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OFFICE OF AUDIT AND INVESTIGATION SERVICES

AUDIT OF THE TRAVEL MANAGEMENT PROCESS
DUTY TRAVEL PROCESSED AT HEADQUARTERS

FINAL REPORT

Nº IA/2022/04

01 August 2022

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EXECUTIVE SUMMARY

1.   The Office of Audit and Investigation Services (OAIS) performed an audit of duty travel management process at UNFPA headquarters. The audit covered travel services and transactions executed by UNFPA Headquarters from 01 January 2019 to 31 March 2020.

Background

2.   The ability to travel is necessary for UNFPA to deliver on the Organization's core mandate. The three main types of travel arrangements undertaken at UNFPA are: (a) duty travel – which comprises both domestic and international air travel – such as field visits, conferences, meetings and training; (b) entitlement travel – which includes staff members' travel upon recruitment, change of duty station, separation from service, home leave, family visits, rest and recuperation, and education grant; and (c) travel by implementing partners as part of their respective workplans.

3.   The Travel Unit at the headquarters, which processes duty travel for headquarters-based personnel and provides guidance to all field offices on travel-related services, is located within the Facilities & Administrative Services Branch of the Division for Management Services (DMS). Entitlement travel and travel by implementing partners are processed by the Division for Human Resources (DHR) and the concerned business units, respectively.

4.   The Travel Unit processes travel transactions through the Travel and Expense (T&E) ATLAS module (hereafter Atlas). Air tickets are purchased through a third-party travel service provider under a global Long-Term Agreement (LTA) with the United Nations Development Programme (UNDP). The LTA contract expired at the end of March 2020 but was extended to 31 March 2023.

5.   The last audit of the travel process was conducted by OAIS in 2010. All audit recommendations were closed.

Methodology and scope

6.   The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing and included reviewing and analyzing, on a test basis, information that provided the basis for the audit conclusions and recommendations.

7.   The audit scope focused on the travel management process in place for duty travel and the related expenditures processed by UNFPA Headquarters. The audit covered the period from 01 January 2019 through 31 March 2020, prior to the pandemic which significantly reduced travel. After this date, developments in this business process were taken into consideration in the course of finalizing this report and several consultations with Management were undertaken.

8.   Travel-related transactions, records and documents from other periods were also examined as deemed necessary to complete the audit. Transactions pertaining to duty travel amounting to approximately USD 2.0 million were audited using a data analytics approach, and other available information in the UNFPA systems. The audit also reviewed associated travel agency fees.

Audit rating:

9.   The overall audit rating is "**Partially Satisfactory with Some Improvement Needed,**" which means the assessed governance arrangements, risk management practices and controls were adequately designed and operating effectively but needed some improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issue(s) and improvement opportunities identified did not significantly affect the achievement of the audited entity/area objectives. Management action is recommended to ensure that identified risks are adequately mitigated and managed.

10.   Ratings by key audit area are summarized in the following table.

Audit ratings by key audit area		
Governance		*Partially satisfactory with some improvement needed*
Operations management		*Partially satisfactory with some improvement needed*
Compliance		*Partially satisfactory with some improvement needed*

Key observations, recommendations, and Management responses

11.   The audit identified good practices, as well as areas that require Management attention. Overall, the audit report includes one high priority and five medium-priority recommendations designed to help the UNFPA Travel Unit improve its operations. Of the six recommendations, three are of a strategic nature; one is operational and two refer to compliance matters.

12.   *Good practices on travel management*

  ➢ The Travel Unit offers webinars and training sessions, including Travel Policy refresher courses, to support and enhance staff skills and competencies in critical areas, such as the use of the 'Travel & Expense' module in Atlas.
  ➢ Through an initiative of the Comprehensive Change Management Process, the Organization is able to leverage on a long term agreement(LTA) with other UN organizations to obtain discounted hotel rates.
  ➢ On a yearly basis, the Travel Unit provides the Executive Committee with a detailed breakdown of travel expenses by Country Office and Business Unit for information and decision-making purposes.
  ➢ The Travel Unit has developed a checklist to guide travelers, travel arrangers and travel approvers.

Audit Recommendations

   Strategic level

13.   Given the uncertain future of global business travel, there is a need to introduce a strategic approach to travel management that aligns with the changing corporate and environmental travel landscape. Further, UNFPA's strategic approach to travel should consider: (i) the need to procure air tickets efficiently to benefit from evolving global air travel practices; (ii) opportunities and challenges of the pooling of the HQ administrative resources for travel arrangements[1]; and (iii) the United Nations Reform Agenda on travel management.

14.   Travel planning could be strengthened by linking official trips to a workplan and documenting and certifying in the workflow process that no alternative means were feasible to meet the objectives of the proposed travel prior to the approval thereof.

   Operational level

15.   From an operations perspective, in consultation with the UNDP Travel Unit and the travel service agent and based on lessons learnt during the pandemic and the implementation timeline of the new ERP system, it is recommended to explore possibilities for more in-depth analyses of travel data to highlight actual performance against specific key performance indicators, general trends and compliance with travel policies and procedures as basis for a more informed decision-making process.

   Compliance level

16.   Compliance with travel policies and procedures needs to be improved, mainly related to timely submission of travel requests and travel expense reports, but also to promote accountability by capturing in the ERP leave module, leave days taken during official trips, and to ensure that approvers of travel requests have the authoritative capacity and complete information as basis in approving the trips.

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[1] This initiative was paused at the time of the issuance of the audit report considering the various ongoing change management initiatives.

Management response

17.   In the context of many external factors (COVID pandemic challenges, changing travel industry, commitment to fighting climate change, UN reform…) potentially affecting the present and future conditions of travel, UNFPA Management agrees that close attention should be paid to ensure that the organization capitalizes on possible opportunities and prepares against possible risks and challenges. The past few years (2019 with the Nairobi summit and 2020 forward with COVID) are clearly not representative of what the coming years will look like for travel. It is also clear that finding ways of strategically decreasing air travel will be key to achieving carbon footprint reduction targets. To ensure that travel did not return to pre-pandemic levels and the lessons learned / efficiencies achieved (e.g. through remote meetings and learning) were embedded there were enforced travel cuts within the new Integrated Budget 2022-2025.

18.   The development of a new joint ERP solution for partner agencies, including UNFPA, offers a chance to introduce a global travel module which could help the organization capture enhanced travel data, and therefore gather intelligence supporting enhanced informed decision making in the future. UNFPA will also continue conducting regular Travel sessions/webinars/trainings/communication to ensure that key messages are effectively conveyed throughout the organization.

19.   To be noted that UNDP is leading the development of the upcoming joint ERP Travel Module and UNFPA is partnering with them. In addition, UNFPA will be using the services of the same Travel Agent used by UNDP and UNWOMEN. Therefore, it is eminently sensible to closely align / follow UNDP's processes and policies. This is in the spirit of UN reform and coordination. Inclusion of specific functionality or reporting is therefore a joint decision for ERP partner agencies and are not in UNFPA's sole control. Also, to be noted that the implementation dates of the new ERP are jointly decided by partner agencies and not in UNFPA's sole control.

OAIS comment on Management response:

20.   OAIS agrees that UNFPA Management has   limited or no sole control on the configuration of the new system and the determination of the implementation dates of the ERP project. However, as a partner of UNDP, representatives of UNFPA are included in every level of the project management and implementation teams. UNFPA's influence and proactive engagement in the partnership on decisions involving the rescheduling of the go-live date has been well demonstrated. Hence, OAIS believes that UNFPA should be in a good position to have the desired or applicable functionalities and reporting included in the configuration of the new ERP, Quantum or explore other applicable solutions. In analyzing the responses to OAIS recommendations, it was noted that although Management indicated that inclusion of specific functionality or reporting is a joint decision for ERP partner agencies, no specific action plans were developed or provided to address the audit observations in these areas. Therefore, considering that implementation dates for these recommendations are as far as November 2023 or not indicated at all, OAIS will continue to follow through progress of implementation through our participation as observers in the ERP Project Board and the Audit Monitoring Committee.

Acknowledgement

21.   The OAIS team would like to thank the Management and personnel of the Travel Unit, the Facilities and Administrative Services Branch and the Division for Management Services, as well as the different Headquarters units, for their cooperation and assistance throughout the audit engagement.

Jessie Rose Mabutas. CPA, PhD
Director, a.i.
Office of Audit and Investigation Services

I.   BACKGROUND

1.   As part of the United Nations strategy to combat climate change by reducing greenhouse gas emissions, each UN entity is required to take concrete steps in energy demand reduction. That involves, among other things, improving travel management given that air travel represents 45 per cent of greenhouse gas emissions.

2.   The ability of staff and personnel to travel is necessary for UNFPA to deliver on the Organization's core mandate. The three main types of travel arrangements undertaken are: (a) duty travel – which comprises both domestic and international travel – such as field visits, conferences, meetings and training; (b) entitlement travel – which encompasses staff members' travel upon recruitment, change of duty station, separation from service, home leave, family visits, rest and recuperation, and education grant; and (c) travel by implementing partners as part of their respective workplans

3.   Travel includes the cost of air fare and daily subsistence allowances (DSA) – which covers lodging, meals, gratuities, and other payments[2] made for personal services rendered to the traveler. The DSA is paid according to the rates established by the International Civil Service Commission.

The last audit of the travel process was conducted by OAIS in 2010. All recommendations from that audit were closed.

Travel expenditures

4.   Between January 2018 and 31 December 2020, travel expenditures amounted to USD 16.5 million for Headquarters and USD 86.2 million for all field offices[3]. Together, the cost of travel tickets and DSA for this period amounted to USD 148.5 million, or approximately a yearly average of five per cent of the total UNFPA expenditures for those three years.[4]

5.   Table 1 and Figure 1 below show the breakdown of travel expenses by year.

Table 1 – **Overview of travel expenses for UNFPA (USD million)**

Type of expense	2018	2019	2020	Total	%
Tickets	17.4	20.0	4.0	**41.4**	*27%*
DSA	42.4	39.8	24.2	**106.4**	*67%*
Others	3.6	4.9	1.1	**9.5**	*6%*
Total	**63.4**	**64.7**	**29.3**	**157.4**	*100%*
Of which					
Headquarters	7.0	8.1	1.4	**16.5**	*10%*
Field offices	35.9	38.6	11.7.6	**86.2**	*55%*
Implementing partners	**20.4**	**17.9**	**17**	**55.3**	**35%**
Total expenses	1,086.0	1,130.2	1,228.1	3,444.3	
% of travel costs to total expenses	*5.8*	*5.7*	*2.4*	*4.6*	

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[2] Terminal Expenses (covering transport costs to and from the airport/transportation terminal) as well as other miscellaneous expenses (e.g., visa costs).

[3] Field offices include regional offices, sub-regional-offices, country offices and liaison offices.

[4] Source audited Financial Statements-

Figure 1 – **Overview of travel expenses 2018 – 2020 (USD million)**
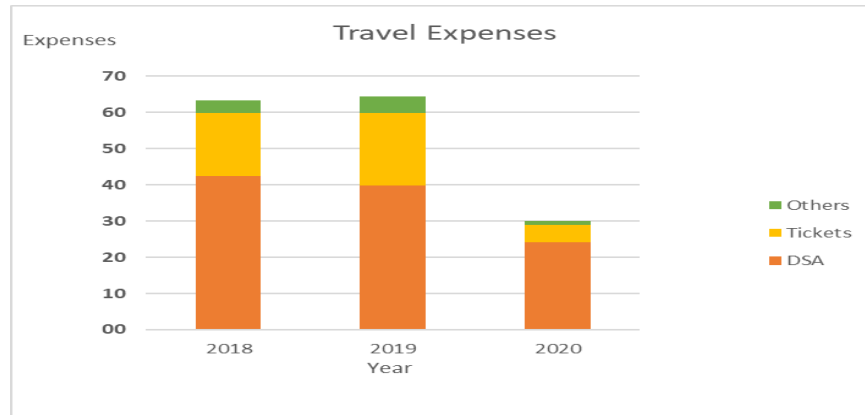
6. The most frequent destinations during the period audited were, in decreasing order, New York, Geneva, Nairobi and Panama. Travel restrictions imposed because of the global outbreak of coronavirus disease (Covid-19) in early 2020 significantly reduced travel volume for the next three quarters, with the number of tickets issued down from 2,150 in 2019 to 1,848 in 2020.

7. When duty travel was necessary during the pandemic, managers were encouraged to have individual discussions with staff members about their willingness and ability to travel, taking into consideration exigencies of service, personal circumstances, and risk factors for the individuals (including their family members). Finding a consensus on the criteria to be used as the basis to determine whether physical presence is necessary, remains one of the main questions to be addressed post-pandemic.[5]

Organizational set-up

8. The Division for Management Services (DMS) is responsible for leading, managing and coordinating the financial and administrative functions of the Organization. The Travel Unit, which is part of the Facilities and Administrative Services Branch (FASB), provides travel services to the business units at UNFPA Headquarters in New York, including training sessions and managing related transactions in the Atlas module "Travel and Expense" (T&E) to ensure compliance with travel policies and procedures. The Travel Unit also provides guidance and advice to all field offices on travel-related issues and makes recommendations to Management for possible revisions to the UNFPA Travel Policy, when needed.

9. Headquarters business units process their travel transactions through the Atlas T&E module. Airfare tickets are purchased through a third-party travel service provider under a global Long-Term Agreement (LTA) with the United Nations Development Programme (UNDP). The LTA contract expired at the end of March 2020 but was extended to 31 March 2023.

10. Through the T&E module in Atlas, the UNDP Travel Services Section processes the payment of UNFPA travel advances and claims, manages the agreement with the travel agent and with airline companies, and recovers from UNFPA a service fee. A Service Level Agreement (SLA) outlines the travel services provided by UNDP to UNFPA and the associated costs. Once the travel request is approved by a designated official of UNFPA through Atlas per applicable UNDP travel policies and procedures, the travel agent provides a quote, makes the reservation and issues the ticket. The travel agent also provides other services related to travel, such as re-booking or cancelation of tickets and recording data related to the ticket purchases on Atlas T&E module.

11. All regional offices (except the Asia Pacific Regional Office which also uses the Atlas T&E module) and sub-regional offices, liaison and country offices, each have separate travel arrangements in place, often jointly with other UN organizations, where travel-related expenses are processed through the issuance of purchase orders.

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[5] Greening the blue report 2020 - The UN System's Environmental Footprint and Efforts to Reduce it:

https://unsdg.un.org/sites/default/files/2020-12/GBR20.pdf

II. OBJECTIVES, SCOPE AND METHODOLOGY

12. The objective of the audit was to review the governance, risk management and control processes for travel management, as well as compliance therewith and the efficiency of the processes in place at UNFPA Headquarters. The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, which require that internal auditors plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of governance, risk management and internal control processes in place over the in-scope audit areas and activities.

13. The audit scope covered the period from 01 January 2019 through 31 March 2020 and focused on the process at UNFPA Headquarters for duty travel and related expenditures, totaling USD 2.0 million, comprising 2,150 and 302 tickets issued in 2019 and 2020, respectively. Travel related transactions, records and documents from other periods were also examined, as deemed necessary, to complete the audit. OAIS adopted a data analytics approach, using available information in the UNFPA systems. The audit also reviewed the accuracy of fees charged by UNDP related to the processing of UNFPA staff entitlements and benefits.

14. Excluded from the audit scope were services under the mutual recognition principle performed by UNDP on behalf of UNFPA for facilitating the travel process and managing the travel LTA with travel agency. Travel activities from UNFPA field offices were also excluded from the review, as most are processed outside the T&E module in Atlas.

15. During the planning process, and in consultation with relevant stakeholders, the following questions were asked;

   a) Does UNFPA have a strategic approach to travel management?
   b) Do the current travel-related policies, guidance and written procedures clearly reflect the needs of the Organization? Are these understood and implemented by UNFPA personnel?
   c) What are the lessons learnt about past travels? What can be changed to make travel management more efficient and better supported by the new ERP system?
   d) Does the current monitoring and reporting regime ensure accurate and timely reporting of travel information and exceptions to meet organizational needs?
   e) Are travel transactions processed timely and supported by adequate documentation in conformance with the UNFPA Travel Policy?

16. Audit procedures applied as part of the audit included: (a) analysis of travel data from the T&E module in Atlas; (b) review of the travel workflow end-to-end; (c) interviews of key stakeholders; (d) review of travel policies and procedures; (e) follow-up of travel issues identified from previous internal and external audits; (f) review of supporting documents, records and other documentary evidence related to sampled travel transactions; and (g) inquiries to Management on matters arising from the procedures applied. OAIS relied on information that was provided by UNDP on behalf of the travel agent.

17. Activities and transactions reviewed were selected using a risk-based approach and data analytics to identify potential issues and outliers. A survey was undertaken to get feedback from different stakeholders about the travel arrangements in place and the quality of services provided. The survey, sent to 117 individuals, contained 31 questions for (i) travelers, (ii) traveler arrangers, and (iii) travel approvers. The survey covered (a) awareness of travel policies and procedures; (b) travel-related training; (c) the air ticket booking process; (d) travel request information requirements; and (e) areas of dissatisfaction and opportunities for improvement. The overall response rate from the surveys was 34 per cent (40 of 117).

18. The engagement was conducted by a team of OAIS audit specialists and individual professionally qualified audit consultants, starting on 17 August 2020. Findings identified from the audit were discussed with Travel Unit management at briefing meetings held on 15 March 2021 and 12 April 2021. Comments received and clarifications provided were incorporated in the initial draft of the report. Unforeseeable developments in OAIS adversely impacted the completion of the draft report which was submitted again to Management on 21 December 2021, 30 March and 13 July 2022. The final management response was received on 22 July 2022 and is reflected in the final report.

III. DETAILED FINDINGS

A.	TRAVEL PROCESS GOVERNANCE	PARTIALLY SATISFACTORY WITH SOME IMPROVEMENT NEEDED

Good practices identified

19.   The following good practices in the area of governance were identified during the audit:

   a)   The Travel Unit offers webinars and training sessions to all UNFPA staff and personnel, including Travel Policy refresher courses to support and enhance staff skills and competencies in critical areas;

   b)   Through an initiative of the Comprehensive Change Management Process, UNFPA is able to build upon an LTA with other UN organizations to obtain discounted hotel rates;

   c)   On a yearly basis, the Travel Unit provides the Executive Committee with a detailed breakdown of travel expenses by organizational unit, for information and decision-making purposes; and

   d)   Pooling of Headquarters administrative capacity aimed at establishing a pool of general service staff to provide support with administrative services such as duty travel[6].

Introduce a more strategic approach to travel management

20.   Given the uncertain future of global business travel post pandemic, there is a need to consider a strategic approach to travel management that aligns with the changing corporate and environmental travel landscape.

21.   Further, approximately 72 per cent of UNFPA's country offices are housed in common premises. The implementation of the UN Management Reform and more specifically the efficiency agenda will impact on how travel transactions are processed in the field, as these activities would be conducted by the UN agency leading the Common Back Office or by the Global Shared Services Centers or by the Regional Service Centers. To ensure that the Organization gets quality, agile and timely service under these arrangements, a culture shift from compliance to a quality performance management approach be developed through the use of feedback and monitoring mechanisms.

   Air fare procurement

22.   The current approach to sourcing airline tickets is based on an assumption that advanced booking guarantees the best fares. This is provided for in the UNFPA Travel Policy (based on the UNDP policy), which provides, it is strongly encouraged to confirm travel itineraries as early as possible and purchase (not only book) airline tickets at least 21 and 14 days in advance of travel for business and economy classes, respectively to have the best opportunity to avail of the lowest fare.

23.   The Travel Unit explained that this rule is based on a study of Headquarters transactions (field offices excluded) conducted by an external consulting company commissioned by UNDP, which showed price variation points at 14 days for economy class and 21 days for business class tickets.

24.   Recently, however, airlines have adopted dynamic[7] price modelling schemes, constantly changing their fares until departure date depending on multiple variables such as market conditions (e.g., demand on a specific route), 'occupancy' rates, patterns of business and leisure travel, just to name a few.

25.   OAIS conducted a comparative analysis of airline tickets purchased for travelers going to the same event and using the same route (see details in Annex I). It revealed large price variances for cost of tickets, and not necessarily the cheapest fares for those tickets purchased in advance. For example, two international flight tickets purchased 43 days prior to departure, from the same point of origin to the same destination on the same airline but bought at various times showed a price difference of roughly USD 1,800 (USD 6,059 versus USD 4,254). A similar situation was found for a domestic flight ticket; the price for the same route on the same airline bought on the same

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[6] This initiative was paused at the time of the issuance of the audit report considering the various ongoing change management initiatives.

[7] Dynamic pricing is a strategy for offering personalized fares to individual consumers based on their flight history and other factors.

day (nine days before departure) differed by roughly USD 180 (USD 620 versus USD 803). Another ticket purchased four days before departure cost 10 per cent more than the lowest fare of USD 620.

26.   Noting the variance in ticket prices and the application of dynamic pricing by airlines, UNFPA needs to re-assess its Travel Policy, in line with the dynamic airline industry practices.

Comprehensive change management process

27.   As part of the comprehensive change management process, UNFPA is adopting the pooling of the Headquarters administrative and finance capacities which, among other things, aims to: a) increase efficiency through staff specialization on related functions or services. Under this initiative, the processing of all of the Organization's travel, visa requests, travel expense reports and security clearances are pooled under the Travel and Conference team; and b) to make travel more cost effective through the use of LTAs with other UN organizations to procure arrangements for meetings and events and optimize the costs for DSA.

28.   The need for timely planning and adequate resources are crucial to enable the Travel and Conference team to prioritize and process travel and visa requests in order to prevent delays and achieve cost efficiencies.

Sustainable Travel (traveling more efficiently).

29.   The UN Climate Neutral Strategy calls for UN organizations to minimize the greenhouse gas emissions associated with travels, and this entails reducing the relevant climate footprint. UNFPA Environmental Strategy is to reduce the UN system's overall GHG emissions by 45% by 2030, aligning with the Paris Agreement objectives, which aims to limit global warming to 1.5°C. The strategy addresses environmental issues under six management functions that include travel.

30.   Although FASB regularly tracks and reports on carbon emissions, UNFPA has yet to develop a framework, policy and guidelines or incentives to staff for reducing the travel climate footprint (the greenhouse gas emissions associated with travel)

ROOT CAUSE	*Guidelines: Inadequate corporate policies or procedures.*
	Resources: Lack of or insufficient technical resources.
IMPACT	*The ability to efficiently achieve travel objectives, reduce UNFPA's climate footprint, and best value of money may be diminished.*
CATEGORY	*Strategic.*

RECOMMENDATION NO. 1	PRIORITY: HIGH

Develop a travel strategy including updating policies and procedures to make travel management more efficient and ensure remedial actions are in place to mitigate potential risks, taking into account: a) the need to procure air tickets efficiently to benefit from the dynamic global air travel practices; b) the opportunities, efficiency gains, and challenges of the pooling of HQ administrative capacity for travel arrangements; and c) the United Nations Reform and corporate environment responsibilities.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:	STATUS:	*Agree*
Director, Division for Management Services		
MANAGEMENT ACTION PLAN:	DUE DATE:	*April 2023*

The Division for Management Services takes note of the audit observation and will take the following actions to address the audit recommendation:

   a) *UNFPA follows UNDP travel policy and processes and shares the same HQ travel provider. LTA with the provider was extended to March 2023, and UNFPA will be part of the procurement exercise led by UNDP to establish a new LTA. Although UNFPA can make some suggestions, UNDP drives the decision process.*

   b) *Develop a Travel related SOPs and training material for the HQ service center (to be timed with the implementation of said initiative)*

c) *Ensure adequate representation from UNFPA in UN reform related task teams (BOS, CBO/LSSC, GSSC…) to ensure that opportunities and challenges for UNFPA in terms of Travel services are properly taken into account (already in place).*

OAIS COMMENT ON MANAGEMENT ACTION PLAN:

OAIS notes that Management's action plan does not fully address the audit recommendation, particularly with regard to the need to develop a travel strategy. OAIS cannot fully agree to the statement that UNDP drives the decision when it comes to travel process. OAIS believes that this is a partnership which needs mutual decision-making and agreement on such decisions among all members of the consortium. A specific instance when it was observed that UNFPA management could influence the decisions of the consortium is the rescheduling of the go-live dates, that was done last and this year.

RECOMMENDATION NO. 2	PRIORITY: MEDIUM

Develop policies and incentives to minimize travel and thereby reduce carbon emissions; and increase awareness through training on how staff can help reduce carbon footprint of the organization.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:	STATUS:	*Agree*
Director, Division for Management Services		
MANAGEMENT ACTION PLAN:	DUE DATE:	*April 2023*

The Division for Management Services takes note of the audit observation and will take the following actions to address the audit recommendation:

a) *Increase emphasis in upcoming Travel sessions/trainings/webinars on the impact of air travel on our carbon footprint. Ensure that Greening sessions aimed at staff also clearly emphasize the impact of travel on emissions.*
b) *Work with UNFPA Senior Management to develop guidance to identify travels which may be considered necessary/not in order to enable the needed reduction in travel to achieve carbon emissions reduction targets.*
c) *Keep ensuring regular strong reinforcement messages from OED about appropriate travel.*

Strengthen performance monitoring

Formalize the Service Level Agreement with UNDP for the provision of travel management services

31.   At the time of fieldwork, there was no formal framework agreement or memorandum of understanding with UNDP indicating the terms and conditions for the provision of travel management services. The agreement between UNDP and UNFPA was tacit and based on the historical relationship between the two entities. As part of the arrangement, UNFPA agreed to pay UNDP a six per cent air ticket issuance fee for duty travel, through a cost recovery mechanism, and a service transaction fee (or "rate desk support") for staff entitlement-related travel, such as staff members' travel upon recruitment, change of duty station, separation from service, or home leave. In the absence of a formal service level agreement specifying the services provided, costs and deliverables, UNFPA has limited influence on the timeline and efficiency of the services provided by UNDP.

32.   On 25 February 2021, a Service Level Agreement was signed between UNDP and UNFPA, specifying service lines, prices, and timeframes of service provision for cost recovery purposes. Hence, no further recommendation is made by OAIS.

33.   During the reporting stage of the audit, UNFPA Senior Management issued several travel guidance notes, stressing the need for travel to be necessity-based and the intended results and value added of such trips far out way the cost of the intended trip.

Enhance monitoring and reporting

34.   While some compliance monitoring is done through the online certification process,[8] there is no comprehensive monitoring and reporting on travel management, which could identify outliers and non-compliance with the UNFPA Travel Policy, and include conducting performance assessments of the service provider, and identifying measures for further efficiency or supporting necessary policy changes. For instance, the OAIS analysis showed a number of non-compliance issues (see paragraph 54 for details) which could have been flagged through exception and performance reporting for immediate remedial action.

35.   This issue is partially attributable to the Atlas T&E module, which has limitations in providing the necessary data for a comprehensive travel data analysis.

36.   The Travel Unit explained that they use the T&E dashboard as a monitoring tool. However, the dashboard is not user-friendly and includes some overlap between travel data. Further, multiple lines can exist for a single transaction, which may be confusing. Although the travel agency has numerous reports[9] available on demand, there was no evidence of these being used for reporting and performance measurement.

37.   In the context of re-emerging travel post-pandemic activities and the UN reform objectives, the new ERP project represents an opportunity for UNFPA to enhance monitoring and reporting mechanisms. For example, visual analytics along with development of reports on travel data could be used to identify travel patterns, justifications for exceptions when the official fare is declined, travel categories, and other travel metrics that can provide insights of travelers' behavior and identify possible cost containment initiatives.

ROOT CAUSE	*Guidelines: Inadequate planning* *Guidelines: Reporting mechanisms and functionalities* *Resources: Lack of or insufficient technical resources.*
IMPACT	*Limited reporting diminishes Management's ability to objectively measure achievements and take informed decisions.*
CATEGORY	*Operational.*

RECOMMENDATION NO. 3	PRIORITY: MEDIUM
Leveraging on the implementation of the new Enterprise Resource Planning system that is now being implemented in partnership with UNDP and based on lessons learnt from the pandemic, explore in consultation with the UNDP Travel Unit and the new travel agent, whether existing reports on travel data could be used to analyze performance against specific key performance indicators, general trends and compliance with travel policies and procedures.	

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: *Director, Division for Management Services, in collaboration with the Business Transformation Manager, Information Technology Solutions Office (ITSO).*	STATUS: *Agree*
MANAGEMENT ACTION PLAN:	DUE DATE: *April 2023*
Agree to explore reporting, but it should be noted that the ERP travel module is a joint module between partner agencies, and inclusion of specific functionality or reporting is therefore beyond UNFPA's control. *Will explore dashboard and reporting functionalities (depending on timing of roll out of system functionalities).*	

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[8] The verification process conducted by the Travel Unit to check whether the information in the Atlas T&E module reflects the travel requirements provided by the traveler or travel arranger. Other field verifications include whether the travel request adheres to the route, mode and standard of accommodation and DSA guidelines, and validates that the Chart of Accounts used is correct.

[9] Report examples include (i) "Air Summary Report" which shows gross & net ticket volume and amount, refunds, exchanges, tax amount, fare class, advance purchase, ticketed airline, advance booking and method of booking, and (ii) "Lost Opportunity by Traveler" which is an exception report by traveler showing fare offered compared to fare accepted with lost saving, with the associated reason.

OAIS COMMENT ON MANAGEMENT ACTION PLAN:
OAIS is of the view that UNFPA as a partner agency of the consortium should be involved in the decision-making of travel data reporting functionalities. Particularly, OAIS disagrees with Management assertion that inclusion of specific functionality or reporting is beyond UNFPA's control. And if the UNFPA required functionality cannot be integrated in the new ERP system, then UNFPA still needs to work with UNDP to explore other options that interface or at least communicate with the UNDP system. UNFPA has representatives in all levels of the project management from top to the implementation teams, there are many opportunities where UNFPA could be involved in the decision-making process particularly in the design and development of reports and dashboards applicable to the Organization's business model.

B. OPERATIONS MANAGEMENT	**PARTIALLY SATISFACTORY WITH SOME IMPROVEMENT NEEDED**

Strengthen travel planning and approval processes to ensure that alternatives to travel are formally considered and documented prior to approving travel requests

Travel planning

38.   The UNFPA travel Policy encourages but does not mandate the establishment of a travel plan as part of the annual workplan. It is also noted that advance planning of travel may not be possible under all circumstances.

39.   Almost half of the business trips reviewed as part of this audit (48 per cent) revealed non-compliance with the encouraged advance purchase practice, primarily due to the lack of adequate planning (see paragraphs 56 and 57 for more details).

40.   Establishing annual travel plans would enhance the Organization's ability to approve most travels in advance and align the travels with workplans.

41.   Previous OAIS audit reports, as well as reports from the UN Board of Auditors and the Joint Inspection Unit (JIU)[10], highlighted this weakness in travel management and called for strengthening advance planning through the implementation of the Travel Policy and monitoring activities.

42.   Further, having a central view of all travel plans can improve the efficiency and effectiveness of travel management, especially for group travel events which the current booking mechanism does not recognize. Instead of negotiating group fares, each traveler books their flights separately, with similar yet individual travel requests. The lack of a group event trigger prevents the Organization from benefiting from economies of scale and more easily managing security requirements (by advising the limit in the number of United Nations-related travelers on the same flight).

43.   In a pandemic or post-pandemic context, advance travel planning becomes even more critical, to assess the necessity and duration of any travel and to have in place the corresponding safety precautions respecting health regulations and requirements of host countries.

Alternatives to travel

44.   The Travel Policy states that the necessity of a business trip should be considered prior to its approval. Travel should occur only when there is a significant added value to the Organization and stakeholders, and when attendance cannot be accomplished through conference calls, videoconferencing, or web conferencing (e-meetings).

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[10] Review of Air Travel Policies in the United Nations System – JIU/REP/2017/3

45.   Sampled transactions reviewed by OAIS show a lack of compliance with this specific provision in the Travel Policy. The root-cause was mainly attributable to a gap in the travel process workflow, which does not include any explicit steps to assess and document, the necessity of undertaking the travel or whether other options and communication were considered as basis for approval of the travel request.

46.   The workflow process relies on the travel request approval as implicit evidence that the approver did consider the necessity of the proposed travel. However, based on the OAIS survey result, 70 per cent of travel approvers reported mainly focusing on elements such as cost, objective of the trip, the mission's link to a workplan, budget availability, DSA computation and Chart of Account accuracy. The necessity of the business trip or other ways or options of achieving the intended purpose of a proposed trip were not elements considered important to be first checked by the approver.

47.   Strengthening planning and systematically ensuring the necessity of travels would require enhancement of the ATLAS system, which is not advisable given the limitations of the current systems in place and will depend on the new configuration of the new ERP. UNFPA should take the opportunity to include in the new ERP Travel module sufficient features to capture data on steps performed to ensure the necessity of official travel (and consideration of alternate means) and linkage to workplan activities. OAIS noted additional enhancements of the Travel module which are detailed in paragraph 51.

ROOT CAUSE	*Guidelines: Inadequate planning and inadequate risk management processes.*
	Guidance: Lack of or inadequate guidance or supervision at the business unit level.
IMPACT	*The ability to achieve travel objectives and obtain best value for money may be diminished and exposure to reputational risk may increase.*
	Gap in the process workflow may weaken management oversight and lead to inefficient and costly decisions on travel activities.
CATEGORY	*Strategic.*

RECOMMENDATION NO. 4	PRIORITY: MEDIUM

Leveraging on the development of the new Enterprise Resource Planning system and the Pooling of HQ administrative and finance capacity, (a) strengthen travel planning by linking official travels to workplan activities; and (b) include documented evidence in the ERP Travel module showing that travel approvers considered other alternatives to travel prior to approving travel requests.	
MANAGERS RESPONSIBLE FOR IMPLEMENTATION: *Director, Division for Management Services, in collaboration with the Information Technology Solutions Office (ITSO)*	STATUS: *Agree*
MANAGEMENT ACTION PLAN:	DUE DATE: *November 2023*

While there is merit in the recommendation, it should be noted that the ERP travel module is a joint module between partner agencies, and inclusion of specific functionality or reporting is therefore beyond UNFPA's control. UNFPA can therefore not commit to specific travel module functionality but will continue to work to influence the joint solution.

a) UNDP has confirmed that the recommendation to link official travels to workplan activities is out of scope for the time being

b) The requirements for the travel module to include indication in the approval workflow that travel is necessary and that the same results cannot be achieved through other means (checkbox required for approval). However, it is not clear if and when this will be rolled out.

OAIS COMMENT ON MANAGEMENT ACTION PLAN:

OAIS is of the view that UNFPA as partner of the consortium and having representatives in all levels of the project management from top to the implementation teams, there are many opportunities where UNFPA could be involved in the decision-making process, including those related to linking travel to workplan activities. And considering that the due date of implementation of the action plan indicated is November 2023, and by that time

all phases of the ERP implementation would have been implemented, OAIS (as observers) through the ERP Project Board and Audit Monitoring Committee will follow through how and when this action plan will be operationalized.

Improve the transparency of the fare quotation process and automated features of the travel and expense module

Transparency of the fare quotation process

48.   The flight booking process has the following gaps that prevent an approver to properly ascertain whether the selected fare option is in compliance with prescribed travel rules and regulations:

   ▪   *Limited transparency and visibility in the selection of itineraries –*, When a travel request is presented for approval, the approver can only see the selected fare (official and preferred) after an option had been chosen by the traveler and booked. The itinerary selection process prior to the final proposal is not captured in Atlas and the travel approver has no indication if the itinerary and cost of booked trip/s chosen are in full compliance with the policy. For instance, a modification to the original itinerary by the traveler or travel arranger, to consider a preferred itinerary or to include a personal deviation is not visible to the approver;

   ▪   *Lack of transparency on how the official versus personal deviation airfares were determined –* Similar to the previous issue, the travel approver does not get the itinerary details of the official fare in those cases involving a personal deviation. Only the total amount of the fare that includes the cost increment for the personal deviation is conveyed for review and approval.

   ▪   *Limited information provided when the official fare[11] is declined –* In 2019, travelers declined to avail of the official fare due to "business constraints" in approximately 12 per cent of the 1,925 transactions analyzed. However, only limited information and justifications were included in the travel request forms as to why the official fare was declined. Because the comparative costs and itineraries proposed to a traveler and the limited information provided, the approver does not have sufficient basis to ascertain if not using the official fair is justified and in conformity with rules and policies. According to the Travel Policy, time constraints or other factors causing the official fare to be declined must be documented in the travel request and approved by a designated official.

49.   Further, in reviewing the travel request, the approver could not see and obtain assurance that the quoted fares were the most economical and direct routes, and on what basis these were quoted. The lack of visibility regarding the pricing of tickets was also raised by another United Nations organization, which also uses the same travel agency's services. The UN Board of Auditors Report has recommended that UNFPA strengthen the travel monitoring process at all governance levels (global, regional and country), in order to guarantee access to timely information for decision-making and increase the possibility for access to better alternatives[12]. It should be noted in this regard that the travel agency represented that a fare audit showed that they had sourced the most direct and economical tickets for UNFPA in 100 per cent of the cases.

Travel data reporting capabilities and integration with the other systems

50.   The T&E module in Atlas introduced in 2015 streamlined official duty travel processing with a paperless workflow. The T&E module was initially deployed to the Asia Pacific Regional Office located in Bangkok as a pilot, and offered significant benefits by automating the travel process, including the travel request, authorization and travel claim processes. It allows for capturing relevant travel-related data, where staff can initiate online requests for travel approval and submit travel expense claims.

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[11] The most direct and economical fares in accordance with the UNFPA travel policy

[12] Report of the Board of Auditor – A/76/5/ADD.8

51. The review identified five areas for improvement:

- *Planning and reporting functionality* – to categorize travel data in a more detailed manner (e.g., travel categories; group travel participants) thus allowing the use of data analytics and enhanced reporting functionalities, creation of exception reports and online dashboards, as well as including automated system notifications;

- *Increasing the automation of online booking tools* – to enhance efficiency by determining the appropriate standard of accommodation and the most economical route;

- *Integrating linkages and avoiding duplication of entries (or lack thereof)* – to the travel security clearance process and the human resources leave management reporting system;

- *Monitoring tools with visual graphics* – to identify anomalies and outliers. For example: justification of late travel request submission; the absence of rationale and justification for not using teleconferencing, videoconferencing or web-conferencing as an alternative to face-to-face meetings that involves travelling; and

- *Interlinking various travel provider systems* – globally to minimize manual entries (and possible errors).

52. The implementation of the new ERP system, for which development was ongoing at the time of fieldwork and drafting of this report, aims to address most challenges experienced with the current travel management process, including several of those highlighted in this report. Travel Unit management indicated that it had submitted proposals for key features, business requirements and functionalities for consideration in the ERP implementation in order to improve travel process efficiency.

ROOT CAUSE	*Guidelines: Inadequate planning.*
	Resources: Lack or insufficient technical resources.
IMPACT	*The effectiveness and efficiency of the travel process may be hindered by the travel system limitations of Atlas and the new ERP, as well as the lack of integration with other existing systems.*
CATEGORY	*Operational.*

RECOMMENDATION NO. 5	PRIORITY: HIGH

Leveraging on the implementation of the new ERP system; (a) enhance travel processes to add visibility of selection of preferred itineraries; distinction of official ticket fare when there is personal deviation included in the official mission itinerary; and (b) improve travel data reporting capabilities and integration with the other systems such as the United Nations Department of Safety and Security (UNDSS) system and the Human Resource leave management reporting system (currently in Atlas).

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:	STATUS: *Not implementable*
Director, Division for Management Services, in collaboration with the Information Technology Solutions Office (ITSO)	
MANAGEMENT ACTION PLAN:	DUE DATE: *NOT PROVIDED*

While there is merit in the recommendation, it should be noted that the ERP travel module is a joint module between partner agencies, and inclusion of specific functionality or reporting is therefore beyond UNFPA's control. UNFPA can therefore not commit to specific travel module functionality but will continue to work to influence the joint solution to meet as many of our requirements as possible.

UNDP has confirmed that these recommendations are out of scope for the time being.

OAIS COMMENT ON MANAGEMENT ACTION PLAN:
OAIS is of the view that UNFPA as partner of the consortium and having representatives in all levels of the project management from top to the implementation teams, there are many opportunities where UNFPA could be involved

in the decision-making process including those related to increasing visibility and reporting capabilities and integration. Considering that no due date of implementation for this action plan has been indicated, OAIS (as observers) through the ERP Project Board and Audit Monitoring Committee will follow through how and when this plan will be operationalized.

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C. COMPLIANCE	**PARTIALLY SATISFACTORY WITH SOME IMPROVEMENT NEEDED**

Good practices identified

53.   The Travel Unit developed a checklist for travelers, travel arrangers and approvers for guidance purposes.

Improve compliance with travel policies and procedures continue here

54.   The review revealed issues with: (a) untimely submission of travel requests; (b) limited information and justification on the travel request forms when the official fare was declined; (c) travel authorized by approvers who report to the travelers; (d) leave taken during official trips not captured in the HR leave module in Atlas; and (e) untimely submission of travel expense claims.

55.   Exceptions were mostly caused by inadequate planning and supervision *of travel requests*

56.   The UNFPA Travel Policy encourages but does not mandate the purchase of airline tickets at least 21 days and 14 days in advance of business and economy class tickets, respectively. Management explained that these timeframes were selected based on a study conducted by an external consultant for UNDP.

57.   The review showed that this policy was not consistently followed. Out of 307 sample travel transactions reviewed, 84 (27 per cent of the sample) did not comply with the advance purchase policy (see table 2 below for a breakdown of the number of days before departure tickets were purchased).

58.   The testing did not reveal any significant price differences when comparing prices paid to current prices (absent contemporaneous quotes). Some late bookings were related to late travel confirmations from staff members and other stakeholders outside Headquarters.

59.   Further, reasons for non-adherence to the advance purchase policy were not documented. The Travel Request form does not provide sufficient information to determine whether these were emergency travels.

Table 2 - **Advance ticket purchase breakdown in 2019**

Advance Purchase Period[13]	Tickets (percent)	Number of tickets	Amount (USD)
3 days and less	5.5%	17	95,296
4-6 days	7.5%	23	147,032
7-13 days	7.2%	22	242,698
14-20 days	7.2%	22	106,802
More than 21 days	72.6%	223	964,820

Travel authorized and approved by a subordinate of the traveler

60.   The Travel Policy mandates that an official reporting to the traveler, except for the Executive Director, should not authorize his supervisor's duty travel.

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[13] Difference between booking date and flight departure date

61.   Yet, in 33 cases[14] (15 percent of the sampled transaction), the travel requests were approved by a subordinate of the traveler who did not necessarily have the appropriate authoritative capacity to exercise the required due diligence and determine the necessity and nature of the business trip. This issue was also flagged by the Travel Unit to OAIS as an issue which could potentially be solved with the implementation of the new ERP.

Leave taken in conjunction with official duty travel

62.   There were eight cases where the leave taken during official travel was not recorded in the Human Resource leave module in Atlas. Details from the sampled travel request entry forms (or comments section) correctly indicated the use of personal or leave time and deviation from the approved itinerary. However, leave time reported was not reflected in the Human Resource leave report at the time of review.

63.   It is recalled that accurate human resource leave reporting is essential for calculating the Organization's liabilities and ensuring the accuracy of financial statements.

Submission of travel expense claims

64.   Per the Travel Policy, a traveler has two weeks from completion of travel to file an expense claim form, as proof that the travel occurred, and to account for travel advances. If the traveler fails to submit travel claims for two consecutive missions within 60 days of the completion of his/her mission, no further advances would be made until all outstanding claims are settled

65.   From the samples tested, in 83 cases (38 per cent) travelers did not submit the required travel expense claim form within the policy timeframe. The delays ranged between 1 day to 199 days.

ROOT CAUSE	*Guidance: Inadequate supervision at the Headquarters level and non-compliance by staff travelers.*
IMPACT	*There is an increased risk of unsupported expenses or financial losses to UNFPA, and the Organization may not be able to recover unutilized or unearned allowances.*
CATEGORY	*Compliance.*

RECOMMENDATION NO. 6	PRIORITY: MEDIUM

Provide appropriate guidance and raise the awareness of staff on the need to:

   (a) Better plan non-emergency travel and submit travel requests in advance of travel dates, within applicable policy requirements;

   (b) Review the roles, accountability and authority of the designated travel request approvers-unless there is a duly approved travel plan in place, reasonable segregation of duties within offices approving travel, and a reporting structure to minimize the risk of conflict of interest or putting undue pressure to the staff approving the travel request of a supervisor ; and

   (d) Better plan travel arrangements and submit travel requests and expense claim forms within applicable policy requirements and monitor compliance thereto.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: *Director, Division for Management Services*	STATUS: *Agree*
MANAGERS ACTION PLAN:	DUE DATE: *April 2023*

The Division for Management Services takes note of the audit observation and will increase emphasis in upcoming Travel sessions/trainings/webinars on:

   a)   the importance of planning and booking travel ahead, highlighting risks of not doing so, and encouraging offices to maintain travel plans as a best practice

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[14] Cases exclude instances where there was an approved travel plan

b) *the importance of ensuring that appropriate approval from the legitimate authority is obtained prior to travel and adequately captured in the system*

c) *the importance of timely recording travel transactions (travel requests, travel claims and expense reports) in the system*

RECOMMENDATION NO. 7	PRIORITY: MEDIUM

Raise the awareness of travelers, travel approvers and supervisors of the need to ensure that any leave taken during official travel is recorded in the Atlas travel module and the proposed ERP module. More specifically, take corrective measures on those unrecorded leaves availed of by the concerned staff members identified during the audit.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:	STATUS:	*Agree*
Director, Division for Management Services in collaboration with the Division for Human resources		
MANAGERS ACTION PLAN:	DUE DATE:	*April 2023*

The Division for Management Services takes note of the audit observation and will include a section in upcoming Travel sessions/trainings/webinars on the importance of accurately recording leave in the relevant leave management system.

ANNEX I – ANALYSIS OF AIR FARE COSTS BY ADVANCED PURCHASE DAYS

Ticket Class	Itinerary	Flight departure date	Airline	Flight return date	Booking date	Number of days ticket purchased before departure	Cost
Business	JFK-NBO-JFK	8-Nov-19	Kenya Airways	16-Nov-19	24-Sep-19	45	4,271.03
Business	JFK-NBO-JFK	8-Nov-19	Kenya Airways	16-Nov-19	26-Sep-19	43	6,059.03
Business	JFK-NBO-JFK	8-Nov-19	Kenya Airways	16-Nov-19	26-Sep-19	43	4,254.30
Business	JFK-NBO-JFK	8-Nov-19	Kenya Airways	18-Nov-19	27-Sep-19	42	4,472.03
Business	JFK-NBO-JFK	8-Nov-19	Kenya Airways	24-Nov-19	2-Oct-19	37	4,672.15
Business	JFK-NBO-JFK	8-Nov-19	Kenya Airways	25-Nov-19	10-Oct-19	29	6,908.15
Business	JFK-NBO-JFK	8-Nov-19	Kenya Airways	15-Nov-19	11-Oct-19	28	6,459.15
Business	JFK-NBO-JFK	11-May-19	Kenya Airways	25-May-19	8-Mar-19	64	5,488.03
Business	JFK-NBO-JFK	13-May-19	Kenya Airways	18-May-19	1-May-19	12	4,472.03
Business	JFK-NBO-JFK	13-May-19	Kenya Airways	18-May-19	3-May-19	10	4,472.03
Business	JFK-NBO-JFK	13-May-19	Kenya Airways	18-May-19	3-May-19	10	4,472.03
Business	JFK-NBO-JFK	13-May-19	Kenya Airways	24-May-19	5-May-19	8	4,472.03
Economy	JFK-NBO-JFK	10-Nov-19	Kenya Airways	16-Nov-19	29-Oct-19	12	1,053.15
Economy	JFK-NBO-JFK	10-Nov-19	Kenya Airways	15-Nov-19	6-Nov-19	4	815.15
Economy	BWR-SFO-BWR	15-Sep-19	United Airlines	19-Sep-19	4-Sep-19	11	638.67
Economy	BWR-SFO-BWR	15-Sep-19	United Airlines	19-Sep-19	6-Sep-19	9	619.76
Economy	BWR-SFO-BWR	15-Sep-19	United Airlines	19-Sep-19	6-Sep-19	9	802.98
Economy	BWR-SFO-BWR	15-Sep-19	United Airlines	19-Sep-19	11-Sep-19	4	682.9

ANNEX II - DEFINITION OF AUDIT TERMS

A. AUDIT RATINGS

Audit rating definitions, adopted for use in reports for audit engagements initiated as from 1 January 2016[15], are explained below:

▪ **Satisfactory**	🟩	The assessed governance arrangements, risk management practices and controls were adequately designed and operating effectively to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issue(s) and improvement opportunities identified, if any, did not affect the achievement of the audited entity or area's objectives.
▪ **Partially satisfactory with some improvement needed**	🟨	The assessed governance arrangements, risk management practices and controls were adequately designed and operating effectively but needed some improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issue(s) and improvement opportunities identified did not significantly affect the achievement of the audited entity/area objectives. Management action is recommended to ensure that identified risks are adequately mitigated.
▪ **Partially satisfactory with major improvement needed**	🟧	The assessed governance arrangements, risk management practices and controls were generally established and functioning but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issues identified could significantly affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.
▪ **Unsatisfactory**	🟥	The assessed governance arrangements, risk management practices and controls were not adequately established or functioning to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issues identified could seriously compromise the achievement of the audited entity or area's objectives. Urgent management action is required to ensure that the identified risks are adequately mitigated.

B. CATEGORIES OF ROOT CAUSES AND AUDIT ISSUES

Guidelines: absence of written procedures to guide staff in performing their functions

- ▪ Lack of or inadequate corporate policies or procedures
- ▪ Lack of or inadequate Regional and/or Country Office policies or procedures
- ▪ Inadequate planning
- ▪ Inadequate risk management processes
- ▪ Inadequate management structure

Guidance: inadequate or lack of supervision by supervisors

- ▪ Lack of or inadequate guidance or supervision at the Headquarters and/or Regional and Country Office level
- ▪ Inadequate oversight by Headquarters

Resources: insufficient resources (funds, skills, staff) to carry out an activity or function:

- ▪ Lack of or insufficient resources: financial, human, or technical resources
- ▪ Inadequate training

Human error : un-intentional mistakes committed by staff entrusted to perform assigned functions

Intentional: intentional overriding of internal controls.

Other: factors beyond the control of UNFPA.

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[15] Based on the proposal of the Working Group on harmonization of engagement-level audit ratings approved by the United Nations Representatives of Internal Audit Services (UN-RIAS) in September 2016.

C. PRIORITIES OF AGREED MANAGEMENT ACTIONS

Agreed management actions are categorized according to their priority, as a further guide to Management in addressing the related issues in a timely manner. The following priority categories are used:

- ▪ **High** Prompt action is considered imperative to ensure that UNFPA is not exposed to high risks (that is, where failure to act could result in critical or major consequences for the organization).

- ▪ **Medium** Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences).

- ▪ **Low** Action is desirable and should result in enhanced control or better value for money. Low priority management actions, if any, are discussed by the audit team directly with the Management of the audited entity during the course of the audit or through a separate memorandum upon issued upon completion of fieldwork, and not included in the audit report.

D. CATEGORIES OF ACHIEVEMENT OF OBJECTIVES

These categories are based on the COSO framework and derived from the INTOSAI GOV-9100 Guide for Internal Control Framework in the Public Sector and INTOSAI GOV-9130 ERM in the Public Sector.

- ▪ **Strategic** High level goals, aligned with and supporting the entity's mission

- ▪ **Operational** Executing orderly, ethical, economical, efficient and effective operations and safeguarding resources against loss, misuse and damage

- ▪ **Reporting** Reliability of reporting, including fulfilling accountability obligations

- ▪ **Compliance** Compliance with prescribed UNFPA regulations, rules and procedures, including acting in accordance with Government Body decisions, as well as agreement specific provisions

GLOSSARY

Acronym	Description
Atlas	UNFPA's Enterprise Resource Planning system
Covid-19	Coronavirus
DHR	Division for Human Resources
DMS	Division for Management Services
DSA	Daily Subsistence Allowance
ERP	Enterprise Resources Planning
HR	Human Resources
HQ	Headquarters
JIU	Joint Inspection Unit
ITSO	Information Technology Solutions Office
LTA	Long-Term Agreement
OAIS	Office of Audit and Investigation Services
SLA	Service Level Agreement
T&E	Travel and Expense
TR	Travel Request
T&T	Travel and Transport Inc.
UN	United Nations
UNDSS	United Nations Department of Safety and Security
UNFPA	United Nations Population Fund
UNDP	United Nations Development Programme
USD	United States Dollars