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**Economic Commission for Europe****Administrative Committee for the TIR Convention, 1975****Seventy-fourth session**

Geneva, 9–11 February 2021

Item 8 of the provisional agenda

**Audit of the accounts of the TIR Executive Board  
and the TIR secretariat****Monitoring and evaluation of the documentation submitted  
by the international organization\*****Note by the secretariat****Background and mandate**

1. At its eighty-second session (June 2019), the TIR Executive Board (TIRExB) considered the recommendations in the audit report related to the audit of the TIR Trust Fund by the United Nations Office of Internal Oversight Services (OIOS)(ECE/TRANS/WP.30/AC.2/2019/25). With regard to Recommendation No. 1 on the monitoring and evaluation of the documentation submitted by the international organization, the Board noted that the secretariat would submit possible options of mechanisms to monitor and evaluate the documentation submitted by the international organization to the Administrative Committee (AC.2) for consideration.
2. The Board discussed the content of the documents submitted by the international organization to fulfil the requirements under Annex 9, Part III of the TIR Convention. The secretariat proposed drafting a document for consideration of the Board at its next session, taking into account the existing list of documentation and the procedure set in document ECE/TRANS/WP.30/AC.2/2015/12. The document would elaborate on the documentation to be submitted, and when and how it would be examined. The Board decided that the informal document would be submitted both to TIRExB and AC.2 at their October 2019 sessions.
3. The Board highlighted the importance of the language regime of the documentation, especially in connection with the examination thereof, and requested the secretariat to cover also this aspect in the draft document. The Board, while acknowledging the importance of harmony in the language regime and availability of documentation in the three official languages of the United Nations Economic Commission for Europe (ECE), noted that making such a request with regard to all documents to be submitted by the international organization might be cumbersome and unnecessary. The Board added that, instead of the documentation,

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\* Modifications to document ECE/TRANS/WP.30/AC.2/2020/8 are marked in ~~strike through~~ for deleted and in **bold underlined** for new text.



the results of the expert examination could be provided in the three official languages. The Board decided to assess the language issue together with the list of documentation.

4. The Board agreed that the document by the secretariat would not only include the titles of the documentation but would give a summary of the content of each document. The Board concluded that this list would not be exhaustive, thus the number of documents could be increased or reduced according to the results of the discussions. The Board recalled that the confidentiality of the documentation and the access procedure also made it difficult in the past for contracting parties to examine the documentation and requested the secretariat to take this aspect into account, for the sake of transparency, when proposing a new mechanism for the examination of the documentation.

5. The Board concluded that the monitoring and examination of the documentation submitted by the international organization was an important matter and that a more effective mechanism needed to be established. The Board highlighted the importance of revisiting the list of documents provided by the international organization and checking whether the list was satisfactory, or if a revision would be necessary. The Board was also of the view that the examination could be better fulfilled by an expert. The Board, while acknowledging that the issue needed to be considered and decided by AC.2, decided providing input to assist (ECE/TRANS/WP.30/AC.2/2020/1, paras. 11–16).

6. The Board, in order to have the secretariat supported by an expert to identify the content of the documentation to be submitted and how to move forward on this issue, decided to include this task, where possible, in the work plan of the consultants to be hired to draft the new agreement with the international organization (ECE/TRANS/WP.30/AC.2/2020/1, para. 37).

7. At its eighty-third session (October 2019), TIRExB took note of the recommendations by the consultants in Informal document WP.30/AC.2 (2019) No. 14 about the monitoring and evaluation of the documentation and agreed, in principle, with all recommendations. The Board reiterated its conclusion that the evaluation would be better fulfilled by an expert (TIRExB/REP/2019/82final, para. 16). The Board added that, if Board members could get support from their national experts while assessing the documentation, such support would be informal since they act in their personal capacity. Therefore, the Board was of the view that in case national experts would be involved, that should be established through AC.2, where government authorities were represented. Regarding the recommendation of the consultants to hire a consultant to evaluate the documentation, the Board underlined the costs of such a regular activity as a limiting factor. The secretariat also drew attention to the applicable administrative procedures to hire consultants as a limiting factor. TIRExB concluded that, given the cost factor, the best option would not be to hire a consultant, but to search for support from national governments.

8. Following the request from the Administrative Committee at its October 2019 session, the secretariat submits, in Annex I the suggestions on the monitoring and evaluation of the documentation and, in Annex II, the reviewed list of documentation, including the external audit report of IRU (ECE/TRANS/WP.30/AC.2/145, paras. 64 and 65). In this regard, the secretariat would like to remind AC.2 that TIRExB, at its seventy-seventh session (June 2018), while acknowledging that the members of the Board themselves did not have the expertise to analyse the report, questioned the added value of hiring another external auditor to audit the report, the funding mechanisms, possible implications of such activity and access to the full report for the external auditor (see ECE/TRANS/WP.30/AC.2/2019/1, paras. 25–26); and that, at its seventy-eighth session (October 2018), when continuing its considerations of the IRU external audit report, the Board was of the opinion that the disproportionality between the considerable costs, which could easily go up to \$ 50,000, as compared to the potential small chance of anything viable coming from a second audit report did not justify such act and, therefore, decided not to pursue the matter, requesting the Chair to report these findings to AC.2 (see ECE/TRANS/WP.30/AC.2/2019/39, para. 21).

**9. At its seventy-third session, the Committee, with regard to recommendation No. 1 (monitoring and evaluation of the documentation to be submitted by the authorized international organization), the Committee considered and adopted ECE/TRANS/WP.30/AC.2/2020/8 as a basis for such activity. The Committee decided**

to accept the list of documents, subject to minor changes, to be submitted by IRU as contained in Annex II, on the understanding that, as in the past, most documents could be archived at the TIR secretariat on behalf of TIRExB and would be made available to contracting parties following the procedure established in document ECE/TRANS/WP.30/AC.2/2015/12. With regard to the IRU external audit report, conducted by Ernst&Young in 2016, the Committee agreed that it was sufficient that its executive summary was deposited as hard copy with the secretariat and that the full version could be consulted at various premises of IRU, respecting the procedure outlined in document ECE/TRANS/WP.30/2017/11. While fully conscious of the importance of implementing OIOS recommendation No. 1 without delay, the Committee felt that more time was required to properly review the evaluation mechanism and , therefore, decided to revert to the issue at its next session, requesting the secretariat to revise document ECE/TRANS/WP.30/AC.2/2020/8 according to the above instructions (see ECE/TRANS/WP.30/AC.2/150, para. 38).

10. The Committee may wish to consider and, possibly, adopt one or several proposals in Annex I, together with the list of documents in Annex II. In addition, considering that the recommendations, in Annex I, by the consultants are inconclusive as to establishing a feasible and well-balanced procedure to monitor and evaluate the documentation to be submitted by the authorized international organization, the Committee is invited to mandate the secretariat to prepare proposals to that extent.

## Annex I

### Suggestions on the monitoring and evaluation of the documentation

#### I. Background

The list of documents required to be submitted by the international organization is listed in Annex 9, Part III of the TIR Convention. The documents listed in Annex 9 are collected according to the procedure decided by the Administrative Committee in document ECE/TRANS/WP.30/AC.2/2015/12.

#### II. Recommendations

- (1) It should be noted that assessing some documentation included in document ECE/TRANS/WP.30/AC.2/2015/12 (e.g. situation of irregularities) requires expertise in the TIR system.
- (2) The documents should be provided to UNECE in the first instance, in English where possible.
- (3) Regarding the documents to be submitted according to Annex 9, Part III, paragraph 1, subparagraphs (a) and (b) of the Convention, the relevance of these documents for the authorization of the international organization should be noted, hence they should be submitted, at least, before each authorization period as a package.
- (4) While safeguarding the applicable confidentiality requirements, the Administrative Committee should be allowed full access to any documents submitted to the TIR secretariat in the framework of its obligations set out in Annex 9, Part III, paragraph 1, subparagraphs (a) and (b) of the Convention. ~~Otherwise, the international organization should justify the legal impediment for full access, per document.~~ **Otherwise, the international organization should justify towards the Administrative Committee the legal impediment for full access, per document. The Committee is entitled to assess the grounds of such impediment and formulate its opinion.**
- (5) ~~UNECE should issue a report to the Administrative Committee.~~ **The Administrative Committee can request ECE to issue a report.** The report, whenever possible, should include commentary/evaluation of each piece of documentation provided, and whether additional documentation/clarification might be requested.
- (6) Since the TIR secretariat may not possess the skills or knowledge to monitor and evaluate this type of documentation, a first option could be that sufficient funding be made available to hire consultants by contracting parties. The consultants should prepare the reporting, under the guidance of the TIR secretariat. Alternatively, and considering the view of TIRExB that, given the cost factor, the best option would not be to hire a consultant, a consultant could be hired solely to prepare those evaluation reports to be submitted before each authorization period, viz every three years.
- (7) A second option, and in order to avoid the extra costs of hiring consultants, could be that experts<sup>1</sup> from contracting parties who possess the skills or knowledge to monitor and evaluate this type of documentation can voluntarily help the secretariat to prepare the relevant reports. This assistance could also

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<sup>1</sup> **This term requires clarification, such as “certified” or “qualified”. In such case, the last phrase of the bullet point can be deleted.**

be provided jointly by several national experts. However, a procedure should be established for the selection of such experts (submission of CVs, other certificates that prove their expertise etc) which would ensure that the selected national experts possess the level of expertise required to carry out the analysis of such documents, as well as for the logistical challenges, such as meeting frequency, venue, travel costs, if any, etc.

## Annex II

### List of documentation to be submitted by the international organization

	<i>Date of submission</i>	<i>Available for Contracting Parties</i>	<i>Next submission</i>
<b>Annex 6, Explanatory Note 0.6.2 bis-2; Annex III of the ECE/IRU agreement</b>			
External audit of the IRU accounts used for the invoicing and the advance transfer of the money required to finance the operation of TIRExB and the TIR secretariat, resulting in an annual audit report and management letter		As AC.2 document	October 2020
<b>Annex 9, Part III, Article 1 (a): proof of sound professional competence and financial standing for ... by means of annual submissions of consolidated financial statements duly audited by internationally organized independent auditors</b>			
Accounts of IRU, approved by its General Assembly and duly audited by its external auditor.	October	As hard copy at the secretariat	October <del>2021</del> <b>2020</b>
Extract from the Geneva "Office des Poursuites" to confirm there are no issues with unpaid creditors.	October	As hard copy at the secretariat	October 2020
<b>Annex 9, Part III, Article 1 (b): Absence of serious or repeated offences against customs or tax legislation</b>			
Letter from Swiss Customs stating the absence of offences against the customs legislation	October	As hard copy at the secretariat	October 2020
Letter dated 15 January 2010 from the Swiss "Administration fiscale cantonale", granting IRU tax exemption until 2020.	October or renewal date on tax exemption	As hard copy with the secretariat	October 2020 or next renewal date on tax exemption
Certificate dated xxx from the Swiss customs granting IRU the status of authorized consignor until xxx (Comment: indirect proof, such a status can only be obtained if there are no repeated offences against customs legislation).	Renewal date of the status	As hard copy at the secretariat	Next renewal date of the status
<b>Annex 9, Part III, Article 2 (a): provide the Contracting Parties of the TIR Convention via the national associations affiliated to the international organization with certified copies of the global guarantee contract and proof of guarantee coverage</b>			
At the secretariat are available (submitted by the Contracting Parties):	January	As hard copy at the secretariat	Next January
Copies of the written agreements or any other legal document between the competent authorities (Customs) and the national guaranteeing association as well as any modifications thereto (conform Annex 9, Part I, para. 1 (d));			
Copies of the insurance or financial guarantee contracts as well as any modifications thereto (conform Annex 9, Part I, para. 3 (v));			
Copies (renewed annually) of the insurance certificate (Annex 9, Part I, para. 3 (v)).			

	<i>Date of submission</i>	<i>Available for Contracting Parties</i>	<i>Next submission</i>
<b>Annex 9, Part III, Article 2 (b): provide the competent bodies of the TIR Convention with information on the rules and procedures set out for the issue of TIR Carnets by national associations</b>			
Associations TIR Manual		As hard copy with the secretariat	When modified
TIR Carnet holder's Manual		As hard copy with the secretariat	When modified
Deed of engagement of the issuing and guaranteeing association of ordinary TIR Carnets		As hard copy with the secretariat	When modified
Deed of engagement of the IRU towards issuing and guaranteeing associations		As hard copy with the secretariat	When modified
Declaration of Engagement by the transport company for admission to the TIR customs system and authorization to use TIR Carnets		As hard copy with the secretariat	When modified
Chamber of Commerce Commercial Register extract (ge.ch/hrcintapp/externalCompanyReport.action?companyOfsUid=CHE-107.740.736&lang=FR )	Not applicable	internet	Not applicable
IRU constitution, dated 6 November 2009		As hard copy with the secretariat	When modified
<b>Annex 9, Part III, Article 2 (c) provide the competent bodies of the TIR Convention, on a yearly basis, with data on claims lodged, pending, paid or settled without payment</b>			
Situation of irregularities		At every session of WP.30	
<b>Annex 9, Part III, Article 2 (d): the competent bodies of the TIR Convention with full and complete information on the functioning of the TIR system, in particular, but not limited to, timely and well-founded information on trends in the number of non-terminated TIR operations, claims lodged, pending, paid or settled without payment that might give rise to concerns with regard to the proper functioning of the TIR system or that could lead to difficulties for the continued operation of its international guarantee system</b>			
Safe TIR statistics		At every session of WP.30	
Situation of irregularities / claims statistics		At every session of WP.30	
Powerpoint presentation on the organization and functioning of the TIR guarantee chain. (www.unece.org/fileadmin/DAM/trans/bcf/wp30/documents/iru-presentation-e.pdf)		UNECE website	When requested by AC.2

	<i>Date of submission</i>	<i>Available for Contracting Parties</i>	<i>Next submission</i>
Insurance contract IRU AXA, dated 18 November 2010	December	As hard copy with the secretariat	When modified
Statement from AXA on insurance structure and the reinsurance contracts, dated 14 August 2014	August	As hard copy with the secretariat	When modified
<b>Annex 9, Part III, Article 2 (e): provide the competent bodies of the TIR Convention with statistical data on the number of TIR Carnets distributed to each Contracting Party, broken down by type</b>			
Statistical data on the number of TIR Carnets distributed to each Contracting Party, broken down by type	January	As WP.30 document	February 2020
<b>Annex 9, Part III, paragraph 2, subparagraph (q), Annex IV of the ECE/IRU agreement</b>			
Annual audit of the records and accounts pertaining to the organization and functioning of an international guarantee system and the printing and distribution of TIR Carnets, resulting in an annual audit report and management letter	October	As AC.2 document	October 2020
<del>The audit report on the “Review of governance and compliance areas and fact finding investigation” of IRU, conducted by Ernst &amp; Young (EY) in 2016</del>		As hard copy with the secretariat	Not applicable