INTERNAL AUDIT REPORT TRAVEL MANAGEMENT IN UN WOMEN

TRAVEL MANAGEMENT IN UN WOMEN

INDEPENDENT EVALUATION AND AUDIT SERVICES (IEAS)
INTERNAL AUDIT SERVICE (IAS)
UN WOMEN

24 January 2020
IEAS/IAS/2019/011

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Audit objective and scope

The UN Women Internal Audit Service (IAS) of the Independent Evaluation and Audit Services (IEAS) conducted an internal audit of travel management within UN Women. The main objective of the audit was to assess whether UN Women manages its duty travel in an effective, efficient and economical manner. The scope of the audit included adequacy of policy design; effectiveness of travel management governance arrangements and existing controls; and the efficiency and economy of the process.

The following types of travel were excluded from the scope of this audit: (a) human resources (HR)-related travel entitlements; (b) travel due to detail assignments; (c) medical evacuation or any other travel resulting from evacuation; and (d) travel incurred by Implementing Partners (IPs) which is part of their advance liquidation. The audit sample of duty travel covered the period from 1 January 2017 to 31 December 2018.

IAS followed the *International Standards for the Professional Practice of Internal Auditing* in conducting this audit.

Audit opinion and overall audit rating

IAS assessed travel management in UN Women as **Major Improvement Needed**, meaning "the assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area". The rating was mainly due to improvements required in the following areas:

- **Governance arrangements for duty travel were not effective**: (a) lack of a clearly established Business Process Owner (BPO) for the travel management process in terms of accountability, authority and capacity to monitor compliance with the Duty Travel Policy and hold staff accountable for non-compliance; and (b) unclear accountability and authority in travel approval process.

- **Duty Travel Policy needs to improve**: in particular, (a) by better incorporating principles of prudence, cost consciousness, duty of care and the expected results of travel; (b) reflecting the results of an end-to-end travel process risk assessment to ensure that it covers key risks; and (c) enhancing the criteria and workflow for approving exceptions to the Policy and deviations from official itinerary.

- **Controls need to be enhanced to effectively address key risks in**: (a) respecting the principle of prudence, cost consciousness, duty of care and the expected results of travel when deciding on and approving travel; (b) for the head of units and offices, balancing time away on duty travel versus presence in the office/duty station for conducting managerial roles; (c) strengthening accountability for travellers and their approvers for non-compliance and lack of duty of care in travel management; (d) integrating off-system and in-system controls and training travel approvers on the main purpose of controls; (e) strengthening monitoring arrangements to ensure that disbursement and settlement of outstanding travel F10 claims comply with the Policy; and (f) periodic reporting on travel expenditure.

- **Efficiency of process**: The travel process needs to be: (a) streamlined by revisiting potentially duplicative procedures while ensuring that more effective controls are retained; and (b) unified and standardized by having one system throughout the Entity, which should minimize human intervention as much as possible.

- **Economy of process**: Revisit service provider arrangements to ensure best value for money based on benchmarking with travel modalities used by other organizations.

IAS identified examples of good practice in establishing local long-term agreements (LTAs) for travel services in most field offices. These LTAs allowed offices to purchase travel services without repeatedly going through competitive processes. In some field offices, there are multiple travel service providers under LTAs which can

allow the office to compare airfare quotes and select the best option.

IAS also recognizes the efforts of the Procurement Section which oversees the Duty Travel Policy. Reportedly, the Procurement Section supported the Organization in its efficiency and effectiveness measures by reducing the spending on the ticket costs by 16% in 2016-2017 (around US$ 4.9 million), through policy reform, and engagement of new travel services provider. The Section also established partnership: with Citi Bank for processing travel entitlements of non-UN Women personnel attending HQ events; and with Western Union (WU). Both partnerships reportedly reduced the workload for processing travel entitlements for non-UN Women personnel by 80%. Moreover, the Procurement Section has been drafting a new policy which would address many issues identified in this report.

IAS made two high (critical) priority recommendations, meaning "prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women." These recommendations are presented below.

- The Director, Division of Management and Administration (DMA) to: (a) establish a BPO for travel management with the authority, capacity and accountability for overseeing the effectiveness of the Duty Travel Policy and processes; and (b) clarify the roles, accountability and authority for each layer of approval, in line with the traveller's supervision line.

- The designated BPO to: (a) conduct an end-to-end risk assessment of the travel process; and (b) emphasize the principles of focusing on results, prudence, cost consciousness and duty of care and update the Duty Travel Policy, taking into consideration the identified risks, benchmarked good practices of other UN agencies and reconciling the risks to current controls to eliminate duplication or inefficiencies while addressing control gaps.

In addition, IAS made six medium (important) priority recommendations, meaning *"action is required to ensure that UN Women is not exposed to risks. Failure to take action could result in negative consequences for UN Women."*

Low priority issues are not included in this report but have been discussed directly with management and actions have been initiated to address them.

Management comments and action plan

Management has committed to developing an action plan to address the risks identified in the report and, in line with standard procedures. IAS will follow up on management's implementation of actions to address the issues identified in this audit. Management comments and/or additional information provided have been incorporated in the report, where appropriate.

Lisa Sutton, Director
Independent Evaluation and Audit Services

ACRONYMS AND ABBREVIATIONS

AWP	Annual Work Plan
BPO	Business Process Owner
CBI	Competency Based Interview
COA	Chart of Accounts
DMA	Division of Management and Administration
DOA	Delegation of Authority
DPKO	Department of Peacekeeping Operations
DSA	Daily Subsistence Allowance
HR	Human Resources
IAS	Internal Audit Service
IEAS	Independent Evaluation and Audit Services
IIA	Institute of Internal Auditors
IP	Implementing Partner
LTA	Long-Term Agreement
MLP	Mission and Leave Plan
MSD	Medical Services Division
PCN	Procurement Community Network
PO	Purchase Order
PPG	Policy, Procedure and Guidance Framework
UNDP	United Nations Development Programme

I. INTRODUCTION

Duty travel is critical to the implementation of UN Women's mandate. Duty travel is undertaken by both staff and non-staff at all levels of the organization in their official capacity as part of programme/project activities, official missions or when representing UN Women at meetings or conferences. It also covers events with external participants (e.g. workshops). Duty travel expenses cover not only airfares, but also the daily subsistence allowance (DSA) and other related items such as terminal or miscellaneous expenses.

IAS included this audit of duty travel management in its 2019 Risk-Based Audit Plan due to its materiality and the potential for enhancing efficiency and value for money. The UNDP Office of Audit and Investigation audited the travel management function in UN Women in 2015 resulting in a satisfactory rating with four medium priority recommendations relating to: (i) policy and procedures for reporting on greenhouse gas emissions; (ii) corporate oversight and monitoring of travel activities; (iii) controls over DSA payments; and (iv) compliance with the Duty Travel Policy.

II. BACKGROUND

Duty travel at UN Women was governed by the Duty Travel Policy (the Policy) issued by the Division of Management and Administration (DMA) at headquarters. UN Women did not have a dedicated travel unit; therefore, ownership of the Policy rested with the headquarters Procurement Section, while the management of the travel function itself was fully decentralized at all levels, and the Director, DMA, as Chief Procurement Officer, had final authority for approving exceptions to the Policy. Due to the significant number of travels, the processing of travel requests (including organization of large-scale events) was decentralized to individual offices and units, and approving authority was delegated to individuals at headquarters, regional and field offices. Only issues or questions related to the interpretation and application of the Policy were referred to the Procurement Section at headquarters. The Director, DMA had ultimately authority to decide if a special case would be allowed.

The process required that staff members submit their duty travel plans to their supervisors through quarterly paper-based Mission and Leave Plans (MLPs), both at headquarters and at field offices. MLPs served as the first step in authorizing duty travel for UN Women personnel. Travel at headquarters was processed through the travel and expenses module in Atlas and tickets were booked through a third-party travel service provider under a global Long-Term Agreement (LTA) with UNDP on behalf of participating UN agencies. The Atlas travel module was not made accessible to field offices. Therefore, at the field level, travel was processed through purchase orders (POs) for both tickets and DSA. Tickets were purchased by field offices through different local travel service providers, sometime selected through a procurement exercise (in most cases local LTAs were established) or an existing global LTA. Once travel has been completed, the traveller has 30 days to provide relevant supporting information to liquidate the travel advance received.

In addition to duty travel, UN Women travel expenditure included travel costs incurred by Implementing Partners (IPs). Until recently,[1] it was not possible to separate IP travel costs from UN Women incurred travel costs in the financial statements.

Annual travel costs for 2017 and 2018 are stated below in Table 1. These figures include duty travel undertaken by UN Women personnel and HR-travel costs, as well as the travel costs incurred due to the organization of events for external participants in support of UN Women's programme of work (the relevant accounting codes did not distinguish between them).

Table 1: Annual travel costs, US$ (in million)

	2017	2018
Tickets	10.2	13.6
DSA	15.7	19.6
Total travel costs* for headquarters and field offices	25.9	33.2
Total PO count and breakdown	26,131	31,100

*OneApp Dashboard/Executive/Procurement/Travel and Expense, extracted 9 August 2019.

---

[1] In January 2019, a separate implementing agent code was introduced which will distinguish IP expenditure from UN Women.

III. OBJECTIVES, SCOPE AND METHODOLOGY

The main objective of the audit was to assess whether UN Women manages its duty travel in an effective, efficient and economical manner. The scope included the effectiveness of travel management governance arrangements and existing controls; adequacy of policy design; and process efficiency and economy. The audit sample was based on duty travel from 1 January 2017 to 31 December 2018. The following types of travel were excluded from the scope of the audit: (a) HR-related entitlement travel, such as travel on initial appointment, transfer or reassignment, repatriation, home leave, family visit, education grant travel, and rest and recuperation; (b) travel due to detail assignments; (c) medical evacuation or any other travel resulting from evacuation; and (d) travel incurred by IPs which was part of their advance liquidation. Other scope limitations included: (a) lack of access to full reports or data due to the outsourced arrangements at headquarters, or unavailability of some data needed to perform key analyses and tests, in particular, tickets and related fees cannot be allocated on a per person basis; (b) inability to accurately measure potential costs and time savings due to lack of historical data and built-in measuring tools.

IAS followed the *International Standards for the Professional Practice of Internal Auditing* in conducting this audit.

The audit consisted of reviews of policies, documents and systems; interviews and discussions with key personnel involved in the travel management process; and benchmarking with other international organizations. The audit reviewed samples of individual transactions selected based on an analytical review of reports and professional judgement. The sample of transactions mainly focused on risks and weaknesses in the state of internal controls. The results of IAS risk-based field office audits, which include examination of travel management, were also considered in this thematic audit.

IV. AUDIT RESULTS

A. Effectiveness of governance arrangements

Issue 1: Ineffective governance arrangements in managing Duty Travel Policy and process

According to best practices in the public sector, governance arrangements are established to ensure accountability, fairness and transparency and are based on the principles of value-for-money, prudence and duty of care. These principles should also be emphasized in the Duty Travel Policy and be inculcated in every traveller when using public funds for their travel.

The following observations indicated ineffective governance arrangements in managing duty travel in UN Women.

Lack of dedicated Business Process Owner (second line of defence)

UN Women did not have a dedicated Business Process Owner (BPO) for travel management. Travel management was decentralized at all levels, while ownership of the Duty Travel Policy rested with the Procurement Section. However, the Procurement Section did not have sufficient authority or HR capacity to monitor the effectiveness of the Duty Travel Policy and compliance with travel-related controls. There was no infrastructure in place to hold managers and staff accountable for non-compliance. A process for monitoring and reporting on how offices and units comply with duty travel policies and procedures did not exist.

Unclear accountability and authority of travel approvers (first line of defence)

According to the Duty Travel Policy, two levels of travel approvers certify that: (a) the validity of travel as official and authorized; (b) there are no alternative, feasible means to meet the objectives of the proposed travel; and (c) the level of travel is in accordance with budget and greening goals, and confirms usage of the chart of accounts (COA).

IAS noted that the first layer of travel approvers at headquarters was a pool of General Service staff members who were considered processors in Atlas and some had not been issued with proper delegation of authority (DoA) for the Atlas Travel

and Expense Module. While at the field level, the equivalent role rested with the Buyer who had the DoA to create travel POs in Atlas. The second layer of approvers at headquarters was a pool of staff members at P4 level and above, designated in Atlas as such. This pool could approve any travel request regardless of the existing supervision line, as long as the quarterly paper-based MLP (which contained minimum information about the travel) had been approved by the supervisor concerned, i.e. travel requests could be approved by someone other than the traveller's supervisor (including individuals subordinate to the traveller). Both layers of approvers may lack the relevant authority, information, awareness of the purpose of travel and a thorough knowledge of the Duty Travel Policy.

Where a traveller is the head of a field office or a unit, only the paper-based MLP was approved by his/her supervisor. The corresponding travel request at headquarters or the travel authorization and/or PO at field level was approved by a designated approver in the system (Atlas) who could be a subordinate of the traveller. As the MLP did not contain all the necessary information required to support the approval of a travel request in Atlas, it could create undue pressure on the approver and makes it difficult to question the travel request, or even seek clarification or more documentation to justify the travel. In some cases, IAS observed that the traveller approved their own travel claims as they were designated budget owners.

Recommendation 1 (High):

The Director, DMA to:

- Establish a BPO for travel with the proper authority, capacity and accountability for overseeing the effectiveness of the Duty Travel Policy, monitoring compliance therewith and ensuring process effectiveness and efficiency.

- Clarify the roles, accountability and authority for each layer of approval in line with the traveller's supervision line. The roles should correspond to the DoA and minimize potential conflicting duties.

B. Adequacy of policy design

Issue 2: The Duty Travel Policy should be based on an end-to-end travel process risk assessment to ensure it covers key risks

Review of the Duty Travel Policy and related Policy, Procedures and Guidelines (PPG) Framework *vis-à-vis* the corporate register for travel-related risks, including potential fraud-related risks, showed that the policies did not fully address the identified risks. Similarly, based on the risk assessment conducted by IAS, not all risks were incorporated in the Duty Travel Policy. This was mainly because the drafting of the Policy had not been based on an end-to-end risk assessment. In the latest draft, the process was enhanced to include dissemination for review and solicitation of inputs from different units and offices, including the Procurement Community Network (PCN). During the review, IAS recommended a list of provisions to be considered in the Duty Travel Policy, including:

- Clarity of principles related to prudence, cost consciousness, duty of care and the results-focus concept of duty travel.

- Clear roles, accountability, authority for travel-related controls, policy deviations, and effective monitoring and reporting (Three Lines of Defence concept[2]).

- Specified limit to the time spent on travel in a year and frequency of missions to balance with managerial presence in the office/duty station.

- Regular reporting of deviations from the Duty Travel Policy to Executive Management, including exceptions authorized during the preceding six months and the reasons each exception was granted.

- Referral to the BPO of all meetings or events organized for external participants, where the number of participants exceed a certain threshold and/or the ceiling of total costs is

high (level of tolerance to be defined by BPO). This area has been identified as a high risk across the Entity due to lack of oversight.

- Specific reference to accountability for fraudulent travel claims. UN Women's Anti-fraud Policy contains provisions regarding accountability for fraudulent actions, but this has not been reiterated in the Duty Travel Policy. There were no adequate provisions for fraud prevention.

- Provision outlining approval and reporting requirements for no-cost travel, i.e. travel paid for either by the traveller or a third-party organization or entity.

- Clarifying provisions on personal deviations when combined with duty travel, to enhance transparency (i.e. taking personal leave during mission) and where such deviation should be treated in a manner that results in savings for the Entity, if any.

Recommendation 2 (High):

The designated BPO to:

- Conduct an end-to-end risk assessment of the travel process.

- Emphasize the principles of focusing on results, prudence, cost consciousness and duty of care in the Duty Travel Policy and update the Policy, specifically taking into consideration the provisions identified in Issue 2 of the report, benchmarked good practices of other UN agencies, reconciling the risks to current controls to eliminate duplication or inefficiencies, while addressing control gaps.

---

[2] According to the Institute of Internal Auditors (IIA) Position Paper on Three Lines of Defence in Effective Risk Management and Controls, management control is the first line of defence in risk management, the various risk control and compliance oversight functions established by management are the second line, and independent assurance is the third.

C. Effectiveness of controls

Issue 3: Need to establish criteria and workflow for granting exceptions to non-standard travel requests

The Duty Travel Policy states that issues and questions regarding *non-standard travel requests*[3] should be submitted in writing to the headquarters Procurement Section which then refers to the Director, DMA for final decision. However due to interpretations of DoA in the field, field offices often regarded waivers as an option rather than a mandatory step; as long as the amount involved was within their delegated authority, the field offices could approve non-standard travel requests without referring to the Procurement Section or to the Director, DMA, which is contrary to provisions in the Policy.

Exceptions to upgrade from economy to business class are allowed under five circumstances or justifications,[4] including an unclear reference to the prominence of the traveller. According to the exception request form, a traveller may be considered prominent if at the level of a current or former Cabinet Minister, or a significant international figure in the political, scientific, economic, humanitarian or cultural arenas who is donating services free of charge to UN Women. In the case of a significant international figure, this becomes even less precise because it is difficult to measure significance in an international context. Whenever an exception is sought but does not fall under the first four circumstances, the prominence of the traveller was used as a justification. Therefore, there were instances where it was used waiver without clear rules or boundaries.

For the period 1 July 2016 to 30 June 2018, UN Women ranked third of 33 UN agencies in granting 59 upgrades and incurring an additional US$ 183,000 for travellers who were deemed prominent.[5]

> ### Recommendation 3 (Medium):
>
> In consultation with the BPO, the Director, DMA to establish:
>
> - A workflow for requesting and approving exceptions and deviations from the Duty Travel Policy or any non-standard travel request to ensure transparency and accountability in the process.
> - Clear and concrete criteria outlining when or how a traveller is deemed prominent.

Issue 4: Improving value for money of duty travel

One of the main purposes of internal controls is to ensure the achievement of organizational performance and results-oriented goals, while also safeguarding the Entity's resources. The Executive Director had issued a call to be more prudent in using funds for travel and to only consider travel when other means were not available. Best value for money is a concept that has been emphasized within UN Women and the UN system overall. However, existing controls and infrastructure in the travel management of UN Women did not seem to be fully effective in ensuring that best value for money was achieved for travel expenditure.

Alignment of approved travels with workplans and contribution to the results not always clear

The review process did not always enforce the Policy's consideration of the travel's results-focus, cost consciousness and greening goals as they were not clearly stated on the MLP, which is the basis of travel authorization. MLPs may be signed and not reviewed for their pertinent details such as personal leave taken during a duty trip mission, necessity and prioritization of the travel *vis-à-vis* the Annual Work Plan (AWP), and the number and duration of duty trip missions

---

[3]Non-standard requests, with or without additional costs, include but are not limited to: (a) those submitted with less than 10 days remaining prior to departure; (b) upgrading class under prominence of traveler; (c) exceeding the set limit for total travel days per staff member; (d) with personal deviation; (e) with preferred airline; (f) additional or higher than standard DSA; (g) mixed with personal leave; (h) back-to-back mission travels; and (i) any other special request for the benefit of the traveler.

[4]The first four cover (i) medical reasons which can only be granted through the review and approval of the UN Medical Services Division (MSD) in New York; (ii) when economy class is not available; (iii) arduous journey, i.e. duty travel commences after a full-day's work requiring night travel as high-level mission is immediately upon arrival; (iv) eminence of the traveller exclusively granted to Heads of States or former Heads of States.
[5]2016–2018 Secretary-General Report on the Standards of accommodation for air travel.

already incurred by a traveller. Duty travel, especially when undertaken by heads of offices, may not be adequately reviewed for these criteria by approvers, who might be subordinates of the traveller. The most common view was that once the MLP had been approved by the head of office's supervisor, then the rest of the process was considered a formality. In addition, while the Duty Travel Policy requires advance planning for travel with the actual request to be submitted at least 10 working days prior to departure in order to avail of lower-priced flights, this has not always been the case in the samples reviewed.

Mission reports need to demonstrate value derived from travel

Based on the review of sample duty travel, mission reports were sometimes not submitted. When they were submitted, they rarely clearly reflected the value derived from such travel, i.e. what was achieved or gained to justify the travel. For example, someone attending a meeting might only provide the agenda, but not the outcome of the actual meeting or how it related to or furthered UN Women's mandate. Examples of potentially avoidable travel costs include:

Pre-audit support missions: There were cases where staff members, from headquarters or Regional Offices, were sent on missions (at the request of management concerned) to help prepare for an audit two–three months before the actual audit. IAS would not consider these pre-audit missions as a value-adding, long-term capacity development investment. Investing in regular on-the-job training and revision or validation of local processes and controls by subject matter experts would represent better value for money and would create long-term capacity in local offices.

Unplanned meetings or events: Unplanned meetings without a clear agenda and/or attendance at events were sometimes undertaken or added post facto to planned duty travel. Without clear and specific objectives linked to the AWP, or identification of concrete results achieved or contribution to UN Women's mandate, it is challenging to ensure and demonstrate the appropriate and effective use of funds.

Pre-deployment training: In one case, an office conducted a 20-day training course for new staff which included components that were available online. In comparison, another office conducted the same pre-deployment training over 10 days.

Recommendation 4 (Medium):

As part of Duty Travel Policy implementation, the BPO to include in travel requests and claims the requirements for travellers and approvers to ensure:

- Results-focus, prudence, cost consciousness and duty of care is considered during travel planning.

- Travel Terms of Reference are linked to organizational results or AWPs, as applicable.

- Follow up on missions and recording of their results, including when practical through mission reports to be placed on SharePoint for knowledge sharing.

- Close monitoring and reporting on travel against plans and contributions to results.

Issue 5: Travel (F10) claims not always submitted, monitored and reviewed

Travel claims not properly supported

The Duty Travel Policy states that travel advances should be liquidated within 30 calendar days after completion of travel. Settlement of an advance requires that the proper form is filed including the necessary documents such as boarding passes, proof of payment to support additional travel expenses incurred, e.g. excess baggage fees, etc.

In some of the sampled cases, liquidation of travel advances was processed despite non-submission of some documents: boarding passes; hotel receipts where additional DSA had been claimed, mission report; proof of payment for incidental expenses; and invitation and/or agenda for meetings. These cases are not identified unless the office is audited as no corporate monitoring of Policy compliance exists. Therefore, the system relied heavily on the traveller's integrity for self-declaration with no adequate oversight (see Issue 1 on ineffective governance arrangements). This deficiency in controls may create an opportunity for the inclusion of ineligible expenses which may not be easily detected, or for not fully declaring office-provided airport transportation or free meals by the event host or organizer.

Outstanding travel F10 claims monitoring

Unlike other staff advances which are treated as receivables, travel funds paid prior to travel are expensed and outstanding travel claims were not monitored for overdue amounts or

automatically recovered after a certain point of time.

As at April 2019, 862 outstanding travel F10 claims, had not been liquidated in Atlas at headquarters with more than 600 outstanding for a year or more – the oldest dating back to 2011. Without proper settlement of travel claims through the presentation of required supporting documents, it cannot be determined if the travel was warranted, has actually taken place, or if any amounts are owed by the traveller.

The reasons for the above findings include: (a) in a decentralized travel management environment, and absence of a BPO, no one was responsible for following up the settlement of an advance; (b) Atlas T&E Module was not equipped to effect automatic recovery through payroll and travel funds paid prior to travel were expensed so they would not lead to pressure to follow up and write-off; and (c) first line approvers may not always be comfortable with asking their supervisors to comply with the requirements.

Errors in calculations of DSA and terminal expenses

The Duty Travel Policy states that DSA is payable for each day or fraction thereof involving a required overnight stay away from the traveller's residence, from the date the traveller arrives at the official destination. It is not applicable for the day of return travel to the duty station, including any overnight travel. DSA is paid to cover lodging, meals, transport costs from place of lodging to the first place of official business, and vice versa.

Some sampled travel transactions showed that DSA and terminal expense calculations were either unsupported, not shown, or were erroneously calculated. This was due to inaccurate or incomplete information received about personal deviation; free meals or accommodation, or free airport transportation provided; misunderstanding of the DSA policy; or human error.

Recommendation 5 (Medium):

The BPO to establish or improve mechanisms to monitor proper and timely settlement of travel F10 claims such as:

- Stressing individual accountability for travellers on travel authorizations and claimed expenses through self-certification.

- Monitoring completeness of mandatory documentation for travel claims by reviewer and BPO, both roles to be clearly defined (e.g. annual sample to be reviewed by the BPO).

- If feasible, automated recovery of outstanding F10 claims from payroll for personnel who are paid through payroll.

- Reporting on outstanding F10 claims to the division directors for action.

D. Efficiency of process

Issue 6: Travel process needs to be streamlined, unified and standardized

There were two separate processes for travel management in headquarters and field offices mainly because of the unavailability of the Atlas Travel and Expense Module in field offices. Recently, DMA has initiated the piloting of this module in selected field offices.

At headquarters, the process functioned as follows: an email request for flight options was sent to a third-party provider whose own system was linked to the Atlas travel module. The travel request was processed and approved in the Atlas module and payment to the travel provider was simultaneously initiated. Once the travel had been completed, liquidation of the travel advance was also processed through the same module, including uploading of supporting documents. However, non-liquidation of the travel advance did not trigger an automatic payroll recovery 30 days after completion of travel.

At field offices, the process was manual starting with a request for flight options by email or phone call to travel agencies. The Buyer then created two POs – one for the travel agency for the flight and another for the traveller as an advance for DSA and terminal fees. DSA and terminal calculations were carried out manually, including looking up the DSA rates and official duty travel dates. Self-declaration was also necessary for accurate calculation as with the headquarters process. POs were approved according to the DoA in the office and were made through Atlas. Liquidation of the advance was processed using a manual F-10 form and/or by simply attaching the supporting documents (boarding passes and receipts, if any) to the corresponding voucher. As at headquarters, travel advances were recorded as an outright expense instead of as a receivable from the traveller.

Each of the two processes has its limitations. The advantage of the Atlas-based Travel and Expense system is that it is more efficient and less prone to human mistakes as most of the process was automated. Also, due to the lack of a unified system, there was no capacity to generate comprehensive reports for planning, budgeting and monitoring of travel expenditure.

Overall, the travel process included some duplication that needed to be streamlined and manual processes that would be better automated:

(a) Travel costs were not segregated according to the type of travel, i.e. HR-related travel and duty travel were recorded under the same accounts. The only distinction made was whether travel costs (tickets and DSA) were international or local. This makes it difficult to run relevant reports that are useful for monitoring and analysis of travel expenditure.

(b) MLP and travel requests (including DSA and terminal fee calculations) were outside of the system and kept as hardcopies. These should be automated, prepared in advance and linked to a central database to avoid unplanned, undeclared or unclear travel. The MLP should reflect information on travel costs; programme budget; expected results from the travel; whether it is the original or amended MLP; separate entries for each travel activity; personal leave taken during mission; and the number of travel days taken in the last 180 days.

(c) MLP, travel requests and payments represented the same travel transaction but went through separate review and approval processes. This could be a duplication and could lead to errors if the different approvers had access to different information, unless the two stages of the processes are consolidated in a unified system. The approval process should include certification that there is no alternative, feasible means to meet the proposed travel's objectives and that the travel is consistent with and responds directly to achieving organizational priorities.

(d) The travel policy requires all field offices to use Atlas POs for all travel regardless of the value. However, there was inconsistent practice in field offices where some used POs and paper-based travel authorizations together, while others considered the PO alone as the travel request.

(e) At headquarters, the travel approver only saw the final itinerary chosen by the traveller as this was the only travel request created in Atlas. The actual request and flight options provided by the travel agent were communicated through email between the traveller or travel focal points (who sometimes were supervised by the travellers or were administrative associates of divisions/sections) and the travel agent. In field offices, the booking was handled by the Buyer, while the traveller only had to provide dates and the destination.

(f) Travel advances should be treated as receivables instead of an immediate expense to allow for proper monitoring and to initiate automated recovery through payroll, where possible and if necessary.

(g) Liquidation of travel advances (F10) should be automated and linked to the travel request at the field offices.

(h) If possible, consider limiting the option of paying excess travel claims through personal cheques due to the additional cost to UN Women.

Recommendation 6 (Medium):

The BPO to revise the end-to-end travel process to ensure that it is simplified and if possible automated; has control points for key risks and is supported by a system used throughout the Entity; with adequate facilities for document storing, reporting and an exception monitoring tool.

E. Economy of process

Issue 7: Service provider arrangements need to be improved to ensure best value for money

Overall, the cost of making travel arrangements at headquarters did not always represent best value for money.

- UN Women arranged travel services through a third-party provider for a fee, while already undertaking parts of the process in-house with a noticeable percentage of working hours of a number of administrative associates at different divisions dedicated to the management of the travel function. This was based on cost drivers that cannot be practically tracked and allocated on a per transaction basis by the service provider.

- UN Women was also paying an 8 percent ticket surcharge as a cost-recovery mechanism to pay the travel agency invoice. Some UN agencies benchmarked for this audit had direct contracts with travel agencies and were only paying a flat rate fee per ticket.

- Field offices were not using the headquarters' travel service provider. Instead, most field offices had local LTAs with several travel agencies which were then competing for UN Women's business and were therefore providing competitive prices. These field offices only paid for the tickets issued.

- Key performance indicators in the Service Level Agreements with third-party providers were not always established or monitored to enhance contract management.

From the reviewed transactions, and feedback from UN Women travellers and approvers based on their first-hand experiences, the following are examples which seem to place UN Women at a disadvantage by using the current arrangements:

- Where personal deviation was requested, it was not always clear how the official versus personal deviation airfares were determined as only the amount was relayed to travel approvers and not the itinerary details of the official airfare. In other UN agencies, two options (only official and a combination with personal deviations) are always provided. There is also a set limit for the number of days allowed to be taken as personal deviation during duty travel and the incremental cost of personal deviation has to be paid in advance by the traveller prior to the ticket being issued.

- Some flights with lower fares were not visible to the travel provider if the airlines were not affiliated with them. In some instances, travellers took the initiative to cross-check the airfare online, and found that more economical options were available than the fare offered by the service provider.

- The travel agent did not always send at least three flight options unless prompted to do so.

Recommendation 7 (Medium):

The BPO to:

- Revisit existing travel arrangements to improve value for money, with potential retendering or establishing UN Women's own contract with the travel agency or exploring other available travel arrangement modalities outside of the existing arrangements.

- Take responsibility as a contract manager for contract performance monitoring, based on specific and measurable performance indicators for the contracted services.

Recommendation 8 (Medium):

The BPO to clarify that personal deviations should not be a part of calculations of the most direct and economic flight and any related personal deviation cost should always be separated and paid for by the traveller.

V. RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

Issue	Recommendation	Responsible Unit	Priority	Action Plan	Implementation date suggested by IAS
1. Ineffective governance arrangements in managing duty travel policy and process	1. The Director, DMA to: • Establish a BPO for travel with the proper authority, capacity and accountability for overseeing the effectiveness of the Duty Travel Policy, monitoring compliance therewith and ensuring process effectiveness and efficiency. • Clarify the roles, accountability and authority for each layer of approval in line with the traveller's supervision line. The roles should correspond to the DoA and minimize potential conflicting duties.	Director, DMA	High	DMA management takes note of the recommendations and would like to highlight that, procurement of travel services from travel agencies/service-providers (through establishment of Long-Term Agreement) has been managed by the Procurement Section. However, the Management of Travel Function was decentralized. Moving forward, in response to the organization's evolution, (subject to the funding availability) UN Women should adequately capacitate the Travel Management Function by allocating commensurate resources to the Function.	Q2, 2020 (30 Jun 2020)
2. The Duty Travel Policy should be based on an end-to-end travel process risk assessment to ensure it covers key risks	2. The designated BPO to: • Conduct an end-to-end risk assessment of the travel process. • Emphasize the principles of focusing on results, prudence, cost consciousness and duty of care in the Duty Travel Policy and update the Policy, specifically taking into consideration the provisions identified in Issue 2 of the report, benchmarked good practices of other UN agencies, reconciling the risks to current controls to eliminate duplication or inefficiencies, while addressing control gaps.	Travel BPO	High	Action on this recommendation would follow the implementation of first recommendation (issue #1 above), if funded. The Business Process Owner will be tasked to take the necessary actions and put measures in place to satisfy the requirements listed under this recommendation.	Q4, 2020 (31 Dec 2020)
3. Need to establish criteria and workflow for granting exceptions to non-standard travel requests	3. In consultation with the BPO, the Director, DMA to establish: • A workflow for requesting and approving exceptions and deviations from the Duty Travel Policy or any non-standard travel request to ensure transparency and accountability in the process. • Clear and concrete criteria outlining when or how a traveller is deemed prominent.	Director, DMA	Medium	The DMA management is pleased to inform the IEAS team that, the new Duty Travel Policy (once promulgated) will introduce workflows for review and approval of travel requests, including the review and approval of exceptions to the travel policy.	Q2, 2020 (30 Jun 2020)
4. Improving value for money of duty travel	4. As part of Duty Travel Policy implementation, the BPO to include in travel requests and claims the requirements for travellers and approvers to ensure: • Results-focus, prudence, cost consciousness and duty of care is considered during travel	Travel BPO	Medium	We are pleased to inform the IEAS team that the new Duty Travel Policy (as discussed under item 3 above) accounts for all the points listed under this recommendation. However, on item iii, the DMA	Q2, 2020 (30 Jun 2020)

	planning. • Travel Terms of Reference are linked to organizational results or AWPs, as applicable. • Follow up on missions and recording of their results, including when practical through mission reports to be placed on SharePoint for knowledge sharing. • Close monitoring and reporting on travel against plans and contributions to results.			management believes that the online sharing/publication of mission report should not be compulsory, as it may contain sensitive information.	
5. Travel F10 claims not always submitted, monitored and reviewed	The BPO to establish or improve mechanisms to monitor proper and timely settlement of travel F10 claims such as: ● Stressing individual accountability for travellers on travel authorizations and claimed expenses through self-certification. ● Monitoring completeness of mandatory documentation for travel claims by reviewer and BPO, both roles to be clearly defined (e.g. annual sample to be reviewed by the BPO). ● If feasible, automated recovery of outstanding F10 claims from payroll for personnel who are paid through payroll. ● Reporting on outstanding F10 claims to the division directors for action.	Travel BPO	Medium	Action on this recommendation would follow the implementation of first recommendation (issue #1 above). The Business Process Owner will be tasked to take necessary actions in responding to all the items listed under this recommendation.	Q4, 2020 (31 Dec 2020)
6. Travel process needs to be streamlined, unified and standardized	6. The BPO to revise the end-to-end travel process to ensure that it is simplified and if possible automated; has control points for key risks and is supported by a system used throughout the Entity; with adequate facilities for document storing, reporting and an exception monitoring tool.	Travel BPO	Medium	Following the establishment of BPO -if funded. The BPO will be tasked to rollout the Atlas Travel System (T&E -currently used only at HQ) to all UN Women offices.	Q2, 2021 (30 Jun 2021)
7. Service provider arrangements need to be improved to ensure best value for money	7. The BPO to: • Revisit existing travel arrangements to improve value for money, with potential retendering or establishing UN Women's own contract with the travel agency or exploring other available travel arrangement modalities outside of the existing arrangements. • Take responsibility as a contract manager for contract performance monitoring, based on specific and measurable performance indicators for the contracted services.	Travel BPO	Medium	Action on this recommendation would follow the implementation of first recommendation (issue #1 above). The BPO will be tasked to revisit the existing travel service management and ensures that UN Women obtains even greater value in the organization of its official duty travels.	Q3, 2020 (30 Sep 2020)
	8. The BPO to clarify that personal deviations should not be a part of calculations of the most direct and economic flight and any related personal deviation cost should always be separated and paid for by the traveller.	Travel BPO	Medium	The DMA management is pleased to inform the IEAS team that the new Duty Travel Policy will respond to this recommendation.	Q2, 2020 (30 Jun 2020)

DEFINITIONS OF AUDIT RATINGS AND PRIORITIES

A. AUDIT RATINGS

Satisfactory	The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
Some Improvement Needed	The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
Major Improvement Needed	The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
Unsatisfactory	The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

B. PRIORITIES OF AUDIT RECOMMENDATIONS

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

UN WOMEN IS THE UN ORGANIZATION DEDICATED TO GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN. A GLOBAL CHAMPION FOR WOMEN AND GIRLS, UN WOMEN WAS ESTABLISHED TO ACCELERATE PROGRESS ON MEETING THEIR NEEDS WORLDWIDE.

UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to implement these standards. It stands behind women's equal participation in all aspects of life, focusing on five priority areas: increasing women's leadership and participation; ending violence against women; engaging women in all aspects of peace and security processes; enhancing women's economic empowerment; and making gender equality central to national development planning and budgeting. UN Women also coordinates and promotes the UN system's work in advancing gender equality.