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Economic Commission for Europe

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Item 4 (b) (ii) 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 2021 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. In the Annexes, the secretariat reproduces the audit certificate for the year ending 31 December 2021 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.

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 2021.

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 the TIRExB and TIR secretariat for the year ended 31 December 2021 and have issued our audit report dated 25 January 2022.

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.

(Signed) Pierre-Alain Dévaud

(Signed) Tarik Bouchama

Geneva, 25 January 2022

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 the IRU. The price of each type of TIR carnet is

automatically imported from the system. The TIRExB / TIR Secretariat costs of CHF 1.80 per carnet appear separately on the invoice for the year 2021.

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

We traced the advance paid by IRU to the UNECE to the bank statement.

We recomputed the deficit for the period.

We reconciled the opening balance of deficit to the audited closing balance of prior period.

We reconciled the total amount invoiced by the IRU to finance the operations of the TIRExB and TIR Secretariat to the general ledger and the trial balance.

We tested the amount of carnet issued during the period, based on a selection, for which we traced back each amount reported in the TIR Statistic to the invoice.

**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 2021**

| <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 (**) |
| 13.11.2020 | USD | 1 336 233.00 | CHF | 1 227 746.07 | 709 181 | CHF | 1.80 | CHF | 1 276 525.80 | CHF | -48 779.73 | CHF | 248 000.71 |

* 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 2021

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 2021 (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 2021 is prepared in accordance with the UNECE-IRU agreement, signed 1 November 2019, and its annexes, as at 31 December 2021 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, 25 January 2022

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 2021

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 2021:**

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 2021

| | | <i>CHF</i> |
|---|-------------------|--------------|
| Accounts balance at the beginning of the period | | 296 780.44 |
| Deficit from 2019 to 2020 | | |
| Net amount transferred on 13.11.2020 to UNECE | USD 1 336 964.00 | 1 227 746.07 |
| Carnet distribution by IRU during the financial year | # Carnets 709 181 | |
| Total amount invoiced by IRU to finance the operations of TIRExB and the TIR secretariat | CHF/carnet x1.80 | 1 276 525.80 |
| Resulting deficit during the financial year 2021 CHF 86 029 (Part of non-recovered deficit 2019 included in the carnet price calculation 2021) to be report as deficit 2021. | | |
| Resulting balance at the end of the period | | |
| Deficit from 2020 to 2021 (*) | | 248 000.71 |

* Amount not invoiced in 2020 and 2021 due to the lower TIR Carnet distribution than forecast. The deficit from 2020 will be reflected in the amount per TIR Carnet in 2022 and the deficit from 2021 will be reflected in the amount per TIR Carnet in 2023, 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

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 (1.80 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 (1.80 CHF) to recover the amount advanced by IRU to UNECE for each financial year

Financial year

The period from 1 January to 31 December 2021.