



INTERNAL AUDIT DIVISION

REPORT 2018/071

Audit of travel processing in the Regional Service Centre in Entebbe

There was a need to strengthen controls over approval of travel requests, selection of air ticket fares and claiming discounts on travel payments

12 July 2018
Assignment No. AP2017/616/01

Audit of travel processing in the Regional Service Centre in Entebbe

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of travel processing in the Regional Service Centre in Entebbe (RCSE). The objective of the audit was to assess the adequacy and effectiveness of controls over travel processing in RSCE. The audit covered the period from 15 November 2015 (when the Umoja travel module was implemented) to 31 May 2018 and included travel requests, travel expense reports, travel invoices and performance monitoring.

RSCE needed to strengthen controls over approval of travel requests, selection of air ticket fares and claiming discounts on travel payments.

OIOS made seven recommendations. To address issues identified in the audit, RSCE needed to:

- Require certifying officers to review Umoja travel history prior to approving travel requests to ensure that they are valid and not duplicated;
- Complete the review of travel requests data in Umoja, identify all invalid travel payments and initiate recoveries;
- Ensure proper documentation of the basis of selection of lowest air ticket fares by counter-checking against the Global Distribution System;
- Complete the follow-up of outstanding expense reports and initiate recovery of unsettled advances;
- Share relevant corporate discount codes with the travel vendors and notify travel vendors on changes in the client missions;
- Review payments made to travel vendors since November 2015 to identify and claim all relevant discounts due to the Organization; and
- Complete the review of the current travel performance monitoring system and include quality performance measures and delineate responsibility between RSCE and client missions.

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

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Audit of travel processing in the Regional Service Centre in Entebbe

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of travel processing in the Regional Service Centre in Entebbe (RSCE).
2. RSCE was established in July 2010 as a shared service centre for missions in the African region. Among other functions, RSCE is responsible for processing out-of-mission air travel for 12 missions for United Nations staff, their dependents and uniformed personnel in accordance with the United Nations travel policy. Travel for international staff were processed in Umoja while those of uniformed personnel and local staff were processed in the Field Support Suite (FSS). RSCE established four service lines that are responsible for processing travel requests and related expense reports, i.e., Travel for Meetings and Training, with 25 staff, headed by a P-4; Uniformed Personnel, with 9 staff, headed by a P-4; Onboarding and Separation, with 3 staff, headed by a P-4; and Entitlement Travel, with 15 staff, headed by a P-3. Each service line head reports to the Service Delivery Manager at the P-5 level.
3. Since 2013, RSCE engaged three travel vendors on long-term contracts to provide airline reservation and ticket booking services. Management of the travel vendors' contracts, including invoice processing, was delegated to the Travel for Meetings and Training Service Line.
4. During the period 15 November 2015 (when the Umoja travel module was implemented) to 30 September 2017, RSCE processed a total of 39,700 travel requests (23,419 in Umoja and 16,281 in FSS) and paid \$34 million to the three travel vendors.
5. Comments provided by the Department of Field Support and the Department of Management (DM) are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the adequacy and effectiveness of controls over travel processing in RSCE.
7. This audit was included in the 2017 risk-based work plan of OIOS due to operational and financial risks associated with travel processing.
8. OIOS conducted this audit from June to December 2017. The audit covered the period from 15 November 2015 to 30 September 2017. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in travel processing, which included: travel requests, travel expense reports, travel invoices and performance monitoring.
9. The audit methodology included interviews of key personnel, reviews of relevant documentation, analytical reviews of data and sample testing of 227 trips using a random sampling approach.
10. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Processing of travel requests

Need to enhance the review of travel requests to ensure their accuracy and validity

11. Financial Regulations and Rules (105.5 and 105.6) require payment of travel-related entitlements based on certified and approved travel authorizations. Certifying officers are responsible for reviewing the staff members' travel request, including the history of the requests to ensure that a travel request is accurately recorded in Umoja/FSS. The travel processing officers (TPOs) are responsible for processing tickets/lump sums after the travel request is certified. The Staff Rules (paragraph 7.4) and the administrative instruction on official travel (ST/AI/2013/3) require that all travels are authorized and certified in writing prior to their commencement, while the travel management service contracts require RSCE to provide its travel vendors approved travel authorizations prior to issuance of tickets. Also, the administrative instruction on rest and recuperation (ST/AI/2011/7) requires RSCE to accurately pay lump sum amounts in line with rates established by the missions for designated destinations without United Nations transportation.

12. RSCE used the FSS system to process travels for its client missions' uniformed personnel and national staff, and Umoja for international staff. A review of a sample of travel data in Umoja and FSS, and interviews with the travel vendors indicated the following:

- There were instances where staff members duplicated travel requests which were approved and paid. For example, as of June 2017, there were a total 577 travel authorizations to staff members with similar or overlapping travel dates with a value of \$967,000. A review of a sample of 227 trips indicated that 15 trips were duplicated, which resulted in overpayments totaling \$37,000. This resulted as staff members submitted duplicate travel requests for same and/or overlapping dates and certifying officers did not always properly review the staff members' travel requests in Umoja to confirm that travel request details were accurate.
- There were instances where rest and recuperation lump sum payments were higher or lower than the established rates. For example, OIOS compared the amounts paid against the established rates for three missions where staff members were entitled to rest and recuperation travel lump sum payments (\$1,400 for MINUSCA, \$667 for MINUSMA and \$765 for UNAMID), which identified overpayments in 25 requests amounting to \$22,000 and underpayments in 20 requests amounting to \$7,000. In one instance, a UNAMID rest and recuperation lump sum entitlement for a trip in February 2016 was recorded and paid as \$7,650 instead of \$765 leading to overpayment of \$6,885. The overpayment was only recovered in December 2017 following the audit, a delay of about 21 months since the due date of recovery. This resulted as the human resources partners manually input the lump sum amounts in Umoja and/or the error would have been identified and corrected had the human resources partners properly reviewed the request prior to approval. The staff member also should have noticed such a gross overpayment, but did not come forward and reimburse the overpayment.
- RSCE did not always maintain evidence to demonstrate that it provided its travel vendors with approved travel authorizations prior to issuance of tickets. As of 30 September 2017, the three travel vendors indicated that they did not have copies of travel authorizations for 986 tickets amounting to \$912,000 and therefore could not bill RSCE. The related tickets were issued between March 2013 and July 2017. An analysis of the 986 tickets indicated that 626 (64 per cent) and 346 (36 per cent) were processed in FSS and Umoja respectively. A further review of a

sample of 16 out of the 986 tickets costing about \$62,000 indicated that: in 10 cases, which were processed in Umoja, RSCE had provided the travel vendors with the approved travel authorizations, which were automatically issued after the travel requests were approved in Umoja; and for the remaining 6 cases, processed in FSS, RSCE had not maintained evidence to demonstrate that it provided the travel vendors with the approved travel authorizations prior to issuance of tickets. This resulted as FSS did not have a feature to automatically send the approved travel requests to the travel vendors. RSCE had to download the approved travel request and manually send them to the travel vendors. The Uniformed Personnel Service only started tracking the manually downloaded travel requests that were transmitted to the travel vendors in September 2017.

13. The inadequate review of travel requests led to duplication of travel payments and loss of funds to the Organization. The issuing of tickets without timely transmittal of travel authorizations to travel vendors led to delays in processing vendor payments and could result in reputation risk for the United Nations. Since RSCE had conducted a review to identify valid claims, and had communicated to the travel vendors asking them to substantiate other claims that did not have supporting documents, OIOS is not making a recommendation as regards this matter.

14. OIOS however noted that RSCE subsequently initiated internal reviews to identify all possible duplicates. As of the audit date, this process was ongoing and had not been completed. Also, as of April 2018, the travel vendors had submitted a list of tickets where RSCE had not provided them with the approved travel request. RSCE was in the process of reconciling the list with its records and providing the vendor with the travel authorization documents on a case by case basis.

(1) RSCE should require certifying officers to review Umoja travel history prior to approving travel requests to ensure they are valid and not duplicated.

RSCE accepted recommendation 1 and stated that it had consolidated the travel function in April 2018 which facilitated targeted and coordinated capacity-building for certifying officers. RSCE had also conducted training for certifying officers. RSCE stated that while it had control over certifying officers with the Centre certifying entitlement requests, it had no control over official travel certifying officers stationed within client missions. Recommendation 1 remains open pending receipt of evidence that certifying officers are adequately and consistently reviewing travel requests, including the Umoja travel history, and there are no new cases of duplicate travel authorizations.

(2) RSCE should complete the review of travel requests data in Umoja, identify all invalid travel payments and initiate recoveries.

RSCE accepted recommendation 2 and stated that it had initiated the process of identifying and monitoring duplicate travel requests and recovering overpayments. A standard operating procedure for monitoring duplicate travel requests and expense reports had also been implemented. RSCE was also setting up a task force to clear all pending duplicate cases in coordination with client missions. DM added that it would be launching a housekeeping tool in the third quarter of 2018, which would allow key finance users to review and close trips in order to clear commitments and initiate recoveries. Recommendation 2 remains open pending receipt of evidence that all identified duplicate payments have been recovered.

Need to ensure appropriate documentation to support selection of most economical and direct routing

15. The United Nations travel policy requires RSCE to ensure travel itineraries are economical and direct. RSCE required the travel vendors to provide three quotations for each proposed travel, from which the lowest cost and most direct itinerary would be selected. The TPOs have access to the Global Distribution System (GDS), which contains information on air fares, to assess the reasonableness of air tickets provided by the travel vendors.

16. A review of a sample of 184 travel requests processed (amounting to \$2 million) indicated that 137 travel requests (valued at \$1.4 million) were processed and tickets issued without obtaining and analysing at least three quotations. In addition, there was no evidence that RSCE compared the selected price with the information in the GDS system. Hence, there was no evidence to demonstrate that RSCE always obtained the most economical and direct fare. This resulted as RSCE had no mechanism to review the TPOs' ticket issuance process including comparisons made with GDS prior to issuing tickets.

17. RSCE stated that in view of changing pricing trends in the airline industry, it would discontinue requesting for quotations from different travel vendors and instead implement a new model that would cap ticket prices to a maximum limit based on published fares in GDS.

(3) RSCE should institute a mechanism to ensure selection of lowest air ticket fares, by counter-checking against the Global Distribution System and documenting such assessment.

RSCE accepted recommendation 3 and stated that it had established a team to build the capacity of all TPOs by ensuring they had access to GDS and were trained to perform fare construction in GDS. Going forward RSCE would implement a new operational module of requesting for ticket reservation within a capped amount established by travel processors after checking the published fares in GDS; this information would be properly documented and stored. Recommendation 3 remains open pending receipt of evidence that the additional training for travel processors is completed and ticket fares received from vendors are compared to set GDS ceiling amounts and properly documented.

B. Processing of travel expense reports

Need to ensure timely submission of travel expense reports and recovery of unsettled advances

18. The administrative instruction on official travel (ST/AI/2013/3) requires that an expense report/travel reimbursement claim is submitted within two weeks (14 calendar days) after completion of travel. The TPOs are required to review and approve expense reports submitted by staff members and to initiate recovery of travel advances for those not submitted. Further, the Umoja Change Impact Document requires certifying officers to review status of the outstanding advances and clear travel advances they have authorized.

19. A review of Umoja data for travel processed showed that staff members had not submitted expense reports for 4,053 out of 39,700 trips on time, with delays ranging from 10 days to 737 days and averaging 398 days. As a result, advances totaling \$554,702 had not been settled.

20. While Umoja can be set to recover advances in cases where the staff member failed to submit expense reports, this functionality was not fully operational in the audit period due to challenges resulting from Umoja implementation. Between November 2015 and May 2017, the automatic recovery of

advances was still under development and was only run on an ad hoc basis. Also, the functionality broke down in July and August 2017. However, RSCE assumed that the Umoja functionality to auto-recover advances was working and therefore had not implemented alternative measures to regularly review outstanding expense reports in Umoja and follow up with the respective staff members for corrective action or initiate recoveries.

21. In March 2018, RSCE carried out a detailed review of outstanding expenses reports and sent details to its client missions to liaise with the respective staff members to submit the outstanding expense reports by 30 June 2018; recoveries would be initiated for any expense report that would be pending by that date.

(4) RSCE in coordination with its client missions should complete the follow-up of outstanding expense reports and initiate recovery of unsettled advances.

RSCE accepted recommendation 4 and stated that it was in the process of implementing the recommendation. RSCE had started to send out monthly faxes to the client missions asking them to inform their staff to submit expense reports. Recommendation 4 remains open pending receipt of evidence that expense reports have been submitted and recovery initiated for missing expense reports.

C. Processing of travel invoices

Need to obtain applicable global corporate discounts on air tickets

22. The United Nations entered into global corporate travel services agreement with 10 airlines that granted the United Nations with corporate discounts for tickets purchased from the airlines. RSCE entered into travel management services contract with three travel vendors. The contracts included a schedule of global corporate discounts that were to be passed to the United Nations on each ticket purchased by the vendors from the airlines. The discount by various airlines ranged from 2 to 15 per cent of the ticket cost. RSCE is required to ensure accurate processing of vendor invoices and that payment of travel invoices is net of the applicable discounts.

23. A review of 90 out of 10,540 invoices paid in the period from November 2015 to September 2017 indicated the following:

- RSCE had not claimed corporate discounts totaling \$14,877 in 62 out of 90 invoices reviewed. Further, an analysis of the performance report of one vendor for the period January 2016 to January 2017 indicated that \$448,444 in corporate discounts were not claimed during the period. Where other forms of discounts were claimed, the discounts were not recorded in Umoja as the payments were posted net of discounts; and
- The travel management services contracts provided for airline and country discounts for only four client missions that existed when the scope of works for the contract was drafted in 2013. The contracts were subsequently extended four times, and the number of client missions had increased from 4 to 12, but RSCE did not seek for the extension of the discounts to the eight new client mission destinations. The eight missions excluded from the discount arrangement accounted for 40 per cent of the travel requests volume processed by RSCE.

24. RSCE was established under the global field support strategy, whose core objective was cost reduction by capitalizing on economies of scale. Failure to capitalize on travel volume discounts undermines this global field strategy objective and led to lost opportunity for cost reduction.

25. DM explained that the global discount information and relevant discount codes were available on the United Nations Travel Unite Connections community site, but RSCE had not submitted the ticket booking discount codes to the travel vendors. Without visibility to the booking discounts codes, the travel vendors could not apply the relevant discounts when issuing air tickets.

(5) RSCE should share relevant corporate discount codes with the travel vendors and notify the travel vendors on changes in the client missions.

RSCE accepted recommendation 5 and stated that it had communicated to travel vendors a list of airlines with whom the United Nations had corporate discounts, and discount codes are already being used on a number of airlines. The newly established Contract Management Unit would monitor the application of these discounts. Recommendation 5 remains open pending receipt of evidence that all corporate discounts are now being claimed from the travel vendors and that travel vendors have been advised on changes in client missions.

(6) RSCE should review payments made to travel vendors since November 2015 to identify and claim all relevant discounts due to the Organization.

RSCE accepted recommendation 6 and stated that it would constitute a team to review travel vendor payments and applicable discounts. Recommendation 6 remains open pending receipt of evidence of review of past payments to the travel vendors with a view to identifying and claiming all discounts due to the Organization.

D. Performance monitoring

Travel key performance indicators needed improvement by incorporating processing quality measures

26. RSCE is required to measure, monitor and report on its performance to its Steering Committee and client missions. RSCE established several travel processing related key performance indicators (KPIs) such as targets to: purchase tickets 16 days in advance of travel 75 per cent of the time; issue tickets for official travel within 7 days of travel authorization 98 per cent of the time; and pay vendor invoices within 27 days 98 per cent of the time.

27. RSCE did not achieve some performance objectives and/or did not initiate effective corrective actions. Where the performance targets were achieved, there were concerns on the quality of the service provided. For example:

- There were instances where factors under the control of client missions and outside that of RSCE prevented the latter from achieving performance targets. RSCE compliance with the 16-day requirement to purchase ticket in advance of travel was consistently below 50 per cent. RSCE was not able to address the low performance as only client missions have control over the dates travel requests are submitted in Umoja;
- RSCE achieved an average of 76 per cent in 2017 on the target to issue tickets for official travel within 7 days of travel authorization; however, as reported above there were duplicate travel authorizations. The duplicate approvals were not measured or reported on; and

- RSCE achieved an average of 88 per cent of the target to pay vendor invoices within 27 days for the period October 2016 to September 2017; however, not all the applicable discounts were claimed and recorded. Also, as reported above, invoices related to tickets issued without copies of travel authorizations were not presented for payment and therefore not included in the performance indicator.

28. This resulted as the travel performance measures' emphasis was on productivity and there was minimal built-in quality control mechanism. Further, the responsibility for achieving KPIs was assigned only to RSCE even for processes that relied on inputs by client missions.

29. Failure to incorporate quality measures may lead to declining service standards that are not corrected in time, and possible financial losses like in the case of missed discounts and duplicate travel authorizations. The RSCE service delivery manager stated that the existing measures were established at a time when the main challenge was boosting productivity and that the performance monitoring system was being revised to include delineation of responsibilities between RSCE and client missions.

(7) RSCE should complete the review of the current travel performance monitoring system and include quality performance measures and delineate responsibility between RSCE and client missions.

RSCE accepted recommendation 7 and stated that it had initiated the revision of service level agreements (SLA) to address issues of segregation of duties between RSCE and its client missions, as well as performance quality issues. The revised SLAs would require review and approval by the RSCE governing bodies. Recommendation 7 remains open pending receipt of evidence that the SLAs have been revised to include quality measures and delineate responsibility between RSCE and its client missions, and implemented.

IV. ACKNOWLEDGEMENT

30. OIOS wishes to express its appreciation to the management and staff of RSCE 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 processing in the Regional Service Centre in Entebbe

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	RSCE should require certifying officers to review Umoja travel history prior to approving travel requests to ensure they are valid and not duplicated.	Important	O	Receipt of evidence that certifying officers are adequately and consistently reviewing travel requests, including the Umoja travel history, and there are no new cases of duplicate travel authorizations.	30 June 2019
2	RSCE should complete the review of travel requests data in Umoja, identify all invalid travel payments and initiate recoveries.	Important	O	Receipt of evidence that all identified duplicate payments have been recovered.	31 March 2019
3	RSCE should institute a mechanism to ensure selection of lowest air ticket fares, by counter-checking against the Global Distribution System and documenting such assessment.	Important	O	Receipt of evidence that the additional training for travel processors is completed and that prices received from vendors are compared to GDS ceiling amounts and properly documented.	31 March 2019
4	RSCE in coordination with its client missions should complete the follow-up of outstanding expense reports and initiate recovery of unsettled advances.	Important	O	Receipt of evidence that pending expense reports have been submitted and recovery initiated for missing expense reports.	30 June 2019
5	RSCE should share relevant corporate discount codes with the travel vendors and notify the travel vendors on changes in the client missions.	Important	O	Receipt of evidence that all corporate discounts are now being claimed from the travel vendors and that travel vendors have been advised on changes in client missions.	31 March 2019
6	RSCE should review payments made to travel vendors since November 2015 to identify and claim all relevant discounts due to the Organization	Important	O	Receipt of evidence of review of past payments to the travel vendors with a view to identifying and claiming all discounts due to the Organization.	31 March 2019
7	RSCE should complete the review of the current travel performance monitoring system and include quality performance measures and delineate	Important	O	Receipt of evidence that the service level agreements have been revised to include quality measures and delineate responsibility between	31 March 2019

¹ 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.

² 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.

³ C = closed, O = open

⁴ Date provided by RSCE in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of travel processing in the Regional Service Centre in Entebbe

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	responsibility between RSCE and its client missions			RSCE and its client missions, and implemented.	

APPENDIX I

Management Response



UNCLASSIFIED

Immediate

TO: Mr. Arnold Valdez, Officer-in-Charge, Peacekeeping Audit
Service, Internal Audit Division
OIOS

DATE:

JUL 10 2018

REFERENCE: 2018.UNHQ.AR-BOLMEMO.90929.1

THROUGH:
S/C DE:

FROM: Lisa Buttenheim, Assistant Secretary-General
DE: for Field Support

A handwritten signature in black ink, appearing to be 'L. Buttenheim', written over the 'DE:' field of the 'FROM:' section.

SUBJECT: **Draft report of an audit of travel processing in the Regional Service Centre in Entebbe**
OBJET: **(AP2017/616/01)**

1. I refer to your memorandum, dated 21 May 2018, regarding the above-mentioned audit. We note that OIOS has substantially taken our comments provided earlier into account. We have, however, updated Appendix I with additional comments, as well as, the individual responsible for the implementation of the recommendations and the deadline.
2. Thank you for the opportunity to comment on the draft report. We stand ready to provide any further information that may be required.

cc: Cynthia Avena-Castillo

Management Response

Audit of travel processing in the Regional Service Centre in Entebbe

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	RSCE should require certifying officers to review Umoja travel history prior to approving travel requests to ensure they are valid and not duplicated.	Important	Yes	Chief, RSCE	Second quarter of 2019	The Regional Service Centre in Entebbe's (RSCE's) comments are reflected in the report. The RSCE wishes to inform that, while it has control over the Certifying Officers within the Centre certifying entitlement request (ER), human resources and international uniformed personnel travel, the RSCE has no control over Official Travel Certifying Officers stationed within client missions.
2	RSCE should complete the review of travel requests data in Umoja, identify all invalid travel payments and initiate recoveries.	Important	Yes	Chief, RSCE	First quarter of 2019	RSCE's comments are reflected in the report.
3	RSCE should institute a mechanism to ensure that the basis of selection of air ticket fares, including comparison of quotations obtained and counter-checking against the Global Distribution System, is properly documented.	Important	Yes	Chief, RSCE	First quarter of 2019	RSCE's comments are reflected in the report. In addition, the Centre is implementing a new operational module for requesting ticket reservations within a capped amount. The capped amount will be provided by the Travel Processing Officer after checking the published fares in the Global Distribution System. This information will be properly

¹ 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.

² 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 processing in the Regional Service Centre in Entebbe

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						documented and stored. As a result, there will be no more requests for quotations.
4	RSCE in coordination with its client missions should complete the follow-up of outstanding expense reports and initiate recovery of unsettled advances.	Important	Yes	Chief, RSCE	Second quarter of 2019	RSCE's comments are reflected in the report. As earlier stated, the Centre follows up on outstanding expense reports and initiates recovery of unsettled advances on an ongoing basis.
5	RSCE should share relevant corporate discount codes with the travel vendors and revise the travel vendors' contracts to include a discount clause for all client missions.	Important	Partially	Chief, RSCE	First quarter of 2019	RSCE's comments relating to the first part of the recommendation that the Centre should share relevant corporate discount codes with the travel vendors are reflected in the report. The second part of the recommendation, relating to the revision of travel vendors contracts, falls within the purview of the Regional Procurement Office. We trust that the Department of Management will address it.
6	RSCE should review payments made to travel vendors since November 2015 to identify and claim all relevant discounts due to the Organization.	Important	Yes	Chief, RSCE	First quarter of 2019	RSCE's comments are reflected in the report.
7	RSCE should complete the review of the current travel performance monitoring system and include quality performance measures and delineate responsibility between RSCE and its client missions.	Important	Yes	Chief, RSCE	First quarter of 2019	RSCE's comments are reflected in the report. The KPIs are being reviewed, as part of the ongoing revision of Service Level Agreements (SLA) with Client Missions. Once finalized,

Management Response

Audit of travel processing in the Regional Service Centre in Entebbe

Rec. no.	Recommendation	Critical¹/ Important²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						the revised SLA will be approved by the RSCE governing bodies.

DM/OUSG
Out: 10-July-2018
DM-2017-04099

United Nations  Nations Unies
INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

TO: Mr. Arnold Valdez, Officer-in-Charge, Peacekeeping Audit Service DATE: 9 July 2018
A: Internal Audit Division, Office of Internal Oversight Services

THROUGH: Olga de la Piedra, Director
S/C DE: Office of the Under-Secretary-General for Management *Olga de la Piedra*
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 processing in the Regional Service Centre in Entebbe**
OBJET: **(Assignment No. AP2017/616/01)**

1. We refer to your memorandum dated 21 May 2018 regarding the above-subject draft report and provide you with comments by the Department of Management (DM) below.

Paragraph 12, first bullet

There were instances where staff members duplicated travel requests which were approved and paid. For example, as of June 2017, there were a total 577 travel authorizations to staff members with similar or overlapping travel dates with a value of \$967,000. A review of a sample of 227 trips indicated that 15 trips were duplicated, which resulted in overpayments totaling \$37,000. This resulted as: staff members submitted duplicate travel requests for same and/or overlapping dates; Umoja did not have built-in controls to prevent a staff member from submitting travel requests with similar or overlapping travel dates; and certifying officers did not always properly review the staff members' travel requests in Umoja to confirm that travel request details were accurate.

2. The Employee Self-Service (ESS) travel solution was designed based on the complexity of travel in the United Nations with an accompanying need for flexibility. As stated in paragraph 11 of the draft report, the Financial Regulations and Rules (105.5 and 105.6) require payment of travel-related entitlements based on certified and approved travel authorizations. Certifying officers are responsible for reviewing the staff members' travel request, including the history of the requests to ensure that a travel request is accurately recorded. There are currently system validations to avoid overpayments, for instance in respect of overlapping DSA/MSA, the system will not allow payments for the same days for different trips. Available reporting may also be utilized to conduct post-facto validation to ensure that approved trips are not duplicated.

Paragraph 12, second bullet

There were instances where rest and recuperation lump sum payments were higher or lower than the established rates. For example, OIOS compared the amounts paid against the established rates for three missions where staff members were entitled to rest and recuperation travel lump sum payments (\$1,400 for MINUSCA, \$667 for MINUSMA and \$765 for UNAMID), which identified overpayments in 25 requests amounting to \$22,000 and underpayments in 20 requests amounting to \$7,000. In one instance, a UNAMID rest and recuperation lump sum entitlement for a trip in February 2016 was recorded and paid as \$7,650 instead of \$765 leading to overpayment of \$6,885. The overpayment was only recovered in December 2017

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10-July-2018*

following the audit, a delay of about 21 months since the due date of recovery. This resulted as the human resources partners manually input the lump sum amounts in Umoja ~~with no built-in data input validation controls~~, and/or the error would have been identified and corrected had the human resources partners properly reviewed the request prior to approval. The staff member also should have noticed such a gross overpayment, but did not come forward and reimburse the overpayment.

3. The Umoja system was designed to have full lumpsum calculation flexibility. Review should be conducted prior to approval and available reporting may also be used to conduct post-facto validation. OIOS should consider deleting the phrase “with no built-in data input validation controls” as shown above.

Recommendation 1

RSCE should require certifying officers to review Umoja travel history prior to approving travel requests to ensure they are valid and not duplicated.

4. A traveler’s past and upcoming trips are visible via the Umoja travel module trip tracker which can be used to check for duplication and overlapping trips as well as other indicators of duplication such as lack of a trip request and multiple stand-alone expense reports. All Travel staff (TSA, TA, TCP) should have access to this tool to allow them to monitor for duplication.

Recommendation 2

RSCE should complete the review of travel requests data in Umoja, identify all invalid travel payments and initiate recoveries.

5. DM will be launching a housekeeping tool in the third quarter of 2018 which will allow key finance users to review and close trips in order to clear commitments and initiate recoveries.

Recommendation 3

RSCE should institute a mechanism to ensure that the basis of selection of air ticket fares, including comparison of quotations obtained and counter-checking against the Global Distribution System, is properly documented.

6. While the concept of requesting quotations from different vendors for the purchase of an individual air ticket might have been effective some years ago, the rapid change in the airline industry, especially the pricing strategy applied by carriers, has rendered this approach ineffective and inefficient.

7. When requesting quotations, the United Nations would effectively require multiple travel agents to make duplicate bookings, which violates IATA Resolution 830a entitled, “*Consequences of violation of ticketing and reservation procedures*”, which reads under the applicable sections, “*All Agents be reminded that practices such as those listed herein, in other applicable Resolutions, or in Carriers’ written instructions, but not limited thereto, violate the governing conditions referred to above. They harm Members’ legitimate interests and can accordingly result in action being taken under the provisions of the Sales Agency Rules and Passenger Sales Agency Agreement, e.g. charging the Agent with the difference between the fare applied and the fare applicable to the service in accordance with Members’ tariffs... deliberately making duplicate reservations for the same customer.*”

8. Also, if the agents were to provide a quote without an actual reservation it would be hypothetical and therefore meaningless, as the selected agent could not guarantee that a seat at this

price will be available at the time of ticketing. Furthermore, if the Organization requests quotations from multiple vendors and does not analyse same and revert to the vendor to have the ticket issued within the ticketing deadline, the Organization could end up purchasing even more expensive tickets as the airline's computer algorithms will automatically cancel duplicate reservations found in the system. The ticketing deadline – the time between making a reservation and issuing the ticket – is determined by the airlines and not the agency, e.g. immediate ticketing (low cost carriers), or often one day for economy class, and two or three days maximum for certain business class passengers.

9. Another reason is that the cost of the tickets is set by airlines and not the travel agency and the prices constantly change for the same route depending on supply and demand. Last, but not least, the comparison of quotations from multiple travel agencies would be administratively cumbersome and would most certainly delay the issuance of tickets, which in turn might result in a higher financial burden for the Organization.

10. What is often overlooked is that a competent and experienced travel agent would do a thorough comparison of available options at the time of ticketing and therefore ensure that the best price option in line with policy is purchased. To validate that the vendor does exactly this, the United Nations travel team should have access to the same reservation system as the vendor, as well as periodically contract specialised audit companies which can validate if the lowest option was indeed offered or sold to the United Nations.

Paragraph 25

“The RSCE.....it had not obtained the United Nations global corporate agreements and corresponding ticket booking discount codes from the Travel and Transportation Section at United Nations Headquarters.....”

11. The highlighted statement above is not factually correct given the extent of discussions that have occurred amongst the Travel and Transportation Section (TTS) in DM; RSCE; and the wider, global travel network, in 2016 and 2017, regarding the global corporate discount agreements and their value to the Organization. Moreover, the information about these agreements, with the specific discount codes and how to access them, is readily and clearly available on the United Nations Travel Unite Connections community site that has been widely promoted to all travel processing offices – including RSCE – and is also heavily trafficked by the travel community at large. The site is recognised within the global United Nations travel community as the main site for all information related to United Nations travel administration, including global deals, Umoja information, travel policy interpretation, support forums, event information, etc.

12. It is important to establish that the global discount information was readily available to all travel processing offices during 2016 and 2017 and accordingly it is unclear why RSCE did not avail itself of the discounts and implement the global deals, given they would generate significant savings for its client missions, as the other travel processing offices have done. In fact, the first discussions with the global travel community – including RSCE – can be traced back to as early as April 2015 when the topic of establishing global discount agreements was discussed at the first such annual event, bringing together the global travel community at the United Nations Travel Workshop.

13. Following that event, the topic of global agreements, and related details, was extensively discussed at the 2016 annual United Nations Global Travel Symposium, hosted by TTS from 17 to 21 October 2016, to which RSCE sent two participants, with a specific session devoted to Global Airline Discount Agreements, including an update from TTS on the six available global discount airlines at the time. Moreover, at this event the travel community was briefed on the Unite

Connections platform to manage the global travel community and its use as a repository for the global deal information.

14. Furthermore, it must be noted that global deals are a frequent topic at the monthly global travel WebEx sessions hosted by the Travel and Transportation Section (TTS) – to which RSCE is invited. In at least three specific WebEx meetings in February, March and April of 2016, TTS presented detailed information related to implementation of global deals and how to access the discount codes hosted on the United Nations Travel Unite Connections community. While the timing of the 2017 United Nations Global Travel Symposium was outside of the audit period, given that it was hosted by TTS from 6 to 10 November 2017, it may be relevant to note that there was another specific session and presentation devoted to global discount deals.

15. Lastly, TTS has confirmed that from early 2017, there were specific email correspondence between TTS and the RSCE Travel focal point regarding the implementation of the global deals and which guided them to the specific information required to implement such discounts. DM therefore requests OIOS to revise the statement in question to reflect the facts stated in the paragraphs above.

Recommendation 5

RSCE should share relevant corporate discount codes with the travel vendors and revise the travel vendors' contracts to include a discount clause for all client missions.

16. DM has noted the recommendation relating to the revision of Travel Management Services (TMS) contracts and considers it implemented as follows:

- There are three TMS contracts currently in place and all of them contain discounts as offered by the vendors in their proposals. Both the contract, as well the statement of work, which is part of the contract, have relevant provisions for the contractors to comply with the United Nations travel policy, which among other things refers to the negotiated rates with the United Nations preferred suppliers, i.e. corporate discount codes with the airlines.
- The contract documents provide adequate provisions for the application of discounts, which are to be notified to the contractors whenever there is any change in the discount pattern. As the contracts have relevant provisions for invoking discounts during the life of the contract, there is no need for contract revisions or amendments to reflect the corporate discounts each time; rather a simple notification by the contract manager – in this case, RSCE – is sufficient.

17. Based on the above information, DM requests OIOS to consider this recommendation implemented and requests for its closure.

18. Thank you for giving us the opportunity to provide comments on the draft report.