



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

Geneva, 13 and 14 October 2021

Item 3 (b) (iii) of the provisional agenda

Activities and administration of the TIR Executive Board:**Administration of the TIR Executive Board and the TIR secretariat:****Procedure for financing the operation of the TIR Executive Board
and TIR secretariat****Audit certificate for the year 2020 on the account kept for the
invoicing and advance transfer of the money required for the
operation of the TIR Executive Board and the TIR
secretariat*, ******Transmitted by the International Road Transport Union****Background**

The Committee may wish to recall that, in line with the procedure for the collection and transfer of the amount per TIR Carnet to finance the operation of the TIR Executive Board (TIRExB) and the TIR secretariat, the International Road Transport Union (IRU) shall request an independent external auditor to audit the account it keeps for the invoicing and advance transfer of the money required for the operation of TIRExB and the TIR secretariat and, after the end of each year, the external auditor shall submit to the ECE secretariat an audit certificate, providing an opinion of the above-mentioned account for the year in question, showing the amount transferred and the total amount actually invoiced (ECE/TRANS/WP.30/AC.2/145, para. 57). The Committee may also wish to recall that, at its seventy-second session (February 2020), the secretariat confirmed that, for the future, annual audit certificates would be submitted to it, informally for February sessions and formally for October sessions (ECE/TRANS/WP.30/AC.2/147, para. 18). In the Annexes, the secretariat reproduces the audit certificate for the year ending 31 December 2020 on the account kept for the invoicing and advance transfer of the money required for the operation of TIRExB and the TIR secretariat.

* The present document contains the text submitted to the secretariat, reproduced without any changes.

** This document was submitted late due to resource constraints.

Annex I

Report of the Auditors to the Presidency

Audit of the IRU accounts used for the invoicing and the advance transfer of the money required to finance the operation of the TIRExB and the TIR secretariat for the year ended 31 December 2020.

Report of the auditors to the Presidency of International Road Transport Union (IRU) Geneva

We have completed our audit of the International Road Transport Union (IRU) accounts used for the invoicing and the advance transfer of the money required to finance the operation of TIRExB and TIR secretariat for the year ended 31 December 2020 and have issued our audit report dated 16 July 2021.

During the audit, we have assessed the accounting principle used, the significant estimates made by the management, and the design and operating effectiveness of your internal control system. Our audit test included both substantive test of details as well as test of controls as determined necessary in the circumstances.

The purpose of a management letter is to set out any opportunities for improvement related to accounting procedures or controls which came to our attention during this work. During our audit we did not note any significant weaknesses in your internal control system to report in this letter.

PricewaterhouseCoopers SA

(Signed) Pierre-Alain Dévaud

(Signed) Tarik Bouchama

Geneva, 14 January 2020

Enclosures:

- Explanations of IRU internal controls over TIR Carnet distribution to national associations
- Explanations of audit tests applied
- Summary of amounts paid to United Nations and amounts invoiced by IRU from the issuance of TIR Carnets from 1999 to 2020.

Enclosure 1: Explanations of IRU internal controls over TIR Carnet distribution to national associations

1. The national associations are required to send out, twice a year, the forecast for their need of TIR Carnets so that IRU can plan the necessary number of TIR Carnets.
2. Receipt of the order from the association (normally 6 weeks before the desired delivery date). When the order is received, IRU makes two controls before going to the next stage in the process: IRU checks that the inventory of desired TIR Carnets is enough to fulfil the order and IRU also checks that the association has no overdue debt, otherwise the order will not be treated as long as the payments are outstanding.
3. If the two preceding controls are satisfactory, IRU sends a confirmation to the association and communicates the deadline for delivery of the order.
4. Once the TIR Carnets are ready to be dispatched, IRU transmits the delivery details to the association (dispatch reference number for the transport, date and location).
5. Physical preparation of the order by IRU (on pallets or in boxes) and preparation delivery order.
6. Issue of the delivery note by IRU computer system on the day the TIR Carnets are dispatched. Each TIR Carnet number which is part of the dispatch is assigned to the receiving national association. From that moment on, the TIR Carnets are considered to be issued. The delivery note details the type and number of TIR Carnets shipped.

7. The issue of the delivery note generates the production of the invoice and records it automatically in the accounts system of IRU. The price of each type of TIR Carnet is automatically imported from the system. TIRExB / TIR secretariat costs of CHF 1.39 per TIR Carnet appear separately on the invoice for the year 2020.
8. Each TIR Carnet is linked to a delivery note number and an invoice number in the IRU applications so that IRU knows precisely which associations are using the TIR Carnets.
9. Upon receipt of the delivery, the association sends a confirmation to IRU.
10. Payment of the invoice within 60 days from the date of the final invoice.
11. The recovery of outstanding amounts is performed manually by IRU, as the system does not allow such a follow up. Moreover, an association cannot receive TIR Carnets if it has not paid overdue invoices.

Enclosure 2: Explanations of audit tests applied

Reconciliations:

We reconciled the total balance of TIR Carnet distribution in the trial balance with the sub-ledger detailing each element of the account.

We reconciled the total balance of TIR Carnet debtors in the trial balance with the sub-ledger detailing each element of the account.

TIR Carnet distribution:

We performed an analytical review of the distribution of TIR Carnets and substantive testing on invoicing to gain more assurance on the existence and valuation of distribution.

We gained assurance on the distribution of TIR Carnets through the testing of invoices covering the cut-off.

We gained assurance on valuation of TIR Carnet distribution by re-performing the turnover. We made sure that the prices applied through the invoicing system are according to the official price as described in the TIR Manual.

We also performed a proper cut-off test on the distribution of TIR Carnets.

Follow up of the payments of TIR Carnets:

IRU performed a confirmation programme of national associations as at 30 September 2020. We reviewed the confirmation programme, the number of answers and the potential differences in the account balance. Based on the 30 September 2020 situation, we made a follow up of the TIR Carnet debtors until 31 December 2020.

We reviewed the payment of TIR Carnet invoices after 31 December 2020.

**Enclosure 3:
Summary of amounts paid to the United Nations and amounts invoiced by the IRU from the distribution of TIR
Carnets from 1999 to 2020**

<i>Date of payment</i>	<i>Amount paid in USD</i>		<i>in CHF* Carnet Distribution</i>		<i>Invoiced by</i>		<i>Total amount invoiced</i>		<i>Yearly Balance</i>		<i>Balance</i>		
					<i>TIR Carnets distributed</i>								
27.11.1998	USD	698 880.00	CHF	984 023.05	2 344 000	CHF	0.40	CHF	937 600.00	CHF	46 423.05	CHF	46 423.05
10.11.1999	USD	500 000.00	CHF	773 500.00	2 782 600	CHF	0.40	CHF	1 113 040.00	CHF	-339 540.00	CHF	-293 116.95
15.11.2000	USD	600 000.00	CHF	1 063 560.00	2 707 950	CHF	0.30	CHF	812 385.00	CHF	251 175.00	CHF	-41 941.95
15.11.2001	USD	450 000.00	CHF	752 535.00	3 095 200	CHF	0.30	CHF	928 560.00	CHF	-176 025.00	CHF	-217 966.95
03.12.2002	USD	685 300.00	CHF	1 020 137.58	3 298 000	CHF	0.30	CHF	989 400.00	CHF	30 737.58	CHF	-187 229.37
12.11.2003	USD	737 000.00	CHF	1 008 437.10	3 211 050	CHF	0.30	CHF	963 315.00	CHF	45 122.10	CHF	-142 107.27
12.11.2003	USD	305 000.00	CHF	417 331.50	-	CHF	0.30	CHF	0.00	CHF	417 331.50	CHF	275 224.23
12.11.2004	USD	883 000.00	CHF	1 049 004.00	3 240 650	CHF	0.30	CHF	972 195.00	CHF	76 809.00	CHF	352 033.23
14.12.2005	USD	779 000.00	CHF	1 008 805.00	3 599 850	CHF	0.35	CHF	1 259 947.50	CHF	-251 142.50	CHF	100 890.73
10.11.2006	USD	955 000.00	CHF	1 197 188.00	3 076 250	CHF	0.40	CHF	1 230 500.00	CHF	-33 312.00	CHF	67 578.73
13.11.2007	USD	962 000.00	CHF	1 086 767.55	3 253 800	CHF	0.36	CHF	1 171 368.00	CHF	-84 600.45	CHF	-17 021.72
12.03.2009	USD	15 067.47	CHF	17 021.72	-	CHF	0.36	CHF	0.00	CHF	17 021.72	CHF	0.00
10.11.2008	USD	1 274 000.00	CHF	1 499 811.40	2 230 400	CHF	0.56	CHF	1 249 024.00	CHF	250 787.40	CHF	250 787.40
09.11.2009	USD	700 000.00	CHF	705 040.00	2 822 200	CHF	0.46	CHF	1 298 212.00	CHF	-593 172.00	CHF	-342 384.60
10.03.2011	USD	339 937.05	CHF	342 384.60	-	CHF	0.46	CHF	0.00	CHF	342 384.60	CHF	0.00
09.11.2010	USD	959 000.00	CHF	922 558.00	3 074 500	CHF	0.33	CHF	1 014 585.00	CHF	-92 027.00	CHF	-92 027.00
12.03.2012	USD	95 662.16	CHF	92 027.00	-	CHF	0.33	CHF	0.00	CHF	92 027.00	CHF	0.00
09.11.2011	USD	1 134 000.00	CHF	1 020 600.00	3 158 300	CHF	0.37	CHF	1 168 571.00	CHF	-147 971.00	CHF	-147 971.00
11.03.2013	USD	164 412.22	CHF	147 971.00	-	CHF	0.37	CHF	0.00	CHF	147 971.00	CHF	0.00
12.11.2012	USD	934 100.00	CHF	885 116.73	2 920 150	CHF	0.37	CHF	1 080 455.50	CHF	-195 338.77	CHF	-195 338.77
11.03.2014	USD	206 162.29	CHF	195 338.77	-	CHF	0.37	CHF	0.00	CHF	195 338.77	CHF	0.00
14.11.2013	USD	878 534.00	CHF	805 439.97	1 945 050	CHF	0.42	CHF	816 921.00	CHF	-11 481.03	CHF	-11 481.03
12.03.2015	USD	12 522.94	CHF	11 481.03	-	CHF	0.42	CHF	0.00	CHF	11 481.03	CHF	0.00
11.11.2014	USD	1 132 822.00	CHF	1 101 923.15	1 500 450	CHF	0.58	CHF	870 261.00	CHF	231 662.15	CHF	231 662.15

<i>Date of payment</i>	<i>Amount paid in USD</i>		<i>in CHF* Carnet Distribution</i>		<i>Invoiced by</i>		<i>Total amount invoiced</i>		<i>Yearly Balance</i>		<i>Balance</i>		
					<i>TIR Carnets distributed</i>								
19.11.2015	USD	1 343 939.00	CHF	1 370 145.81	1 223 400	CHF	0.88	CHF	1 076 592.00	CHF	293 553.81	CHF	525 215.96
14.11.2016	USD	1 045 089.00	CHF	1 044 686.64	1 154 650	CHF	0.88	CHF	1 016 092.00	CHF	28 594.64	CHF	553 810.60
13.11.2017	USD	1 555 801.00	CHF	1 554 811.51	1 020 650	CHF	1.43	CHF	1 459 529.50	CHF	95 282.01	CHF	649 092.61
13.11.2018	USD	1 194 039.00	CHF	1 207 433.73	858 100	CHF	1.25	CHF	1 072 625.00	CHF	134 808.73	CHF	783 901.34
08.11.2019	USD	1 106 233.00	CHF	1 106 198.71	679 300	CHF	1.39	CHF	944 227.00	CHF	161 971.71	CHF	296 780.44 (**)

* Corresponds to the exchange rate USD/CHF applied at the date of payment

** Including deficit from 2015 to 2018 absorbed by IRU – 649 092.61 CHF

Annex II

Independent auditor’s report to the Presidency on the International Road Transport Union (IRU) accounts used for the invoicing and the advance transfer of the money required to finance the operation of TIRExB and the TIR secretariat for the year ended 31 December 2020

Independent auditor’s report to the Association Board of International Road Transport Union
Geneva

Opinion

On your instructions, we have audited the International Road Transport Union (IRU) accounts used for the invoicing and the advance transfer of the money required to finance the operation of the TIRExB and TIR secretariat for the year ended 31 December 2020 (the “Financial information”) of International Road Transport Union, relative to the implementation of the UNECE-IRU agreement, signed 1 November 2019.

In our opinion, the accompanying IRU accounts used for the invoicing and the advance transfer of the money required to finance the operation of TIRExB and TIR secretariat for the year ended 31 December 2020 is prepared in accordance with the UNECE-IRU agreement, signed 1 November 2019, and its annexes, as at 31 December 2020 as approved by the TIR Administrative Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of Financial information” section of our report.

We are independent of the association in accordance with the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of accounting and restriction on distribution and use

We draw attention to the fact that the Financial information is prepared in relation to the requirement of the UNECE-IRU agreement, signed 1 November 2019. As a result, the Financial information may not be suitable for another purpose.

Our report is intended solely for IRU for use in connection with the purpose as described in the preceding paragraph. We permit the disclosure of this report, in full only, by IRU, at its discretion, to UNECE for use in connection with the purpose as described in the preceding paragraph, without assuming or accepting any responsibility or liability to UNECE. Our report should not be used for any other purpose or distributed to or used by other parties, and we do not, in giving our opinion, accept or assume responsibility or liability for any other purpose or to any other parties to whom our report is shown or into whose hands it may come.

Our opinion is not modified in respect of this matter.

Responsibilities of IRU’s Management

Management is responsible for the preparation of the Financial information, for determining that the basis of preparation is acceptable in the circumstances, and for such internal control as Management determines is necessary to enable the preparation of the Financial information that are free from material misstatement, whether due to fraud or error.

In preparing the Financial information, Management is responsible for assessing the association’s ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting, unless Management either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

The Presidential Executive is responsible for overseeing the association's financial reporting process.

Auditor's responsibilities for the audit of the Financial information

Our objectives are to obtain reasonable assurance about whether the Financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.

We communicate with the Association Board or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers SA

(Signed) Pierre-Alain Dévaud

(Signed) Tarik Bouchama

Geneva, 16 July 2021

Enclosure:

- International Road Transport Union (IRU) accounts used for the invoicing and the advance transfer of the money required to finance the operation of TIRExB and the TIR secretariat for the year ended 31 December 2020

**Enclosure 1:
International Road Transport Union (IRU) accounts used for the
invoicing and the advance transfer of the money required to finance the
operation of TIRExB and the TIR secretariat for the year 2020:**

Report on changes in the accounts kept by the IRU for recording the advance amount transferred, the sums actually invoiced to finance the operations of TIRExB and the TIR secretariat for the year 2020

				<i>CHF</i>
Accounts balance at the beginning of the period				783 901.34
i.e. due payment to UNECE				
Deficit from 2015 to 2018 absorbed by IRU				649 092.61
Remaining accounts balance at the beginning of the period				134 808.73
Deficit from 2019				
Net amount transferred on 08.11.2019 to UNECE	USD	1 106 233.00		1 106 198.71
Carnet distribution by IRU during the financial year	# TIR Carnets	679 300		
Total amount invoiced by IRU to finance the operations of TIRExB and the TIR secretariat	CHF/TIR Carnet	x1.39		944 227.00
Resulting deficit during the financial year 2020 CHF 161 971.71				
Resulting balance at the end of the period				
Deficit from 2019 to 2020 (*)				296 780.44

* Amount not invoiced in 2019 and 2020 due to the lower TIR Carnet distribution than forecast. The deficit from 2019 will be reflected in the amount per TIR Carnet in 2021 and the deficit from 2020 will be reflected in the amount per TIR Carnet in 2022, as per the procedure foreseen in point 12 of Annex 2 of the agreement between the United Nations Economic Commission for Europe (UNECE) and the International Road Transport Union (IRU), signed on 1 November 2019.

Glossary

TIR Carnet distribution by IRU

The number of TIR Carnets distributed shipped and invoiced by IRU to the national associations.

Total amount invoiced

The product of the number of TIR Carnets distributed, multiplied by the amount invoiced (1.39 CHF) per TIR Carnet for the purpose of the financing of the operations of TIRExB and the TIR secretariat.

Amount invoiced per TIR Carnet

Amount allocated to each TIR Carnet (1.39 CHF) to recover the amount advanced by IRU to UNECE for each financial year

Financial year

The period from 1 January to 31 December 2020.