

## Intermediate Progress Report - 26.05.2021

### Audit of the management of the Transport International Routier Trust Fund at the Economic Commission for Europe (OIOS 2019/010)

| No. | Recommendation  | Critical <sup>2</sup> /<br>Important <sup>3</sup> | C/O <sup>4</sup> | Actions taken to close recommendation   | Implementation date <sup>5</sup>   |
|-----|---|---|------------------|---|--|
| 1   | ECE should propose to the Administrative Committee the possible options of mechanisms to monitor and evaluate the documentation submitted by the authorized international organization in order to strengthen governance in the TIR Convention, particularly with regard to accountability. | Important   | C                | <p>The audit report was submitted to the TIR Executive Board (supervisory body of the TIR Convention) for initial consideration at its June 2019 session. The Board requested the submission of the recommendation to the TIR Administrative Committee together with a document on possible mechanisms to monitor and evaluate the documentation submitted by the international organization. The task was included in the work plan of the consultants hired to work on the new agreement with the international organization.</p> <p>A document comprising the recommendations by the consultants on the monitoring and evaluation of the documentation was submitted to the TIR Administrative Committee at its February 2020 session (<a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-147e.pdf">ECE/TRANS/WP.30/AC.2/2020/8</a>). Consideration of the item was postponed to October 2020 session since translation of the document into French and Russian was not on time.<br/><a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-147e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-147e.pdf</a> (para. 41)</p> <p>The Administrative Committee, at its October 2020 session, considered document <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf">ECE/TRANS/WP.30/AC.2/2020/8</a> as a basis for such activity. As referred to in para. 38 of the report of the session, the Administrative Committee adopted the document <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf">ECE/TRANS/WP.30/AC.2/2020/8</a>.</p> <p>See para. 38 of <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf">ECE/TRANS/WP.30/AC.2/149</a>, accessible at:<br/><a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf</a></p> | <p><b>Implemented</b><br/>15/10/2020</p>   |
| 2   | ECE should prepare updated terms of reference for TIR focal points for consideration and approval by the Administrative Committee in order to ensure consistency and enhance the focal points' effectiveness.   | Important   | C                | <p>During initial considerations at its June 2019 session, the TIR Executive Board mandated the secretariat to draft updated terms of reference for TIR focal points and requested submission to its October 2019 session for consideration.<br/><a href="http://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-2020-09e.pdf">http://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-2020-09e.pdf</a></p> <p>A document covering the updated terms of reference for TIR focal points, both from customs and associations, was submitted as a formal document to the Administrative Committee at its February 2020 session.</p>   | <p><b>Implemented</b><br/>11/02/2021</p> <p><i>Pending OIOS confirmation</i></p> |

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|     |   |   |                  | <p>The Committee requested the secretariat to review both ToR on the basis of the comments during the session and to seek the views of national focal points from both customs and associations. The Committee decided that, based on their feedback and the follow-up considerations at its next session, it could then be envisaged to submit the updated ToR to heads of customs for their approval. <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-147e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-147e.pdf</a> (paras. 42-43)</p> <p>The Administrative Committee, at its October 2020 session, considered Informal document <a href="#">WP.30/AC.2 (2020) No. 8</a> with the outcome of the survey on establishing terms of reference for TIR focal points from customs and national associations. While fully conscious of the importance of implementing OIOS recommendation No. 2 without delay, the Committee felt that more time was required to properly review the terms of reference and, therefore, decided to revert to the issue at its next session.</p> <p>See para. 36 of <a href="#">ECE/TRANS/WP.30/AC.2/149</a>, accessible at: <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf</a></p> <p>The document <a href="#">ECE/TRANS/WP.30/AC.2/2020/9</a> was finally adopted during the 74<sup>th</sup> session of the TIR Administrative Committee, in February 2021, as reflected in <a href="#">ECE/TRANS/WP.30/AC.2/151</a>, para. 55</p> |                                  |
| 3   | ECE should bring to the attention of the Administrative Committee the need to develop appropriate procedures concerning: (a) evaluation of qualified organizations before selection of the authorized international organization for TIR operations; and (b) periodic assessment of the authorized international organization's compliance with the stipulated conditions and | Important   | C                | <p>A formal document on appropriate procedures concerning evaluation of qualified organizations and the periodic assessment was submitted to the Administrative Committee for consideration at its February 2020 session. <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-2020-11e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-2020-11e.pdf</a></p> <p>Consideration of the item was postponed to October 2020 session since translation of the document into French and Russian was not on time. <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-147e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-147e.pdf</a> (para. 41)</p> <p>The Administrative Committee, at its October 2020 session, considered and adopted document <a href="#">ECE/TRANS/WP.30/AC.2/2020/11</a>, on the understanding that it only will apply in case a new organization (and not IRU) requests the Committee to become authorized. As long as IRU continues as authorized international organization it will have to comply</p>  | <b>Implemented</b><br>15/10/2020 |

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|     | requirements.  |   |                  | <p>with the submission of documents as decided by the Committee (see recommendation No. 1).</p> <p>With this additional information, the Committee considered OIOS recommendation No. 3 as approved and implemented</p> <p>See <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf">ECE/TRANS/WP.30/AC.2/149</a>, para. 40, available at: <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf</a></p>  |  |
| 4   | ECE should amend its agreement with the external partner to include the additional requirements introduced by the Convention in July 2018.   | Important   | C                | <p>The requirements introduced by the Convention in July 2018 were reflected in Annex IV of the new draft agreement with the international organization and submitted to the TIR Administrative Committee in document <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2019/ECE-TRANS-WP30-AC2-2019-24e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2019/ECE-TRANS-WP30-AC2-2019-24e.pdf</a>. The Committee noted that the recommendation was implemented with the draft revised agreement with the international organization. The Committee, at October 2019 session, adopted the new draft agreement for the period 2020–2022 inclusive and mandated ECE and the international organization to proceed with signing the new agreement. The agreement was signed on 1 November 2019.</p>  | <b>Implemented</b><br>01/11/2019                   |
| 5   | ECE should revise its internal directive on the management of extrabudgetary resources to ensure that essential review and approval of projects relating to Conventions is performed by the respective governing bodies, such as the Administrative Committee in the case of the TIR Convention. | Important   | C                | <p>On 29 November 2019, the secretariat presented a draft proposal on “XB funded activities and projects: Opportunities for more operational flexibility and greater efficiency in the approval process and reporting” to UNECE member States during informal consultations on ways to strengthen the work of the Commission. It included, inter alia, a follow up to the OIOS recommendation emanating from Report 2019/010 on the approval of extrabudgetary contributions identified by the Audit of the TIR Convention.</p> <p>ECE member States did not agree to amend the existing guidance on XB approval process. <b>The secretariat of ECE has taken note of this decision and requests OIOS to close this recommendation without implementation.</b> While ECE secretariat cannot change its framework for approval of XB projects without the consent of its membership, it will include in its updated risk register the requirement that essential review and approval of projects relating to Conventions be performed by the respective governing bodies, to the extent possible.</p> | <b>Closed without implementation</b><br>03/11/2020 |
| 6   | ECE should seek the advice of the Ethics Office on the apparent conflict of interest arising from its arrangement  | Important   | O                | <p><i>Implementation ongoing.</i></p> <p>ECE sent a letter to the Ethics Office on 20 December 2019, addressing the issue at stake and seeking its advice.</p>   | <b>Revised target date:</b><br>09/06/2021          |

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|     | with the external partner on the eTIR project, including the receipt of funds from the external partner to whom ECE has become accountable under the contribution agreement despite having the responsibility to assist the Executive Board in overseeing the external partner's operations and assessing its compliance with the TIR Convention. |   |                  | <p>On 13 November 2020 ECE received a letter from the Ethics Office, recommending three actions:</p> <p>(a) Establishment of an independent oversight over funds allocated to ECE for the purpose of eTIR. The secretariat presented this mechanism during the 74<sup>th</sup> session of the TIR Administrative Committee, in February 2021 (<a href="#">ECE/TRANS/WP.30/AC.2/151</a>, para. 57) and the Committee welcomed the progress (para. 61). This aspect of the recommendation will be closed once AC.2 accepts the oversight role, based on the provisions of Annex 8 of the TIR Convention which deals, inter alia, with composition, functions and rules of procedure of AC.2 on 9 June 2021 (<a href="#">ECE/TRANS/WP.30/AC.2/152</a>).</p> <p>(b) Preparation of a new Memorandum of Understanding with IRU capturing all the recommendations provided by the Ethics office. A new Memorandum of Understanding (<a href="#">ECE/TRANS/WP.30/AC.2/2021/8</a>) has been prepared and will be presented to the 75th session of the TIR Administrative Committee (AC.2) on 9 June 2021 (<a href="#">ECE/TRANS/WP.30/AC.2/152</a>).</p> <p>(c) Discussion and endorsement of the new Memorandum of Understanding and workplan by the TIR Executive Board. During its 86th session in December 2020, the TIR Executive Board acknowledged that the issue should be considered at the level of the TIR Administrative Committee (AC. 2). This aspect of the recommendation will also be closed once the AC.2 endorses the new Memorandum of understanding in June 2021.</p> |  |
| 7   | ECE should bring to the attention of the Administrative Committee the need to: (a) study the reasons for the decline in sale of Carnets over the years and develop an action plan to address the underlying causes; and (b) develop an appropriate alternative financing arrangement to ensure the sustainability of TIR operations.              | Important   | O                | <p><i>Implementation ongoing.</i></p> <p>7(a) The Committee requested the secretariat to submit the study for consideration firstly to the Working Party on Customs Questions affecting Transport (WP.30), where the private sector is also represented. A formal document containing the study has been submitted to WP.30 for consideration at its February 2020 session.<br/><a href="https://www.unece.org/fileadmin/DAM/trans/bcf/wp30/documents/2020/ECE-TRANS-WP30-2020-03e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/wp30/documents/2020/ECE-TRANS-WP30-2020-03e.pdf</a></p> <p>WP.30 requested the secretariat to distribute the study among TIR focal points of customs and associations, seeking their views no later than by 30 March 2020. At the proposal of the secretariat, the results and the further progress of the study would then first be further assessed by the TIR Executive Board before bringing the study again to the table of WP.30, AC.2 or both.</p>  | <p><b>7(a): Revised target date:</b><br/>10/06/2021</p> <p><b>7(b): Closed without implementation</b><br/>15/10/2020</p> <p><i>Pending OIOS confirmation</i></p> |

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|     |                |   |                  | <p><a href="https://www.unece.org/fileadmin/DAM/trans/bcf/wp30/documents/2020/ECE-TRANS-WP30-308e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/wp30/documents/2020/ECE-TRANS-WP30-308e.pdf</a> (paras. 29-32)</p> <p>At its October 2020 session, in view that, most likely due to the ongoing pandemic, only few focal points had provided any feedback, WP.30 requested the secretariat to send a reminder to TIR focal points from customs and associations, seeking their views on the study on the reasons for the decline in the sale of TIR Carnets, with 31 October 2020 as final deadline (See <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/wp30/documents/2020/ECE/TRANS/WP.30/310">ECE/TRANS/WP.30/310</a>, para. 24).</p> <p>A revised study (<a href="https://www.unece.org/fileadmin/DAM/trans/bcf/wp30/documents/2020/ECE/TRANS/WP.30/2020/3/Rev.1">ECE/TRANS/WP.30/2020/3/Rev.1</a>) has been prepared and submitted to 157th session of the Working Party on 9-10 June 2021.</p> <p>7(b) A formal document on developing an appropriate alternative financing arrangement to ensure the sustainability of TIR operations was submitted to the Administrative Committee at its February 2020 session.</p> <p><a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-2020-10e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-2020-10e.pdf</a></p> <p>Consideration of the item was postponed to October 2020 session since translation of the document into French and Russian was not on time.</p> <p><a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-147e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-147e.pdf</a> (para. 41)</p> <p>The Administrative Committee, at its October 2020 session, considered document <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE/TRANS/WP.30/AC.2/2020/10">ECE/TRANS/WP.30/AC.2/2020/10</a> but decided to pursue, for now, the current financing mechanism of TIRExB and the TIR secretariat, due to the absence of any realistic alternative arrangement.</p> <p>With this decision, AC.2 decided to close OIOS recommendation No. 7 (b) without implementation.</p> <p>See <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE/TRANS/WP.30/AC.2/149">ECE/TRANS/WP.30/AC.2/149</a>, para. 39:<br/><a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf</a></p> |                                  |

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| 8   | ECE should, in consultation with the Administrative Committee, devise a mechanism to settle the excess advance received from the external partner.  | Important   | C                | The recommendation was fulfilled by Article 4 of the new draft agreement with the international organization, by which the international organization confirmed that there were no amounts due by ECE relating to the financing of the operation of the TIR Executive Board and the TIR secretariat arising from the implementation of the previous, and current, agreements (see <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2019/ECE-TRANS-WP30-AC2-2019-24e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2019/ECE-TRANS-WP30-AC2-2019-24e.pdf</a> ). The Committee, at its October 2019 session, adopted the new draft agreement for the period 2020–2022 inclusive and mandated ECE and the international organization to proceed with signing the new agreement. The agreement was signed on 1 November 2019.  | <b>Implemented</b><br>01/11/2019 |
| 9   | ECE should take appropriate measures to refine the budgets and cost plans for the TIR Executive Board and the TIR secretariat by considering the potential impact of known factors such as staff vacancy rates. | Important   | C                | The secretariat refined the budget and cost plan for the year 2020 according to the recommendation. The budget and cost plan were approved by the TIR Administrative Committee, at October 2019 session. The refining process resulted in a net decrease of \$ 37,064 in the cost plan, despite increasing funds needed for the computerization process (see <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2019/ECE-TRANS-WP30-AC2-2019-19e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2019/ECE-TRANS-WP30-AC2-2019-19e.pdf</a> ).  | <b>Implemented</b><br>17/10/2019 |
| 10  | ECE should develop an action plan for providing the required training and support to countries that have acceded to the TIR Convention to operationalize the TIR procedures in those countries.                 | Important   | C                | <p>A formal document containing an action plan for training and support of recently acceded countries was submitted to the Administrative Committee at its session in February 2020.</p> <p><a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-2020-02e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-2020-02e.pdf</a></p> <p>The Committee welcomed the action plan as reference for activities to be undertaken by the TIR secretariat. The Committee further requested an assessment of the effectiveness of the action plan for the year 2020, for review by the Committee, with the possibility to adjust the plan for the years 2021 and 2022, if so required.</p> <p><a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-147e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-147e.pdf</a> (para. 44)</p> <p>The Administrative Committee, at its October 2020 session, took note of the updated status of the action plan in document <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE/TRANS/WP.30/AC.2/2020/23">ECE/TRANS/WP.30/AC.2/2020/23</a> and, in particular, of the fact that most activities are organized at no cost. With this additional information, AC.2 considered OIOS recommendation No. 10 as approved and implemented.</p> | <b>Implemented</b><br>15/10/2020 |

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|     |                |   |                  | See para. 37 of <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf">ECE/TRANS/WP.30/AC.2/149</a> :<br><a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-149e.pdf</a> |                                  |

<sup>2</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>3</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>4</sup> C = closed, O = open

<sup>5</sup> Date provided by ECE.