



OFFICE OF THE INSPECTOR GENERAL

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Review of Global Fund Travel and Travel-related Health and Security Board Version

Audit Report GF-OIG-11-008-B
31 October 2011

EXECUTIVE SUMMARY

Introduction and Findings

1. Travel and travel-related services are essential to Global Fund operations and account for a substantial proportion of Secretariat expenditure: The 2010 travel budget was US\$ 20 million, 10% of the Secretariat budget.
2. Until 31 December 2008, the Global Fund obtained basic administrative services, including travel, from the World Health Organization. From that time onwards, the Global Fund took full responsibility for its own travel, health and security services. There was no transition period and it is commendable that travel was not affected adversely after the transition and that travel related structures, policies and regulations were established and were operational.
3. In accordance with its charter and audit plan, the Office of the Inspector General undertook an audit of the Global Fund's travel and travel-related health and security arrangements in the final trimester of 2010.
4. Based on our audit, the OIG is able to provide the Global Fund Board with reasonable assurance that regulations pertaining to travel are appropriate to manage travel-related risks and costs. However, at the time of the audit there existed a need to ensure better compliance with these regulations.
5. The OIG is not able to provide reasonable assurance that at the time of the audit the security of staff traveling to high and extreme risk countries was managed optimally, or that the health-related aspects of travel had appropriate management controls in place.
6. The OIG also cannot provide reasonable assurance that at the time of the audit the Global Fund managed service providers for travel, and for travel-related security and health services, in a manner that ensured quality and value for money.
7. As shown in the attached action plan, the Secretariat has begun to implement in large measure many of the recommendations from this audit.

Travel

8. Global Fund travel regulations can be strengthened further to reflect the unique circumstances of the Global Fund. Specific risks and controls that would benefit from revision include travel expense policies, exchange rates, ownership and use of frequent flier miles, compensatory time off, and personal deviations from duty travel. At the time of the audit, the Global Fund had taken action to mitigate some of the risks identified.

9. There is a need for ensuring that travel regulations are well understood by travelers. A travel survey showed that two thirds of respondents had not received any formal travel-related training and that less than half of respondents fully understood the regulations. This may have contributed to non-compliance, which resulted in missed savings on travel and frequent errors in reimbursement claims.

10. The travel management function is outsourced to Carlson Wagonlit Travel. Travel survey respondents rated CWT's performance well, with the exception of its ability to find low airfares and the effectiveness of its emergency service. Compared to travel management companies in similar organizations¹, CWT was rated as 'high service high cost' (i.e., the Global Fund was paying higher rates than industry averages for a broad bouquet of services), with lower productivity.

11. The cost structure of the Global Fund's contract with CWT would benefit from renegotiation to ensure that incentives exist for finding the lowest fares and that the total net cost and the average cost per transaction are no longer substantially higher than the industry average.

12. Consideration should be given to the following in order to ensure that better value for money in relation to travel is obtained:

- i. Fully applying regulations to ensure that travel is undertaken cost-effectively;
- ii. Making changes to the CWT fee structure and services offered;
- iii. Further exploring initiatives for reducing travel costs.

Security

13. The Global Fund includes critical security elements in its travel regulations. Consideration should be given to strengthening these regulations by ensuring that they take into account key risks, ensuring traveler compliance, ensuring senior level approval and clearance, and developing a crisis management plan.

14. The security function was outsourced to International SOS, which seconded a security officer to the Global Fund. The effectiveness of ISOS can be enhanced by incorporating performance indicators in the security firm's contract and by ensuring that all contractual tasks are fulfilled.

15. There is a need to ensure that the mechanisms put in place by the Global Fund to manage in-country physical security risks are sufficient and are accepted by its staff.

Health

16. The audit showed that travelers sometimes travel without proper medical clearance, and only some travelers had gone through an annual check-up or medical assessment to determine whether they were fit to travel. The existing

¹ The Global Fund was benchmarked against 13 organizations with similar travel arrangements i.e. high percentage of international travel, dedicated travel agency environment, highly varied travel patterns with numerous itinerary changes, limited use of online booking tools and decentralized business units (User Organizations).

regulation can be strengthened by defining the consequences of staff travel without consulting the medical team when traveling to high or extreme risk countries and/or after being declared “not fit to travel”.

17. The health function was outsourced to a medical team with a nurse visiting the Global Fund twice a week and a doctor available to assist staff with travel-related medical requirements. There is a need for making staff sufficiently aware of the services available. There is a similar need for imbuing the medical team with sufficient authority to take action in the event that they consider a staff member not fit to travel.

Oversight

18. The Administration Unit oversees the travel, health and security functions. The oversight of travel can be further strengthened by developing a formal strategy on travel that aligns travel to the overall organizational goals and by developing KPIs for the efficiency and effectiveness of travel arrangements and service providers.

19. There is a need to ensure that the activities of travel, health and security are well integrated and that they work collaboratively. A travel management system that enables management to report and monitor travel may assist in this.

20. There is a further need for developing a risk management plan that identifies and mitigates travel-related risk to travelers and the organization. A travel risk management program would help management take a proactive, coordinated approach to travel risk, rather than reacting once incidents have happened as was the case with the volcanic ash crisis.

21. The Secretariat has initiated commendable initiatives to reduce costs, e.g. increasing the time threshold for class of travel. There is a need to perform an analysis of such initiatives to determine whether they created the desired impact.

Conclusion

22. The Global Fund has regulations in place to provide guidance to travelers. These regulations are to a large extent adequate although there are several areas that could be strengthened further. There were areas of non-compliance noted arising from the lack of mechanisms to enforce compliance and/or lack of information/clarity on travel-related regulations. Non-compliance has resulted in missed opportunities to maximize savings and value for money.

23. The Global Fund has put in place arrangements to ensure the security and welfare of its travelers. However, concerns remain with regard to security of staff while in country, particularly when traveling to high and extreme risk countries. These arrangements are only effective to the extent to which they are applied.

24. There is a need to strengthen mechanisms to improve the productivity of service providers, reduce the workload and fees charged by service providers,

reduce costs of fares and of transactions costs. The performance of service providers should be monitored more closely to ensure that all terms of reference are met, quality services are provided and that value for money is ascertained.