

**Report of the Office of Internal Oversight Services on the
comprehensive audit of air travel activities and related practices
(A/67/695)**

**Statement to the Fifth Committee by the
Assistant Secretary-General for Internal Oversight Services
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Mr. Chairman, distinguished Members of the Fifth Committee,

I am pleased to introduce the report of the Office of Internal Oversight Services (OIOS) on the comprehensive audit of air travel activities and related practices. The audit was conducted pursuant to General Assembly resolution 65/268.

Travel represents one of the most significant categories of expenditure for the Organization. Historically, it has been difficult to obtain consolidated and comprehensive data on air travel expenditures across the United Nations due to limitations in information systems. OIOS, in cooperation with the Office of Programme Planning, Budget and Accounts, estimated that travel expenditures for United Nations Headquarters, offices away from Headquarters and regional commissions for the 2010-2011 biennium were approximately \$535 million. Travel expenditures for special political missions for the 2010-2011 biennium amounted to \$40 million. For peacekeeping missions, the expenditures amounted to \$91 million and \$103 million for the financial years ended 30 June 2010 and 30 June 2011 respectively.

The primary objective of the audit was to assess the adequacy and effectiveness of the Secretariat's governance, risk management and control processes in providing reasonable assurance regarding the effective management of air travel activities.

The audit covered air travel operations at United Nations Headquarters, the United Nations Office at Geneva, the United Nations Office at Vienna, the United Nations Office at Nairobi, the United Nations Organization Stabilization Mission

in the Democratic Republic of the Congo (MONUSCO), and the United Nations Assistance Mission for Iraq (UNAMI).

In addition to estimating the expenditures on air travel, the audit included:

- (i) reviewing the status of implementation of the provisions in resolution 65/268 for the efficient and effective utilization of air travel resources;
- (ii) assessing the adequacy and effectiveness of the Secretariat's processes for managing air travel operations, procuring air travel management services and delegating the authority for granting exceptions to standards of accommodation for air travel; and
- (iii) identifying lump-sum payments to eligible staff members and conducting a cost-benefit analysis of lump-sum options.

The audit concluded that the Secretariat governance, risk management and control processes examined were partially satisfactory in providing reasonable assurance regarding the effective management of air travel activities.

Its key audit results included the following:

- By the end of December 2012, the Secretariat had fully or partially addressed all but one of the provisions in resolution 65/268. The unaddressed provision was on reporting to the General Assembly the projected total expenditure on air travel under the regular budget for the bienniums 2010–2011, 2008–2009 and 2006–2007.
- Subsequent to the audit, the Secretary-General completed the outstanding action on one of the provisions of resolution 65/268 by delegating his authority to grant exceptions for air travel to the Under-Secretary-General for Management with a formal letter of appointment in February 2013.
- Mechanisms had been instituted for making travel arrangements, including establishing over 30 contracts for providing travel management services, and airline agreements for obtaining discounts. However, there was a need to manage travel globally to consolidate requirements and maximize these discounts.
- Formal guidance, including the definitions of key terms such as the 'lowest logical airfare', for implementing travel policies needed to be issued. The performance of vendors needed to be monitored more effectively through

regular assessments of appropriate indicators. Collaboration among travel managers within the Secretariat also needed to be strengthened to coordinate travel operations and share best practices.

- The bidding processes for travel management services contracts were generally in compliance with Financial Regulations and Rules of the United Nations. However, the criteria for conducting legal compliance reviews during the bid evaluation process needed to be clarified.
- Policies and procedures regarding the granting of exceptions to standards of accommodation for air travel were adequate and implemented consistently.
- The cost-benefit analysis of the lump-sum option for travel and the relocation grant indicated that:
 - Approximately 91 per cent of eligible travelers at the main duty stations utilized the lump-sum option for travel.
 - On average, the amount payable under this option was 77 per cent of the estimated cost of air tickets and other entitlements relating to travel arranged by the United Nations.
 - The unaccompanied shipments entitlement, which accounted for around 53 per cent the cost of United Nations arranged travel, was not used widely. When its cost was excluded from the computations, lump-sum amounts were 183 per cent of the estimated travel costs.
 - Approximately 89 per cent of eligible travelers at selected locations utilized the relocation grant.
 - An analysis of 2011 shipment data indicated that relocation grants exceeded the actual costs that were incurred when the United Nations arranged shipment of staff members' personal effects. However, if staff members had used their full shipment entitlement, it would have cost the Secretariat significantly more than the lump-sum amounts. The relocation grant also provided flexibility in the administration of shipment and removal entitlements.
 - The Department of Management had not conducted a cost-benefit analysis of the lump-sum option for travel since 1995 to confirm whether the option was achieving the expected results.

The Secretariat accepted all the recommendations that were made by the audit and has either initiated actions to implement them or is planning to implement them within specified timelines.

Thank you, Mr. Chairman.