



United Nations
Educational, Scientific and
Cultural Organization

Organisation
des Nations Unies
pour l'éducation,
la science et la culture

Organización
de las Naciones Unidas
para la Educación,
la Ciencia y la Cultura

Организация
Объединенных Наций по
вопросам образования,
науки и культуры

منظمة الأمم المتحدة
للتربية والعلم والثقافة

联合国教育、
科学及文化组织

**Internal Oversight Service
Audit Section**

IOS/AUD/2011/03

Original: English

**Follow-up Audit of
UNESCO's Headquarters Travel**

April 2011

Auditors:

Sameer Pise
Dawn Clemitson
Slavka Bellus

EXECUTIVE SUMMARY

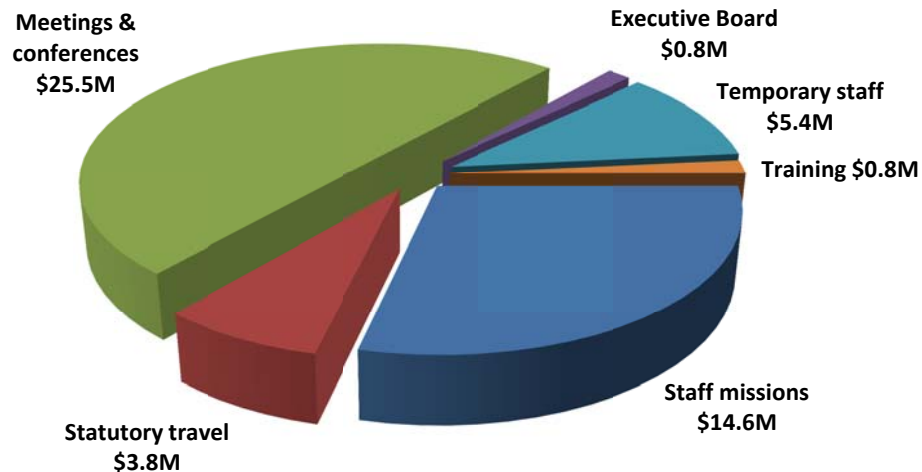
Key Results of the audit

There is general compliance with the travel policies. However, UNESCO can make substantial reductions of up to \$3.1 million annually in Headquarters travel costs. Some savings require travel policy changes and may be more difficult, such as the reduction of business class through the use of premium economy instead of business class for staff below ADG. Others, such as curtailing the use of unrestricted fares, only require instructions of BFM to the travel agency. Meetings and conferences comprise the single largest component of UNESCO's travel costs, and the introduction of guidance for economically administering this travel would also result in savings.

Since air travel generates half of UNESCO's Green House Gas emissions, UNESCO should also align its travel policies and guidance with the objective of reducing emissions where cost effective.

Background, Scope and Objective

Travel is an important element of UNESCO's programme delivery and administration. For 2010 travel costs totalled \$50.9 million comprising 9.1 percent of UNESCO's total¹ expenditure.



Procedures for travel are set forth in a variety of documents:

- BFM procedures for travel on mission and training are contained in the Administrative Manual;
- HRM procedures on statutory travel such as home leave and education grant travel are in the Human Resources Manual;
- Executive Board procedures for UNESCO-funded travel are incorporated in the Board's Rules of Procedure;
- Little guidance exists with regard to travel for meetings and conferences as there is a division of policy between ADM/CLD and BFM on this point.

¹ Source: FABS

Travel arranged by field offices is decentralized and controlled by the respective Administrative Officers. Air tickets for travel from Headquarters are generally purchased through American Express, UNESCO's contracted travel agency. Field offices normally use a local agency in arranging travel.

Travel at Headquarters is coordinated through a travel manager in BFM and managed through InfoPath which interfaces with FABS and with the travel agency. During 2009 and 2010, the FABS Travel Module was implemented in most field offices which should simplify the workflow and facilitate monitoring and control of travel. Travel for participants to meetings and conferences remains a separate process normally managed outside of the Travel Module through fund reservations covering multiple participants and cost categories.

The Internal Oversight Service (IOS) performed a follow-up audit to determine whether prior recommendations to reduce costs have been implemented. These recommendations pertained mostly to staff missions and meetings and conferences as we have identified these as the principal areas for potential cost reductions. As part of this follow-up audit we also examined opportunities to reduce UNESCO's Greenhouse Gas emissions in conjunction with cost reductions.

The audit was performed from December 2010 to March 2011 at UNESCO Headquarters. Methodology included a review of prior travel related audits, analytical review of expenditure trends in 2009 and 2010, consideration of existing procedures and sample testing of travel expenditures. We also analyzed data from FABS, InfoPath and American Express and interviewed selected Administrative Officers, BFM personnel and travel agency staff. Eighty-two business class trips were reviewed and analyzed to ascertain compliance to the travel rules and procedures. Where data limitations were encountered in FABS, InfoPath and travel agency reporting, we developed allocation factors based on samples and prorated these on total costs. The audit was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing*. This report and annex have been shared with stakeholders. While preliminary responses have been received, IOS will monitor progress on the implementation of recommendations.

Challenges and Opportunities in Travel Management

There has been mixed progress in implementing prior recommendations to reduce travel costs:

- On the positive side, the number of ad hoc waivers allowing business travel has been reduced. In 2010, of 22 instances of business class travel less than eight hours, eight were subject of medical waivers from HRM, thirteen were specifically approved per guidance and one was non-compliant. It is interesting to note that UNESCO's Medical Service indicates that premium economy class would be an adequate substitute for business class, if requested for medical reasons.
- Business class air tickets still represent 37 percent of Headquarters costs for air travel. While this is stable compared to 2009 and substantially lower than 2007, it remains an area for potential cost reduction. Replacing business class with premium economy where available (more space than regular economy) for staff below the ADG level would save up to \$706,000 per year.
- Use of tickets costing substantially above negotiated restricted rates should be sharply curtailed. For example, unrestricted economy class cost four times than the negotiated restricted fares, which can normally be changed for a fixed fee of €100 through the travel agency. Better point-of-sale control could save up to \$681,000 annually.
- UNESCO has not developed clear and useful travel guidance to support programme staff responsible for arranging meetings and conferences. Such guidance should include suggested economical practices for travel costs including provision of room and meals in lieu of the standard Daily Subsistence Allowance and ensuring participants use economical air tickets. A modest five-percent reduction in these costs would save \$1,275,000 annually UNESCO-wide.

- Little progress has been made since our prior audit in introducing a self-book tool for air tickets with potential to reduce travel agency management fee by \$235,000.
- A high proportion of air tickets are purchased less than 14 days before the travel date. These are often more costly, and travel agency analyses show that \$ 222,000² in savings can be achieved by better planning.
- The role of UNESCO's Travel Manager should be better framed vis-à-vis the travel service providers to make cost reduction and quality service the overriding priorities.
- Wider use of video-conferencing, for example in the recruitment process, in place of air travel would further reduce UNESCO's costs.
- Several of these cost-reduction measures will also lower UNESCO's GHG emissions and support UN commitments in this regard.

Table of recommendations

Priority recommendations
<p>Recommendation 1: Corporate Services Committee to consider and advise BFM, ADM/DIT and ADM/CLD in:</p> <p>(i) amending the travel procedures to require travelers below the ADG grade to use premium economy in lieu of business class entitlement on routes where available. This will reduce both GHG emissions³ and costs.</p> <p>(ii) implementing a self-booking tool as a part of a single IT travel management solution (negotiate cost of development with travel provider). Ensure data availability on travel class, destination, ticket purchase date in FABS.</p> <p>(iii) providing the budget owners with the necessary data to enable effective monitoring of urgent travel, advance purchase, unrestricted fares, premium economy and business class.</p> <p>(iv) revising guidance on mission travel in the Administrative Manual by:</p> <ul style="list-style-type: none"> a) incorporating criteria for derogations of ADGs' business class travel; b) following up on issuance of guidance reflecting UNESCO's commitment to GHG reduction including sustainable travel measures; c) issuing guidance for managing travel related to meetings and conferences considering: <ul style="list-style-type: none"> - economical practices for travel costs including provision of room and meals in lieu of standard DSA and ensuring economical tickets for participants; - a simple estimation template to better plan participant travel costs; - clarified guidance on responsibilities for participants travel costs for the various categories of meetings and conferences. <p>(v) implementing cost effective methods for GHG calculation.</p> <p>(vi) promoting use of video-conferences by providing staff with alternate communication technologies such as Skype.</p> <p>(vii) reviewing UNESCO policies in line with practices in other UN organizations and eliminating duplicative controls steps as outlined in the report.</p>

² Source: UNESCO Travel Manager

³ Not yet reflected in ICAO calculator that treats premium economy class as premium class

Recommendation 2: BFM/FNS to:

- (i) re-define the travel manager's role to focus on obtaining cost savings from the travel service providers including objectively verifiable targets for efficiencies. Further, the role could be redefined to limit direct support and guidance to travelers, with that function performed by Administrative Officers, and more time devoted to broader cost-savings initiatives.
- (ii) remove the option for unrestricted fares from the InfoPath request form and instruct the travel agency that UNESCO AMEX fares (restricted negotiated fares published on AMEX portal) are provided to UNESCO travelers unless explicitly approved by responsible Executive Officer or Director of Central Service.
- (iii) recover or otherwise resolve €2853.78 for unauthorized business class travel on trip number 1010248 (Paris - New York dated 26.04.2010).
- (iv) in the next bid for travel agency services, take into account expected workload, volume for on-line booking and exclude unused services.

Other recommendations

Recommendation 3: DIR/HRM to ensure UNESCO Medical Service waivers for business class (or premium economy where applicable) travel less than eight hours include validity dates and that Medical Service maintains a register of such waivers.