



Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Management of travel services in UNAMI

Internal controls over the management of travel
services need strengthening

18 March 2010

Assignment No. AP2009/812/06

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Mr. Ad Melkert
A: Special Representative of the Secretary General
United Nations Assistant Mission for Iraq (UNAMI)

DATE: 18 March 2010

REFERENCE: IAD: 10- 00143

FROM: Fatoumata Ndiaye, Director
DE: Internal Audit Division, OIOS

Fatoumata

SUBJECT: **Assignment No. AP2009/812/06 - Audit of management of travel services in UNAMI**
OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 3 and 6 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendation 1) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Robin Sellers, Chief Mission Support, UNAMI
Mr. Raja Arumugham, Chief Administrative Services, UNAMI
Mr. James Phelan, OiC General Services, UNAMI
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
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INTERNAL AUDIT DIVISION

FUNCTION

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EXECUTIVE SUMMARY

Audit of management of travel services in UNAMI

OIOS conducted an audit of the management of travel services in United Nations Assistance Mission for Iraq (UNAMI). The overall objective of the audit was to assess the adequacy and effectiveness of internal controls over the processing of official travel. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The Mission was generally successful in managing its travel services. However, there were opportunities to strengthen internal controls, as follows:

- The Mission purchased group travel tickets through a travel agent, and obtained quotations via the e-mail system. Two group travels amounting to more than \$100,000 each were directly procured by the Travel Unit, i.e. without reference to the LCC for review, in contravention of the Procurement Manual. The Mission did not comply with the Procurement Manual in processing these travels.
- Travel advances were not always settled in a timely manner. Approximately 29 per cent of a sample of 38 claims was settled more than 31 days after the completion of the related travels.
- There were delays in processing applications for visas, resident permits, and civilian identification cards in Kuwait.

OIOS made a number of recommendations to address the issues identified during the audit to further strengthen existing controls.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of management of travel services in the United Nations Assistance Mission for Iraq (UNAMI). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. The General Services Section (GSS) is responsible for managing the Mission's travel activities. The Travel Unit organized under GSS is responsible for processing commercial travel and related issues such as processing of United Nations Laissez-Passez (UNLPs), visas, resident permits and civilian identification. It is responsible for ensuring that travel arrangements are duly authorized and approved; appropriate visa and travel requirements are completed; appropriate and economical means of transport are used; entitlements and travel expenses are timely and duly processed; and staff members are given appropriate travel advisories.
3. The Chief of the Travel Unit reports to the Chief of GSS who in turn reports to the Chief of Administrative Services (CAS). As of June 2009, the Travel Unit has seven authorized posts and six of them were encumbered with a 15 per cent vacancy rate. Five posts are located in the Kuwait office and two in the Amman office.
4. From 21 October 2007, commercial travels for mission personnel on official business were arranged through a local travel agency. However, the contract was ineffective due to the limitation of NTE (not-to-exceed) amount, and was not used for the period from July 2008 to May 2009. The travel contract with the same supplier was reactivated in June 2009 when additional NTE was approved.
5. The total number of travel authorizations (PT8s) processed and travel expenses incurred during 2007 through June 2009 are shown in Table 1. The travel expenses included expenses of official travels which encompass travel on appointment, rotation, repatriation, home leave, family visit, training, conferences, transfers to other mission and medical evacuation.

Table 1: Number of PT8 and travel expenses (1 January 2007 to 30 June 2009)

Period	Number of PT8 processed	Expenditure (\$)
January- December 2007	2100	2,615,205
January- December 2008	1823	2,892,419
January – June 2009	312	1,092,111

6. Comments made by UNAMI are shown in *italics*.

II. AUDIT OBJECTIVES

7. The main objective of the audit was to assess the adequacy and effectiveness of internal controls over the processing of travel arrangements and related entitlements.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered the period from 1 January 2007 through 30 June 2009. The audit did not cover non-commercial travel activities handled by the movement control (MOVCON) Unit and the Aviation Section.

9. The audit methodology included interviews with personnel, review of relevant documentation, and testing of controls on a sample basis. A survey of staff on the satisfaction of the services provided was undertaken. The audit was conducted in Kuwait.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Travel authorization and arrangement

10. The Travel Unit processed 4,235 travel authorizations (PT8s) between 1 January 2007 and 30 June 2009. A review of 250 PT8s (approximately 6 per cent of the population) revealed that all PT8s, except one, were appropriately authorized and certified by a designated certifying officer.

Arrangement of group travel

11. In June 2009, UNAMI arranged two group travels (55 one-way tickets for an inward journey and 55 one-way tickets for outward journey) for the uniformed personnel of the United Nations Guard Unit (UNGU). The travel was arranged based on instructions from the Logistics Support Division, Department of Field Support and the Fijian Government's rotation policy for the UNGU guards in Iraq. The travel costs were \$126,235 (JOD 89,375) and \$104,872 (JOD 74,250) for the inward and outward journey, respectively.

12. For these group travels, the Travel Unit requested quotations through e-mail from six travel agencies. Only two of the travel agencies provided quotations for different alternate routes. The travel services were purchased from the company offering the lowest quoted rate. The procurement of these services was directly made by the Travel Unit. The procurement procedures as outlined in the Procurement Manual (i.e. use of sealed ITB for solicitation, opening of tenders by Tender Opening Committee etc.) were not complied with. The procurement of the services was not referred to the Local Committee on Contracts (LCC) for review and recommendation before awarding the contract;

albeit the procurement was more than \$75,000 at a time. As a result of non-compliance with the procedures on procurement, the pricing of the two group ticket arrangements might not have been competitive.

13. OIOS was informed that the rotational plan for UNGU personnel had been fixed for every three months. The arrangements of group travel of UNGU personnel were previously made from UNHQ by chartered flights. Considering the increased cost of chartered flights, it was the first time that an instruction was given by UNHQ to UNAMI to arrange the group travels. Limited time was provided to the Mission to procure the necessary travel. UNAMI had a contract with a vendor, but it was not effective as the NTE limit had been reached at the time of this travel processing, and the prices quoted were higher than the final selected vendor. It was also argued that the tickets were issued on individual basis but not for a group.

14. In OIOS opinion, although the tickets were issued to individuals, the arrangements of tickets were made on a group basis. Considering the volume and amount involved in the single transaction, an appropriate method of solicitation and normal procurement procedures in accordance with the UN Procurement Manual was required.

Recommendation 1

(1) The UNAMI Office of Mission Support should ensure that General Services Section/Travel Unit, in conjunction with the Procurement Section, use the appropriate method when procuring group travels in compliance with the UN Procurement Manual.

15. *The UNAMI Office of Mission Support accepted recommendation 1 and stated that the tickets were purchased on individual travel basis; although the group PT8s were issued to minimize the paperwork.* Recommendation 1 remains open pending verification that the upcoming group travel has been purchased in compliance with the UN Procurement Manual.

Lump-sum payment

16. The Travel Unit authorized lump-sum payments (i.e. for home leave, family visit and other lump-sum payments) of \$263,095, \$436,648 and \$233,958 in 2007, 2008 and first half of 2009 respectively. The Travel Unit took the responsibility of processing lump-sum payments from the Human Resources (HR) Section in August 2007. Prior to August 2007, the HR Section received a quotation from UNHQ for each lump-sum payment and requested the Travel Unit to raise PT8s based on the quotation.

17. Once this responsibility was taken over by the Travel Unit, there was no consistent approach to determining the air fare for lump-sum payments. For example, only one quotation was received in 29 out of 40 samples reviewed whereas two or more quotations were obtained in the remaining 11 cases to determine the lump-sum payment. In some instances, the concerned staff

members were contacted to obtain their consent before finalizing their lump-sum payment.

18. The Mission was supposed to use the Global Distribution System, but it did not have access to the system. As a result, the Travel Unit generally relied on the International Air Travel Association (IATA) published fare, obtained from travel agencies, to determine the air fare for the lump-sum option. OIOS notes, based on a report of the UNHQ Travel and Transport Section (TTS), that the fares published by IATA can be arbitrary and vary from time to time depending on availability of air services. Moreover, there is no fixed air fares published in some cases.

19. The Travel Unit explained that it was complying with applicable procedures including ST/AI/2006/4 in order to determine the most economical air fare for the lump-sum payment. In some cases, two or more agencies were requested to provide a quotation to ensure that the correct print out was received.

20. The lack of consistency in processing lump-sum payments provides the opportunity of irregularities and/or a perception of favouritism if differing amounts are paid for the same final destination. There is a need for the Travel Unit to verify more than one quotation in each case to ensure lump-sum payments are made on the most direct and economical route pending the use of the Global Distribution System.

Recommendation 2

(2) The UNAMI Office of Mission Support should ensure that the Travel Unit applies a consistent approach either by using the Global Distribution System or by obtaining at least two quotations and independently verifying quotations obtained from travel agencies when approving the lump-sum payment.

21. *The UNAMI Office of Mission Support accepted recommendation 2 and explained that the Travel Unit is authorizing lump-sum payments with full economy basis based on the quotations received from different agencies and pending the approval of the comprehensive Travel Contract by the Headquarters Committee on Contracts. Recommendation 2 remains open pending the receipt of documentation showing that a consistent approach has been used when approving the lump-sum payment.*

B. Settlement of travel claims

Settlement of travel advances

22. In accordance with Section 6.2 of the UN Field Finance Procedures, travel claims should be submitted to the Finance Section within two weeks after the completion of official travel. Travel advances which remain outstanding after this period shall be recovered from the staff member's Mission Subsistence Allowance or salary entitlements.

23. OIOS noted that travel advances in some cases were not settled in a timely manner, as shown below in Table 2. For the long outstanding claims, the Mission was regularly following up the matter.

Table 2: Time taken to clear travel advance

# of days	# of claims	%
0 - 14 days	17	45%
15 - 30 days	10	26%
31 - 60 days	3	8%
> 61 days	8	21%
Total	38	100%

24. OIOS noted that some staff members did not settle their travel advances due to the extension of their official business or rest and recuperation (R&R) and/or proceeded on annual leave after completion of their official trips. In OIOS' opinion, some staff members might have delayed submitting travel claims due to the lack of strict follow-up. The Office of Mission Support accepted OIOS suggestion to regularly review aging account receivables and take appropriate recovery action.

Documentation

25. Section 2.13.2 of the Field Finance Procedures requires that "all supporting documents be attached to the specific voucher and subsequently filed with the voucher. To the extent possible, one should be able to determine the whole history of a particular voucher without having to seek secondary material".

26. The Travel Unit was submitting F-10 claims and other necessary travel documents to the Finance Section for payment. OIOS' review of a sample of 50 payment vouchers to settle F-10 claims found that 21 were not adequately supported by complete documentation. For example, the fax and/or e-mail correspondences authorizing travels were not attached to the respective vouchers, even though they were available in files maintained by the Travel Unit, and were only forwarded to the Finance Section on request. This highlights a weakness in internal control, and OIOS suggested that the Finance Section systematically reviews all relevant documents before approving reimbursement in compliance with the Field Finance Procedures. The Mission did not agree, and informed OIOS that it was facing difficulties as it operates in different locations. The Mission was of the opinion that it obtains adequate supporting documents to verify travel for processing claims.

C. Processing of visas, resident permits, civil identification

Responsibility for visas, resident permits and civilian staff identification (ID) processing

27. Processing of visas, resident permits, civilian staff IDs for UNAMI staff and their dependants in Kuwait and Amman were the responsibility of the Travel

Unit. This was reflected in the job descriptions (as per vacancy announcements) of some staff members of the Unit.

28. In Kuwait from 1 July 2007 to 7 March 2009, the responsibility for processing visas was given to the Travel Unit, and prior to this, it was with the HR Section. At the time the responsibilities were reassigned to the Travel Unit, a full time local staff member was assigned to the Office of CAS to discharge these functions. The audit found that the assigned staff lacked the day-to-day guidance and training needed from the Travel Unit whose supervisors were the experts in dealing with these matters. Moreover, there were no mission-specific standard operating procedures (SOP) which could have systematically guided staff in the performance of their duties.

Recommendations 3 and 4

The UNAMI Office of Mission Support should:

(3) Restructure and more closely oversee the management of visas, resident permits and civilian identifications in Kuwait and strengthen the supervision and guidance of the sub-unit in dealing with visas, resident permits and civilian identifications.

(4) Ensure the General Services Section develops appropriate standard operating procedures for the effective management of visas, resident permits and civil identifications processing.

29. *The UNAMI Office of Mission Support accepted recommendation 3 and stated that the move to the Office of CAS has ensured proper coordination between the HR Section and the Travel Unit. With the transfer of the Visa Unit, significant progress has been made in coordinating with the Ministry of Foreign Affairs (MOFA) in getting the visa approvals. Further, with the recent assignment of an experienced staff member who earlier dealt with visas, civilian IDs and resident permits, the Visa Unit is working effectively under the direct supervision of CAS. Based on the action taken, recommendation 3 has been closed.*

30. *The UNAMI Office of Mission Support accepted recommendation 4 and stated that the Mission has established adequate procedures for processing visa, resident permits and civil identifications. This will be consolidated into a SOP and circulated to all UNAMI staff members. Recommendation 4 remains open pending the receipt of a SOP showing the detailed procedures for processing of visas, resident permits and civilian IDs.*

Records and files

31. The files containing visas, resident permits and civilian IDs of staff in Kuwait were not properly maintained. As a result, there was no audit trail to assess the efficiency of the process. A proper logbook showing the detailed

records (i.e. name of applicants, passport number, visa type, date of application, processing and approval etc.) was not maintained before March 2008. Since then, while logbooks have been maintained, a review of them identified a number of shortcomings. For example: (a) in 62 of 339 cases processed during March 2008 to February 2009, there was no approval date to ensure that they were timely approved; (b) from March 2009 to June 2009, 8 of 120 cases processed did not record the passport number in the logbook; and (c) during the same period, in 5 cases, the date of submission to MoFA was missing.

32. OIOS was provided with a box file containing information on the processing of 331 entry visas in 2007. The auditors could not find application dates to determine the length of days it took to process entry visas. Other types of visa applications, civilian ID records, and UNLP renewal for the same year could not be found. This was attributed to handling of files by two sections in 2007 and a lack of handover notes.

33. In 2008, 20 per cent of 65 applications for a work visa and 3 per cent of the 122 applications submitted for resident permits were reported as rejected by the MoFA. The reasons for rejection were not recorded. Further, the location of the files of seven staff members was unknown. Similarly, from 1 January to 30 June 2009, 22 per cent of the 23 application files submitted for visit visas and 3 per cent of 117 application files for staff residency were missing and their locations unknown.

34. As a result of the lack of an organized data tracking and filing system, staff members' application files were not safeguarded resulting in delays in processing and frustration among staff members. Staff members were advised to re-submit copies of documents required to complete the process once the prior submitted documents were not located.

Recommendation 5

(5) The UNAMI Office of Mission Support should ensure that the General Services Section systematically maintains up-to-date case files on the processing of visas, resident permits, and civilian identification cards.

35. *The UNAMI Office of Mission Support accepted recommendation 5 and stated that with the movement of the Visa Unit to the OCAS, the process of maintaining an individual file has started and is expected to be completed by June 2010.* Recommendation 5 remains open pending confirmation that the maintaining of case files has been completed.

Delay in processing

36. An analysis of data for 2008 and 2009 for visas, residency and others (driving license, residency transfer etc.) revealed a number of processing delays. For example, 24 per cent of 65 work visa requests made in 2008 were approved 60 days after the applications and 23 per cent were approved after 90 days. Similarly, in 2009, it took more than 60 and 90 days respectively for 35 per cent

and 26 per cent of 23 staff members requesting for visitor's visas. More than 90 days was taken to obtain resident permits by 12 per cent of 122 applicants in 2008 and 14 per cent of 117 applicants in 2009. A survey conducted by OIOS revealed that some staff members incurred additional expenses for processing their applications for resident permits, work visas and civilian IDs cards primarily due to delay in processing. Further, some staff members reported to their duty station late because their visas were not completed on time.

37. GSS commented staff members that incur additional expenses due to delays in processing their visa, resident permits etc. should have submitted F-10 claims; but the Travel Unit had never received such claims. Moreover, the authority of approving Kuwaiti visas, resident permits, and civilian IDs rests with the host government.

38. Nearly all locally recruited staff members in Kuwait were foreigners who previously worked for private companies that sponsored their migration to Kuwait. There are regular checks made on immigrants, particularly non-Kuwaiti locally recruited staff members. They can be detained by the authorities when not in possession of their civilian IDs and resident permits. Delays in processing these documents cause unnecessary embarrassment for staff and their dependants. For fear of such consequences, staff movements were in principle restricted until they receive approval and/or renewal.

Recommendation 6

(6) The UNAMI Office of Mission Support should ensure that the General Services Section implements appropriate mechanisms for monitoring and expediting the processing of visas, resident permits and civilian identification cards for staff members in Kuwait.

39. *The UNAMI Office of Mission Support accepted recommendation 6 and stated that OCAS has established adequate mechanism for monitoring the processing of visas, residency permits and civilian IDs and these processes will also be included in the proposed SOP.* Based on the action taken, recommendation 6 has been closed.

D. Training of staff involved in processing travels

40. A review of personal files of staff members of the Travel Unit revealed that only 2 of the 6 staff members had taken travel and tour related trainings prior to joining the Mission. None of the staff in Travel Unit had taken international fare construction training (IFCT). Such training could enhance the staff's knowledge on IATA, fare selection criteria, specified routings and direct route fares, the mileage system, normal one way fare construction, and the most up-to-date information regarding international faring.

41. The Travel Unit informed OIOS that none of the staff members had attended official training since 2007 due to the work pressure in the Travel Unit.

Moreover, IFCT is primarily designed for private sectors and is not very much relevant to the Mission.

42. In OIOS' view, additional training and capacity building will help enhance work efficiency of staff members to discharge their duties. The Mission informed OIOS that the Training Unit will undertake a training needs assessment, and provide opportunities to staff to attend courses to increase their capacity to carry out their functions effectively.

V. ACKNOWLEDGEMENT

43. We wish to express our appreciation to the Management and staff of UNAMI for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	The UNAMI Office of Mission Support should ensure that General Services Section/Travel Unit, in conjunction with the Procurement Section, use the appropriate method when procuring group travels in compliance with the UN Procurement Manual.	Operational	Higher	O	Documentation showing that upcoming group travel tickets are arranged with the appropriate method of solicitation and other procurement procedures.	Next rotation in March 2010
2	The UNAMI Office of Mission Support should ensure that the Travel Unit applies a consistent approach either by using the Global Distribution System or by obtaining at least two quotations and independently verifying quotations obtained from travel agencies when approving the lump-sum payment.	Operational	Medium	O	Documentation showing that consistent approach has been used when approving lump-sum payment.	June 2010
3	The UNAMI Office of Mission Support should restructure and more closely oversee the management of visas, resident permits and civilian identifications in Kuwait and strengthen the supervision and guidance of the sub-unit in dealing with visas, resident permits and civilian identifications.	Financial	Medium	C	Action taken.	Implemented
4	The UNAMI Office of Mission Support should ensure the General Services Section develops appropriate standard operating procedures for the effective management of visas, resident permits and civilian identifications processing.	Operational	Medium	O	Formulation of a SOP showing the detailed procedures for the processing of visas, resident permits and civilian IDs.	January 2010
5	The UNAMI Office of Mission Support should ensure that the General Services Section systematically maintains up-to-	Operational	Medium	O	Confirmation that the maintaining of case files has been completed.	June 2010

Recom. no.	Recommendation	Risk category	Risk rating	C/O¹	Actions needed to close recommendation	Implementation date²
	date case files on the processing of visas, resident permits, and civilian identification cards.					
6	The UNAMI Office of Mission Support should ensure that the General Services Section implements appropriate mechanisms for monitoring and expediting the processing of visas, resident permits and civilian identification cards for staff members in Kuwait.	Operational	Medium	C	Action taken.	Implemented

1. C = closed, O = open

2. Date provided by UNAMI in response to recommendations.