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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 2018 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 kept for the invoicing and advance transfer of the money required for the operation of the 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.2/89, para. 38 and Annex II). The Committee may also wish to recall that, at its sixty-ninth session in February 2019, it was informed that, on 14 January 2019, the external auditor of IRU had produced an audit certificate reflecting the amount transferred by IRU and the amount actually invoiced by IRU when distributing TIR Carnets in the year 2018. Further to a request from the Russian Federation for access to the audit certificate, the secretariat stated that it would consult with relevant United Nations services to provide the audit certificate to contracting parties (see ECE/TRANS/WP.30/AC.2/141, paras. 34–36). In the Annex the secretariat reproduces the audit certificate for the year ended 31 December 2018 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.

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

Annex

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 2018.

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

We have audited the IRU accounts used for the invoicing and the advance transfer of the money required to finance the operations of the TIRExB and TIR Secretariat as per the UNECE-IRU Agreement dated 25 October 2016 and its annexes, as of and for the year ended 31 December 2018. The report presents the changes in the accounts kept by the IRU for recording the advance amount transferred, the sums actually invoiced for the financing of the operations of the TIRExB and the TIR Secretariat, the resulting balance as well as the actual number of TIR Carnets distributed by the IRU during the year ended 31 December 2018.

This report is the responsibility of the IRU s management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the report is free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the schedules. We have also assessed the accounting principles used, significant estimates made and the overall presentation of the schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information provided by the IRU relative to the implementation of the UNECE-IRU Agreement concerning the accounts kept by the IRU for recording the advance amount transferred, the sums actually invoiced to finance the operation of the TIRExB and the TIR Secretariat through the TIR Trust Fund according to the decisions of the TIR Administrative Committee, the resulting balance as well as the actual number of TIR Carnets distributed by the IRU during the year ended 31 December 2018 present fairly, in all material respects, the financial position relative to the implementation of the UNECE-IRU Agreement dated 25 October 2016 and its annexes as at 31 December 2018 and the results of operations and cash flows for the period then ended.

Furthermore, in our opinion, the transactions that have been identified or tested as part of our audit have, in all significant respects, been found to be in accordance with the UNECE-IRU Agreement dated 25 October 2016 as approved by the TIR Administrative Committee.

PricewaterhouseCoopers SA

(Signed) Marc Secretan

(Signed) Coralie Dumollard

Geneva, 14 January 2019

Enclosures:

- Report on changes in the accounts during the year 2018 (including glossary)
- 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 the IRU from the issuance of the TIR Carnets from 1999 to 2018.

**Enclosure 1:
Report on changes in the accounts kept by the International Road
Transport Union (IRU) for recording the advance amount transferred,
the sums actually invoiced to finance the operations of the TIRExB and
the TIR Secretariat for the year 2018**

			CHF
Accounts balance at the beginning of the period (from 2015 to 2017)			553 810.60
Net amount transferred on 13.11.2017 to the UNECE for 2018	USD	1 555 801.00	1 554 811.51
Carnet distribution by the IRU during the financial year 2018	# carnets	1 020 650	
Total amount invoiced by the IRU to finance the operations of the TIRExB and TIR Secretariat*	CHF/carnet x1.43		1 459 529.50
Resulting deficit during the financial year 2018 CHF 95 282.01			
Resulting balance at the end of the period			
Deficit from 2015 to 2018**			649 092.61

* As per the Agreement between United Nations Economic Commission for Europe (UNECE) and International Road Transport Union (IRU) signed on 25 October 2016, the amount to be invoiced per carnet in 2018 is CHF 1.43. However, the actual amount invoiced by IRU in 2018 is CHF 0.88 per carnet, considering the difficult financial environment in which the industry operates and in particular road transport operators. This situation leads to an internal deficit for IRU to be managed internally.

** Amount not invoiced since 2015 due to the lower carnet distribution than forecast. This amount should be invoiced on the TIR carnets distributed in 2019 or be subject to the procedure foreseen in point 12 (b) of Annex 4 of the Agreement between United Nations Economic Commission for Europe (UNECE) and International Road Transport Union (IRU) signed on 25 October 2016.

Glossary

Carnet distribution by the IRU

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

Total amount invoiced

The product of the number of TIR carnets distributed multiplied by the amount invoiced (1.43 CHF) per TIR Carnet for the purpose of the financing of the operations of the TIRExB and the TIR Secretariat.

Amount invoiced per TIR carnet

Amount allocated to each carnet (1.43 CHF) to recover the amount advanced by the IRU to the UNECE for each financial year

Financial year

The period from 1 January to 31 December 2018.

Enclosure 2: 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 the 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, the IRU makes two controls before going to the next stage in the process: the IRU checks that the inventory of desired TIR Carnets is enough to fulfil the order and the 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, the 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, the 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 the 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 0.88 per carnet appear separately on the invoice for the year 2018.
8. Each TIR carnet is linked to a delivery note number and an invoice number in the IRU applications so that the IRU knows precisely which associations are using the TIR Carnets.
9. Upon receipt of the delivery, the Association sends a confirmation to the 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 the 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 3: 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:

The IRU performed a confirmation programme of national associations as at 30 September 2018. We reviewed the confirmation programme, the number of answers and the potential differences in the account balance. Based on 30 September 2018 situation, we made a follow up of the TIR carnet debtors until 31 December 2018.

We reviewed the payment of TIR carnet invoices after 31 December 2018.

**Enclosure 4:
Summary of amounts paid to the United Nations and amounts invoiced by the IRU from the distribution of TIR
Carnets from 1999 to 2018**

<i>Date of payment</i>	<i>Amount paid in USD</i>			<i>in CHF* Carnet Distribution</i>		<i>Invoiced by TIR Carnets distributed</i>		<i>Total amount invoiced</i>		<i>Yearly Balance</i>		<i>Balance</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
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

<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>								
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

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