



INTERNAL AUDIT DIVISION

AUDIT REPORT

Audit of air travel activities in MONUSCO

Overall results relating to air travel activities in MONUSCO were initially assessed as partially satisfactory. Management has implemented all recommendations satisfactorily

FINAL OVERALL RATING: SATISFACTORY

10 December 2012

Assignment No. AP2012/620 /02

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AUDIT REPORT

Audit of air travel activities in MONUSCO

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of air travel activities in MONUSCO.
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. Air travel is an essential and integral part of MONUSCO's operations, and is an important expense category. Air travel in MONUSCO includes official business travel, as well as travel for home leave, family visit and repatriation. MONUSCO is also responsible for travel on deployment and repatriation of uniformed personnel and medical evacuation.
4. The management of air travel services is the responsibility of the Travel Unit in Kinshasa and the Travel Services Cluster at the Regional Service Centre in Entebbe (RSCE). Some 34 staff have responsibilities for travel activities, with 29 staff based in Kinshasa and five in Entebbe. For the years 2010/11 and 2011/12 the travel expenditures were \$15.5 million and \$18.4 million, respectively.
5. Comments provided by MONUSCO are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of MONUSCO governance, risk management and control processes in providing reasonable assurance regarding the **effective management of air travel activities**.
7. The audit was included in the 2011/12 audit plan as a result of General Assembly resolution 65/268, where OIOS was requested to conduct a comprehensive audit of air travel, and due to the significant cost of travel incurred by MONUSCO.
8. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined these as controls that provide reasonable assurance that policies and procedures: (i) exist to guide the operations of air travel activities; (ii) are implemented consistently; and (iii) ensure financial and operational information is reliable and produced with integrity.
9. The key control was assessed for the control objectives shown in Table 1.
10. OIOS conducted the audit from April 2012 to August 2012. The audit covered the period from 1 July 2010 to 30 April 2012.
11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through

interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

12. MONUSCO’s governance, risk management and control processes examined were initially assessed as **partially satisfactory** in providing reasonable assurance regarding **effective management of air travel activities**. OIOS made two recommendations in the report to address issues identified. MONUSCO decided to enter into formal contracts for travel services, and the process was on-going. There was a need to ensure that fees charged by travel agents were disclosed, and air tickets are purchased at least 14 days in advance.

13. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **satisfactory** as all recommendations have been implemented satisfactorily.

Table 1: Assessment of key controls

Business Objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of air travel activities	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: SATISFACTORY					

A. Regulatory framework

A procurement process for travel services was on-going

14. The number of tickets purchased by MONUSCO in 2010/11 was about 2,200, including up to 1,400 for repatriating military and police personnel. However, it was only in 2012 that MONUSCO decided to enter into formal contracts for travel management services, one for travel arranged by the Travel Services Cluster in RSCE, and the other for travel arranged by the Travel Unit in Kinshasa. The procurement process had been on-going since March 2012, although statements of works had been prepared.

Travel agents in Kinshasa charged fees in a non-transparent manner

15. Prior to purchasing air tickets, MONUSCO requested quotations from three to five travel agents. Two of the travel agents used by MONUSCO in Kinshasa charged fees ranging from \$100 to \$165 per ticket for certain routes. However, these additional fees were not disclosed in the quotation and therefore, not taken into account when selecting the most competitive vendor.

(1) MONUSCO should ensure that travel agents include all costs associated with the air ticket, including service fees to enable a proper competitive process to be conducted.

MONUSCO accepted recommendation 1 and wrote to all five travel agents in Kinshasa instructing them to include all costs including fees in their quotations for air fares. Based on the action taken by MONUSCO, recommendation 1 has been closed.

Air tickets were not always purchased in a timely manner

16. In April 2011, the Under-Secretary-General for Management encouraged all heads of departments and offices to implement measures to ensure tickets were purchased at least 14 days in advance of the travel date. MONUSCO did not fully comply with this directive.

17. From a sample of 43 tickets, nine (20 per cent) were purchased more than 14 days in advance of the travel date; however, the remaining 36 tickets (80 per cent) were purchased on average eight days before travel. Further analysis showed that for the repatriation of military and police, tickets were purchased seven days prior to the date of travel.

(2) MONUSCO should implement procedures to ensure the purchase of air tickets at least 14 days prior to the date of departure in accordance with the directive by the Under-Secretary-General for Management. Exceptions should be documented and approved by the Director of Mission Support.

MONUSCO accepted recommendation 2 and issued an Administrative Instruction to all MONUSCO staff that all travel requests and related tickets are to be purchased at least 14 days prior to the date of departure. MONUSCO stated, however, that it was not always possible to comply with the 14 days directive for military officers and UN Police as their check-out was often initiated only one week before departure. Based on the action taken by MONUSCO, recommendation 2 has been closed.

Lump-sum payments in Kinshasa were not always correctly calculated

18. In Kinshasa, MONUSCO was calculating the lump-sum payment, in lieu of purchasing air tickets, using 2008 air fares, which coincided with the date that the lump-sum calculation was delegated to field missions. MONUSCO advised that the Travel Unit obtained up-to-date air fare costs as appropriate, but this was not maintained on file. From a sample of 76 of 286 destinations listed, the amount paid agreed with the published International Air Transport Association (IATA) generic fares for 11 destinations; however, there were over and under payments in the remaining 65 destinations.

19. The Travel Services Cluster in RSCE was correctly calculating the lump-sum amount using current airline specific air fares, and when these were not available, the IATA generic fares were used. As of 1 August 2012, MONUSCO transferred the payment of lump-sum calculation to the Travel Cluster in the RSCE. OIOS is satisfied with the action taken by MONUSCO in this regard.

IV. ACKNOWLEDGEMENT

20. OIOS wishes to express its appreciation to the Management and staff of MONUSCO for the assistance and cooperation extended to the auditors during this assignment.



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ANNEX I

STATUS OF AUDIT RECOMMENDATIONS

Audit of air travel activities in MONUSCO

Recom. no.	Recommendation	Critical/ ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	MONUSCO should ensure that travel agents include all costs associated with the air ticket, including service fees to enable a proper competitive process to be conducted	Important	C	Action taken	Implemented
2	MONUSCO should implement procedures to ensure the purchase of air tickets at least 14 days prior to the date of departure in accordance with the directive by the Under-Secretary-General for Management. Exceptions should be documented and approved by the Director of Mission Support.	Important	C	Action taken	Implemented

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by [client] in response to recommendations. [Insert "Implemented" where recommendation is closed; (implementation date) given by the client.]