

**Intermediate Progress Report - 31.12.2019 – updated after OIOS review in January 2020**

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

No.	Recommendation	Critical/ 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	O	<p><i>Implementation ongoing.</i></p> <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. An Informal document comprising the recommendations by the consultants on the monitoring and evaluation of the documentation was submitted to the TIR Administrative Committee at its October 2019 session. The Committee requested the secretariat to submit the updated list of documentation for consideration at its February 2020 session.  <a href="http://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-2020-08e.pdf">http://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-2020-08e.pdf</a></p>	<p>06/02/2020</p> <p><i>Target date as per Management Response</i></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	O	<p><i>Implementation ongoing.</i></p> <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. The TIR Administrative Committee, at its October 2019 session, took note that the secretariat had already drafted a document which included updated terms of reference for TIR focal points which would be submitted as formal document at its February 2020 session. The Committee supported the suggested course of action by the secretariat and requested covering also the association focal points while drafting the terms of reference.  <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>06/02/2020</p> <p><i>Target date as per Management Response</i></p>
3	ECE should bring to the attention of the Administrative Committee the need to develop appropriate procedures	Important	O	<p><i>Implementation ongoing.</i></p> <p>At its October 2019 session, the TIR Administrative Committee concluded that the recommendation was important for the TIR system and that an appropriate mechanism needed to be put in place concerning parts (a) and (b) of the recommendation. The Committee requested the secretariat to</p>	<p>15/10/2021</p> <p><i>Target date as per Management Response</i></p>

No.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/O <sup>4</sup>	Actions taken to close recommendation	Implementation date <sup>5</sup>
	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 requirements.			prepare a document for its February 2020 session, covering both (a) and (b). A formal document on appropriate procedures concerning evaluation of qualified organizations and the periodic assessment has been submitted to the 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>	
4	ECE should amend its agreement with the external partner to include the additional requirements introduced by the Convention in July 2018.	Important	C	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.	<b>Implemented</b> 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	O	<i>Implementation ongoing.</i>  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. Member States did not agree to amend the existing guidance on XB approval process.  OIOS reviewed the action initiated by ECE in January 2020 and concluded that the recommendation is still open pending receipt of draft proposal presented to Member States.	<b>Revised target date</b> 31/12/2020

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6	ECE should seek the advice of the Ethics Office on the apparent conflict of interest arising from its arrangement 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.	Important	O	<p><i>Implementation ongoing.</i></p> <p>At its October 2019 session, the TIR Administrative Committee took note of the need of ECE to seek the advice of the Ethics Office on the apparent conflict of interest arising from its arrangement with the external partner on the eTIR project, however reiterated its strong support for the continuation of the project, knowing that the future of the TIR Convention is strictly connected with the efficient implementation of the eTIR project. It added that, irrespective of the recommendations, the vital importance of the Memorandum of Understanding for the future of the eTIR project and, thus, for the TIR system, needed to be acknowledged (see paras. 73-75 in <a href="https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2019/ECE-TRANS-WP30-AC2-145e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2019/ECE-TRANS-WP30-AC2-145e.pdf</a> ).</p> <p>ECE sent a letter to the Ethics Office on 20 December 2019, addressing the issue at stake and seeking its advice.</p> <p>OIOS reviewed the action initiated by ECE in January 2020 and concluded that the recommendation is still open pending receipt of letter from Ethics Office.</p>	<p><b>Revised target date</b></p> <p>31/12/2020</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) "Studying the reasons for the decline in sale of TIR Carnets" was included in the programme of work of the TIR Executive Board for the years 2019-2020. The Board, at its June 2019 session, mandated the secretariat to conduct a survey to that end. At its October 2019 session, the TIR Administrative Committee took note that the study on the reasons for the decline in sale of TIR Carnets over the years and the development of a relevant action plan had already been prepared by the secretariat and considered by the TIR Executive Board at its October 2019 session. The Committee requested the secretariat to submit the study as amended with comments provided by TIR Executive Board 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: <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>7(b) At its October 2019 session, the TIR Administrative Committee took note that the secretariat also included this item in the work plan of the consultants hired to draft the agreement and that their proposals would be available with their report. The Committee noted that the secretariat will prepare a formal</p>	<p>06/02/2020</p> <p><i>Target date as per Management Response</i></p>

No.	Recommendation	Critical/ Important <sup>3</sup>	C/O <sup>4</sup>	Actions taken to close recommendation	Implementation date <sup>5</sup>
				document for consideration at its February 2020 session on developing an appropriate alternative financing arrangement to ensure the sustainability of TIR operations. <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>	
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.	Implemented 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> ).	Implemented 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	O	<i>Implementation ongoing.</i>  During initial considerations at its June 2019 session, the TIR Executive Board requested the secretariat to develop an action plan, in line with the recommendation. The draft action plan was submitted to the Board at its October 2019 session. The amended version, based on comments received from the Board, has been 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-AC2-2020-02e.pdf">https://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2020/ECE-TRANS-WP30-AC2-2020-02e.pdf</a>	06/02/2020  <i>Target date as per Management Response</i>

<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.