UNIVERSAL
POSTAL
UNION

EIDGENÖSSISCHE FINANZKONTROLLE
CONTRÔLE FÉDÉRAL DES FINANCES
CONTROLLO FEDERALE DELLE FINANZE
SWISS FEDERAL AUDIT OFFICE

Audit of the 2021 consolidated financial statements

Universal Postal Union

CDF-21481 | Position paper version | 4 July 2022

Table of contents

In accordance with article 148, paragraph 1, of the General Regulations approved at the 26th Congress in Istanbul in 2016, the Government of the Swiss Confederation shall supervise, without charge, the bookkeeping and accounting of the Universal Postal Union (UPU). On the basis of this provision, this mission has been entrusted to the country's highest public financial audit body, namely the Swiss Federal Audit Office (SFAO), which thus serves as External Auditor of the UPU accounts.

The terms of reference are defined in article 37 of the Financial Regulations and in the Additional terms of reference governing external audit annexed to those Regulations. The members of the SFAO thus mandated fulfil their function autonomously and independently, with the support of their colleagues.

The SFAO provides services in relation to the external audit of the UPU in a manner that is fully independent of its role as the supreme financial oversight body of the Swiss Confederation. The SFAO has a team of highly qualified professionals with wide experience of audits in international organizations.

For more information, please contact:

Mr Eric-Serge Jeannet, Deputy Director, tel. +41 58 463 10 39, eric-serge.jeannet@efk.admin.ch

Mr Didier Monnot, Head of Audit Mandates, tel. +41 58 463 10 48, didier.monnot@efk.admin.ch

[1] *English Translation Service note: there is a typo in the original French ("Paragraphs **139**–139")*

Doc 3 An 1
Universal Postal Union

Summary of the audit

Audit opinion without reservation

1. The 2021 financial statements of the UPU were prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The SFAO is able to issue an audit opinion without reservation.

The internal control system must be strengthened within the organization

2. An effective internal control system (ICS) reduces the risk of significant irregularities in the financial statements. In order for such a system to operate, it must be formally documented, and staff must be familiar with it. Noting that the UPU has not yet achieved this level of internal control, the SFAO has issued 15 new recommendations.

3. The UPU continues to improve controls at the organizational level. Implementation of the recommendations issued last year on the assessment of risks and monitoring of controls is on track. However, the UPU is still to make progress with respect to ICS documentation, in particular the risk and control matrices.

4. Whereas the SFAO noted advances last year, the quality of the account closure process and the preparation of the 2021 financial statements has been markedly unsatisfactory. Control measures fall short throughout the annual account closure process, across a number of areas such as employee benefits – a significant aspect for the UPU. The four-eyes principle is generally not applied and the UPU has not reviewed the financial statements in their entirety.

5. The general IT controls require change. The efficacy of change management is not guaranteed; it is therefore essential that the controls be formalized further. Management of access rights and information security, as well as responses to IT incidents, also need to be improved.

6. Documentation of the processes and internal controls related to staff expenses needs to be overhauled. The risk and control matrices are not in line with real operational processes and formalization of key controls can sometimes be lacking.

7. In order to monitor financial risk and the Union’s ability to continue as a going concern, the UPU Management must regularly analyze the cash flow. A medium-term financial plan constitutes a useful tool to guide the UPU; however, this plan is neither discussed nor approved by the Executive Management.

Execution of the audit

Purpose and scope of the audit

8. The purpose of the financial audit is to issue an opinion on the consolidated financial statements of the UPU, on the basis of IPSAS, for the financial year ending 31 December 2021.

9. Financial year 2021 was governed by the relevant provisions of the Constitution and of the General Regulations (Istanbul 2016); by the Financial Regulations and the Rules on Financial Administration, Accounting Organization and Control of the UPU; and by IPSAS.

10. The consolidated financial statements comprise the statement of financial position, the statement of financial performance, the statement of changes in net assets, the statement of cash flow, the statement of comparison of budget and actual amounts, and the notes to the consolidated financial statements.

11. The audit was conducted in accordance with the International Standards on Auditing (ISA[2]), and in compliance with the additional terms of reference annexed to the UPU's Financial Regulations, which require the audit to be so planned and conducted as to obtain reasonable assurance that the consolidated financial statements are free of significant irregularities.

12. The 2021 accounts of the UPU Provident Scheme were the subject of a separate audit report and correspondence. The same goes for the accounts of the three translation services (Arabic, English and Portuguese), given that they are not consolidated.

Key areas of the audit

13. For the purposes of the audit, the SFAO performed a risk assessment, on the basis of which it identified the main risks, the key areas to be audited, and the audit approach.

14. The ISA define the role that the auditor must fulfil with regard to the risk of potential misstatements in the financial statements, whether caused by fraud or error (ISA 240). Consequently, the External Auditor adopted procedures specific to this field.

No.	**Description of potential risk of misstatements**	**Audit findings**
1	*Override of controls by the Management* The Management can reject or ignore controls, requirements and guidelines (significant risk).	§ 16; 62–63 § 94; 114–115

[2] Published by the IAASB (International Auditing and Assurance Standards Board).

No.	Description of potential risk of misstatements	Audit findings
2	*Operational continuity* There is significant doubt as to the operational continuity of the UPU. The assumptions for the organization's continuity of operations are no longer met.	§ 69–81
3	*Recognition of revenue and evaluation of debts* Recovery of doubtful debts is inadequate. Insufficient provision is made for needs in respect of reserves and depreciation.	§ 87–89
4	*Investments* There are significant errors in the valuation of investments.	§ 84–86
5	*Employee benefits* Obligations are not correctly entered in the accounts. The assumptions used by the Management in evaluating commitments in respect of employee benefits are not reasonable or sufficient.	§ 104–110

Communication with the Management and management bodies during the audit

15. During the preparatory phase of the audit, the SFAO initially met with Mr P. Clivaz, Deputy Director General, up to 31 December 2021, and then subsequently with Mr M. Metoki, Director General, and Mr M. Osvald, Deputy Director General, from 1 January 2022.

16. In the course of the audit work, the SFAO met with the Executive Management, Mr O. Dreier and other employees in the Finance Directorate (DFI), and with members of other International Bureau directorates, depending on the subject matter.

17. The findings of the audit were communicated to the DFI at meetings on 14 December 2021 and 4 July 2022. The latter meeting served as the final discussion, and was held in the presence of Mr M. Metoki, Director General; Mr M. Osvald, Deputy Director General; Mr M. Miyaji, Special Senior Adviser; Mr V. Dubenko, Director of Finance; Mr O. Dreier, Accounting, Budget and Treasury Coordinator; and Ms X. Fu, Governance and Internal Control Coordinator. The SFAO was represented by Mr M. Köhli, Competence Centre Manager, and Ms V. Bugnon, Audit Manager.

18. The SFAO will not reproduce in this report the points and issues of minor importance that were clarified and discussed in the course of the audit or at the above-mentioned meetings with the DFI.

Examination of the work of the Internal Auditor

19. During the interim and final audits, the SFAO conducted a review of the work of the Internal Auditor. The internal audit function has been outsourced since 2011.

20. The internal audit reports[3] that were reviewed contained some interesting observations which, while requiring action on the part of the UPU, did not have a direct and significant impact on the work of the SFAO.

Internal control system

21. Each year, the SFAO notes the controls carried out at the organization level and general IT controls. For each financial year, it examines the account closure and financial statement preparation procedure. For the 2021 financial year, the SFAO also took note of the ICS relating to staff expenses.

Controls at the organization level

22. The Union has an ICS manual setting out the ICS objectives and describing the ICS components applicable to the organization. The various roles and responsibilities are also set out therein.

Control environment

23. According to the ICS manual, to provide an effective control environment, the UPU has committed to pursuing integrity and ethical values, establishing structures, authorities and responsibilities, and ensuring the competency and accountability of its staff.

24. Ethics and integrity are central themes for the UPU. An Ethics Office, which has been outsourced since 2016, is mandated to assist the UPU Director General in ensuring that International Bureau staff act in accordance with the UPU's missions and perform their duties in line with the highest standards of competency and integrity. It helps to establish a culture of ethics, transparency and accountability at the International Bureau secretariat. In 2021, the annual training organized by the Ethics Office focused on the theme "Speaking up". It sought, in particular, to remind staff of the policies and the reporting channels in place. The Ethics Office presented its annual report to the Council of Administration (CA) in May 2022.

---

[3] The reports examined were the following:
- Report 01.2021: Risk assessment and audit planning
- Report 02.2021: Risk assessment
- Report 03.2021: Review of the voting system
- Report 04.2021: Follow-up of recommendations
- Report 05.2021: Annual internal audit activity reporting 2021
- Report 06.2021: Achievement of the strategic objectives
- Report: Special investigation

25. The code of conduct, entitled “An employee’s guide to proper professional conduct”, also allows the organization to discuss staff ethics and integrity.

26. The UPU has a system for financial disclosure and sources of possible conflicts of interest in the activities of international civil servants. In its independent report of 30September 2021, PwC indicated that it had not identified any real conflicts of interest for the 2020 disclosure period. The examination focused on 52 staff members with responsibilities involving potential conflicts of interest. PwC issued recommendations to help the UPU continue to promote and maintain compliance with the financial disclosure programme. The results of the report were presented to the CA in May 2022.

27. In terms of communication and transparency, most information is available on the UPU website, including internal and external audit reports and follow-up on audit recommendations. The SFAO also notes that the meeting minutes of various management committees have been published on the UPU intranet since 2022.

28. During its audit of the 2021 accounts, the SFAO took note of the restructuring of the International Bureau, as approved by the CA in May 2022. The amended organizational structure is in place from 1 June 2022. In parallel, the UPU reviewed the various committees in place up to 2021.

29. The UPU has an Internal Audit Committee (IAC) whose mission, among other things, is to coordinate, manage and monitor external audits and their results. As part of its mandate, it also controls risk management processes and the ICS. The IAC ensures conformity with the Rules of Financial Administration, the Financial Regulations and the code of conduct. The IAC is formed from members of the UPU Management.

30. In 2021, the UPU and its Provident Scheme decided to formally withdraw their declaration recognizing the jurisdiction of the Administrative Tribunal of the International Labour Organization (ILOAT) and to recognize that of the United Nations Appeals Tribunal (UNAT). To fulfil the conditions and criteria of UNAT, the UPU formed the Appeals Committee, which is primarily responsible for dealing with legal affairs.

31. The Appeals Committee provides a mechanism for dispute settlement, receiving and examining appeals against administrative decisions or disciplinary action taken by the Director General concerning staff members, and making decisions on these appeals. It must remain independent from the UPU and is composed of a chair (an independent external lawyer), a representative from Management, and a member representing the Staff Association Committee.

32. Following the Appeals Committee’s decision, the UPU and the staff member in question are both entitled to appeal against the decision with UNAT. The International Bureau has documented this new procedure in an update to its Staff Regulations and Rules made in early 2022.

33. During its audit, the SFAO noted that candidate files and details of their processing are kept in folders stored in the office of the former Director of Human Resources. These folders are not kept in locked storage.

Evaluation of the SFAO

The SFAO considers the UPU's control environment, as defined in the objectives set out in the ICS manual, to be effective and appropriate to the organization.

The IAC is not independent from the UPU and its composition does not fulfil the criteria of a true audit committee. Instead, it acts as an audit steering or management committee. The SFAO proposes that the UPU change the name of this committee to avoid any confusion regarding its roles and responsibilities. As the UPU is a small-scale organization, creating an independent audit committee would be disproportionate.

As for the personal data contained in the job applications, the SFAO is of the opinion that the security of this data is not fully guaranteed.

Recommendation No. 1 (priority level 1)

The SFAO recommends that the UPU improve the security of personal data. Data must be kept in locked storage and only authorized individuals should have access.

Director General's comments

The UPU IB agrees with this recommendation.

Recruitment files are kept under lock and key. The files that the auditors saw were copies of CVs made by the former Director; these will be destroyed. Moreover, this office is always locked and used only by the DRH and (on this occasion for the first time) the auditors. No other staff can enter.

The UPU IB will continue to ensure that personal data (original documents and copies) is kept in locked storage and only authorized individuals have access.

(Scheduled date for implementation: December 2022, DRH)

Risk assessment

34. Every three years, the UPU undertakes an assessment of the strategic risks faced by the organization. This exercise was first carried out in 2014, and then again in 2017 and 2021. The Internal Auditor supports the UPU in this connection by providing it with a method and consolidating the results. The last assessment identified 17 risks, with four classified as being significant: namely, the UPU's raison d'être; funding; talent acquisition and retention, and conflicts of interest.

35. Following recommendation No. 1 of the report of 28 June 2021 (20339), the UPU carried out an annual strategic risk assessment based on a "top-down" approach. On 17 December 2021, the UPU Management met to discuss the strategic risk assessment. The SFAO notes that the discussions were recorded in the meeting minutes; however, the evaluation of the risks is not documented. The updated risk level is not reported and a conclusion and overview are missing.

Evaluation of the SFAO

Recommendation No. 1 from the 28 June 2021 report (No. 20339) has been partially implemented. The SFAO encourages the UPU to clearly document the results of the annual risk assessment.

Director General's comments

The UPU IB shares the view expressed by the External Auditor.

In December 2021, the UPU IB carried out a revision of the report of the strategic risk assessment which was conducted in June 2021. All UPU IB directors took part in this exercise.

However, the UPU IB will carry out the strategic risk assessment every two years (and not on a yearly basis) in order to be in line with the strategy cycle (Congress cycle and mid-term review of the strategy implementation). The next assessment will be conducted in June 2023 prior to the UPU Strategy Conference to be held during the Extraordinary Congress.

Control activities

36. The Union has introduced a number of risk and control matrices for each directorate. The ICS manual provides information on defining the controls and measuring their effectiveness.

37. The SFAO notes the following in relation to the documentation of control activities:

- Annex 2 "Inventory of processes" is redundant with Annex 3 "Risk and control matrices". The annex is not updated by all directorates and does not always contain all processes. Therefore, it is not useful and can be dropped.
- References to documentation tools for processes are not always up to date (e.g. reference to Qualigramm).
- The risk and control matrices do not include information on the frequency of controls.
- The proof to be provided for controls is not always adequate or sufficient.
- The description of controls is not always clear or complete.
- In certain directorates, the controls described indicate that certain risks are not being assessed effectively, if at all. The measures taken are not recorded.
- Some descriptions refer to risks rather than controls.
- Assessment of residual risk is not always adequate.
- The matrices do not focus on the key risks and controls for each directorate.
- For cross-functional processes, such as human resources, the associated risks and controls are covered by each directorate, but the relevant documentation differs greatly. Cross-references are made to other directorates. The risk of inconsistency, inefficiency (i.e. redundant controls and documentation) and a loss of accountability is unavoidable.

38. The SFAO also notes that International Bureau staff members are not familiar with the risk and control matrices; they are not a tool used in day-to-day work. For some directors, the matrices are considered a burden.

Evaluation of the SFAO

The SFAO recalls that it is important for the organization's staff to be familiar with these risk and control matrices, which must be applied on a daily basis as they constitute a main component of an effective ICS.

Documentation pertaining to the ICS that is out of date, incomplete and imprecise and which does not reflect real operational processes increases the risk of material errors in the financial statements. The current documentation does not meet the objectives of an effective and efficient ICS.

Recommendation No. 2 (priority level 1)

The SFAO recommends that, initially, the UPU review the processes and responsibilities assigned to the directorates. Subsequently, the UPU must update the risk and control matrices so as to focus on the key risks and controls, reflect operational processes, and avoid redundancy.

Director General's comments

The UPU IB agrees with this recommendation.

Following the final discussion with the External Auditor of the intermediate audit of the 2021 financial statements in December 2021, the UPU IB established an action plan to improve the ICS risk and control matrix. Meetings of all the directorates have been organized to address the following points:

- Responsibility of directorates regarding risks associated with cross-functional processes;
- Introduction in the matrices of the financially significant operational processes specific to the directorates and the risks associated with them;
- Simplification of the risk/control matrices to allow directorates to focus on key risks and controls.

The directorates will review the processes and responsibilities and update the risk and control matrices before the end of the year.

(Scheduled date for implementation: November 2022, DACAB)

Monitoring of controls

39. Monitoring procedures have been put in place, particularly the annual monitoring loop provided for in the ICS manual. The monitoring loop comprises three stages: updating the inventory and analyzing processes; monitoring the ICS; and reporting on the general performance of the ICS.

40. Following recommendation No. 2 of the report of 28 June 2021 (No. 20339), the UPU has introduced a self-assessment questionnaire on the ICS for each directorate. The SFAO has the following comments:

- Questionnaires are not signed by the process owner.
- The form does not contain any questions on the update, application and documentation of the controls related to Annex 1 (risks related to non-specific processes).

- The questionnaire does not include any questions to confirm that the directorates have evaluated their processes, in line with practice 17 in the ICS manual.
- The results presented to the Management are highly detailed.
- The monitoring schedule is not adapted to the annual account closure and the audit of accounts. The report is presented to the CA at the same time as the audit report.

Evaluation of the SFAO

The SFAO considers recommendation No. 2 of the report of 28 June 2021 (No. 20339) to have been only partially implemented. The UPU must recognize the aspects requiring improvement identified in this report in order to implement the recommendation.

The reporting of results to the Management must be simplified and must concentrate on the key points. The monitoring results must be available before the accounts are approved by the Management.

Director General's comments

The UPU IB shares the view expressed by the External Auditor.

In response to recommendation No. 2 of the report of 28 June 2021 (No. 20339), the UPU IB has undertaken to organize an annual assessment of operational risks as part of the internal control system. We will ensure that the results report is simplified and available before the approval of the accounts as requested by the SFAO.

General IT controls

41. During the interim audit at the end of 2021, the SFAO mandated EY to carry out an IT audit focusing on general IT controls. The enterprise resource planning (ERP) application related to these controls is the Dynamics NAV system (NAVISION), which is the main system used to support financial processes. In terms of the financial ICS, the general IT controls cover the following areas:

- Change management;
- Access rights management and information security;
- Management of IT operations.

Change management

42. The controls relating to change management must provide reasonable assurance that the modifications made to existing IT resources are registered, authorized, tested, approved and documented. The SFAO identified three principal controls:

- Modifications are correctly requested, authorized, tested and implemented, in line with the principle of the division of duties;
- Modifications made to IT applications are tested by business users and/or IT users before being put into production;
- Modifications made to IT applications are approved before being put into production.

43. The SFAO notes that the change management process is not supported by formal documentation. In particular, the link between the changes listed in the Excel project tracking file and the retrieval of all modifications is not systematically made. Information indicating which user made the change and which user put it into production is not available. Moreover, tests and approval of the switch to production mode are not systematically documented.

Evaluation of the SFAO

Without documentation, the efficacy of change management is not guaranteed and cannot be approved.

Recommendation No. 3 (priority level 1)

The SFAO recommends that the UPU ensure that each item identifier is sufficiently linked to the new version to allow for good traceability and to further formalize the development, test and implementation stages, as well as the phases to approve changes and the tests.

Director General's comments

The UPU IB agrees with this recommendation.

Technical governance will be transferred to the Postal Technology Centre management, which will be in charge of formalizing change management at the ERP level.

(Scheduled date for implementation: December 2022, DCTP)

Access rights and information security

44. The controls relating to access rights and information security must provide reasonable assurance that access to data files and programmes is restricted to authorized persons. The SFAO identified six key controls in this area.

45. The SFAO notes that all key controls are effective, with two having potential for improvement.

46. On the basis of the current password settings, the SFAO notes that there is no requirement to renew the password to access NAVISION after a certain amount of time.

Evaluation of the SFAO

The SFAO feels that the current settings do not fully guarantee secure access to NAVISION.

Recommendation No. 4 (priority level 2)

The SFAO recommends that the UPU increase password security by limiting the period of validity of passwords for the Active Directory to 90 days.

Director General's comments

The UPU IB partially agrees with this recommendation.

According to recommendations from the US National Institute of Standards and Technology, and UN security standards, enforcing regular password resets is no longer recommended.

We will implement the best practices of password and user access management as applied to the other UPU IB IT systems.

(Scheduled date for implementation: December 2022, DCTP)

47. In principle, new or additional access rights are approved by an appropriate individual before access is granted. The SFAO notes that the documentation relating to user creation requires improvement. The SFAO also observes that for three new user requests, the user name and their role in NAVISION were not explicitly included.

Evaluation of the SFAO

The SFAO believes that the traceability of requests is not guaranteed throughout.

Recommendation No. 5 (priority level 2)

The SFAO recommends that the UPU ensure that each user name is linked to an IDIL ticket, in order to maintain a high level of traceability, and that each role to be added is detailed in the ticket.

Director General's comments

The UPU IB agrees with this recommendation.

The current ticketing system (iDiL) will be replaced by an IT service management system (ITSM) designed to trace changes in user access rights.

There is an ongoing IT Steering Committee activity to rationalize technical responsibilities for NAVISION between the DCTP and DFI. In addition, the ongoing migration from iDiL to ITSM will solve this lack of traceability.

(Scheduled date for implementation: June 2023, DCTP)

IT operations

48. The controls relating to IT operations must provide reasonable assurance that any incidents in the system are recorded, examined and resolved, and that safeguards are in place.

49. The SFAO finds that three key controls covering IT operations are effective. That being said, the SFAO notes that the IDIL incident management and access tool does not differentiate between the request type (access, change or incident).

Evaluation of the SFAO

Traceability in the IDIL tool is not guaranteed.

Recommendation No. 6 (priority level 2)

The SFAO recommends that the UPU improve its follow-up of IDIL tickets by clearly differentiating between the different request types (access, change or incident).

Director General's comments

The UPU IB agrees with this recommendation.

The current ticketing system (iDiL) will be replaced by an IT service management system (ITSM) designed to trace changes in user access rights.

There is an ongoing IT Steering Committee activity to rationalize technical responsibilities for NAVISION between the DCTP and DFI. In addition, the ongoing migration from iDiL to ITSM will solve this lack of traceability.

(Scheduled date for implementation: June 2023, DCTP)

Account closure and financial statement preparation procedure

50. In the report of 2 July 2019 on the audit of the 2018 financial statements (No. 19027), the SFAO issued a recommendation on the improvement of the ICS relating to the account closure and financial statement preparation procedure. The DFI took a number of steps to improve the situation. The SFAO has, however, observed a decline in the account closure and financial statement preparation procedure for 2021. The SFAO has thus decided to replace recommendation No. 1 of the above-mentioned report with new recommendations.

51. The UPU uses a checklist for the annual closure of its individual bodies, which details closure activities rather than controls.

52. In terms of consolidation, the SFAO notes several shortcomings. The individual balances at 31 December 2021 sent by the UPU at the beginning of the audit were not the latest figures.

53. The SFAO also notes that the copy of the consolidation still does not tally with the automatic consolidation. For instance, the allocation of intercompany balances was not up to date. Individual balances documented in the consolidation do not present the full accounts, meaning that the exactness and completeness of the consolidation cannot be verified. As an illustration, the "Payments pending" account within the international reply coupon (IRC) account is not included in the balance at 31 December 2021. Consequently, the UPU made manual corrections in the consolidation, without investigation or justification.

Evaluation of the SFAO

The preliminary controls in the financial statement preparation procedure are not wholly effective.

Recommendation No. 7 (priority level 1)

The SFAO recommends that the UPU implement and clearly document the controls in place for the consolidation of the financial statements, along with their results.

Director General's comments

The UPU IB agrees with this recommendation.

The UPU IB will document the controls in place in the consolidation process and implement a formal sign-off of components for consolidation by the Chief Accountant and the Director of Finance.

(Scheduled date for implementation: closure of accounts 2022 – 1st quarter 2023, DFI)

54. In terms of the preparation of financial statements, the SFAO considers there to be a number of shortcomings. The financial statements provided to the SFAO at the

beginning of the audit were not complete. The annexes were not up to date. Certain English-to-French translations were carried out only at the end of the audit.

55. The quality of the financial statements is unsatisfactory. The UPU has not updated the introduction to the financial statements. The SFAO has identified several instances of inaccurate data in the financial statements (dates, 2021 figures, 2020 figures). The negative exchange gains and positive exchange losses were not presented separately. The SFAO also notes that there was no reconciliation of the data between the actuarial report, the accounts, statement III and the information presented in the annex to the financial statements. Differences were found. The amount of funds held in trust for translation services had not been updated in the corrected balances for the translation services. The negative miscellaneous income amounts did not alert the UPU to a potential classification or presentation error. There were discrepancies between the financial instruments in the annex and the balances appearing in the statement of financial position.

56. In addition, the preparation of financial statements relies predominantly on manual processes. When an element is updated in the Excel file, the other associated headings are not automatically updated. This means that the information contained in the financial statements is inconsistent.

Evaluation of the SFAO

The control relating to the reconciliation of actuarial gains and losses in statement III with the actuarial report produced during the preparation of the financial statements is ineffective as it is not implemented.

The four-eyes review of themes/headings in the financial statements during the preparation procedure is also not implemented.

Recommendation No. 8 (priority level 1)

The SFAO recommends that the UPU implement the controls defined in the financial statement preparation procedure: namely, the four-eyes principle for the individual headings in the financial statements, and the reconciliation of actuarial gains and losses in statement III with the actuarial report.

Director General’s comments

The UPU IB agrees with this recommendation.

The UPU IB will document the controls in place in the reconciliation with the actuarial report and the financial statements, and implement a formal sign-off of the reconciliation by the Chief Accountant and the Director of Finance.

(Scheduled date for implementation: closure of accounts 2022 – 1st quarter 2023, DFI)

Evaluation of the SFAO

The Chief Accountant and the Director of Finance do not carry out a review of the financial statements in their entirety.

Recommendation No. 9 (priority level 1)

The SFAO recommends that the UPU establish and introduce a review of the financial statements by the Chief Accountant and the Director of Finance.

Director General's comments

The UPU IB agrees with this recommendation.

The procedure of documented sign-off, as already set out in response to recommendations 7 and 8, will also apply to the financial statements in their entirety, signed by the Chief Accountant and Director of Finance.

(Scheduled date for implementation: closure of accounts 2022 – 1st quarter 2023, DFI)

Procedures related to staff expenses

57. In 2021, the SFAO noted that the ICS included procedures related to staff expenses. The ICS relies on a flowchart and a matrix of risks and controls. The SFAO observes that current procedure is aligned with the flowchart; however, the matrix of risks and controls is not in line with operational processes. The defined risks and controls and the proof, frequency and documentation of controls do not reflect the activities of human resources staff. The situation differs from the result of the 2021 annual monitoring loop, which indicates that the risk/control matrix for the procedures related to staff expenses is up to date. The SFAO also notes that the idea of "key controls" for the procedures is not known within the directorate.

58. The SFAO adds that certain controls are not really documented. As an example, the review of month-on-month changes before human resources staff meet to prepare the payroll is not formally documented. Meanwhile, approval of salary payments is given via e-mail at various levels (Human Resources Directorate, DFI and Deputy Director General).

Evaluation of the SFAO

The SFAO considers that the ICS documentation – the flowchart and the matrix of risks and controls – must align with the operational procedures established by the Human Resources Directorate. These two documents constitute tools for human resources staff in their day-to-day work. This observation regarding the Human Resources Directorate matches those relating to organization-wide controls. Recommendation No. 2, on the matrices of risks and controls, also covers the necessary improvements to the procedures related to staff expenses.

In order to benefit from a reliable ICS, all key controls must be documented and traceable. The SFAO considers the review of month-on-month changes to be a key control, while the four-eyes principle must be able to be demonstrated. An approval workflow for the entry and amendment of salary data in the application would ensure, for example, the traceability of changes and the documentation of approvals.

Recommendation No. 10 (priority level 2)

The SFAO recommends that the UPU formally document its key controls in procedures related to staff expenses.

Director General's comments

The UPU IB agrees with this recommendation.

The Human Resources Directorate will ensure that the flowchart and the matrix of risks and control are aligned with the operational procedures established, and formally document the organization's key controls in procedures related to staff expenses.

(Scheduled period for gradual implementation: December 2022 to June 2023, DRH)

Main results of the audit of 2021 consolidated financial statements

59. The audit carried out related to the 2021 consolidated financial statements of the UPU (French version). These statements comprise the statement of financial position (financial statement I), the statement of financial performance (financial statement II), the statement of changes in net assets (financial statement III), the statement of cash flow (financial statement IV), and the statement of comparison of budget and actual amounts (financial statement V), together with the notes attached to the financial statements. These consolidated financial statements are presented in accordance with IPSAS.

60. The SFAO considers the 2021 consolidated financial statements of the UPU to have been prepared in compliance with IPSAS. It is therefore able to issue an audit opinion without reservation.

61. In addition to the aspects highlighted by the SFAO in the section above on the account closure and financial statement preparation procedure, it has also identified other areas of improvement in the closure of certain specific topics. These findings and recommendations are presented in the following paragraphs.

Analysis of accounting data

62. In auditing the consolidated financial statements, the SFAO performed analytical procedures and detailed tests. As in previous years, it performed a journal entry testing (JET) analysis.

63. The analysis focused on all individual Union accounts. The results of these analyses were processed by the SFAO, and the additional work did not reveal any particular problems, with the exception of the supplier database, in which the SFAO identified duplication among the suppliers. The UPU blocked certain suppliers during the audit work. For others, the UPU will examine the situation and, if necessary, take appropriate measures.

Implementation and conformity with IPSAS

64. The IPSAS Board has published two new standards which will take effect after 31 December 2021:

- IPSAS 41: Financial Instruments (coming into force on 1 January 2023);
- IPSAS 42: Social Benefits (coming into force on 1 January 2023).

65. IPSAS 41 will entail, among other things, changes to the valuation of investments and depreciation of financial assets such as accounts receivable. Currently, the classification of debts resulting from statutory contributions in financial instruments is interpreted differently. This question still needs to be addressed at the international level. If they are considered as financial instruments, the rules relating to provisions for debts will need to undergo a thorough review. Significant work must be done to prepare for the application of this new standard. The UPU has already begun to follow up on the work of the Task Force on Accounting Standards.

66. With the introduction of IPSAS 41, the Quality of Service Fund (QSF) will have the opportunity to opt for a market value evaluation of its held-to-maturity bonds. These bonds are currently assessed at amortized cost.

67. The standards require retrospective application, which entails restatement of the opening balances; they do, however, provide for certain simplifications.

Evaluation of the SFAO

The entry into force of IPSAS 41 will have significant consequences for the UPU, especially if the debts resulting from statutory contributions fall under the application of IPSAS 41. It is important that the organization anticipate the effects of the introduction of the standard. Without making any formal recommendation, the SFAO encourages the UPU to take the necessary steps to prepare seriously for the entry into force of IPSAS 41. It is essential to adopt a common approach with the other UN specialized agencies. Restatement of the accounts at 1 January 2022 and for the financial year 2022 could be avoided as a result of the simplifications provided for by the standard.

Director General's comments

The UPU IB shares the view expressed by the External Auditor.

The UPU IB will liaise with the UN interagency budget and finance network to adopt a common approach on implementation of IPSAS 41.

68. IPSAS 42 provides indications on the accounting of expenses relating to social benefits. Social benefits are defined as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. This new standard will have no impact on the UPU financial statements.

Operational continuity

69. Under the going concern assumption, it is presumed that an organization will be continuing in its operations for the foreseeable future. The financial statements were prepared on the basis of this assumption.

70. The Union's readily available liquid assets have been steadily decreasing over the past few years. They stood at 3.0 million CHF at 31 December 2021, compared with 8.1 million CHF at 31 December 2020 and 16.1 million CHF in 2019. In 2021, the UPU made short-term investments to avoid negative interest on the cash flow. Taking into account these investments, the readily available Union funds amount to 29.3 million CHF. This amount has increased by 9.9 million CHF compared to 31 December 2021.

71. The recapitalization of the UPU Provident Scheme has a major impact on the level of the Union's liquid assets. The Union has a guarantee obligation vis-à-vis the Provident Scheme, and several payments have been made or partially made in recent years with the aim of increasing the scheme's degree of coverage to the minimum level according to the provisions of the Provident Scheme Constitution.

72. Between 2017 and 2019, the Union only partially honoured its guarantee commitments. In 2020 and 2021, the payment of 3.7 million CHF allowed the Union's guaranteed interest to be fully covered. This, combined with a good rate of return on assets, enabled the UPU Provident Scheme to achieve a coverage rate of 86.2% at 31 December 2021. As a result, the requirement of minimum coverage of 85% provided for in paragraph 2, article 5bis of the Provident Scheme Constitution has been met once again.

73. To ensure the long-term sustainability of the UPU Provident Scheme, the 2021 Congress decided to fully recapitalize the institution over a 25-year period, in two consecutive stages:

- up to a coverage rate of 85% by the end of the Abidjan Congress cycle (2024);
- up to a coverage rate of 100% by 2045 at the latest, subject to a re-assessment of the Union's financial position and, as the case may be, the recapitalization timeline.

74. Congress tasked the CA, supported by the International Bureau, with allocating an annual contribution of budgetary resources equivalent to 10% of annual expenditure, until a 100% coverage rate is achieved. Congress also decided that the option of joining the United Nations Joint Staff Pension Fund once the Provident Scheme is fully recapitalized, or as otherwise deemed feasible by the CA, should be maintained.

75. To date, only the Union has made payments aimed at recapitalizing the Scheme. Seeking a contribution from the translation services and other UPU entities – the Postal Technology Centre (PTC), EMS, UPU*Clearing and IRC – would be justified, as their staff are also covered by the Provident Scheme. In May 2022, the UPU proposed to the CA that the annual guarantee of 3.7 million CHF be shared between these entities. The CA accepted the principle; however, application of this measure still needs to be defined.

76. In 2019, the withdrawal of the United States of America from the UPU was avoided. This would have had significant financial consequences. The 2019 Congress took the decision to amend the UPU Convention. Under article 28bis, designated operators of member countries meeting certain conditions can self-declare rates, subject to the payment to the Union of fees totalling 40 million CHF over five years. Fulfilling those conditions, the United States (USPS) decided to remain a member of the UPU and self-declare its rates from 1 July 2020.

77. Under article 28bis as amended, the 40 million CHF is allocated as follows: 16 million CHF to a UPU tied fund for the implementation of projects on electronic advance data exchange and postal security, under the terms of a letter of agreement concluded

between the relevant designated operator and the Union; and the remaining 24 million CHF to a tied fund covering the long-term liabilities of the Union, as defined by the CA, under the terms of a letter of agreement concluded with the relevant designated operator and signed 7 August 2020.

78. The 16 million CHF portion has no impact on the readily available liquid assets of the Union as it is earmarked for project funding. The remaining 24 million CHF is to be allocated to recapitalizing the UPU Provident Scheme. The 2021 annual notification from USPS presents the allocation of the first 8 million CHF tranche paid: 2,266,350 CHF allocation to the implementation of project; and 5,733,650 CHF allocated to the tied fund covering the long-term liabilities of the Union. The Union has directly transferred this amount to the Provident Scheme. The United States decides the distribution of the 8 million CHF annual payment.

79. The renovation work to be done to the building constitutes another factor adversely affecting the readily available liquid assets of the Union. Initial studies estimate the investment needed at 34 million CHF. As the organization is unable to meet the cost of this work itself, funding is being sought. The International Bureau has worked on various possible scenarios ranging from obtaining loans from the host country to financing via the market. It is in contact with the FIPOI (the Swiss Confederation's Foundation for Buildings for International Organizations) and other financial institutions.

80. The SFAO notes that the recovery of debts has proven difficult for a number of years. The amount of unpaid debt is significant, with the provision for doubtful debts standing at 35.9 million CHF at the end of 2021. The SFAO reminds the International Bureau that the issue of debt recovery is capital. The SFAO notes that the 2021 Congress adopted an amendment to article 146 of the General Regulations, aiming to improve the recovery of debts. It comes into force on 1 July 2022.

81. The Head of the Accounting, Budget and Treasury Unit updated the five-year financial plan with three neutral scenarios and one optimistic and one pessimistic scenario at 31 December 2021. This plan does not indicate any major issues in terms of the amount of liquid assets available to the UPU in the coming five years. The SFAO notes that this financial plan has not been approved by the Management and is not used internally for financial planning within the organization. This analysis has been made only for the External Auditor.

Evaluation of the SFAO

Taking account of investments, the cash flow improved in 2021. Given the measures taken by the organization, the SFAO considers the going concern assumption to be appropriate. There is no material uncertainty that might cast significant doubt on the organization's ability to continue in its operations.

Nevertheless, the SFAO believes that the UPU's financial situation must continue to be monitored attentively. The resumption of activities following the COVID-19 pandemic is likely to lead to an increase in costs, which will impact liquid assets. For this reason, the SFAO believes that a five-year financial plan constitutes a valuable steering tool for the UPU Management.

Recommendation No. 11 (priority level 1)

The SFAO recommends that the UPU analyze cash flow scenarios at least annually at Management level, in order to respond to financial risks identified by the organization.

Director General's comments

The UPU IB agrees with this recommendation.

Delivery of long-term cash flow planning to the Executive Office during the audit was linked to the problem of liquidity projections, caused by non-delivery of statutory guarantees to the Pension Fund.

The 2021 Abidjan Congress resolved the problem (as recognized by the audit), so it was assumed that extended circulation of the long-term cash flow plan during the audit would no longer be required for this purpose.

However, the UPU IB will resume the practice of presenting the long-term cash-flows scenarios to the Executive Management at least once a year.

(Scheduled date for implementation: closure of accounts 2022 – 1st quarter 2023, DFI)

Cash and cash equivalents

82. The balances of the various cash accounts at 31 December 2021 were compared with those obtained from statements issued by the depositories. The cash amounts posted (47.5 million CHF in total) comply with the principle of the availability of funds within 90 days.

83. The total amount of cash held by the Union and available for use stood at 25.2 million CHF at 31 December 2021. This figure has increased greatly since the end of 2020, when it stood at 8.1 million CHF. During the audit, the SFAO noted an error in the identification of uncommitted UPU funds. The 24.0 million CHF adjustment was incorporated into the final version of the financial statements.

Investments

84. Total current investments amounted to 87.8 million CHF at the end of 2021. Meanwhile, investments only realizable after 31 December 2022 amounted to 32.6 million CHF and were presented with the non-current assets. Total investments therefore amounted to 120.3 million CHF, up from 98.3 million CHF at 31 December 2020.

85. As a reminder, in 2018 the QSF acquired a number of bonds (for the first time) with maturities ranging from 2019 to 2022. In line with its investment policy, the QSF buys new bonds each year. These bonds are considered as held-to-maturity financial assets. In line with IPSAS 29, they are valued at amortized cost, using the effective interest rate method. At 31 December 2021, these bonds were presented in the balance sheet for a total of 73.8 million CHF.

86. During the audit procedures, the SFAO noted a data entry error for a bond acquired in 2021. The bond had been undervalued at 31 December 2021 by 820,676 USD (750,918 CHF). The UPU corrected this error in the final annual accounts.

Evaluation of the SFAO

The ICS is inadequate: it did not identify this data entry error.

Recommendation No. 12 (priority level 1)

The SFAO recommends that the UPU define and introduce a control requiring the four-eyes principle for data entry for bonds to facilitate their annual review.

Director General's comments

The UPU IB agrees with this recommendation.

The Finance Directorate will introduce a formal sign-off for newly acquired bonds by the responsible expert and the Chief Accountant.

(Scheduled date for implementation 2022, DFI)

Accounts receivable (exchange and non-exchange transactions)

87. During its audit, the SFAO carried out various checks on accounts receivable. The checks showed that sanctions had been duly imposed on all the member countries that should be under sanctions according to the current rules. Likewise, an examination of existing amortization plans and those created, ending or cancelled in 2021 showed no particular problems.

88. Current receivables (from both exchange and non-exchange transactions) represented a net value of 52.2 million CHF (54.6 million CHF at the end of 2020), and non-current receivables (from non-exchange transactions) 16.7 million CHF (24.1 million CHF at the end of 2020). The decrease in non-current receivables can be explained by the ongoing contract with the US operator USPS for the financing of the UPU Provident Scheme and specific projects on postal security. The 8 million CHF corresponding to the 2021 tranche was transferred to the Union. The remaining balance of 24 million CHF is shown under current assets for 8 million CHF (8 million CHF at the end of 2020) and non-current assets for 16 million CHF (24 million CHF at the end of 2020). The balance of outstanding statutory contributions decreased by 4.3 million CHF in 2021. Two member countries paid their 2022 contributions totalling 4.1 million CHF before the end of 2021, whereas their 2021 contribution remained unpaid at the end of 2020.

89. The SFAO notes that the collection of receivables has proven difficult for a number of years. The amount of unpaid debt is significant, with the provision for doubtful debts standing at 35.9 million at the end of 2021 (35.4 million CHF at the end of 2020). The SFAO noted that measures had been taken by the Abidjan Congress aimed at improving the recovery of arrears. These measures take effect from 1 July 2022 and are as follows:

    - Other than in exceptional circumstances, recovery of arrears of mandatory contributions owed to the Union may not extend over more than 10 years. If the Congress or CA approves a payment plan for a period greater than 20 years, the minimum annual amount to repay the contributions in arrears must be at least equal to the country's annual contribution amount.

- In exceptional circumstances, Congress or the CA may release a member country from all or part of the interest owed if that country has paid the full capital amount of its debts in arrears.
- Also in exceptional circumstances, the Congress or CA may, on request, decide to release the member country from its debts in arrears and immediately remove the automatic sanctions applied against it on the condition that it makes a payment at least equal to half of the total amount of debts in arrears (not including interest applied) that it owes.
- The Congress or CA may also, on written request, decide to exceptionally release a member country with long-standing debts in arrears from these debts and remove the automatic sanctions applied against it, on condition that it makes a payment equal to the past five years' mandatory contributions to the Union (including the current financial year, but excluding interest applied).

Evaluation of the SFAO

The SFAO welcomes the UPU's efforts in supporting the collection of receivables. Once the measures come into effect, they should be implemented immediately to allow the issue of collection of receivables to be addressed rapidly and earnestly. This should help to ensure that the liquidities situation does not worsen.

Director General's comments

The UPU IB shares the view expressed by the External Auditor.

The information on the new mechanism for settling long-term debts was disseminated to the relevant parties at the beginning of July 2022

Other current and non-current assets

90. Other current assets total 4.0 million CHF and include, in particular, prepaid expenses and deferred charges, staff advances, other advances and tax advances.
91. Social Fund advances due to be repaid in more than a year's time total 17,850 CHF and are presented under "Other non-current assets".
92. During the audit, the SFAO noted that deferred charges and pending bank charges were included under current assets, with a credit balance of 38,922 CHF.

Evaluation of the SFAO

The credit balance was immaterial at 31 December 2021. The SFAO did not propose a correction. The SFAO believes that negative balances should be reclassified in a consistent way for each entity during account closure. The SFAO encourages the UPU to examine the accounts during annual account closure with a view to reclassification.

Director General's comments

The UPU IB shares the view expressed by the External Auditor.

The UPU IB will document the controls in place in the individual chart of accounts and implement a formal, documented sign-off of the balance by the Chief Accountant and the Director of Finance.

93. The SFAO notes that the deferred charges include income receivable from POST*Net for 61,283 CHF and STEFI (Secured Transfer of Electronic Financial Information) for 54,000 CHF from the Russian Federation for the 2019–2021 period. The UPU informed the SFAO that the PTC had encountered problems in the billing of services provided to Russia, following legislative changes in the country. Licence agreements and the Acceptance Certificate have not yet been signed between the two parties.

Evaluation of the SFAO

The total unbilled services for the three-year period remains acceptable as at 31 December 2021. Nevertheless, the SFAO believes that the UPU must take the necessary measures in 2022 to resolve this billing issue. The SFAO expects these deferred charges to be regularized at the end of 2022.

Director General's comments

The UPU IB shares the view expressed by the External Auditor.

The necessary measures to regularize this situation will be taken in 2022

94. The SFAO considered the fraud case relating to education grants. It notes that the operational process has been adapted and that administrative instruction 14 (Education grant) was revised in early 2022. The UPU has implemented recommendation No. 3 from report 20339. The SFAO checked the advance to be reimbursed by the employee as of the date of annual account closure, as well as the final financial transaction made in spring 2022. The SFAO notes that the UPU has never required the employee to sign to acknowledge the debt, although the employee has recognized the amount to be repaid. The SFAO noted the dismissal of this staff member by the UPU Management, as well as the appeal against that decision filed in May 2022.

Evaluation of the SFAO

The appeal made in May 2022 against the UPU is not a significant event requiring the adjustment of the 2021 financial statements or information to be provided therein. The SFAO will follow up on the dispute during the audit of 2022 accounts.

Director General's comments

The UPU IB acknowledges the comment.

Deferred revenue

95. Deferred revenue is recognized as a liability on the balance sheet for a total amount of 100.9 million CHF. It represents the statutory contributions billed in advance, and tied funds received from third parties.

96. The SFAO checked the balances and transactions related to the QSF projects. From a sample, the balances at the end of 2021 under deferred revenue and advance receipts were verified, along with the project expenses and voluntary contributions recognized in the statement of financial performance.

97. The SFAO noted that the deferred revenue for current QSF projects in the accounts at 31 December 2021 did not align with the project list used by the UPU. This difference had not been signalled by the UPU.

Evaluation of the SFAO

The difference identified by the SFAO of 45,000 CHF is not material. Nevertheless, it represents a shortcoming in the ICS. The SFAO does not wish to make a specific recommendation in this regard; however, such reconciliations must be included in the closure checklist.

Director General's comments

The UPU IB shares the view expressed by the External Auditor.

98. The SFAO identified charges and products entered in the accounts that were non-compliant with the accounting system for the closure of a QSF project during the financial year. The project expenses and voluntary contributions were overvalued by 110,159 USD (100,796 CHF). The UPU did not correct the error.

99. The SFAO also notes that a number of projects, even small-scale ones, have been open for several years. The SFAO asked the UPU to account for this and justify the validity of their status. The SFAO notes several causes: two projects are considered by the QSF Projects Unit as being closed since 2013–2014, despite the account closure process not being completed from an accounting perspective by the QSF Finance Unit; in another example, sanctions applied to the member country implementing the project are still in place, blocking its closure. For five cases, the projects are complete; however, QSF Projects has not taken the necessary steps to close the accounting file with QSF Finance.

Evaluation of the SFAO

These issues have not had a substantial influence on the 2021 annual accounts. They do, however, represent a shortfall in the processes and internal control of QSF project follow-up.

Recommendation No. 13 (priority level 2)

The SFAO recommends that the UPU ensure better coordination between services in the follow-up and administration of QSF projects.

Director General's comments

The UPU IB agrees with this recommendation.

A shared folder was put in place and a review of old projects has been launched.

(Scheduled date for implementation: 2022, DFI, DOP)

Advance receipts

100. Advance receipts totalled 80.6 million CHF at the end of 2021 (compared to 86.3 million CHF at the end of 2020). They essentially comprise the credits available to designated operators for carrying out QSF projects, amounting to 69.7 million CHF at the end of 2021 (69.1 million CHF at the end of 2020). The assets available and guaranteed for the PPS*Clearing system decreasing by 6.5 million CHF compared to 2020 account for the fall in advance receipts.

Provisions

101. The provision entered on the liabilities side of the balance sheet concerns proceedings and litigation under way. It fell by a third in 2021, from 75,000 CHF to 50,000 CHF.

102. In 2021, the ILOAT delivered its judgement on one of the three ongoing disputes in 2021. The plaintiff's case was unsuccessful and there were no financial consequences for the UPU.

103. In a second case, the plaintiff withdrew their ILOAT complaint at the beginning of 2022. The UPU dissolved the provision of 25,000 CHF.

Long-term employee benefits

104. Actuarial liabilities relating to pensions and various other UPU employee benefits are put to account in accordance with IPSAS 39. The actuarial analysis was performed by the UPU consultant actuary.

105. Long-term employee benefits, calculated using the projected unit credit method, are shown as a liability on the balance sheet for an amount of 224.8 million CHF. The two most significant amounts concern net obligations to the Provident Scheme (178.0 million CHF) and after-service health insurance (42.1 million CHF). The details of all the obligations are given in note 12 to the consolidated financial statements. The decrease in these two obligations resulted in an actuarial gain of 55.2 million CHF. The actuarial gain on investments of the provident plan amounts to 28.7 million CHF. The gain on changes in financial assumptions totalled 29.3 million CHF.

106. The liabilities for active staff working or retirees having worked in the three translation services were calculated separately by the consultant actuary, as their accounts are not consolidated.

107. The SFAO examined the application of IPSAS 39, the completeness and accuracy of the data used as a basis for the actuary's calculations, the assumptions used, and the entries into the accounts.

108. The SFAO identified several misstatements during its checks. The employee liabilities in the annual financial statements did not match the actuary report of 31 December 2021. The change in provisions for IRCs and the Union was based on inaccurate balances at 31 December 2020. The SFAO proposed that two audit adjustments be made. The information presented in note 12 was not consistent with the actuary report or the statement of financial position. The actuarial gains presented in note 12 did not match the statement of changes in net assets. The UPU has corrected these errors.

109. Moreover, the SFAO noted an error in the accounts regarding the actuarial losses at 31 December 2020. The total actuarial loss of 943,220 CHF, as confirmed by the actuarial expert, was entered in the accounts as a gain. A restatement of the accounts at 31 December 2020 was carried out on the SFAO's advice. This has no impact on net assets, but their allocation is affected.

Evaluation of the SFAO

These errors illustrate an inadequate ICS. The risk of error in long-term employee benefits is not adequately covered, even though it represents a significant exposure for the UPU.

Recommendation No. 14 (priority level 1)

The SFAO recommends that the UPU define and implement a review of account closure entries concerning employee benefits put to account according to IPSAS 39, and reconcile the actuarial report with the individual accounts and financial statements.

Director General's comments

The UPU IB agrees with this recommendation.

The Finance Directorate will put in place the procedure as already set out for recommendation 7.

The UPU will document the controls in place in the reconciliation with the actuarial report and the financial statement and implement a formal sign-off of the reconciliation by the Chief Accountant and the Director of Finance.

(Scheduled date for implementation: at closure of accounts 2022, 1st quarter 2023, DFI)

110. The SFAO notes that the demographic assumptions made by the UPU concerning rates of retirement in the calculation of obligations are based on LPP tables.

Evaluation of the SFAO

The SFAO considers that the rates of retirement from United Nations organizations generally differ from the LPP tables. Without making any formal recommendation, the SFAO encourages the UPU to consider the application of its own statistics for its assumptions on retirement, in order to value provident commitments in line with IPSAS 39 at 31 December 2022.

Director General's comments

The UPU IB does not fully share the view expressed by the External Auditor.

The accredited actuary assessed the representativeness of a statistical sample based solely on the participants in the UPU Provident Scheme, and found it to be insufficient for statistically accurate decision-making.

Net assets

111. Net assets comprise tied own funds[4], untied (or uncommitted) own funds[5], and reserves. The reserves are made up of the Social Fund, the building reserve, and the Special Activities Fund. At the end of 2021, the shortfall on the balance sheet stood at 177.1 million CHF. The decrease in the deficit is primarily due to the direct actuarial gain in net assets of 55.2 million CHF.

112. As in 2020, the two tied reserves "WNS" and "Barcode labels" – which are part of the tied own funds – had a negative balance (87,360 CHF and 80,794 CHF, respectively as at 31 December 2021).

[4] Accumulated surplus of other funds and accumulated deficit of controlled entities.

[5] Accumulated deficit of Union funds.

113. The SFAO noted that the two tied reserves that were already inactive at the end of 2020 (Commonwealth – 2,478 CHF and EcomAfrica – 12,746 CHF) had not been closed in 2021. The SFAO also identified two new inactive tied reserves at the end of 2021: Economic and statistical studies – 39,400 CHF; and external quality of service contracts (Voluntary Fund) – 22,655 CHF. The UPU has not yet taken any measures to close these funds.

Evaluation of the SFAO

Income is expected in 2022 from the negative reserves, and the balances remain acceptable. The balances of the inactive tied reserves are individually immaterial. For these reasons, the SFAO has not proposed that an audit adjustment be made.

Nevertheless, the follow-up process is flawed and very slow. Internal control during annual account closure did not identify this category of reserves and resolve the issue.

Recommendation No. 15 (priority level 2)

The SFAO recommends that the UPU implement an annual review of the tied reserves, in particular those showing a negative balance and/or being inactive. The UPU should then take the necessary corrective measures at annual closure.

Director General's comments

The UPU IB agrees with this recommendation.

It should be noted that the analysis is already in place. The UPU IB will further strengthen the internal process for the review and corrective actions.

(Scheduled date for implementation: 2022, DFI)

Staff expenses

114. Staff expenses, which amounted to 49.5 million CHF in 2021, represent the largest expenditure item of the UPU (63% of its total expenditure). The number of full-time equivalent employees remained stable compared with 2020.

115. The staff expenses for 2020 have been restated and reduced by 1.9 million CHF, owing to an error in accounting of actuarial losses. Details are provided in paragraph 109.

Revenue and expenses

116. The Union's revenue and expenses were the subject of analytical checks and detailed tests based on the materiality threshold applied for both the interim and final audits.

117. Areas such as sales, voluntary contributions, statutory contributions and other annual contributions, interest on accounts receivable, project expenses, travel expenses, consultants' services and external contracts, general operating costs and financial income and expenses were the subject of spot checks. The main observations are set out in the following paragraphs.

118. The SFAO notes that the expenses related to IT licences in the Voluntary Fund corresponded to costs held for resale. The SFAO proposed that these expenses be reclassified from general operational costs to be presented instead under materials and supplies for an amount of 84,544 CHF. The UPU made the necessary correction.

119. Miscellaneous income showed a negative balance of 234,506 CHF in an initial version of the 2021 financial statements. Two entries for a total of 255,401 CHF should have been listed under sales and appeared as an error. The SFAO requested that these amounts be reclassified under sales. The UPU adapted its financial statements accordingly.

120. The SFAO identified an incorrect presentation of exchange gains and losses: the UPU presented them as net rather than gross. The SFAO proposed that the exchange gains with a negative balance be reclassified as exchange losses and vice versa, for a total of 1,131,035 CHF. The UPU corrected the presentation of statement II and note 21 accordingly.

Statement of changes in net assets

121. The SFAO examined the table of changes in net assets (statement III) and checked the consistency of the movements. The SFAO noted adjustments concerning actuarial gains and foreign currency exchange. The UPU made the necessary corrections. (See also the chapter of this report on the ICS, specifically the section on "Account closure and financial statement preparation procedure".) The comparative figures have also been restated owing to an error in the actuarial losses recognized in the net assets (see § 109).

Statement of cash flow

122. The SFAO reviewed the positions in the table of cash flows (statement IV) and checked the amounts presented against the opening and closing balances.

123. The UPU made the necessary corrections to ensure that the cash flow table corresponds with the closing balances of the balance sheet.

Statement of comparison of budget and actual amounts and related note

124. The SFAO checked the statement of comparison of budget and actual amounts (statement V), which presents the gross actual expenditure amounts for 2021, which were 3,134,145 CHF less than the total budgeted for the year.

125. Like the consolidated financial statements, the UPU Programme and Budget is drawn up on an annual basis. In accordance with IPSAS 24, the amounts reported in the consolidated financial statements have been restated to provide a basis of comparison with those shown in the budget.

126. During its audit, the SFAO proposed that the budget-related information in the introduction be brought together under statement V. The SFAO noted that the budget initially presented in the table in statement V did not tally with the budget actually approved by the CA. The 2021 regular budget of 40,958,500 CHF proposed by the International Bureau was not accepted by the CA. Instead, it approved a regular budget for 2021 of 38,890,030 CHF. The breakdown of the budget by strategic pillar is not available.

Evaluation of the SFAO

The SFAO feels that a breakdown of the budget approved by the CA by strategic pillar should be available. Without this, internal planning for each pillar based on actual expenditure in comparison to the budget is difficult.

The SFAO does not intend to make a recommendation on this matter, as the 2022 budget approved by the CA is presented by strategic pillar. The SFAO encourages the International Bureau to revise the budget allocation so that the same situation does not arise again in the future.

Director General's comments

The UPU IB shares the view expressed by the External Auditor.

The revised version of the 2021 budget by activities (Programme and Budget) was not formally presented owing to the decision of the Executive Management to manage the reduction operationally. It should be underlined that this option was implemented in a proper manner, with the year's expenditure fully covered by the reduced amount.

In future, if similar circumstances arise, the UPU will officially publish a revision of the budget by activities.

127. The SFAO checked the reconciliation of the budget values with the table in note 18 – Reconciliation of statement of comparison of budget and actual amounts (statement V) and statement of financial performance (statement II). The budgetary data is thus reconciled with the actual amounts of income and expenses of the 2021 financial year.

Related party information

128. Note 17 to the consolidated financial statements shows an amount of 3.3 million CHF for 2021, corresponding to the salaries of the 11 senior managers at the UPU (10.3 at annual full-time equivalent). The total amount for 2020 was 3.0 million CHF for 10 senior managers (annual full-time equivalent).

129. In accordance with IPSAS 20, note 17 draws a distinction between the individuals at the head of an organization and the directors reporting to them. The SFAO noted during its audit that the salary of the acting Director of Human Resources was not included. At the SFAO's request, the UPU added the salary of 67,257 CHF, which relates to the period of 1 September to 31 December 2021.

Events after the reporting date

130. Note 22 to the financial statements provides information on events occurring after the reporting date. No events significantly affecting the 2021 consolidated financial statements have been noted.

Financial risks

131. In accordance with IPSAS 28 to 30, the UPU provides various information on the financial instruments in note 23 to the consolidated financial statements. The SFAO verified this information.

132. Up until 2020, the SFAO observed that the open balances of debtors and creditors for the presentation of financial instruments by currency were allocated according to the account currency, except in the case of UPU*Clearing. This division is also used to calculate the sensitivity analysis. As from 2021, the UPU adjusted the allocation, basing it on the currency of the initial transaction, while applying the principle of materiality.

Evaluation of the SFAO

The SFAO considers the application of the principle of materiality for the allocation of open debtor and creditor items to be acceptable. The method should continue to be used consistently and be clearly documented.

Director General's comments

The UPU IB shares the view expressed by the External Auditor and will continue to apply the materiality principle with clear documentation.

133. In addition, the SFAO noted several errors in the presentation of the financial instruments at 31 December 2021. The distribution by currency was inaccurate. The balance did not always align with the statement of financial position, while the sensitivity analysis included errors. The UPU adjusted the note based on the SFAO's remarks.

Evaluation of the SFAO

These inconsistencies highlight once again the lack of internal control for the financial statements. Recommendations Nos. 8 and 9 issued in the present report include this observation.

Director General's comments

The UPU IB shares the view expressed by the External Auditor and will put in place the procedure already set out for recommendations 7, 8 and 9.

Leasing and unrecognized contractual commitments

134. According to IPSAS 1[6], the notes should provide information on unrecognized contractual commitments. In addition, according to IPSAS 17[7], the notes should also indicate, for each category of tangible assets included in the consolidated financial statements, the amount of contractual commitments for the acquisition of property, plant and equipment. During the audit process, the SFAO identified several contracts for which the commitment had to be amended. At 31 December 2021, unrecognized contractual commitments totalled 18.9 million CHF.

135. The UPU was not a lessee in 2021 and had no commitments relating to operational leasing. In accordance with IPSAS 13[8], the UPU mentions the income expected from rental of premises. The information presented has no significant errors.

---

[6] IPSAS 1, point 129d
[7] IPSAS 17, point 89c
[8] IPSAS 13, point 69

List of additional entries

136. Misstatements, including omissions, 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 these financial statements. The SFAO considers an individual misstatement to be material if it exceeds 64,000 CHF. The impact of misstatements in the interpretation of the financial statements as a whole is considered material if it exceeds 800,000 CHF in total.

Additional unadjusted entries

137. The following table presents the additional entries noted during the audit that are unadjusted in the consolidated 2021 financial statements.

Description	**Effect on result (CHF)**	**Effect on net assets (CHF)**
Incorrect recognition of the closure of a QSF project (100,796 CHF, see § 98)	0	0
Total	**0**	**0**

Additional adjusted entries

138. The following table lists the additional entries noted during the audit and recorded.

Description	**Effect on result (CHF)**	**Effect on net assets (CHF)**
Employee benefit liabilities not reconciled with the actuary report for the UPU (703,166 CHF, see § 108)	-703,166	-703,166
Employee benefit liabilities not reconciled with the actuary report for IRCs (728,649 CHF, see § 108)	728,649	728,649
Incorrect data and valuation of a QSF bond (750,918 CHF, see § 86)	-751,285	-750,918
Exchange gains and losses shown as net amounts (1,131,035 CHF, see § 120)	0	0
Licence fees for resale classified under the wrong item in the operating account for the Voluntary Fund (84,544 CHF, see § 118)	0	0

Inaccurate presentation of actuarial gains in statement III for IRCs and QSF (17,480 CHF, see § 121)	0	0
Unnecessary deletion of consolidated account for IRCs and UPU Clearing (1,496 CHF, see § 53)	0	-1,496
Underestimation of other revenue and overestimation of PTC sales (255,401 CHF, see § 119)	0	0
Incorrect recognition of actuarial losses at 31.12.2020, restatement (1,886,440 CHF, see § 109, 115, 121)	0	0
Total	**-725,802**	**-726,931**

Insufficient information or incorrect presentation

139. The SFAO identified a number of errors in the annex to the consolidated financial statements 2021. All the misstatements have been corrected.

Audit recommendations

140. The recommendations made within the framework of previous account closure and financial monitoring audits have been followed up and their implementation status was reviewed at the end of May 2022.

141. Of the 20 open recommendations, five have been implemented, and the SFAO has chosen to close four others which are no longer applicable or have been replaced by new recommendations issued in this report. Progress has been noted with the implementation of the 11 other open recommendations.

Recommendations implemented or closed

142. The SFAO considers that the following recommendations have been implemented or closed since the last audit.

Audit report			Recommendations		
No.	**Date**	**Subject**	**No.**	**Type** [1]	**Unit** [2]
Implemented recommendations					
18055	05.06.2018	Audit of 2017 consolidated financial statements	2	FS	DFI
20338	24.08.2020	Audit of 2019 consolidated financial statements	1	Management	DL
20091	16.07.2020	IT governance audit	1	IT	DCTP
20339	28.06.2021	Audit of 2020 consolidated financial statements	3	Management	DRH
21202	14.12.2021	Electronic advance data project performance audit	4	Management	DOP/QSF
Closed recommendations					
12390	20.12.2012	Financial audit report on the process for managing working hours and absences	4	Management	DRH
13262	13.06.2013	Audit of 2012 consolidated financial statements	5	IT	DCTP
18055	05.06.2018	Audit of 2017 consolidated financial statements	1	IT	DCTP
19027	02.07.2019	Audit of 2018 consolidated financial statements	1	FS	DFI

[1] *FS: recommendations concerning the consolidated financial statements and accounting*
Management: recommendations concerning management in general
IT: recommendations concerning information technology

[2] *DFI: Finance Directorate*
DRH: Human Resources Directorate
DCTP: Postal Technology Centre Directorate
DL: Logistics Directorate
DOP/QSF: Postal Operations Directorate, Quality of Service Fund

Recommendations still outstanding

143. The monitoring carried out by the SFAO revealed that the following recommendations remain open. The details can be found in Annex 1 to the present report.

Audit report			Recommendations			
No.	**Date**	**Subject**	**No.**	**Type** [1]	**Unit** [2]	**Planned date of implementation**
20091	16.07.2020	IT governance audit	2	IT	DCTP	31.12.2021
20091	16.07.2020	IT governance audit	3	IT	DCTP	31.12.2021
20091	16.07.2020	IT governance audit	4	IT	DCTP	31.12.2022
20091	16.07.2020	IT governance audit	5	IT	DCTP	31.12.2022
20338	24.08.2020	Audit of 2019 consolidated financial statements	4	Management	DL	31.12.2021
20339	28.06.2021	Audit of 2020 consolidated financial statements	1	Management	DACAB	31.12.2021
20339	28.06.2021	Audit of 2020 consolidated financial statements	2	Management	DACAB	31.12.2021
21202	14.12.2021	Electronic advance data project performance audit	1	Management	DOP/QSF	31.12.2022
21202	14.12.2021	Electronic advance data project performance audit	2	Management	DOP/QSF	30.06.2022
21202	14.12.2021	Electronic advance data project performance audit	3	Management	DOP/QSF	30.06.2022
21202	14.12.2021	Electronic advance data project performance audit	5	Management	DOP/QSF	31.03.2023

[1] *FS: recommendations concerning the consolidated financial statements and accounting*
Management: recommendations concerning Management in general
IT: recommendations concerning information technology

[2] *DCTP: Postal Technology Centre Directorate*
DL: Logistics Directorate
DACAB: Administration and Cabinet Directorate
DOP/QSF: Postal Operations Directorate, Quality of Service Fund

* * *

144. This report was originally written in French; the SFAO points out that the French version is therefore the official version.
145. The SFAO would like to emphasize the good spirit of collaboration and openness that prevailed throughout the performance of the audit. It also wishes to express its appreciation for the helpfulness shown by all the UPU officials approached in providing the information and documents required to carry out its task.

Berne, 4 July 2022

SWISS FEDERAL AUDIT OFFICE

(External Auditor)

Eric-Serge Jeannet Deputy Director	Martin Köhli Competence Centre Manager

Priority levels of SFAO recommendations

The SFAO sets priorities for its recommendations based on defined risks (1 high, 2 medium, 3 low). Examples of risks include instances of unviable projects, illegal or irregular acts, or issues of liability or damage to reputation. The effects and level of probability are thus considered.

Annex 1: Follow-up of recommendations from previous audits

As indicated in paragraph 143, this annex sets out the status of the recommendations issued in previous audit reports that have not been implemented.

Recommendation No. 2 from the 16 July 2020 report (No. 20091) on the IT governance audit:

The SFAO recommends that the UPU launch a project to organize and coordinate the management and finalization of outstanding issues relating to the incorporation of the IT and Methods Programme into the Postal Technology Centre Directorate (DCTP). As part of this, the UPU should ensure that the issues regarding the organizational chart (i.e. multiple roles fulfilled by the Director of the PTC, the position of the person responsible for the information security management system) are resolved. The UPU should finalize the harmonization and redesign of processes, and update the documentation (in particular with regard to the strategy, providers and suppliers, IT services and budgetary management vectors), and take stock of the lessons learned from this integration process.

Director General's comments: The International Bureau agrees with this recommendation. The DCTP is running a project to harmonize processes and documentation for all of its activities (both for the IB and the Telematics Cooperative). The project will incorporate the points mentioned in this recommendation with a view to finalizing this integration.

Status according to the follow-up conducted in May 2022: Implementation is under way and is scheduled for completion in late September 2022.

Recommendation No. 3 from the 16 July 2020 report (No. 20091) on the IT governance audit:

The SFAO recommends that the UPU take stock of risk management practices, define work priorities, and launch a project dedicated to improvement. This project should aim to achieve a unified approach to risk management, as well as shared processes and tools, and a common understanding of risk management issues.

Director General's comments: The International Bureau agrees with this recommendation. Initiatives to improve risk management will be launched. Particular attention will be paid to promoting a common risk management methodology shared by the specialist and IT teams.

Status according to the follow-up conducted in May 2022: The UPU has begun implementing this recommendation.

Recommendation No. 4 from the 16 July 2020 report (No. 20091) on the IT governance audit:

The SFAO recommends that the UPU prioritize the definition and initiation of activities to optimize and extend the information security management system across the organization.

Director General's comments: The International Bureau agrees to take steps to optimize and extend the information security management system across the organization, building on expertise already acquired in-house.

Status according to the follow-up conducted in May 2022: The UPU plans to present to the IT Advisory Committee on the theme of cybersecurity. The UPU also needs to discuss the allocation of internal resources.

Recommendation No. 5 from the 16 July 2020 report (No. 20091) on the IT governance audit:

The SFAO recommends that the UPU define and implement architectural governance, adopting an approach and principles that are in line with IT activities for the International Bureau and the Telematics Cooperative. The UPU should ensure that it defines in advance the level of maturity envisaged for this initiative.

Director General's comments: The International Bureau agrees with this recommendation and will take appropriate measures to define and implement architectural governance as part of the DCTP harmonization process set out in recommendation 2. The level of maturity targeted by this initiative will be defined beforehand.

Status according to the follow-up conducted in May 2022: The IT Advisory Committee has begun implementing the recommendation.

Recommendation No. 4 from the 24 August 2020 report (No. 20338) on the audit of the 2019 consolidated financial statements:

The SFAO recommends inventorizing the UPU stamp collection. In addition, to improve the physical protection of the collection, plans should be made to relocate collection B.

Director General's comments: The Director General has evaluated the cost of inventorizing the UPU stamp collection and protecting its assets. The inventory and protection costs as proposed are considered disproportionate. The International Bureau will not be implementing this recommendation as it stands. However, the International Bureau proposes that these assets should be valued at 2.5 million CHF for insurance purposes.

With respect to the physical protection of the UPU stamp collection, arrangements are being made with the Museum of Communication.

Status according to the follow-up conducted in May 2022: For implementation of the recommendation, three phases are planned:

- Phase 1: physical reorganization of the UPU stamp collection and separation of collections A and B (2019–2021). This phase was completed in the first quarter of 2022 by moving collection B into a separate room in the building.
- Phase 2: electronic archiving and digitalization (2021–2024).
- Phase 3: inventory and valuation of the universal stamp collection (2024–2027).

Recommendation No. 1 from the 28 June 2021 report (No. 20339) on the audit of the 2020 consolidated financial statements:

The SFAO recommends that the UPU put into place an annual risk assessment at the organization level.

Director General's comments: The Executive Management agrees with this recommendation. The International Bureau will carry out an annual strategic risk assessment by means of a "top-down" approach. The Management Committee will meet to assess the main strategic risks identified within the framework of the previous risk assessment.

Status according to the follow-up conducted in May 2022: UPU Management met in December 2021 to re-evaluate the risks. The minutes from this meeting do not include a conclusion on the current risk assessment. The process must be further improved and pursued by the new Management.

Recommendation No. 2 from the 28 June 2021 report (No. 20339) on the audit of the 2020 consolidated financial statements:

The SFAO recommends that the UPU organize annual ICS monitoring, taking into account risks and resources so as to remain efficient.

Director General's comments: The Executive Management agrees with this recommendation. Following the implementation of the ICS and the organization of the first monitoring loop (operational risk analysis) in 2014, then again in 2015 and 2016, there was a structural change in 2017. The ICS monitoring resumed in 2019 with the organization of risk/control self-assessment.

Since 2019, the International Bureau has been organizing annual ICS monitoring by evaluating a particular risk category each year: assessment of the risks associated with processes with a financial impact in 2019, and assessment of risks related to non-specific processes (described in the ICS manual) in 2020.

The UPU will adapt its annual ICS monitoring in line with the Auditor's expectations in respect of the stages agreed.

Status according to the follow-up conducted in May 2022: The UPU has introduced a self-assessment questionnaire on the ICS for each directorate. The SFAO believes that the areas identified for improvement can still be taken into consideration in implementing the recommendations of the audit.

Recommendation No. 1 from the 14 December 2021 report (No. 21202) on the performance audit on the electronic advance data project

For all future projects financed under the QSF Common Fund, the SFAO recommends that the UPU strengthen the challenge identification phase by analyzing the specific needs of DOs. An impact model required by the QSF Board prior to the validation of all project requests would facilitate this initial phase.

Director General's comments: The International Bureau and the QSF Board agree with this recommendation. The Board will propose modifications to the QSF rules and procedures to strengthen the principles and procedures relating to pre-implementation activities for all Common Fund projects, particularly in the areas of feasibility studies and impact analysis. Analysis of the specific needs of DOs will be among the key deliverables of future feasibility studies.

Status according to the follow-up conducted in May 2022: The amendments to the QSF rules and procedures are in progress.

Recommendation No. 2 from the 14 December 2021 report (No. 21202) on the performance audit on the electronic advance data project

To ensure the project's progress at the domestic level, the SFAO recommends that the UPU support each country in line with its specific needs through to conclusion of the project.

Director General's comments: The International Bureau agrees with this recommendation. A comprehensive survey, focusing on operational and interface/connectivity requirements, level of complexity and future operational and financial impacts for each of the technical solutions proposed for this EAD Common Fund project, will be carried out in Q1 2022 via regional workshops dedicated solely to the EAD Common Fund project. The feedback and results of the workshops and surveys will be analyzed and used as a basis for improving the project implementation plan for phase 2 and subsequent phases in order to ensure more efficient and effective support for all participating countries. Moreover, initial mitigation has already been put in place through the recruitment of seven regional postal security managers to provide one-on-one support to the DOs in their respective regions.

Status according to the follow-up conducted in May 2022: The QSF has prepared a survey to send out to the 192 member countries.

Recommendation No. 3 from the 14 December 2021 report (No. 21202) on the performance audit on the electronic advance data project

For phase 2 of the project, the SFAO recommends that the UPU adjust the KPIs in line with the increase in scope and countries' differing departure points.

Director General's comments: The International Bureau agrees that the project KPIs should be adjusted in line with the increased scope of the project and the participating DOs' differing departure points. Supported by the results of the comprehensive survey to be carried out in Q1 2022, the KPIs for this project will be adjusted accordingly and presented to the QSF Board for approval. The revised KPIs will apply for phase 2 of the project.

Status according to the follow-up conducted in May 2022: The International Bureau has prepared a proposal for adjusted performance indicators. The proposal will be presented to the QSF Board in July 2022 for approval.

Recommendation No. 5 from the 14 December 2021 report (No. 21202) on the performance audit on the electronic advance data project

The SFAO recommends that the UPU define a transfer plan by the first quarter of 2022.

Director General's comments: The project has been extended by 12 months with a new completion date of May 2023. As such, the transfer plan will be developed with input from all participating DOs from Q4 2022 to Q1 2023. With regard to the technology solutions delivered by the PTC, these will be maintained and supported after completion of the project.

Status according to the follow-up conducted in May 2022: Implementation of the recommendation is under way.