



## INTERNAL AUDIT DIVISION

### REPORT 2018/089

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Audit of travel arrangements in the United Nations Secretariat in New York

Policies were developed, and procedures implemented, to support the efficient and effective management of travel arrangements; however, simplification of travel policies, leveraging of Umoja to improve the travel process and further enhancing of the management of the travel services contract was needed

25 September 2018  
Assignment No. AH2017/513/04

# **Audit of travel arrangements in the United Nations Secretariat in New York**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of travel arrangements in the United Nations Secretariat in New York. The objective of the audit was to assess the extent to which travel arrangements were operating efficiently and effectively, including the cost-effectiveness of travel, at the United Nations Headquarters in New York. The audit covered the period from January 2016 to June 2017 and focused on three main questions:

- a) Are travel arrangements cost-effective?
- b) How efficient are travel and related claims processes?
- c) How effective are travel arrangements in facilitating programme implementation?

The Department of Management (DM) developed policies and implemented procedures to support the efficient and effective management of travel arrangements. The Office of Central Support Services (OCSS) established a pre-authorized budget for the top 25 frequently traveled city pairs to streamline the review and approval of travel requests; negotiated and implemented discount agreements with airlines; required departments and offices to monitor and increase the percentage of air tickets purchased 16 days in advance of the commencement of travel; and introduced the global management of travel that allows the purchase of tickets in the country where travel is originated rather than the duty station arranging the travel. To further improve efficiency and effectiveness of travel arrangements, OIOS made 11 recommendations:

DM needed to provide guidance to certifying officers on using Umoja data to corroborate manager approval of travel and streamline the approval process for home leave travel in Umoja.

OCSS needed to:

- Review travel policies on standards of accommodation and propose their simplification;
- Establish procedures to ensure that data on standards of accommodation are correctly inputted and maintained in Umoja;
- Streamline guidance on the use of the self-ticketing option;
- Establish and monitor the target number of days for the travel management company to issue tickets;
- Ensure that the next travel services contract requires the management company to provide sufficient information on unused tickets to facilitate the processing of refunds;
- Establish a monitoring mechanism to collect and analyze data periodically on the use of the global management of travel; and
- Gather information on the use of the online travel booking tool and potential savings that could be achieved if the tool is better utilized.

The Office of Programme Planning, Budget and Accounts needed to recover outstanding travel advances and, in cooperation with OCSS, establish procedures to match unused non-refundable tickets to submitted travel claims.

DM accepted the recommendations and has initiated action to implement them.

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# **Audit of travel arrangements in the United Nations Secretariat in New York**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of travel arrangements in the United Nations Secretariat in New York.
2. The United Nations arranges travel for its staff and their eligible family members, members of governing bodies, meeting participants and consultants. The Staff Regulations and Rules (ST/SGB/2009/4) define modes and standards of accommodation for travel by staff members and eligible family members on initial appointment, official business, change of official duty station, separation from service, medical, safety and security reasons, home leave and family visit. The Secretary-General's bulletin (ST/SGB/107/Rev.6) governs payment of travel expenses and subsistence allowance in respect of members of organs or subsidiary organs of the United Nations. The administrative instruction on official travel (ST/AI/2013/3) provides further guidance on official travel.
3. Travel expenditures incurred on tickets at the United Nations Headquarters in New York, comprising mainly international travel, were \$44.1 million and \$40.7 million for 2016 and 2017, respectively.
4. The Travel and Transportation Section (TTS) of the Office of Central Support Services (OCSS) in the Department of Management (DM) is responsible for developing guidelines pertaining to official travel and making travel arrangements for staff and other travelers related to departments and offices in New York. OCSS established a contract with a travel management company (TMC) for the provision of travel management services. In 2016 and 2017, service fees to the TMC were \$1.8 million and \$1.7 million, respectively.
5. Requests for travel are approved by the supervisor or head of office of the requestor, certified by the executive officer, who is Travel and Shipment Approver, and reviewed by Travel Processing Officers (TPOs) in TTS who approve the ticketing recommended by the TMC. Human Resources Partners review eligibility for entitlement travel. The Travel Claims Unit (TCU) in the Accounts Division is responsible for processing and settlement of travel claims and airline refunds.
6. TTS is headed by one P-5 who manages the Travel Unit and the Transportation Operations Unit. The Travel Unit is composed of 18 staff members, of which 9 General Service staff members were TPOs and involved in the travel arrangements described in this report. They had an operational budget of approximately \$1.45 million in 2017.
7. Comments provided by DM are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

8. The objective of the audit was to assess the extent to which travel arrangements are operating efficiently and effectively, including the cost-effectiveness of travel, at the United Nations Headquarters in New York.
9. This audit was included in the 2017 risk-based work plan of OIOS due to the importance of effective and efficient travel arrangements to implement the mandates of the Organization.

10. OIOS conducted this audit from July 2017 to April 2018. The audit covered the period from January 2016 to June 2017. The audit focused on three main questions:

- a) Are travel arrangements cost-effective?
- b) How efficient are travel and related claims processes?
- c) How effective are travel arrangements in facilitating programme implementation?

11. The audit methodology included: a) interviews of key personnel, b) reviews of relevant documentation, c) analytical reviews of data, and d) a survey of frequently traveling United Nations Secretariat staff to assess their satisfaction with travel arrangements. The survey was administered in September 2017 and sent to 310 out of 1,058 staff members who traveled more than once during the audit period. There were 102 respondents.

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

### **III. AUDIT RESULTS**

#### **A. Are travel arrangements cost-effective?**

Is the contract with the travel management company efficiently managed and the lowest airfare selected?

13. The contract with the TMC should be efficiently managed to control travel costs and achieve satisfactory levels of service delivery. Effective methods should be established to independently assess and report on vendor performance.

14. To implement a recommendation in a previous OIOS report<sup>1</sup> to limit/discontinue concurrent airfare review for simple point-to-point international flights, TTS established a pre-authorized budget for the top 25 frequently traveled city pairs. TTS reviewed and updated the list every six months based on the information from the Global Distribution System (GDS), a network system used by travel industry service providers. For the period under review, the top 25 city pairs represented 28 per cent of ticketed travel. TTS approval was required if TMC books a ticket exceeding the pre-authorized budget. The streamlined process contributed to improved timeliness of the approval of travel requests. In addition, TTS reviewed the cost estimates for other city pairs on a sample basis to ensure the estimate is based on the lowest airfare in line with the United Nations policies. According to TTS, they reviewed the cost estimates for travel of a more complex nature or when the TPO deemed it appropriate based on their professional knowledge.

15. TTS established key performance indicators (KPIs) to measure the efficiency of TMC service delivery. However, TTS relied on the results of surveys administered by TMC to measure their performance, which was consistently scored at 18 or above out of 20 available points. In addition, no target was established to measure the cost-effectiveness of tickets purchased. TTS was in the process of replacing the current travel services contract, which had been in effect since April 2012. The replacement contract had been delayed due to the pending implementation of the Global Service Delivery Model, but it is expected to be in place by October 2018. The requirements, to be agreed upon with the selected TMC, include new and more meaningful KPIs, all with targets, to assess the cost-effectiveness and quality of the service provider, such as measurement of: a) tickets issued based on the lowest logical fare; b) realized savings from the use of price tracking technology; and c) timely ticket issuance. The data source for the

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<sup>1</sup> Comprehensive audit of air travel activities and related practices (A/67/695)

first two KPIs would be a third-party fare auditor. Therefore, OIOS did not issue a recommendation on this issue.

16. TTS also established a contract with a third-party to periodically conduct fare audits and provide assurance that TMC had purchased tickets at the lowest airfare in a given month. For the first two third-party audits in 2016 and 2017, TMC did not queue all reservations processed in the selected month, citing inadequate time to document the basis of fares in high volume months as one of the reasons. However, this did not invalidate the audit results as the sample sizes of reservations audited during both audits were statistically significant. TTS continued to refine the process and methodology for fare audits. The latest fare audit conducted during March 2018 established an auto-queue of ticketed reservations, from which samples were selected, independent of the TMC. The third-party fare audit concluded that TMC issued the lowest possible fares over 98 per cent of the time.

17. TTS held regular meetings with TMC and meeting agendas were maintained, but OIOS was unable to determine the effectiveness of the meetings as no minutes or action points were documented.

18. OIOS reviewed TMC invoices and vendor accounts in Umoja and concluded that invoices generally complied with the TMC contract. TTS reviewed the monthly invoices and supporting documents and verified the sales volume, staffing level and all other ancillary charges to ensure there are no overages. TTS further commented that TMC charges will be streamlined under the new contract. OIOS concluded that actions were ongoing to further enhance the efficient management of the contract with TMC.

Is the advance ticketing requirement resulting in cost-effectiveness?

19. The administrative instruction on official travel states that all travel arrangements for individuals travelling on behalf of the United Nations should be finalized 16 calendar days in advance of commencement of official travel. The Umoja travel job aids require staff members to submit travel requests at least 21 calendar days prior to the commencement of travel, or two months in advance of the anticipated departure date in the case of entitlement travel.

20. The Organization's policy for issuing tickets 16 days in advance is in line with industry practices. The United Nations Headquarters achieved a 38 per cent compliance rate with this requirement in 16,156 trips processed in 2017 (41 per cent by the fourth quarter of 2017). The low compliance rate was due to travelers not submitting travel requests timely, and delays in review and approval of travel requests by executive offices.

21. OIOS noted the following issues that were impacting the efficient processing of travel requests and advance ticketing of travel:

- a) The approval of the supervisor or head of office was conducted outside of Umoja requiring staff to provide separate evidence that the travel had been approved to executive offices. Although the Umoja Time and Attendance module allows for the creation and approval of travel on official business, this functionality was not consistently used as Umoja job aids did not provide sufficient guidance. In February 2018, OCSS issued an updated Umoja job aid that instructed travelers to ensure that any absences from the office are approved by the supervisor in the Time and Attendance module. However, there was inadequate guidance for departments/offices to reconcile approved travel recorded in the Time and Attendance module with data recorded in the Travel module to identify unauthorized travel. Such guidance needs to be provided by the Office of Human Resources Management (OHRM) as the process owner for the Time and Attendance module, and OCSS. There was therefore continued reliance on manual controls to mitigate the risk of unapproved travel requests being processed.

- b) Emergency travel needs of many departments at Headquarters and late confirmation of meeting arrangements or nominated attendees also contributed to the inability to significantly improve the rate of advance ticketing. Approximately half of OIOS survey respondents indicated they were unable to comply with the requirement to submit travel requests 21 days in advance, with approximately three-quarters of them citing nature of their work as the cause. Better planning at the departmental level would be required to address this issue. OIOS has already made several recommendations to various departments and offices in this regard.
- c) The target for reviewing and authorizing travel requests by TTS and executive offices was five days. Analysis of Umoja data for the first two quarters of 2017 indicated that it took an average of 4.4 days to review and authorize 7,347 official travel requests. For entitlement travel that requires Human Resources Partner review, it took an average of 7.5 days to review and authorize 519 requests. While the TPOs consistently processed travel requests in under two days (target is three), the Travel and Shipment Approver and Human Resources Partners, who split the remaining two days, were over their targeted days. These delays could be eliminated by streamlining processing of entitlement travel as described below.
- d) Executive offices are currently required to review individual home leave transactions and confirm staff members' eligibility. However, home leave travel requests could be approved automatically when staff members self-certify that: (i) the home leave points requirement is met; (ii) time managers approved the home leave request; and (iii) 12 months had elapsed between the date of return from the previous home leave travel and the departure date of the next home leave travel. This would free time for executive offices to review and authorize exceptional requests and other entitlement travel (family visit, rest and recuperation, education grant travel, etc.) while periodically monitoring Umoja reports to identify any noncompliant home leave travel requests.
- e) TTS did not monitor TMC processing time using independent data. It relied instead on ad hoc reporting from the TMC, and there was no established target number of days for TMC ticket issuance. A schedule provided by TMC in August 2017 on the period from January to July 2017 indicated that 51 per cent of air/rail tickets were issued within 24 hours of receipt of the approved travel request. TMC indicated that only half of travelers responded the first time when asked to confirm itineraries and multiple follow-ups were required for the remaining staff. TTS indicated it is considering making a proposal to management for TMC to automatically issue tickets if there is no reply from the traveler.

22. TMC estimated that the average cost of a ticket when purchased less than 14 days in advance of travel was 2.5 per cent higher. Also, TMC estimated savings of \$36,000 due to the Organization's 19 per cent improvement in the rate of purchasing tickets 14 days in advance of travel for the six months to June 2017 when compared to the same period in 2016. The Secretary-General's report on standards of accommodation for air travel for the two-year period ended 30 June 2016 (A/71/741) indicated that organizations in the Inter-Agency Travel Network reported that 52 per cent (a weighted average) of their tickets were purchased 14 days in advance of travel. If 52 per cent of United Nations Headquarters' tickets had been purchased 14 days in advance, an estimated additional annual savings of \$131,000 would have been realized.

23. Due to low compliance with the advance ticketing requirements, the Organization may not achieve cost-effectiveness. TTS reminded offices/entities to provide justifications for noncompliant trips for review by executive offices. A KPI was included in the 2018-2019 biennium budgets with a target of 100 per cent to measure the performance of all departments and offices in increasing the percentage of air tickets purchased at least two weeks before the commencement of travel as mandated by the General Assembly.

However, this KPI may not be appropriate as departments are only in control of timely submission of travel requests and approval by their executive offices. DM indicated that they will review whether the KPI of 100 per cent compliance for advance purchasing tickets is appropriate for departments and offices.

**(1) DM should provide guidance to certifying officers on using information in the Time and Attendance module of Umoja to corroborate manager approval of travel requests and to identify any unauthorized travel.**

*DM accepted recommendation 1 and stated it would provide Travel and Shipment Approvers with a role to enable them to view staff time records and to use Time Reports available in Umoja to check for Time Manager's approval of Official Business Absence. The Time Management Job Aid would be amended accordingly, and a release note published. Recommendation 1 remains open pending receipt of the DM guidance.*

**(2) OCSS should, in consultation with OHRM, streamline the approval process for home leave travel in Umoja to eliminate the need for executive offices to review individual home leave requests.**

*DM accepted recommendation 2 and stated that under the direction of the process owner, OHRM, a review and assessment of potential improvements to the approval process for home leave travel would be performed. Potential organizational changes as a result of the management reform would also be considered. Recommendation 2 remains open pending receipt of the results of the review and evidence of implementation of improvements to the approval process of home leave travel in Umoja.*

**(3) OCSS should establish and monitor the target number of days for the travel management company to issue tickets to ensure that the benefit of the advance purchase policy is realized.**

*DM accepted recommendation 3 and stated that OCSS had incorporated the target number of days for ticket issuance as a KPI in the statement of work of the currently open request for proposals to select a TMC. Recommendation 3 remains open pending receipt of the established target for the issuance of tickets by the selected TMC.*

Are global discount programmes with airlines implemented and travel managed globally to reduce costs?

24. Volume discounts from airlines should be negotiated to achieve cost-effectiveness. To maximize these discounts, tickets should be purchased in the country of origin of the flight, where volume discount agreements with airlines may be utilized resulting in more cost-effective fares.

25. At the time of the audit, the United Nations had 10 global and approximately 40 local airline agreements. Only two of the global airline agreements were with the most frequently traveled 10 airlines. The remaining eight airlines required the United Nations to participate in PRISM, a market share data aggregator used by airlines to measure effectiveness of corporate airline discount programmes. OCSS finalized an agreement with PRISM on 12 February 2018 and the remaining eight airline agreements are being finalized. TMC estimated that the discount contracts had resulted in cost savings of \$8.4 million from January 2016 to June 2017.

26. TTS uploaded the terms of the global discount agreements, the codes to access the discounts and instructions on the use of the codes on the 'Travel' community page in Unite Connections for use by offices away from headquarters. TMC entered discount codes in GDS. OIOS reviewed the synopses of the 10 global discount agreements and noted that they were accurately reflected in GDS.

27. TTS introduced the global management of travel, i.e., the purchase of tickets in the country where the travel originates rather than the duty station arranging the travel. TTS communicated guidelines on the process, and for the payment of ticket costs and fees to the office arranging the travel. As part of their procedures, all TPOs should review whether ticket prices were cheaper in the country where the travel originates than what they can obtain at the duty station, prior to purchasing tickets.

28. TTS indicated that the initiative was not fully implemented because TPOs providing services to travelers from other offices were not properly resourced to take on the additional volume of travel requests. TTS stated that an automated cost recovery functionality was implemented in 2018 to allow TTS and other TPOs to obligate a service fee of \$40 to process travel arrangements on behalf of other offices, which should allow for the deployment of additional resources. According to TTS, some TPOs have now activated the functionality to support their external clients. However, there was no mechanism to determine the extent to which tickets were purchased from the cheapest source available using global discount agreements.

**(4) OCSS should establish a monitoring mechanism to collect and analyze data periodically on the use of the global management of travel.**

*DM accepted recommendation 4 and stated that OCSS would establish a monitoring mechanism to collect and analyze data periodically on the usage of the cost recovery fee by travel processing offices. A business intelligence report to monitor the use of the automated recovery functionality in Umoja is in the process of being developed. Recommendation 4 remains open pending receipt of the business intelligence report to be used for monitoring global management of travel.*

To what extent does the online travel booking tool allow for more efficient processing?

29. TTS introduced an online travel booking tool in 2015 to allow travelers to make their bookings directly to improve timeliness of issuing tickets, reduce the number of TMC agents and operating costs, and enable travelers to make decisions when presented with a range of fare options.

30. As noted in the latest Secretary-General's report on standards of accommodation for air travel (A/72/716), in recent years, online travel booking tools have become the standard in the travel industry. Information obtained from 19 organizations, through the Inter-Agency Travel Network indicated that 7 organizations (or 40 per cent) have online travel booking tools in place and, on average, more than half of all trips were processed through the tool.

31. The United Nations pays TMC \$18,000 per year for use of the online travel booking tool. However, according to TMC, the tool could not be fully implemented due to the complexity of the United Nations travel policies and difficulty in capturing them in the automated system. At the time of the audit, TMC estimated that the number of tickets processed using the tool was insignificant. TTS did not have information on the volume and value of tickets processed using the tool as this information was not captured and not reported by TMC. TTS also did not analyze the potential savings that could be achieved if the online travel booking tool was used at the level of other organizations in the Inter-Agency Travel Network. OCSS commented that under the new contract with TMC, the online booking tool will be included at no additional cost.

**(5) OCSS should gather information on the use of the online travel booking tool and potential savings that could be achieved if the tool is utilized.**

*DM accepted recommendation 5 and stated that full implementation of the online booking tool and potential savings would be subject to a simplification of the current Secretariat travel policy, which would be presented to the General Assembly at the first resumed part of its 73<sup>rd</sup> session. Recommendation 5 remains open pending receipt of the mechanism to gather information on the use of the online travel booking tool and resulting savings.*

To what extent does the self-ticketing provision allow for more efficient processing of travel?

32. OCSS allows travelers to purchase their own tickets when fares are cheaper than those quoted by TMC to improve cost-effectiveness and reduce TMC operating costs. TTS is required to confirm that the self-ticketing option is cheaper than the TMC quote.

33. In March 2017, OCSS increased the threshold on self-ticketing from \$500 to \$1,000 although this was not needed as in practice, TTS reviewed all self-ticketed fares prior to authorizing the purchase. During the audit period, only about 2 per cent (508 out of 25,019) of travel arrangements were recorded by staff members in Umoja as self-ticketed. The results of the OIOS survey indicated that staff were unaware of this option, and there was a need to conduct further outreach on the topic of the self-ticketing option. Additionally, the Umoja user guide/job aid on self-ticketing is 78 pages long, which may deter staff from utilizing this option. Therefore, the potential cost savings or effectiveness of self-ticketing would not be realized.

**(6) OCSS should streamline the guidance on the use of the self-ticketing option, including simplifying the related user guide and considering removing the dollar limit set on the use of this option.**

*DM accepted recommendation 6 and stated that it would be addressed in a revised information circular on official travel. Recommendation 6 remains open pending issuance of the information circular.*

**B. How efficient are travel and related claims processes?**

Are travel claims submitted and processed timely?

34. According to ST/AI/2013/3 on official travel, travel claims need to be submitted two weeks after the completion of travel. TCU established a benchmark of 30 days for processing travel claims.

35. TCU processed approximately 18,000 claims in the Umoja travel module during the audit period. About 30 per cent of them were processed as express, meaning that they were approved automatically in Umoja if there were no changes to the itinerary or cost. It is expected that this will increase to 60 per cent of all claims after the completion of a Umoja reconfiguration in 2018, which would improve the timeliness of claims processing. According to the results of the OIOS survey, 71 per cent of respondents said their claims had been generally processed timely upon their return and submission of claims, and 87 per cent felt they had been processed correctly.

36. For claims that are not processed as express, the TCU improved timeliness of processing from 72 to 37 calendar days in 2016 and 2017, respectively, due to increased familiarity with the Umoja system. The number of travel claims outstanding for more than six months reduced from 783 cases (7 per cent) in 2016 to 314 cases (3 per cent) in 2017. At the time of the audit, the TCU was in the process of clearing 693

travel advances as of July 2017, which were carried over from the previous Integrated Management Information System. TCU indicated that 460 staff-related outstanding travel advances had been recovered by January 2018 and that the remaining 233 non-staff advances would be recovered or written off over the first half of 2018.

37. TCU began to automatically recover, through Umoja, travel advances related to overdue travel claims from staff and non-staff travelers in May 2017. The automatic recovery programme collected \$1.2 million, \$700,000 and \$1.5 million in May, June and July 2017, respectively. However, as of December 2017, there were 1,906 incomplete travel claims (valued at \$1.1 million) for trips that took place between January 2016 to June 2017, where the trip had been completed but the claim settlement status was either 'open' or 'to be settled'. Of these cases, 1,426 (75 per cent) were over one year past the trip completion date. These cases were not picked up by the automatic recovery process because the travel claims had been initiated. Additionally, OIOS review of Umoja data on travel that originated between January 2016 to June 2017 identified 2,368 cases (\$76,000) outstanding as of December 2017, where travel requests were approved, and advances paid but the status had not changed to 'trip completed'. Of these cases, 1,495 (63 per cent) were over one year past the trip end date. For the United Nations Secretariat as a whole, OIOS identified \$4.4 million in advances as of December 2017 that had not been subject to automatic recovery for travel that originated between January 2016 and June 2017. This amount had been reduced to \$1.6 million in advances as of 16 August 2018.

38. OIOS also identified the following in the process of submitting and reviewing travel claims:

- a) For refundable tickets, OPPBA had procedures in place to automatically match refunds recorded in bank statements to trips recorded in Umoja and to automatically trigger recovery of paid daily subsistence allowance (DSA). However, there were no procedures to review whether travel had taken place through matching information on unused, non-refundable tickets from airlines to Umoja claims reports. This could lead to non-identification of fraudulent claims submitted for travel that did not take place.
- b) There were 1,103 travel requests submitted but not approved. DM indicated these may be due to user error or aborted trips not cleared out of the system. Monitoring of these cases was the responsibility of executive offices, which should request the traveler to cancel the travel requests. In addition, DM was developing a tool in Umoja to assist with cleaning up pending transactions.
- c) There were four transactions in the period under review where the total trip costs posted in Umoja were higher than the total amounts paid to the traveler and TMC. TCU indicated that these amounts should be automatically matched in Umoja and reached out to the Umoja Team to review and address identified transactions.

39. The above occurred because the responsibility for monitoring Umoja data pertaining to travel requests and claims had not been established to ensure corrective actions are taken timely.

**(7) OPPBA should ensure the recovery of outstanding travel advances in a timely manner.**

*DM accepted recommendation 7 and stated that the system of automated recovery of travel advances would be enhanced by a housekeeping tool that would be released in the fourth quarter of 2018. This would allow finance teams across the United Nations to identify trips to be closed and advances to be recovered. Furthermore, for non-staff travelers, the prevention of additional payments from being issued when there is an outstanding credit memo on a traveler's vendor account via the current netting process would mitigate financial losses due to unrecovered advances. Recommendation 7 remains open pending receipt of evidence that long outstanding travel advances have been recovered.*

**(8) OPPBA should, in consultation with OCSS, establish procedures to match unused non-refundable tickets to submitted travel claims, to mitigate the risk of fraud pertaining to official travel.**

*DM accepted recommendation 8 and stated that its implementation depended on identifying a reliable source of information on cancelled trips with non-refundable tickets. If this information is available through the TMC, OPPBA would initiate a process to identify fraudulent claims arising from travel that did not take place. Recommendation 8 remains open pending receipt of procedures to match unused non-refundable tickets to submitted travel claims.*

Are unused tickets monitored and refunds from airlines and recovery of daily subsistence allowance initiated?

40. Travelers are required to cancel approved travel requests in Umoja, if the trip did not take place. Once cancellation is approved by the TPO and processed in Umoja, TMC requests a refund from the airline in GDS. The cancellation of a travel request will also trigger automatic recovery of paid DSA.

41. OIOS noted that the current process for recording and recovering refunds was cumbersome because TMC did not provide information on all refunds requested from airlines and on unused, non-refundable tickets. It would cost \$24,000 per year for TMC to provide this information, which OCSS at the time had decided not to incur. As a result, OPPBA was unable to ensure that all refunds requested from airlines were received and corresponding DSA for unused, non-refundable trips were recovered.

42. According to OPPBA, between January 2016 and June 2017, there were refunds amounting to \$4.5 million from airlines for unused tickets as reported through the bank reporting tool, compared to \$4.3 million identified in Umoja. OPPBA was in the process of reconciling the difference at the time of the audit. As of 28 February 2018, there were 89 trips, totaling \$67,000, that were refunded by the airline but were not matched automatically with trips in Umoja. OPPBA indicated that manually matching these remaining refunds was very time-consuming due to insufficient information.

43. The request for proposal to replace the current TMC contract requires the vendor to track and report on the inventory/usage of non-refundable tickets. This information and a list of all refunds requested from the airlines is necessary for efficient processing of unused ticket refunds and identification of DSA which requires recovery.

**(9) OCSS should, in its next travel management contract, require the travel management company to provide sufficient information on unused tickets to ensure accurate processing of airline refunds and recovery of related daily subsistence allowance, if applicable.**

*DM accepted recommendation 9 and stated that contract negotiations with a vendor were currently underway to finalize a new contract. Recommendation 9 remains open pending receipt of the new contract requiring the selected TMC to report on unused tickets.*

Is the purchase of non-refundable tickets appropriate for travelers' requirements?

44. The Organization needs to determine whether and when to use refundable tickets based on analyses of cancelled tickets and travelers' requirements.

45. The United Nations mostly purchased non-refundable tickets which were cheaper than less restrictive and refundable tickets. However, TTS did not have data on unused or canceled tickets and changes to itineraries to analyze whether the use of refundable tickets would be more appropriate in some cases. TTS commented that this information is held by TMC which tracks and takes action on any circumstances when a previously canceled or unused ticket can be applied to a new reservation for the traveler. OIOS survey results indicated that, during the period under review, 9 per cent of respondents had to cancel a trip due to work-related reasons, which resulted in a loss of a ticket. No information was available in Umoja on the breakdown of refundable versus non-refundable tickets. TTS requested the provision of more detailed information on unused, non-refundable tickets in the new contract with a TMC at the United Nations Headquarters; therefore, OIOS did not make a recommendation on this issue at this time.

To what extent does the Umoja system and its reports support the efficient management of travel?

46. To ensure efficient management and monitoring of travel arrangements and expenditures, the Organization needs reporting tools, which permit complete and accurate extraction, categorization, and analysis of travel data recorded in Umoja.

47. The implementation of Umoja has increased the information available on travel activities for monitoring and decision-making purposes. These include reports on travel volume, advance purchase policy compliance, trip status, and TPO productivity.

48. The Secretary-General's reports to the General Assembly on the standards of accommodation for air travel were also based on business intelligence reports extracted from Umoja. The report for the period from January to June 2016 indicated that there were 37,903 finalized air travels with 2,113 trips without a recorded class of travel, which was due to the business intelligence solution returning blank values. There was also missing information on the modality of ticket issuance (e.g. commercial service provider, self-ticket, etc.). TTS implemented monthly data reviews to identify and refer problematic records to relevant TPOs for corrective action. OIOS analysis of Umoja data for July 2016 to June 2017 noted an improvement in the quality of data pertaining to recorded class of travel. These improvements needed to be sustained to ensure all data fields in Umoja are correctly entered and maintained.

**(10) OCSS should establish procedures to ensure that data on standards of accommodation are correctly inputted and maintained in Umoja for accurate reporting.**

*DM accepted recommendation 10 and stated that OCSS was conducting monthly data quality checks to ensure accurate data entry and addressing the large number of blank values in Umoja. Recommendation 10 remains open pending receipt of the established procedures to ensure accuracy of capturing data on the standards of accommodation.*

### **C. How effective are travel arrangements in facilitating programme implementation?**

Have the standards of accommodation been periodically reviewed and updated to reflect developments in the travel industry?

49. Standards of accommodation that determine the use of economy, business and first-class cabins need to be periodically reviewed and updated to reflect developments in the travel industry and to ensure travel arrangements are efficiently managed.

50. TTS reviewed standards of accommodation periodically. A report on standards of accommodation for air travel is submitted by the Secretary-General to the General Assembly biennially. OIOS review of Umoja data indicated that for the period under review, approximately 68 per cent of trips were in economy class, 32 per cent in business and less than 1 per cent in the first class in the United Nations Headquarters.

51. OIOS reviewed the United Nations travel policies and policies of other international organizations and noted the following:

#### **a. Premium economy**

52. The Secretary-General's report on standards of accommodation states that the majority of organizations continue to offer business class as the appropriate standard of accommodation, in cases where the travel time exceeds a predefined threshold, as the premium economy product is not consistently available from all airlines. However, the recent Joint Inspection Unit (JIU) report on air travel policies (JIU/REP/2017/3) includes summary data on six frequently traveled routes between five headquarters locations and between two regional commissions and headquarters noting that the average premium economy ticket is 56 per cent of the cost of an average business class ticket. Additionally, the report noted that two United Nations system organizations had already started utilizing premium economy in lieu of business class. The JIU issued a recommendation that alternatives to business class travel should be explored, such as premium economy and other classes between economy and business, where possible. The implementation of JIU recommendation was ongoing. It is noted that the United Nations Secretariat does offer premium economy as an option if a traveler voluntarily downgrades from a higher class of travel. According to TTS, there were 2,345 trips whereby the traveler agreed to a voluntary downgrade to a lower class of travel.

#### **b. Policy on use of business class**

53. An inquiry made by the United Nations Secretariat in October 2016 returned responses from 13 Inter-Agency Network organizations, which indicated that the average threshold for these public-sector organizations for business-class travel is 6.4 hours' travel time, with the minimum being three hours and the maximum being nine hours. Responses from the Travel Services Benchmark Network organizations indicated that they have a similar threshold for business-class travel: the average threshold is 6.8 hours'

travel time, with the minimum being 5 hours and the maximum being 12 hours. Some organizations take stopovers into account, whereas others consider travel time equal to flight time.

54. While the United Nations policies are among the most prudent, they are also among the most complex. For example, the General Assembly resolution 67/254 stipulated that for official travelers below the level of Assistant Secretary-General, the standard of accommodation for air travel will be business class if a single-leg journey is 9 hours or more and will be business class for a multi-leg journey if the combined travel time of the journey is 11 hours or more, including a maximum of 2 hours of connection time, provided that the journey to the next destination resumes within 12 hours. TMC informed OIOS that interpretation and application of the policies requires utilization of different tools. This may lead to inconsistencies and increase in ticket purchasing time, making it difficult to effectively implement the online travel booking tool, and increasing the negative impact on staff productivity and wellbeing.

55. Promulgation of administrative instruction ST/AI/2013/3 increased the travel time needed for a traveler to qualify for business class and made economy class the standard accommodation for air travel for consultants, individual contractors and other non-staff providing services to the Organization. Although, it was estimated that the average ticket price across the larger Secretariat travel processing offices (representing 80 per cent of Secretariat air travel) decreased by 6.1 per cent from 2013 to 2014, there were more requests for exceptions in the period from July 2014 to June 2016, especially for the category of prominent persons, which increased from 249 to 690 cases and from \$585,000 to \$2 million, as indicated in the Secretary-General's report.

#### c. Direct route

56. Strict application of the current policies may require staff members to take an indirect flight that may be up to four hours longer in duration than the most direct flight, even if it is only marginally cheaper than direct option. Other organizations utilized a percentage and/or a dollar value threshold to determine whether the most direct route may be selected in lieu of the most economic route. For example, the United Nations Development Programme uses a 10 per cent threshold not to exceed \$350, in deciding whether a direct route may be taken. The World Intellectual Property Organization links their threshold option to whether the travel request had been submitted sufficiently in advance. OCSS is considering implementing a threshold to allow the purchase of the preferred route in lieu of the most economical.

57. As reported in the latest Secretary-General's report on standards of accommodation for air travel (A/72/716), replacing the current, dual-threshold model with a single-threshold on total travel time would simplify the determination of the standards of accommodation. The General Assembly requested the Secretary-General to report in the 73<sup>rd</sup> session an analysis and recommendations concerning a single threshold for the use of business class by staff below the level of Assistant Secretary-General and eligible family members.

#### d. Staff wellbeing

58. Sixty-four per cent of respondents to the OIOS survey on travel indicated that the standard of accommodation for their trips was appropriate and conducive to effectively carry out their professional duties upon arrival to their destination. However, 36 per cent of the respondents disagreed for the following reasons: a) exhaustion due to reduced comfort, increased number of stopovers, and red-eye flights/early arrival times; b) decreased productivity on flight due to lack of space; c) airline safety related concerns; and d) no consideration of cost for flights that do not provide food or charge extra for baggage.

59. TTS may consider additional ways to improve staff wellbeing with cost-effective considerations. For example, the Global Fund travel policies allow a traveler who elects to travel with economy class

instead of business class to take an extra day for recuperation. In addition, access to business class lounges may be allowed for multi-leg travel by economy class.

**(11) OCSS should review the travel policies on standards of accommodation for air travel and propose their simplification to achieve effective and efficient travel arrangements.**

*DM accepted recommendation 11 and stated that OCSS had reviewed the travel policies on standards of accommodation and would propose their simplification in the next report of the Secretary-General on air travel that would be presented to the General Assembly's at the first resumed part of its 73<sup>rd</sup> session. Recommendation 11 remains open pending receipt of the report.*

How satisfied are staff with travel arrangements?

60. Staff satisfaction with travel arrangements needs to be considered to ensure efficiency and effectiveness of their work.

61. OIOS administered a survey on staff satisfaction with travel arrangements and the related processes, as described in paragraph 11. A summary of staff responses is as follows, in addition to those responses previously mentioned in this report:

- a) Sixty-seven per cent and 65 per cent of OIOS survey respondents rated the professionalism and knowledge of TTS staff and the Human Resources Partners, respectively, as good to very good;
- b) Seventy-five per cent of respondents were typically booked on flights with connections and 40 per cent of these individuals indicated that it affected their ability to carry out their professional duties upon arrival;
- c) Thirty-six per cent of respondents were of the opinion that travel arrangements booked for them had routes totaling more than four hours over the direct route; and
- d) Twenty-six per cent of respondents had safety concerns, as a result of the arrival time at their destination.

62. Suggestions made by respondents on possible improvements to travel arrangements and the related processes, in addition to those previously mentioned in this report, are as follows:

- a) Allow early check-in and/or late check-out in hotels for flights arriving early or leaving late;
- b) Allow voluntary downgrades with incentive;
- c) Allow premium economy on all flights over 6 hours;
- d) Allow use of economy with extra leg room;
- e) Use booking classes which allow for personal upgrades;
- f) Ensure groups of staff and/or consultants are booked on the same flights; and
- g) Consider safety of airlines.

63. A memo was issued on 2 July 2014 to executive offices of departments and offices on changes to travel claims processing following the issuance of ST/AI/2014/2 on system of daily subsistence allowance, which includes the provision for some level of reimbursement to a traveler to check in to a hotel very early in the morning after a night flight. Not all staff were aware of this provision. OCSS could communicate this to travelers.

64. As OIOS has already recommended that OCSS review travel policies on standards of accommodation and propose their simplification to achieve effective and efficient travel arrangements, no additional recommendation is made.

#### **IV. ACKNOWLEDGEMENT**

65. OIOS wishes to express its appreciation to the management and staff of DM for the assistance and cooperation extended to the auditors during this assignment.

*(Signed)* Eleanor T. Burns  
Director, Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of travel arrangements in the United Nations Secretariat in New York

Rec. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
1	DM should provide guidance to certifying officers on using information in the Time and Attendance module of Umoja to corroborate manager approval of travel requests and to identify any unauthorized travel.	Important	O	Receipt of DM guidance to certifying officers on using information in the Time and Attendance module of Umoja to corroborate manager approval of travel requests.	31 December 2019
2	OCSS should, in consultation with OHRM, streamline the approval process for home leave travel in Umoja to eliminate the need for executive offices to review individual home leave requests.	Important	O	Receipt of the results of the review by OHRM of potential improvements to the approval process for home leave travel in Umoja, and evidence of implementation.	30 June 2019
3	OCSS should establish and monitor the target number of days for the travel management company to issue tickets to ensure that the benefit of the advance purchase policy is realized.	Important	O	Receipt of the established target KPI for the issuance of tickets by the selected TMC.	31 March 2019
4	OCSS should establish a monitoring mechanism to collect and analyze data periodically on the use of the global management of travel.	Important	O	Receipt of the business intelligence report to be used for monitoring global management of travel.	31 March 2019
5	OCSS should gather information on the use of the online travel booking tool and potential savings that could be achieved if the tool is utilized.	Important	O	Receipt of the mechanism to gather information on the use of the online travel booking tool and resulting savings.	30 June 2019
6	OCSS should streamline the guidance on the use of the self-ticketing option, including simplifying the related user guide and considering removing the dollar limit set on the use of this option.	Important	O	Issuance of the new information circular on official travel that addresses the use of the self-ticketing option.	31 January 2019
7	OPPBA should ensure the recovery of outstanding travel advances in a timely manner.	Important	O	Receipt of evidence that long outstanding travel advances have been recovered.	31 January 2019

<sup>2</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>3</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>4</sup> C = closed, O = open

<sup>5</sup> Date provided by DM in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of travel arrangements in the United Nations Secretariat in New York

Rec. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
8	OPPBA should, in consultation with OCSS, establish procedures to match unused non-refundable tickets to submitted travel claims, to mitigate the risk of fraud pertaining to official travel.	Important	O	Receipt of procedures on matching unused non-refundable tickets to submitted travel claims.	31 March 2019
9	OCSS should, in its next travel management contract, require the travel management company to provide sufficient information on unused tickets to ensure accurate processing of airline refunds and recovery of related daily subsistence allowance, if applicable.	Important	O	Receipt of the new contract requiring the selected TMC to report on unused tickets.	31 March 2019
10	OCSS should establish procedures to ensure that data on standards of accommodation are correctly inputted and maintained in Umoja for accurate reporting.	Important	O	Receipt of the procedures established to ensure accuracy of capturing data on the standards of accommodation.	31 March 2019
11	OCSS should review the travel policies on standards of accommodation and propose their simplification to achieve effective and efficient travel arrangements.	Important	O	Receipt of the report of the Secretary-General proposing the simplification of travel policies.	31 March 2019

# **APPENDIX I**

## **Management Response**

United Nations  Nations Unies  
INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

TO: Ms. Muriette Lawrence-Hume, Chief, New York Audit Service  
A: Internal Audit Division, Office of Internal Oversight Services

DATE: 24 September 2018

THROUGH: Olga de la Piedra, Director  
S/C DE: Office of the Under-Secretary-General for Management  
FROM: Mario Baez, Chief, Policy and Oversight Coordination Service  
DE: Office of the Under-Secretary-General for Management

SUBJECT: **Draft report on an audit of travel arrangements in the United Nations Secretariat in New York (Assignment No. AH2017/513/04) – Additional comments**  
OBJET: **York (Assignment No. AH2017/513/04) – Additional comments**

1. With reference to your memorandum dated 29 August 2018 regarding the above-subject draft report please find comments below and in the attached Appendix I from the Department of Management. This supersedes our memorandum dated 11 September 2018.

**Recommendation 1**

~~OCSS should, in consultation with DM~~ should provide guidance to certifying officers ~~OHRM, provide guidance to executive offices~~ on using information in the Time and Attendance module of Umoja to corroborate manager approval of travel requests and to identify any unauthorized travel.

- 2. DM requests OIOS to amend the recommendation as shown above.
- 3. Thank you for giving us the opportunity to provide comments on the draft report.

cc: Ms. Beagle

DM-2017-05377  
25-Sept-2018

## Management Response

## Audit of travel arrangements in the United Nations Secretariat in New York

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	OCSS should, in consultation with OHRM, provide guidance to executive offices on using information in the Time and Attendance module of Umoja to corroborate manager approval of travel requests and to identify any unauthorized travel.	Important	Yes	OHRM Umoja Process Owner Representative  Chief, Travel and Transportation Section, OCSS	31 December 2019	<p>For the Certifying Officer to have access to the Time and Attendance Module, DM will review the role provisioning to ensure that Travel and Shipment Approvers (TSAs) are provisioned with the Human Resources (HR) Display - Restricted role. TSAs provisioned with the HR Display role will need to complete the computer-based training for HR Display available on the Umoja website, and DM will provide additional guidance on how to view staff time records and to use Time Reports available in Umoja.</p> <p>In August 2016, Umoja was enhanced to add a workflow to the Time Manager for the approval of Official Business Absence. At the time the enhancement was made available, a communication was distributed to all staff members regarding the change. It is noted that the Time Management Job Aid needs to be corrected and a release note will be published accordingly.</p>

<sup>1</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

## Management Response

## Audit of travel arrangements in the United Nations Secretariat in New York

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
2	OCSS should, in consultation with OHRM, streamline the approval process for home leave travel in Umoja to eliminate the need for executive offices to review individual home leave requests.	Important	Yes	Chief, Travel and Transportation Section, OCSS  OHRM Umoja Process Owner Representative  Team Lead, Umoja	30 June 2019	Under the direction of the OHRM Process Owner, a review and assessment of potential improvements to the approval process for home leave travel will be performed. Potential organisational changes as a result of management reform will also be considered.
3	OCSS should establish and monitor the target number of days for the travel management company to issue tickets to ensure that the benefit of the advance purchase policy is realized.	Important	Yes	Chief, Travel and Transportation Section, OCSS	31 March 2019	OCSS incorporated the target number of days as a key performance indicator in the statement of work of the currently open request for proposals to select a travel management company.
4	OCSS should establish a monitoring mechanism to collect and analyze data periodically on the use of the global management of travel.	Important	Yes	Chief, Travel and Transportation Section, OCSS	31 March 2019	OCSS will establish a monitoring mechanism to collect and analyze data periodically on the usage of the cost recovery fee by the travel processing offices. A business intelligence report to monitor the use of the automated recovery functionality in Umoja is in the process of being developed.
5	OCSS should gather information on the use of the online travel booking tool and potential savings that could be achieved if the tool is utilized.	Important	Yes	Chief, Travel and Transportation Section, OCSS	30 June 2019	Full implementation of the online booking tool and potential savings will be subject to a simplification of the current Secretariat travel policy, which will be presented to the General Assembly at the first resumed part of its 73 <sup>rd</sup> session.
6	OCSS should streamline the guidance on the use of the self-ticketing option, including simplifying the related user guide and considering removing the dollar limit set on the use of this option.	Important	Yes	Chief, Travel and Transportation Section, OCSS	31 January 2019	This recommendation will now be addressed by the issuance of a revised Information Circular on Official Travel, as opposed to a revised Administrative Instruction that was initially proposed.

## Management Response

## Audit of travel arrangements in the United Nations Secretariat in New York

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
7	OPPBA should ensure the recovery of outstanding travel advances in a timely manner.	Important	Yes	Chief Insurance and Disbursement Service, OPPBA	31 January 2019	The current system of automated recovery of travel advances will be enhanced by the housekeeping tool that is due for release in fourth quarter of 2018. This will allow finance teams across the United Nations Secretariat to identify trips to be closed and advances to be recovered. Furthermore, for non-staff, the prevention of additional payments from being issued when there is an outstanding credit memo via the current netting process, also mitigates financial losses due to unrecovered advances.
8	OPPBA should, in consultation with OCSS, establish procedures to match unused non-refundable tickets to submitted travel claims, to mitigate the risk of fraud pertaining to official travel.	Important	Yes	Chief Insurance and Disbursement Service, OPPBA	31 March 2019	Implementation of this recommendation depends on identifying a reliable and efficient source of information on cancelled trips with non-refundable tickets. OPPBA and OCSS will assess if this information is available through the travel management company, which provides travel agency services to United Nations Headquarters, and then OPPBA will initiate a process to identify fraudulent claims arising in these situations.
9	OCSS should, in its next travel management contract, require the travel management company to provide sufficient information on unused tickets to ensure accurate processing of airline refunds and recovery of related daily subsistence allowance, if applicable.	Important	Yes	Chief, Travel and Transportation Section, OCSS	31 March 2019	Contract negotiations are currently underway with a vendor to finalize a new contract.
10	OCSS should establish procedures to ensure that data on standards of accommodation are correctly inputted and maintained in Umoja for accurate reporting.	Important	Yes	Chief, Travel and Transportation Section, OCSS	31 March 2019	OCSS has developed and shared with OIOS the quality assurance procedures to monitor data input into Umoja. Monthly data quality checks to ensure accurate data entry are already occurring and

## Management Response

## Audit of travel arrangements in the United Nations Secretariat in New York

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						Umoja has been addressing the large number of blank values.
11	OCSS should review the travel policies on standards of accommodation and propose their simplification to achieve effective and efficient travel arrangements.	Important	Yes	Chief, Travel and Transportation Section, OCSS	31 March 2019	OCSS has reviewed the travel policies on standards of accommodation and will propose their simplification to be put forward in the next report of the Secretary-General on air travel that will be presented to the General Assembly at the first resumed part of its 73 <sup>rd</sup> session.