plan:**<br><br>The Office of Human Resources together with the Global Shared Services Unit/Benefits and Entitlement Services (GSSU/BES) will review the Home Leave policy, procedures and eServices and make sure that they include aligned requirements for certification and uploading of documentation for Home Leave travel.<br><br>**Estimated completion date:** 31 January 2020 | |

## B.  Is travel conducted in accordance with UNDP policies and procedures?

The 'UNDP Programme and Operations Policies and Procedures' provide guidance for undertaking travel within UNDP. This includes guidance on duty travel and entitlement travel. The policy is maintained by the Bureau for Management Services and is harmonized to a large extent with the United Nations policies and procedures on travel.

### Issue 2        Non-compliance with Home Leave policy and guidance

The 'UNDP Programme and Operations Policies and Procedures' on Home Leave set out the criteria and requirements for staff taking Home Leave and include the provisions for the certification of the Home Leave upon the return to the duty station. These include, in the 'Proof of Travel' section (pp. 9-10) the requirement for staff members to upload supporting documents into eServices upon return from their Home Leave and the requirement to retain originals of documentary evidence for a period of two years. Additionally, the policies

provide for recovery of the Home Leave lump-sum if staff members fail to produce documentary evidence on request.

Audit testing identified a high number of instances of non-compliance with the requirements of the Home Leave policy, as indicated below:

- In 15 out of the 30 Home Leave travels reviewed, the staff members had not uploaded any supporting documentation in eServices. The audit team contacted 13 out of the 15 staff members that were still active staff and requested supporting documentation as per the requirements of the Home Leave policy. Of the 13 cases, 9 staff provided supporting documentation in line with the requirements of the Home Leave policy for part or all of their Home Leave travel. An additional 3 staff members out of the 13 provided some documentation, such as ticket receipts, but no evidence that they had actually travelled as per the approved Home Leave itinerary. Another staff member provided supporting documentation in line with the Home Leave policy, but for a different destination than that approved as part of their Home Leave request.

- In one case, the staff member had made a business deviation on the return leg of their Home Leave travel; however, there was no Travel Request raised for the official travel and the DSA had been claimed post-travel, via an Expense Report. Additionally, there was no entry in eServices for Official Business Travel.

- In one case, the departure date of the staff member was five working days prior to the approved departure date in the Home Leave itinerary, without an amendment to the Home Leave entry or additional annual, sick or other leave being taken for those days. Similarly, in another case, the return date was more than 30 days later than the approved return date in the Home Leave itinerary, without any comments in the request. Further analysis showed that the staff member had agreed to work from home and had taken some days of annual leave, but this was not reflected in the request.

In discussions with the Benefits and Entitlements Services (BES) team in Copenhagen, it was confirmed that no checks had been taking place for Home Leave post-travel, but that such checks were planned to begin in late 2019.

Non-compliance with the Home Leave policy and guidance may result in the misuse of entitlements and possible financial losses.

| Priority | High (Critical) |
|---|---|
| **Recommendation 2:** <br><br>The Bureau for Management Services should develop and implement: <br><br>(a) controls in eServices to ensure the timely certification of Home Leave in line with the Home Leave policy – these could include a system-generated email reminder to staff at the 30-day deadline and the inability of staff to apply for new Home Leave unless their most recent Home Leave has been certified in eServices; and <br>(b) regular checks of Home Leave travel (post-travel) to help ensure that staff comply with the Home Leave policy and certification/documentation requirements. | |

**Management action plan:**

(a) The Office of Information Management and Technology (OIMT) will make required changes to eServices to enable automatic reminders. The GSSU/BES and OIMT will jointly develop a solution, to handle in the best way, the inability to submit a new Home Leave request without certification for the previous Home Leave.

(b) The Office of Human Resources will communicate to staff that no Home Leave will be processed until the previous Home Leave is properly certified and documents are uploaded in eServices.

(c) The Office of Human Resources and GSSU/BES will agree on the spot-check sample and implement annual monitoring of Home Leave certification.

(d) In case additional resources are required for monitoring by GSSU/BES and for developing automation of eServices by OIMT, GSSU/BES and OIMT will submit funding requests through the Digital Governance Group from corporate resources/ICT reserve. Following the development of the automation solution, the checks of Home Leave travel (post-travel) function will be regularized through GSSU/BES through additional resource allocations.

**Estimated completion date:** 30 June 2020

**Issue 3**     Non-compliance with the duty travel policies and guidance

The 'UNDP Programme and Operations Policies and Procedures' require that, for each authorized mission, an approved Travel Request is obtained prior to finalizing travel arrangements (issuing tickets, DSA and travel advance) within seven calendar days prior to the start date of the travel. Further, a traveller is required to submit to the authorizing unit a post travel report in the form of a travel claim (F10) within two weeks from completion of travel.

The audit team noted the following exceptions during the review of the sampled transactions:

- The Internal Control Framework had not been updated to be in line with the Bureau for Management Services streamlining measures as it still referred to "Approver 2[1]" in the T&E module, a role that had been updated to "Approver" as explained in the "Authorizing Official Business Travel" section of the 'UNDP Programme and Operations Policies and Procedures'.

- There were 16 out of 84 instances amounting to $133,130 where F10s/Expense Reports were either not submitted or were delayed in submission over and above the required period as stipulated in the 'UNDP Programme and Operations Policies and Procedures'.

- There were two instances related to DSA payments where the calculation was made during the submission of the F10 (after the traveller had returned from their mission) and not as required by the policy, i.e. seven days prior to the travel.

Further, OAI, through the Regional Audit Centres issued a total of 19 audit recommendations on travel compliance exceptions between 1 January 2017 and 30 April 2019. Four of the recommendations were rated as high priority while the remaining 15 recommendations were rated as medium priority. While the reports were

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[1] In Headquarters only, the additional Atlas user profile of 'Approver 2' serves to perform the approving manager function with respect to duty travel within the Atlas T&E module. This provision is set out on p. 5 of the UNDP Internal Control Framework.

addressed to the Country Offices that were audited, the Regional Bureaux had knowledge of the existing recurrent audit issues in travel management.

The T&E dashboard was launched in June 2018, eliminating the need to run individual queries to manage transactions processed through the T&E module. All offices have access to the dashboard. General Operations sent out a request via email to all offices requesting the clean-up of any outstanding cases by 31 May 2019. The clean-up activities were still ongoing during the audit fieldwork. A summary of different types of outstanding items is provided below.

**Table 2: T&E dashboard data by Regional Bureau**

| | Total Pending Claims | Total "No Claims" | Cash Advance Not Reconciled (in USD) |
|---|---|---|---|
| Regional Bureau for Africa | 1,617 | 5,794 | 78,415.92 |
| Regional Bureau for Asia and the Pacific | 2,848 | 3,808 | 109,501.02 |
| Regional Bureau for Arab States | 268 | 395 | 6,960.02 |
| Regional Bureau for Europe and the CIS | 799 | 1,167 | 25,204.52 |
| Regional Bureau for Latin America and the Caribbean | 247 | 395 | 17,029.18 |
| **Grand Total** | **5,779** | **11,559** | **237,110.66** |

Source: Atlas T&E dashboard, 4 September 2019)

Discussions with Regional Bureau audit focal points during the audit planning and the audit exit meeting concluded that Regional Bureaux did not have a system for performing checks on the Country Offices' compliance with travel policies and considered this an issue for the management of each Country Office.

Inconsistencies in the processing of travel-related transactions may result in financial losses.

Following the audit fieldwork, all Regional Bureaux provided feedback on activities such as regional workshops, email reminders and oversight activities they had already undertaken to address some of the issues identified above and provided action plans for additional activities in response to the audit finding.

| Priority | Medium (Important) |
|---|---|
| **Recommendation 3:**<br><br>The Regional Bureaux should review and provide oversight over the duty travel transactions and follow up with Country Offices where outstanding issues have been identified. | |
| **Management action plan:**<br><br>Regional Bureau for Africa<br><br>The Bureau will ask the Bureau for Management Services to organize a webinar in French on the T&E module in November – December 2019 and ensure the training component will address the Internal Control Framework of the approvers' rights set up and responsibilities, as well as the importance of the timely processing of claims once travel is concluded to allow proper reconciliation. The Bureau will also send an email to Country Offices to remind management of their responsibility in relation to:<br><br>&bull; ensuring full compliance of duty travel policies and guidance in their offices and that travel focal points have received proper training; | |

- closely monitoring the T&E dashboard;
- cleaning up of outstanding transactions; and
- ensuring that the Argus report is fully in line with the Internal Control Framework and up to date.

**Estimated completion date:** December 2019

Regional Bureau for Asia and the Pacific

The Bureau will:
- implement across the region the Travel App currently being piloted in the Regional Hub, which has built-in workflows and a PowerBi dashboard;
- provide on-demand webinar training to Country Office staff to clear pending F10s; and
- set up a regional agreement for travel management services from the Bangkok Regional Hub with the objective of cost reduction and consolidation of travel services.

**Estimated completion date:** January 2020

Regional Bureau for Arab States

In collaboration with General Operations/Bureau for Management Services, and in follow-up to the T&E module roll-out training in January 2019, the Bureau will conduct a training (webinar) for Country Office staff to ensure compliance with duty travel policies and related guidance.

**Estimated completion date:** January 2020

Regional Bureau for Europe and the Commonwealth of Independent States

The Bureau will include the topic in other regional learning initiatives (Operations Manager meetings, Deputy Resident Representative boots camps, etc.).

**Estimated completion date:** January 2020

Regional Bureau for Latin America and the Caribbean

The Bureau will stress the importance of compliance with duty travel policies and guidance in the next housekeeping message.

**Estimated completion date:** February 2020

**Issue 4**      Lack of a policy on detail assignment

A detail assignment is the temporary assignment of staff to a different position or different set of duties for a specified period – staff are expected to return to their regular duties at the end of the assignment. Staff on detail assignment are considered, for remuneration purposes, to be occupying their regular positions. Therefore, there is no change to staff grade, salary or other entitlements including medical insurance while serving on the detail assignment, even though the duties associated with the detail opportunity may be classified at a higher or lower grade level than the staff member's current position.

The audit team reviewed a sample of 12 transactions amounting to $183,624 that were related to detail assignments.

The audit team noted and confirmed with the Office of Human Resources that there was no policy on how the detail assignment was administered, including the duration, terms of reference, calculation and payment of DSA and staff salaries. A memo on detail assignment that was issued in 1996 was identified by the audit team; however, this could not be used during the audit as it did not include any instructions or guidance.

The audit team noted various instances where staff were on detail assignments for extended periods of time. One staff member from a Country Office was on detail assignment to a Regional Bureau in Headquarters for one year with the detail assignment being extended every few months for a total cost of approximately $88,000 in DSA payments. While the Bureau was reimbursing the Country Office for salary expenses, it was not clear how the role of the individual was being covered at the Country Office. In another example, a senior manager in a Regional Bureau (non-Headquarters post) was on detail assignment in Headquarters for approximately six months for a total DSA cost of approximately $57,000. It was not clear how the responsibilities of the involved unit were handled while the senior manager was away on detail assignment.

One critical issue needing to be addressed was the issue of staff medical insurance. Staff on detail assignments are, in the majority of instances, either national staff or international staff based in the field and travelling to Headquarters. These staff are covered by local medical plans, which do not cover medical expenses in the United States. This is because the insurance coverage and premiums payable at the Country Offices are considerably lower than those at Headquarters.

Finally, the basis of calculating DSA was not clear, with three transactions amounting to $59,000 where the offices opted to use a lump sum amount and six transactions amounting to $39,000 where the offices opted to apply the country-specific DSA rates.

There is a risk of financial losses resulting from the non-standard application of detail assignment terms and payments across the organization. In addition, the lack of a detail assignment policy may impact the operations of the Country Offices that send staff on detail assignments. Furthermore, Country Office personnel who are on detail assignment to Headquarters may not be adequately insured.

| Priority | Medium (Important) |
|---|---|
| **Recommendation 4:**<br><br>The Office of Human Resources/Bureau for Management Services should develop and implement a detail assignment policy, including identifying roles and responsibilities and the maximum number of days a staff member can be on detail assignment. | |
| **Management action plan:**<br><br>The Office of Human Resources will develop a detail assignment policy, based on the organization's future needs and linked to the mobility strategy.<br><br>**Estimated completion date:** 31 January 2020 | |

**Issue 5**    <u>Absence of corporate guidance for selecting and managing travel agencies at the Country Office level</u>

Travel management is a decentralized function in UNDP with the Headquarters units processing their Travel Requests, specifically air tickets, through the Headquarters travel agent. In the field, Country Offices have engaged local travel agents to provide these services.

The audit team noted that there was no corporate guidance on selecting, contracting (including Long Term Agreements), and managing local travel agencies. The selection process was run as a procurement process, without the involvement of the General Operations team of the Bureau for Management Services. Even when contracts were submitted to local, regional or Headquarters procurement oversight committees, the General Operations team was not involved as a subject matter expert to provide guidance. According to General Operations, the sourcing of a travel agency is a complex procurement process and requires professional advisers and oversight.

Moreover, the audit team noted that some Country Offices had agreements with multiple travel agencies, and no justification was available to support multiple Long Term Agreements. For example, Botswana and the United Republic of Tanzania Country Offices had six different travel agents. Five of the travel agents in Botswana were accessing the air tickets through the Galileo and one through the Amadeus distribution systems. The Colombia Country Office had four travel agents all with access to the Sabre distribution system. The Democratic Republic of the Congo Country Office had five travel agents all with access to the Amadeus system.

UNDP did not maintain a comprehensive list of travel agencies used locally. The audit team was informed that Country Offices were invited to register their travel agencies on a dedicated SharePoint site containing travel agency information, which could be used by agencies to upload discounted fares/promotions. However, not all offices had recorded details of their travel agencies to benefit from such discounts.

The absence of guidance for selecting and managing local travel agencies may impact UNDP's ability to provide economical and effective travel related services to its offices and partners.

Subsequent to the audit fieldwork, the Bureau for Management Services indicated that, as per the "Report of UNDP, UNFPA and UNOPS on joint procurement activities", between 2016 and 2018, UNDP established travel management Long Term Agreements valued at $327 million across 40 Country Offices. The Bureau for Management Services also agreed that better guidance and templates could be provided while keeping flexibility to accommodate local travel industry specifics.

| | |
|---|---|
| **Priority** | Medium (Important) |
| **Recommendation 5:** <br><br> The Bureau for Management Services should: <br><br> (a) develop and issue guidance to offices on the sourcing of travel agents and evaluating performance of the travel agents; and <br> (b) follow up with the offices to update the Airline Global Contract Data Gathering SharePoint site with current and accurate information. | |

**Management action plan:**

The Procurement Support Unit and the Procurement Oversight Unit in collaboration with the General Operations Travel Team on travel policy and expertise will develop guidance to offices along with standard solicitation documents/templates on contracting and managing travel agents.

**Estimated completion date:** 30 June 2020

**Definitions of audit terms - ratings and priorities**

### A.    AUDIT RATINGS

- **Satisfactory**

  The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.

- **Partially Satisfactory / Some Improvement Needed**

  The assessed governance arrangements, risk management practices and controls were generally established and functioning but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.

- **Partially Satisfactory / Major Improvement Needed**

  The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.

- **Unsatisfactory**

  The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

### 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. Failure to take action could result in 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.