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Internal Audit of Duty Travel Management in WFP Headquarters

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Internal Audit of Duty Travel Management in WFP Headquarters

I. Executive Summary

Introduction and context

1. As part of its annual work plan, the Office of Internal Audit conducted an audit of duty travel management in WFP headquarters that focused on the period 1 January 2016 to 31 December 2017. The audit team conducted the fieldwork from 29 January to 16 February 2018 at WFP headquarters in Rome. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

2. Travel is essential for WFP to deliver on its mandate of providing humanitarian assistance, and represents a significant cost to the organization, more than USD 120 million annually. Of this total approximately USD 75 million is expended on duty travel, more than 20 percent of which is incurred by staff based at headquarters. It is therefore necessary for WFP to access economical, convenient and efficient travel services that maintain staff safety, well-being and productivity.

3. The objective of the audit was to assess whether appropriate policies, procedures and systems were in place, and were contributing to cost effectiveness and efficient management of duty travel in WFP headquarters. There were two main lines of enquiry:

(a) Is the management of headquarters duty travel contributing to cost effectiveness in WFP?

(b) Is headquarters duty travel managed efficiently and in compliance with established policies?

Audit conclusions and key results

4. A review of travel management, as part of a cost excellence exercise started in 2014, led to the introduction of new policies in 2017 which have resulted in cost savings for the organisation.

5. Travel management in WFP is a decentralized activity. Over 165 travel arrangers in WFP headquarters alone facilitate duty travel in different units; this results in an inconsistent approach to the management of individual travel and variations in the quality of data entered into the travel management systems. This in turn limits WFP's capacity to monitor compliance and cost-efficiency of travel. This is compounded by fragmentation of relevant policies and guidance, which are not consolidated and centrally located.

6. The WFP Travel Unit contracted an international travel management company in 2013 to allow for consolidated data and monitoring of global travel activities; these are currently managed by regional bureaux and country offices through more than 140 individual travel agencies. The services of this company are being rolled out in a phased approach, with some delays. Whilst monitoring of the performance of the travel management company is conducted, this is not systematically carried out. The audit noted that not all monitoring tools have been actioned to provide assurance on value for money of the services provided so far (for example, a 'fare audit' and full use of the data warehouse).

7. The audit of the travel arranging process highlighted several inefficiencies and potential areas for improvement. Systems in place at the time of audit fieldwork did not allow for effective and automated oversight of compliance for headquarters duty travel.

8. In 2016, a review commissioned by the Travel Unit recommended the introduction of a dynamic user-friendly travel management system. The roll-out of this new system, for which development was ongoing at the time of the audit, looks to address the majority of the challenges experienced in the current travel management process, including several of those highlighted in this report. In addition to development of this new system, at the time of the audit the Management Services Division and Travel Unit were in the process of developing a new WFP travel manual which aims to bring together all relevant policies and guidance into a single coherent framework for the administration and management of official travel.

9. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **Partially satisfactory / Some improvement needed**. The assessed governance arrangements, risk management and controls were generally established and functioning well, but needed improvement to provide reasonable assurance that the objective of the audited area should be achieved. Issues identified by the audit were unlikely to significantly affect the achievement of the objectives of duty travel management in WFP headquarters. Management action is recommended to ensure that identified risks are adequately mitigated.

10. The audit report contains seven medium priority observations.

Actions agreed

11. Management has agreed to address the reported observations and efforts are already well under way to implement the agreed actions by their respective due dates.

12. The Office of Internal Audit would like to thank external stakeholders, managers and staff for their assistance and cooperation during the audit.

Kiko Harvey
Inspector General

II. Context and Scope

Duty travel management

13. WFP travel expenses in 2016 and 2017 amounted to USD 122 million and 124 million respectively, with USD 75 million and 74 million incurred for duty travel. (The remainder of expenditure was incurred for entitlement travel, which is outside the scope of this audit).

14. Duty travel is travel undertaken on the instruction of the organization, for carrying out official business. In addition to transportation costs, duty travel includes the payment of a daily subsistence allowance (DSA), which is applicable for lodging, meals, gratuities, intra-urban transportation and other payments made for personal services rendered to the traveller. The DSA is paid according to the rates established by the International Civil Service Commission.

15. The audit focused on duty travel in WFP headquarters (HQ), which has a higher level of expenditure than any other single WFP office or location, totalling USD 18 million and 17 million and comprising 7,454 and 6,323 trips in 2016 and 2017 respectively (see Table 1).

Table 1 - WFP expenses for duty travel in 2016 and 2017

Travel expenses	2016 (USD million)	2017 (USD million)	Net change (%)
WFP total			
Duty travel	75	74	-1%
Non-duty travel	47	50	6%
Total	122	124	2%
Duty travel breakdown			
HQ duty travel	18	17	-6%
Other offices	57	57	0%
Total	75	74	-1%
HQ duty travel breakdown			
DSA	9	7	-29%
Tickets	8	9	11%
Others	1	1	0%
Total	18	17	-6%
Number of HQ trips	7,454	6,323	-18%

(Source: WINGS and Travel Management Company data)

16. The Executive Director, with the aim of finding ways to increase the efficiency of processes and rationalize costs, formed a Cost Excellence Advisory Group in October 2014. The advisory group highlighted various ways in which WFP could work to achieve cost savings and increase efficiencies; one of the areas of focus was in reduction of travel costs by a change of existing policies, and introduction of new policies and new initiatives such as the Global Hotel Programme (GHP) in 2017. The six percent decrease in the cost of HQ duty travel in 2017 (shown in Table 1) was attributed to such policy changes.

17. The role of the Travel Unit within the Management Services Division (RMM) is to facilitate effective and efficient travel operations across WFP to ensure staff get to the right place at the right time, safely and within

the standards outlined by WFP regulations. The Travel Unit provides guidance and support to WFP offices worldwide to help them manage their travel programmes. It also provides assistance on policy and procedures, timely resolution of WINGS issues, as well as global travel reporting for the organization. The team organizes training and workshops in country operations and provides consultations on process improvements and support with travel agency contracts, as well as negotiating and implementing airline deals on behalf of WFP.

18. In 2013, the Travel Unit contracted the services of an international Travel Management Company (TMC) for all HQ travel. Plans are underway to roll out the services of the TMC to high volume WFP country offices (COs) globally, with the aim of improving traveller safety and further cost savings. This will be done by centralizing travel management to gain from economies of scale on TMC services and negotiated rates from major airlines frequently used by WFP. Due to the decentralized nature of travel management in WFP, there are currently more than 140 travel agents contracted through regional bureaux (RBs) and COs. This has posed a challenge to the Travel Unit in monitoring these agents' service delivery and monitoring of compliance with WFP rules and regulations, due to lack of available data for analysis. Moreover, increased use of the global TMC is anticipated to provide greater availability to monitor in real time the location of travellers, with consequent safety and security benefits.

Objective and scope of the audit

19. The objective of the audit was to evaluate and test the adequacy and effectiveness of the processes associated with the internal control components of duty travel management in WFP headquarters. Such audits are part of the process of providing an annual and overall assurance statement to the Executive Director on governance, risk-management and internal control processes.

20. The audit was carried out in conformance with the *Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing*. It was completed according to an approved engagement plan and took into consideration the risk assessment exercise carried out prior to the audit.

21. The audit focused on the period from 1 January 2016 to 31 December 2017. Where necessary, transactions and events pertaining to other periods were reviewed. During the planning process, and in consultation with relevant stakeholders, two primary lines of enquiry were established:

(i) Is the management of headquarters duty travel contributing to cost effectiveness in WFP?

(ii) Is HQ duty travel managed efficiently and in compliance with established policies?

22. Entitlement travel was excluded from the scope of the audit.

23. The audit field work took place from 29 January to 23 February 2018 in HQ with the primary audit client being the Travel Unit; in addition managers and staff involved in travel management from selected WFP HQ units were interviewed. Meetings and visits with the TMC were conducted, and the audit significantly utilized data analytics in the review of travel data obtained from WINGS and the TMC's data warehouse.

III. Results of the Audit

Audit work and conclusions

24. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **Partially satisfactory / Some improvement needed**¹. The assessed governance arrangements, risk management and controls were generally established and functioning well, but needed improvement to provide reasonable assurance that the objective of the audited entity or area should be achieved. Issues identified by the audit were unlikely to significantly affect the achievement of the objectives of duty travel management in WFP headquarters. Management action is recommended to ensure that identified risks are adequately mitigated.

25. The Office of Internal Audit, in supporting WFP's management's efforts in the areas of risk management and data quality, separately reports its assessments or gaps identified in both areas.

Risk management maturity

26. The Travel Unit does not maintain a separate risk register; risks relevant to the unit and travel management process form part of the overall RMM risk register. Although none of the risks identified in the audit were included in the RMM risk register, it was noted that the unit engages with multiple stakeholders with regard to risk analysis, including the TMC. RMM and the Travel Unit would benefit from analysis of the audit observations and updating of the risk register as appropriate.

27. As part of the corporate business continuity plan, RMM has defined how the Entitlement Travel Group in New Delhi would take over all travel planning and documentation in case of a headquarters failure.

Data quality

28. Travel information is entered into the WINGS system by over 800 individual travel arrangers (TAs) globally (165 for headquarters) in an inconsistent way, hence causing variations in the quality of travel data available for analysis. This significantly limits monitoring and oversight over the compliance and performance of travel.

29. The audit was not able to fully correlate the travel data managed within WINGS with the information obtained from the TMC globally, as the identifier used to cross-match the two datasets was not always populated in the TMC's data.

30. The same issue of correlation was present between WINGS data and the United Nations Department of Safety and Security (UNDSS) security data (UNDSS trip data); no unique identifier allows for a one-to-one link between an authorized trip in WINGS and a security clearance request, thus making it difficult to automate or integrate the process.

Observations and actions agreed

31. Table 2 outlines the extent to which audit work resulted in observations and agreed actions. These are rated as of low, medium or high priority; observations that resulted in low priority actions are not included in this report.

¹ See Annex B for definitions of audit terms.

Table 2: Overview of areas in scope, observations and priority of agreed actionsPriority of
issues/agreed
actions

A: LoE1 – Is the management of headquarters duty travel contributing to cost effectiveness in WFP?	
<p>Travel rules and regulations are documented in a disaggregated manner, which has inhibited consistent understanding and implementation by TAs, approvers and travellers; in addition, rules and regulations focus on general overarching principles rather than practical guidance, leaving much room for interpretation. The travel policy does not provide a requirement for travel planning. This is not aligned with the recently introduced rule for purchase of air tickets 14 days before the travel date, relying on travellers and TA's efforts on planning ahead; compliance with advance purchasing targets is low.</p> <p>The process to determine the WFP liability for travel (the maximum authorized cost of air tickets when complying with all policies and regulations) was observed to be complex and manual, utilizing a set of criteria, rules and regulations. In some cases, these are not formalized in travel policies, raising the risk of obtaining differing liability prices from the TMC. There have been delays in the global roll-out of travel management services from the TMC. The global roll out of the TMC's services foreseen to be finalized by 2014 was limited, and consequently a roll out plan was formalized in 2017. Key performance indicators (KPIs) agreed with the TMC at the inception of the contract were not independently measurable by WFP, requiring reliance upon the TMC to collect data. Whilst this is common within the travel industry, the Travel Unit has not put a mechanism to obtain independent assurance on performance and value for money. A 'fare audit' to provide assurance to WFP on the value for money obtained from air tickets purchased by the TMC had not been performed since inception of the TMC's services in 2013.</p>	
1 Streamlining and clarifying travel rules and regulations	Medium
2 Advance duty travel planning, booking and purchasing of air tickets	Medium
3 WFP liability and class of travel	Medium
4 Travel management company performance monitoring	Medium
B: LoE2 – Is headquarters duty travel managed efficiently and in compliance with established policies?	
<p>WFP travel management is highly decentralized, generating inefficiencies and errors caused by the inconsistent approach of the many TAs. The travel module in WINGS also contributes to inefficiencies as it lacks some validation controls, with some critical travel information only captured in unstructured, free text fields. This challenges quality data collection and analytics for the monitoring and oversight of travel activities. The Travel Unit is in the process of developing an enhanced travel management system (TMS). Its development requires further considerations to allow for integration with existing systems.</p> <p>Whilst some compliance monitoring processes are in place, the Travel Unit has not developed systematic mechanisms for tracking, monitoring and reporting of adherence to policies, spending and travel trends, recurring errors, or other systemic challenges. Focus for HQ trip documents is on the expense levels of travel and on manually checking that the amounts included in travel documents reconcile with the ticketing summaries provided by the TMC. Training and provision of information on travel rules and regulations has been focused on TAs; otherwise limited initiatives have been taken to enhance the awareness of travellers and travel approvers of travel policies, the importance of adherence to these, and cost saving opportunities for managers to exercise stewardship in their approval of travel.</p> <p>The audit identified a number of trips which did not comply with established policies; should units undertaking these trips wish to continue with such practices a change in policy would be required. Waivers are not systematically monitored and reported, to ensure there is full accountability and transparency in the process.</p>	
5 Travel arranging workflow inefficiencies	Medium
6 Monitoring of compliance with travel policies	Medium
7 Limitations in the TMS	Medium

32. The seven observations of this audit are presented in detail below. Management has already taken measures to address the reported observations². An overview of the actions to be tracked by internal audit for implementation, their due dates and their categorization by WFP's risk and control frameworks can be found in Annex A.

² Implementation will be verified through the Office of Internal Audit's standard system for monitoring agreed actions.

Line of enquiry 1: Is the management of headquarters duty travel contributing to cost effectiveness in WFP?

The audit reviewed travel rules and regulations, including the travel policy, circulars, directives, travel bulletins and decision memorandums, all aimed at improving cost-effectiveness in WFP. Interviews were conducted with TAs and travel managers from various units in WFP HQ. Other relevant documentation in relation to travel management was reviewed, and meetings and walkthroughs conducted at the international TMC's office. Contract management and performance monitoring of the TMC was reviewed. Data analytics were used to supplement other audit evidence reviewed. The audit noted that the global TMC offered a security-tracking system for travellers which improves staff safety.

Cost-saving initiatives were introduced, including the GHP programme in Rome, elimination of the terminal expenses when official transport has been provided, elimination of overnight DSA and 14-days advance purchase of air tickets (although compliance with the latter is low). Immediate cost savings of approximately six percent were achieved in 2017 compared to 2016.

Discussions were also held with the travel managers from FAO and IFAD in order to understand collaboration initiatives between the Rome Based Agencies (RBAs) and any other UN organizations contributing to increased accountability, transparency and cost savings. Although RBA agencies operate under different contracts and different TMC, the RBA collaboration has allowed for consolidation of travel volumes of the three agencies, hence obtaining corporate agreements with 30 major global airlines that offer negotiated discounted airfares.

Observation 1

Agreed Actions *[Medium priority]*

Streamlining and clarifying travel rules and regulations

Travel rules and regulations are documented in a variety of locations and sources - the travel manual, plus circulars, directives, travel bulletins, and decision memoranda. These are supplemented with additional practical information on WFP's intranet (WFPgo), as well as with ad-hoc guidance to TAs via email. This fragmentation of the travel rules and regulations prevents comprehensive understanding of travel rules and regulations, dilutes accountability and hinders effective implementation; this was corroborated in audit interviews with TAs and traveller approvers, who highlighted that travellers also echo similar sentiments.

In general, the audit observed that travel rules and regulations are focused on overarching principles rather than practical implementation, leaving much room for interpretation. Practical guidance is provided via email or on the intranet targeting TAs, not travellers and travel approvers. The travel manual still contains references to FAO policies, which are not easily accessible by WFP staff.

WFP's travel policies were amended to introduce cost effectiveness consideration. The audit noted areas where additional guidance or clarification is required to reduce the risk of inconsistent interpretation and implementation:

- The rules and regulations do not provide a differentiated approach for the travel of high-level staff within the organization, leading to requests for out-of-policy travel, where a clear policy would provide transparency, accountability and efficiency. (See also observation 6 regarding the monitoring of waivers).
- Air ticket prices often change between the time of a price quotation and approval of the trip documents for ticket issue. There is guidance in place allowing the TMC to issue air tickets when a fare changes by less than 10 percent, and also allowing the Travel Unit to approve changes within USD 100. These rules are not consistently applied, and some TAs interviewed during the audit were unaware of them. Reapprovals for

RMMA will:

- In consultation with the Communications Division, explore and implement to the extent possible consolidation of all instruments providing travel rules and regulations into a common document or repository/location; and
- Investigate and assess possible inconsistencies, ambiguities or gaps in travel rules and regulations, and develop where necessary practical guidance and guidelines to provide clarification to all on these areas.

negligible amounts are often sought, which cause delays, further increases ticket prices and sometimes generates a transaction cost higher than the actual increase.

- Inconsistent practices were observed with regard to the payment of DSA which require official clarification at a corporate level. These included situations such as when accommodation costs are not incurred; when missions are undertaken for periods of more than one week for which travellers engage on non-work related activities over the weekends; and when travellers go on mission to their place of permanent residence.
- The stopovers and resting period policy is unclear to many travellers, and generally is not applied when making travel arrangements.

Underlying cause(s):

- Travel manual based on the FAO travel manual and supplemented over time by layers of circulars, directives, bulletins and decision memoranda, whilst still maintaining references to FAO rules and regulations.
- Lack of guidelines and guidance to clarify potentially complex and/or ambiguous areas.
- Lack of practical “how to” guidance and assistance for frequently asked questions available to all.

Observation 2

Advance duty travel planning, booking and purchasing of air tickets

Better planning of air travel provides opportunities for greater efficiencies and cost savings. As such, the directive ‘Corporate Travel Standards’, issued in February 2017, stipulates that WFP staff should purchase tickets 14 days in advance of the date of departure, and where this requirement cannot be fulfilled a justification should be documented and approved by the relevant director or delegated authority. Acknowledging the humanitarian response and emergency operations of WFP, the directive has allowed exemption for travel to regional and corporate emergencies, or in cases where the itinerary is being coordinated with a third party such as a government agency.

From data obtained from the TMC and analysed, the audit concluded on an overall level of 31 percent compliance with the 14-day policy for 2017 and 28 percent in 2016, prior to introduction of the policy.

When approving travel, supervisors are required to confirm the purpose of travel, and that alternatives (for example, videoconferencing) have been considered. However, this is only an implicit step; analysis of the length of duty travel missions during the audit period indicated that 51 percent of travel ranged between 0-3 days for WFP globally (including COs), with an equivalent figure of 31 percent for HQ. Consideration of other alternatives for short travel could make sense and be cost effective, but are not systematically considered in travel planning.

HQ business units are required to develop annual workplans and budgets. The audit noted that when workplans included travel activities these were not always supplemented with a costed travel plan. Travel planning is not mandatory and was generally not systematic, making advance purchasing difficult and losing potential cost-saving opportunities. Travel approval was mostly guided by funds availability. Data on travel activities is not available at a

Agreed Actions *[Medium priority]*

RMMA will:

- Develop guidelines and tools to support HQ business units in travel planning; and
- In consultation with the Human Resources Division (HRM), strengthen monitoring of compliance with current policies, including, where possible, reporting of cost savings foregone, to provide a basis for managers and travellers to exercise stewardship in their management/use of travel funds and be accountable for non-adherence.

unit and/or period consolidated level for managers to utilize as a monitoring tool for managing travel and efficient use of resources.

Interviews with both TAs and travel approvers confirmed the perception that both improved planning and advance booking had the potential to provide opportunities for cost saving.

Underlying cause(s):

- No requirement for travel planning by business units.
- Limited awareness of travellers of the cost implications of travel planning and the rationale for some travel policies.
- Support requests received on an ad-hoc basis not allowing headquarters units to plan and book air tickets in advance.
- Limited monitoring provided by the Travel Unit to managers on levels of compliance with travel policies.

Observation 3

WFP liability and class of air travel

WFP has a set of rules and entitlement guidelines to follow in order to ensure that when booking duty travel the organization receives value for money with reasonable travel arrangements. Many of these apply UN-system wide, with some room for organizational flexibility.

The travel price quotation derived from the application of these rules and guidelines is known as the WFP liability. In the case of air transportation, the liability is the most direct and economical regularly-scheduled route. The class of air travel is determined by the length of the trip, allowing for business class when travel time exceeds nine hours, with economy travel below that duration; first class travel is not allowed, either by policy or in practice.

All air tickets for travel in headquarters are booked and purchased through the TMC, who is responsible for determining the liability upon receipt of a booking request. The audit reviewed the liability setting process, and noted that it is a manual process involving a combination of criteria from organizational rules and information provided by the traveller. The first set of criteria include rules that have not been formalized in WFP travel policies. Based upon the understanding of WFP rules and regulations, and their interpretation, by the TMC travel consultant, and their level of experience, different liability may be provided.

The TMC provides the liability based on the most direct and economical route, compared with two other less direct options which are more economical, sometimes significantly, but which are marginally longer in travel time. Other options when there is flexibility in dates, or consideration of other elements of costs such as DSA, are not considered.

For the audit period it was identified that in some cases staff opted for the liability price, although the comparative options at a lower cost had a variation from the liability of less than 4 hours difference in travel time and would have resulted in a saving. The liability, as per the travel policy, may in some cases be perceived as an entitlement,

Agreed Actions *[Medium priority]*

RMMA will:

- (a) Formalize and simplify the rules and regulations used by the TMC in defining WFP liability quotations; and
- (b) Explore and evaluate ways of presenting comparative options to the liability fare in a readily understandable way to travellers and approving managers, to encourage selection of less expensive options where appropriate.

The evaluation of the above agreed actions should also consider staff safety, wellbeing and productivity.

and approving managers may not have a reference point to recommend or enforce the selection of a lower cost fare.

Underlying cause(s):

- Rules and regulations provided to the TMC for computation of the WFP liability involving multiple formal and informal considerations.
- WFP's liability definition of the most direct and economical route not providing staff or managers with an obligation or incentive to choose a less costly flight, even when the time difference is minimal. Utilization of the liability quotation may be perceived as an entitlement.
- Lack of awareness of travellers and travel managers of less costly comparative flight options with a small increased time which are provided together with liability quotations; as a result, audit testing indicated that these options are sometimes disregarded.

Observation 4

Travel management company performance monitoring

On a global basis WFP, including HQ, RBx and COs, has contracted the services of over 140 TMCs. The majority of these are local companies lacking technology, systems and tools for data consolidation that would allow for transparent and comprehensive overall monitoring and reporting. This poses a challenge that the Travel Unit addressed in 2013 through contracting the services of a suitable international TMC to establish a global travel programme and provide travel security information for all WFP travellers at any moment in time.

Global roll-out

The global roll-out of international TMC services was intended to follow an incremental implementation plan following inception of services at HQ in 2013, with each office outside of HQ setting-up individual contract start dates. The rollout has progressed more slowly than anticipated due to delays in signing the global contract with the TMC; consequently, the rollout plan was only formalized in April 2017. At the time of the audit only 13 offices outside HQ were using international TMC services and providing travel data for consolidation; although the audit noted that these offices accounted for a high proportion of the volume of WFP's trips (approximately 50 percent of total purchase cost). The audit identified that COs have been slow in accepting the contract with the international TMC, with some offices opting to maintain their existing travel agent contracts locally.

Performance evaluation

To obtain assurance that WFP receives value for money in relation to air ticket prices, an independent fare audit was envisaged to take place in the first three years of the contract with the international TMC. While the services with the TMC started in 2013, in 2018 such an audit had not yet been conducted.

Performance monitoring and evaluation is an integral part of managing a contract with a service provider, and of increasing importance and value with the global roll-out of the TMC's services. The Travel Unit was provided with

Agreed Actions [Medium priority]

RMMA will:

- Investigate KPIs or other performance measures for which WFP has the ability to collect data without reliance on the TMC, and develop a process and procedures to further measure and evaluate the performance of the TMC using these indicators;
- Conduct a fare audit; and
- Reengage with COs on the basis of tangible performance elements and outline the benefits provided by the international TMC; reinforce the plan for roll-out of services as determined from the performance of the TMC.

access to the TMC's data warehouse, thus making data and reports available for monitoring purposes. The audit noted that the Travel Unit has made limited use of the data warehouse, and instead has only made occasional requests for reports available in the warehouse from the TMC.

Five KPIs are specifically provided in the TMC contract of which four are relevant to WFP. These relate to air ticket booking and issuance response times, telephone and email assistance response times and compliance with issuing tickets with the lowest available fare. The Travel Unit does not have systems in place to collect data for measuring these KPIs, and relies upon the TMC to collect data and perform analyses, which is standard industry practice. However, the Travel Unit has not put in place spot checks to obtain some objective and independent assurance on the performance reported by the TMC. The quarterly service level agreement (SLA) reports to the Travel Unit only address performance on telephone and email assistance provided to HQ, excluding other offices already using the international TMC. Other KPIs in the contract are not reported upon.

The last TAs satisfaction survey was conducted by WFP in 2014. The contract allows for the TMC to conduct a traveller survey to get performance feedback, however the TMC indicated that they have not been requested to conduct one in recent years for WFP travellers.

Underlying cause(s):

- Long-standing relationships of WFP offices outside HQ with their current travel agents.
 - Insufficient arrangements to systematically measure, evaluate and monitor the performance of the TMC, and report on its performance and value for money.
-

Line of enquiry 2: Is headquarters duty travel managed efficiently and in compliance with established policies?

The audit performed a workflow evaluation and conducted interviews with the Travel Unit, TAs and travel approvers at WFP HQ. Substantive testing was performed on a sample of duty travel documents as well as monthly subsistence living sum (MSLS) payments. Further tests and reviews were performed on: travel policies and procedures; compliance monitoring and reporting processes; the TMS; the business case for a new TMS which at the time of the audit was in development; processes to keeping abreast of travel trends and global best practices in travel management; the Joint Inspection Unit³ report on Travel Management; and collaboration with RBA as well as the wider UN community. The tests and reviews were further supported by data analytics.

Discussions with the WFP Finance Division indicated that the time needed to reconcile invoices submitted by the TMC to the corporate accounting system has significantly improved following the realignment of the reconciliation process between the Travel Unit and Finance. The Travel Unit, as the owner of the process, is now responsible for the review of trip documents against the daily ticketing list provided by the TMC prior to posting to the finance module; the realignment of the process is reported to have reduced the level of unreconciled items.

TAs and travel approvers commended the responsiveness of the Travel Unit and expressed their general satisfaction with the support provided.

Observation 5

Agreed Actions [Medium priority]

Travel arranging workflow inefficiencies

A walkthrough of the duty travel process conducted by the audit highlighted that it is decentralized, complex and highly dependent on over 165 TAs in HQ. As such the process is prone to error and time consuming, with multiple interactions between all parties involved (the traveller, TA, the TMC, travel approver and in some instances the Travel Unit). There is no standardized workflow for the process, leading to areas of duplication of efforts, and implementation of department-specific procedures.

The reporting capabilities of WINGS are limited and there is no integration with other travel-related systems, such as the UNDS system for granting security clearances to travel, the TMC system (to allow online booking), the WFP guesthouse and car booking systems, and the GHP. (This lack of integration is further discussed in observation 7).

The audit identified areas where there is potential for efficiencies and to strengthen internal controls in the travel arranging process as follows:

- Initial air ticket booking request forms are not approved by supervisors, thereby permitting multiple modifications by travellers upon receipt of initial flight options, in order to match travel preferences. The supervisor only sees a quotation for approval once a request has been finalized, but not the potentially multiple changes made to arrive at the final request. These exchanges are off system, thus not available for review or oversight.
- Capture of travellers' information in booking forms by TAs is inconsistent, generating delays and further exchanges with the TMC.

RMMA will:

- Assess process workflows, building upon previous business process reviews carried out, and ensure that identified weaknesses and inefficiencies in the areas of accountability, multiple interactions, duplication of efforts, reporting capabilities and integration with other systems are addressed in the new TMS and guidelines;
- Ensure that a supervisory approval of the ticket request and booking process is implemented in the new TMS;
- Introduce flexibility in the approval process when there are ticket price increases of negligible value and decreases; and
- Standardize the method of providing the trip comment section in the TMS to ensure a similar level of detail is captured for all travel.

³ https://www.unjiu.org/sites/www.unjiu.org/files/jiu_document_files/products/en/reports-notes/JIU%20Products/JIU_REP_2017_3_English.pdf

- Variations in the level of details provided by the TAs affect the quality and consistency of data available for monitoring and compliance checking. TAs confirmed that the level of training provided to them varies, with a significant turnover of TAs in recent years.
- The process of approval for ticket price changes from quotation to actual purchase (including reduction in price, which also currently generates re-approval) needs to be amended. Re-approval induces further delays and in some cases has a higher transaction cost than the actual ticket price change.

The audit acknowledges that several of the above issues were identified in a business process review carried out in 2016 by RMMA, but are yet to be addressed, mostly pending implementation of a new TMS.

Underlying cause(s):

- Lack of automated and streamlined travel arranging process.
- Travel rules and regulations lacking practical guidance, which led departments to implement their own procedures thereby leading to inconsistency.
- Travel process highly focussed on the TAs with little accountability of the traveller.

Observation 6

Monitoring of compliance with travel policies

The Travel Unit prepares an annual travel report in which travel for the past year is analysed with a focus on spending patterns. The results are shared during annual RBx administrative workshops. Furthermore, the Travel Unit manually reviews individual HQ trip documents for correctness and compliance with rules and regulations prior to posting them to the finance module.

The audit observed that, whilst some compliance monitoring processes are in place, the Travel Unit has not developed or implemented a systematic process for tracking, documenting and reporting overall compliance with travel policies, which would allow identification of recurring issues for further analysis and to support necessary policy changes.

The following areas of non-compliance with travel policies were identified during the audit:

- 14 days advance air ticket purchase and documentation for deviation: 30 of the trip documents sampled for audit review had been approved without documentation providing justification on purchase of ticket below 14 days. Globally adherence level was at 31 percent in 2017.

Agreed Actions *[Medium priority]*

RMMA will:

- Evaluate the possibility of automating the manual HQ Trip document review, for example through validation controls;
- Implement as part of the development of the new TMS a process to monitor and systematically document internal compliance, adherence to travel policies and frequently asked questions;
- Ensure that the development of the new TMS includes a process to capture information on policy waivers in a format allowing analysis, monitoring, transparent reporting and accountability on the use of WFP resources; and
- Develop initiatives to raise awareness and improve compliance with rules and regulations through, for example, surveys, educational campaigns and trainings for travellers and travel managers.



- Nine hours threshold for business class travel: Instances of business travel in trips of less than nine hours were noted, however limitations on the travel data such as lack of details on total trip length posed challenges in quantifying the non-compliance rate.

In addition to the above identified issues, the audit review noted a small number of air tickets for consultants' travel trips that were arranged in business class, against the policy requiring economy class travel by consultants.

According to the travel manual, the Travel Unit should perform periodic reviews of travel statistics relating to requests for waivers from compliance with travel policies (for example waivers permitting business class travel for travel duration below nine hours or for consultants). Documentation and tracking of waivers has not been systematically compiled and monitored. Due to the limitations of the travel module in WINGS, the audit identified challenges in obtaining data and analysing the reasons for waivers granted, as the information is included in an unstructured field (see also observation number 7). It was noted that in early 2018 trips not complying with established policies were undertaken, in some cases on a regular basis, without a formally authorized policy to permit such exceptions; a temporary exception was approved by the Executive Director on 17 May 2018 pending a more permanent determination on air travel standard of accommodation to be made and reflected in the new travel manual to be issued later in 2018.

Training and provision of information on travel rules and regulations has been focused on TAs, and limited initiatives such as surveys, educational campaigns, and trainings for travellers and travel managers have been taken by the Travel Unit to raise awareness and improve compliance with rules and regulations; travel management currently is reactive rather than pro-active.

Underlying cause(s):

- Limited resources in the Travel Unit and time consuming manual review process of HQ trip documents, which leads to limited time for other activities.
- Travel process highly focussed on TAs, and therefore less priority given to raising awareness of travellers and travel approvers.
- Reliance of the Travel Unit on the internal controls established by business units to ensure that there is adherence to travel rules and regulations.

Observation 7	Agreed Actions <i>[Medium priority]</i>
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Limitations in the Travel Management System (TMS)

The travel module currently used in WINGS has limited validation controls, and captures essential data such as the business purpose for trips and other important comments in unstructured fields. Coupled with inconsistent data entry for completion of trip documents by the large number of TAs in headquarters (165 at the time of the audit), data is extremely limited in quantity and quality, which impact the possibility of comprehensive data analysis of information from WINGS. Monitoring and oversight is therefore not effective.

RMMA will:

- (a) Explore and implement to the extent possible integration of the new TMS with TMC's system and explore automating the invoicing/reconciliation process;

Within WINGS, editorial changes without financial implication, as well as any monetary changes of any value (increases and decreases), result in a requirement for re-approval of trip documents by travel approvers, which is time consuming and decreases the overall process efficiency.

A business process review has been conducted with the aim of developing a business case for a new TMS through SAP Fiori, for which development was ongoing at the time of the audit. In its review of the business case, the audit noted the following areas for further consideration:

- Integration of WINGS with the international TMC's system would be an important step to optimize process efficiency and enable an automated invoicing / reconciliation process.
- Integration with UNDSS systems has not been fully determined, and it is not clear how itinerary changes will be handled.
- Reporting process, functionalities and data mapping have not been fully established to determine the critical data and reports required for monitoring and advising management decisions.
- The functional Online Booking Tool and integration with WFP guesthouse booking, GHP and WFP car booking should be further explored.

Underlying cause(s):

- During the upgrade to WINGS II, limitations on the current travel module were foreseen but not rectified.
 - Limited capabilities and lack of validation controls in current TMS.
 - Travel Unit focus on developing a new TMS rather than modifying the current one.
 - Large number of TAs entering travel data inconsistently contributing to poor quality data.
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- (b) Ensure full integration of the new TMS with UNDSS and address identified shortcoming such as itinerary changes;
 - (c) Ensure detailed mapping of the reporting process, functionalities and data mapping of the new TMS; and
 - (d) Review possibilities for integration of the new TMS with other WFP systems.
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Annex A – Summary of observations

The following tables shows the categorization, ownership and due date agreed with the auditee for all the audit observations raised during the audit. This data is used for macro analysis of audit findings and monitoring the implementation of agreed actions.

Medium priority observations						
1	Streamlining and clarifying travel rules and regulations	Control Activities	Governance and oversight	Travel management	RMMA	31 March 2019
2	Advance duty travel planning, booking and purchasing of air tickets	Control Activities	Business process	Travel management	RMMA	31 March 2019
3	WFP liability and class of travel	Control Activities	Business process	Travel management	RMMA	31 July 2018
4	Travel Management Company performance monitoring	Control Activities	Governance and oversight	Monitoring & evaluation	RMMA	31 December 2018
5	Travel arranging workflow inefficiencies	Control Activities	Business process	Travel management	RMMA	31 December 2018
6	Monitoring of compliance with travel policies	Monitoring Activities	Governance and oversight	Monitoring & evaluation	RMMA	30 September 2018
7	Limitations in the TMS	Control Activities	Business process	Travel management	RMMA	31 December 2018

Annex B – Definitions of audit terms: ratings & priority

1 Rating system

1. The internal audit services of UNDP, UNFPA, UNICEF, UNOPS and WFP adopted harmonized audit rating definitions, as described below:

Table B.1: Rating system

Rating	Definition
Effective / Satisfactory	The assessed governance arrangements, risk management and controls were adequately established and functioning well to provide reasonable assurance that issues identified by the audit were unlikely to affect the achievement of the objectives of the audited entity/area.
Partially satisfactory / Some improvement needed	The assessed governance arrangements, risk management and controls were generally established and functioning well, but needed improvement to provide reasonable assurance that the objective of the audited entity/area should be achieved. Issue(s) identified by the audit were unlikely to significantly affect the achievement of the objectives of the audited entity/area. Management action is recommended to ensure that identified risks are adequately mitigated.
Partially satisfactory / Major improvement needed	The assessed governance arrangements, risk management 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. Issues identified by the audit could negatively affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.
Ineffective / Unsatisfactory	The assessed governance arrangements, risk management and controls were not adequately established and not functioning well to provide reasonable assurance that the objectives of the audited entity/area should be achieved. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area. Urgent management action is required to ensure that the identified risks are adequately mitigated.

2 Categorization of audit observations and priority of agreed actions

2.1 Priority

2. Audit observations are categorized according to the priority of the agreed actions, which serves as a guide to management in addressing the issues in a timely manner. The following categories of priorities are used:

Table B.2: Priority of agreed actions

High	Prompt action is required to ensure that WFP is not exposed to high/pervasive risks; failure to take action could result in critical or major consequences for the organization or for the audited entity.
Medium	Action is required to ensure that WFP is not exposed to significant risks; failure to take action could result in adverse consequences for the audited entity.
Low	Action is recommended and should result in more effective governance arrangements, risk management or controls, including better value for money.

3. Low priority recommendations, if any, are dealt with by the audit team directly with management. Therefore, low priority actions are not included in this report.
4. Typically audit observations can be viewed on two levels: (1) observations that are specific to an office, unit or division; and (2) observations that may relate to a broader policy, process or corporate decision and may have broad impact.⁴
5. To facilitate analysis and aggregation, observations are mapped to different categories:

2.2 Categorization by WFP's Internal Control Framework (ICF)

6. WFP's ICF follows principles from the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Integrated ICF, adapted to meet WFP's operational environment and structure. WFP defines internal control as: "a process, effected by WFP's Executive Board, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, compliance."⁵ WFP recognizes five interrelated components (ICF components) of internal control, all of which need to be in place and integrated for them to be effective across the above three areas of internal control objectives.

Table B.3: Interrelated Components of Internal Control recognized by WFP

1	Control Environment	The control environment sets the tone of the organization and shapes personnel's understanding of internal control
2	Risk Assessment	Identifies and analyses risks to the achievement of WFP's objectives through a dynamic and iterative process.
3	Control Activities	Ensure that necessary actions are taken to address risks to the achievement of WFP's objectives.
4	Information and Communication	Allows pertinent information on WFP's activities to be identified, captured and communicated in a form and timeframe that enables people to carry out their internal control responsibilities.
5	Monitoring Activities	Enable internal control systems to be monitored to assess the systems' performance over time and to ensure that internal control continues to operate effectively.

2.3 Categorization by WFP's Enterprise Risk Management Framework (ERM)

7. WFP is further developing its ERM tools and is in the process of introducing a new risk taxonomy to facilitate aggregation and analysis of risk information. The new taxonomy is piloted in a selection of COs during 2018 to test for the roll-out of a database/system foreseen in 2019. As a means to facilitate the testing and roll-out, audit observations are mapped to the new risk taxonomy.

Table B.4: WFP's new risk taxonomy recognizes 4 risk categories and 15 types of risk

1	Strategic	1.1 Programme risks, 1.2 External relationship risks, 1.3 Contextual risks, 1.4 Failure to innovate/adjust business model
2	Operational	2.1 Beneficiary health, safety & security risks, 2.2 Staff health, safety & security risks, 2.3 Partner & vendor risks, 2.4 Asset risks, 2.5 ICT failure/disruption/attack, 2.6 Business process risks, 2.7 Governance & oversight breakdown

⁴ An audit observation of high risk to the audited entity may be of low risk to WFP as a whole; conversely, an observation of critical importance to WFP may have a low impact on a specific entity, but have a high impact globally.

⁵ OED 2015/016 para.7

3	Fiduciary	3.1 Breach of obligations, 3.2 Fraud & corruption
4	Financial	4.1 Adverse price/cost change, 4.2 Adverse asset outcome

2.4 Categorization by WFP's Audit Universe

8. WFP's audit universe⁶ covers organizational entities and processes. Mapping audit observations to themes and process areas of WFP's audit universe helps prioritize thematic audits.

Table B.5: WFP's 2018 Audit Universe (themes and process areas)

1	Governance	Change, reform and innovation; Governance; Integrity and ethics; Legal support and advice; Management oversight; Performance management; Risk management; Strategic management and objective setting.
2	Programme	(Agricultural) Market support; Analysis, assessment and monitoring activities; Asset creation and livelihood support; Climate and disaster risk reduction; Emergencies and transitions; Emergency preparedness and support response; Malnutrition prevention; Nutrition treatment; School meals; Service provision and platform activities; Social protection and safety nets; South-south and triangular cooperation; Technical assistance and country capacity strengthening services.
3	Resource Management	Asset management; Budget management; Contributions and donor funding management; Facilities management and services; Financial management; Fundraising strategy; Human resources management; Payroll management; Protocol management; Resources allocation and financing; Staff wellness; Travel management; Treasury management.
4	Operations	Beneficiary management; CBT; Commodity management; Common services; Constructions; Food quality and standards management; Insurance; Operational risk; Overseas and landside transport; Procurement – Food; Procurement - Goods and services; Security and continuation of operations; Shipping - sea transport; Warehouse management.
5	External Relations, Partnerships & Advocacy	Board and external relations management, Cluster management, Communications and advocacy, Host government relations, Inter-agency coordination, NGO partnerships, Private sector (donor) relations, Public sector (donor) relations.
6	ICT	Information technology governance and strategic planning; IT Enterprise Architecture; Selection/development and implementation of IT projects; Cybersecurity; Security administration/controls over core application systems; Network and communication infrastructures; Non-expendable ICT assets; IT support services; IT disaster recovery; Support for Business Continuity Management.
7	Cross-cutting	Activity/project management, Knowledge and information management, Monitoring and Evaluation (M&E) framework, Gender, Protection, Environmental management.

5. Monitoring the implementation of agreed actions

9. The Office of Internal Audit tracks all medium and high-risk observations. Implementation of agreed actions is verified through the Office of Internal Audit's system for the monitoring of the implementation of agreed actions. The purpose of this monitoring system is to ensure management actions are effectively implemented within the agreed timeframe to manage and mitigate the associated risks identified, thereby contributing to the improvement of WFP's operations.

⁶ A separate universe exists for information technology with 60 entities, processes and applications.

Annex C – Acronyms

CO	Country Office
DSA	Daily Subsistence Allowance
GHP	Global Hotel Programme
HRM	Human Resources Division
HQ	WFP Headquarters
KPI	Key Performance Indicator
MSLS	Monthly Subsistence Living Sum
RB	Regional Bureau
RBA	Rome Based Agencies
RMM	Management Services Division
RMMA	RMM Administration and Travel Branch
SLA	Service Level Agreement
SOP	Standard Operating Procedures
TA	Travel Arranger
TMC	Travel Management Company
TMS	Travel Management System
UNDSS	United Nations Department of Safety and Security
USD	United States Dollar
WFP	World Food Programme
WINGS	WFP Information Network and Global System, WFP's ERP system