

Council**C/54/6****Fifty-Fourth Ordinary Session
Geneva, October 30, 2020****Original:** English
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REPORT OF THE EXTERNAL AUDITOR*Document prepared by the Office of the Union**Disclaimer: this document does not represent UPOV policies or guidance*

1. The Financial Statements of the International Union for the Protection of New Varieties of Plants (UPOV) for the year ended December 31, 2019, together with the audit report of the External Auditor, are transmitted to the Council in accordance with Regulation 6.5 of the Financial Regulations and Rules of UPOV (document UPOV/INF/4/5), which requires that the Council examine and approve the financial statements. The Financial Statements for 2019 are presented in document C/54/5. The Annex to this document contains the audit report of the External Auditor.

2. *The Council is invited to take note of the present document.*

[Annex follows]

C/54/6

ANNEX



National Audit Office

AUGUST 2020

International Union for the Protection of New Varieties of Plants

**External Auditor's Report on the 2019 UPOV
Financial Statements**

The aim of the audit is to provide independent assurance to member states; to add value to the UPOV's financial management and governance; and to support your objectives through the external audit process.

The Comptroller and Auditor General is the head of the National Audit Office (NAO), the United Kingdom's Supreme Audit Institution. The Comptroller and Auditor General and the NAO are independent of the United Kingdom Government and ensure the proper and efficient spending of public funds and accountability to the United Kingdom's Parliament. The NAO provides external audit services to a number of international organizations, working independently of its role as the Supreme Audit Institution of the United Kingdom.

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Introduction

The International Union for the Protection of New Varieties of Plants (UPOV) was established in 1961 by the International Convention for the Protection of New Varieties of Plants to provide and promote an effective system of plant variety protection. The Union has some 76 members who support the activities of UPOV through direct contributions and, for some members, extra-budgetary funds-in-trust for specific projects.

The Comptroller and Auditor General of the United Kingdom (C&AG) was appointed as the external auditor of UPOV for a six-year mandate commencing 1 January 2018 and the audit is undertaken in accordance with Chapter 8 of the Financial Regulations and Rules of UPOV. The audit was conducted in conformity with International Standards on Auditing. Those standards require that the C&AG and his staff comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

In addition to our opinions on UPOV's financial statements, this report presents the key findings and recommendations arising from our work. We have also followed up the progress made implementing recommendations raised in previous financial periods (appendix one).

The original drafting language of this report is English, and we note that the English version is the authoritative text.

Overall audit results

Our audit comprised the examination of the 2019 financial statements and the associated transactions and events for that year. We provided an unqualified audit opinion, without modification, on the financial statements.

As a consequence of COVID-19, the final stages of the 2019 audit were completed remotely. While it was not without challenge and resulted in additional effort by both the WIPO finance team and the NAO team, we have been able to obtain sufficient appropriate evidence to support our audit opinion. Given the practical issues that remote working has presented, this is a significant achievement and reflects hard work and effort by UPOV and WIPO staff in difficult circumstances.

Financial management

Overall audit results

1 The External Auditor has audited the financial statements of UPOV for the year ended 31 December 2019 which comprise the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows, Statement of Changes in Net Assets, Statement of Comparison of Budgets and Actual Amounts and the related notes.

2 These financial statements have been presented in accordance with the International Public Sector Accounting Standards (IPSAS). In our opinion, the audited financial statements fairly present the financial position of UPOV as at 31 December 2019 and its financial performance and its cash flows for the year then ended under International Public Sector Accounting Standards (IPSAS).

Financial performance and position

3 In 2019, UPOV recorded a deficit for the year of CHF 133,000 (2018: deficit CHF 42,000). In addition, UPOV had a reduction in its post-employment benefit liabilities resulting from changing actuarial assumptions, of CHF 334,000 and additional contributions to the Working Capital Fund of CHF 12,000, the combined effect was to increase net assets to CHF 897,000 at December 2019 (2018: CHF 683,000).

4 Revenue in 2019 of CHF 3.7 million represents an increase of 1.8 per cent (2018: CHF 3.6 million) from the previous year. The increase in contributions arising from increased contribution units from the Russian Federation was offset by a CHF 51,000 decrease in extra-budgetary funds arising from reduced activities on Funds-in Trust, which totalled CHF 231,000.

5 While revenue increased by 1.8 per cent, expenditure increased by 4.3 per cent during the same period from CHF 3.7 million to CHF 3.8 million. Increases in personnel expenditure and contractual services were partially offset by reductions in travel, training and grants. The increase in personnel expenditure was primarily due to the impact of the Administrative Tribunal of the International Labour Organization's judgement¹ on Post-Adjustment Multipliers and movements on the Union's defined benefit employee benefit liabilities. The increase in contractual services was due to enhancements the Union has made in relation to its UPOV PRISMA system. We have considered UPOV PRISMA later in our report. The reduction in travel, training and grants was due to reductions in staff mission costs. As a result of the impacts of Covid-19, there may be opportunities for the Union to look for cost savings in travel tied to new ways of working and remote communication.

6 International staff recruited in Professional and higher grades receive a post-adjustment allowance in addition to base salary. The International Civil Service Commission (ICSC) established post-adjustment is to harmonise the purchasing power of all staff at the same grade across all duty stations, factoring in exchange rates and

¹ ILOAT judgement 4138

differences in prices between locations. During 2019, the ILOAT decided that changes in the Post-Adjustment Multipliers (PAMs) previously applied were not appropriate and therefore should be set aside. As a consequence, UPOV retrospectively paid increased post-adjustments, which totalled approximately CHF 60,000, for applicable staff from March 2018. We are content these costs have been appropriately reflected and are regular.

7 Assets controlled by UPOV have increased by 10.7 per cent from CHF 4.4 million to CHF 4.9 million. The increase is mainly due to increases in cash from both members paying their 2020-2021 contributions in advance and contributions to funds in trust that will subsequently be recognised as revenue when UPOV deliver the agreed activity. While UPOV's assets have increased by 10.7 per cent, its liabilities have increased by 7.0 per cent from CHF 3.7 million to CHF 4.0 million. This is due to increased liabilities resulting from the receipts in advance which have been partially offset by a reduction in employee benefit liabilities of CHF134,000.

8 We use ratio analysis of an organization's financial health on all our international audits to show how financial positions change over time (Figure 1). They express the relationship of one item of account against another. For example, there are CHF 1.22 of current assets for every CHF 1 of current liabilities. The significant difference between the current and asset ratios are due to approx. 50 per cent of UPOV's liabilities being employee benefit liabilities that are due after 12 months or more.

Figure 1: UPOV Key financial ratios 2016-2019

Ratio	2019	2018	2017	2016
Current ratio				
Current assets: Current liabilities	2.55	3.07	3.19	2.24
Asset ratio	1.22	1.18	1.18	1.16
Assets: Liabilities				
Cash ratio				
Cash and cash equivalents: Current liabilities	2.48	2.97	3.13	2.19

Notes

1. A high current ratio indicates an entity's ability to pay off its short-term liabilities.
2. A high assets to liability ratio is a good indicator of solvency.
3. The cash ratio is an indicator of an entity's liquidity by measuring the amount of cash and cash equivalents there are in current assets to cover current liabilities.

Source: Audited Financial Statements of UPOV

9 Overall, UPOV enjoys a sound financial situation. The Organization has healthy reserves which are significantly backed by cash and investments. It has earmarked funds of some CHF 870,000 for its accumulated liabilities to provide after-service health insurance to former staff members which total CHF 2.0 million. By funding its post-employment benefits, UPOV reduces liquidity risk in future financial periods.

Changes in financial reporting

10 During 2018, the IPSAS Board issued a new financial reporting standard on financial instruments (IPSAS 41). The new standard establishes new requirements for classifying, recognising and measuring financial instruments which are defined as any contract giving rise to both a financial asset of one entity and a financial liability of another entity. For UPOV alongside its cash and cash equivalents, financial instruments also include working capital balances, such as receivables and payables.

11 WIPO finance staff continue to be proactive with the adoption of new standards and during 2019 reviewed the impact of adopting IPSAS 41 at UPOV. It concluded that the impact was not significant and therefore took the decision to adopt the standard early as of 1 January 2019. For UPOV, the changes did not impact the values reported in the Statement of Financial Position, nor in the comparative figures. The WIPO finance team has reviewed UPOV's financial instruments and assigned them to the relevant classification under the new standard and the impact of this can be seen in Note 2 to the financial statements. We have confirmed the revised classification is appropriate.

12 For some organisations potentially more significant is the requirement to estimate future "Expected Credit Losses" for all financial assets whereas the previous requirement was to consider existing impairment indicators. The Credit Losses are the difference between the cash flows from the contractual terms and the expected cash flows based on what the entity expects to receive. Given the nature of UPOV's business model we are content that the existing impairment policy does not create any significant differences to an Expected Credit Loss model. Review of receivable balances is increasingly important during periods of economic instability.

13 UPOV's employee benefits are valued each year by an independent actuary. To more accurately reflect the reality of the transactions and to harmonize with WIPO and the wider UN system organizations, UPOV have reviewed and refined some of the assumptions and methodologies applied for the valuation of the after-service health insurance (ASHI), the accrued annual leave and the repatriation grant accrual. The two most significant changes related to the valuation of the accumulated annual leave accrual and the use of a blended discount rate instead of one solely based on Swiss Francs for ASHI. The changes to the annual leave accrual resulted in an additional liability of CHF 30,000 on the basis that staff members retain leave each year during their service to build up the ability to take a maximum lump sum pay-out of accrued leave when they separate. The liability is now a fairer reflection of the actual future cost to the organisation of these liabilities. These changes are shown in Note 6 to the financial statements.

Program and Budget performance

14 The Program and Budget for UPOV is prepared biennially on a modified accrual basis. Statement V of the financial statements presents a comparison of the budget and actual amounts, in compliance with the IPSAS provisions. A reconciliation of revenue and expenditure presented in the other financial statements is presented in note 12 to the financial statements.

15 The original budget for the biennium 2018-2019 approved by the Council included allocations for revenue and expenditure of CHF 6.9 million. No amendments have been made to this budget during the biennium. The overall results for the biennium are shown in **Figure 2**.

Figure 2: 2018-2019 budgetary performance of UPOV (Thousands of Swiss Francs)

	Original Budget	Outturn	(Excess)/Surplus
Income	6,940	6,931	(9)
Personnel Expenditure	(4,772)	(4,371)	(401)
Non-personnel expenditure	<u>(2,168)</u>	<u>(2,484)</u>	<u>316</u>
Net result	Nil	76	76

Source: Audited Financial Statements of UPOV

16 For the biennium 2018-2019, UPOV achieved revenue of CHF 6.931 million and incurred expenditure of CHF 6.855 million, resulting in a budget surplus of CHF 76,000. Management have presented key variances as part of the Financial Report accompanying the financial statements. This surplus compares with a deficit of CHF 175,000 when presented on an IPSAS basis over the biennium. The budgetary outturn differs to the IPSAS basis, as a result of non-cash movements including the deferral of revenue not yet earned, movements in employee benefit liabilities and the inclusion of non-budgetary activities, such as those financed through the Special Projects fund. A reconciliation between the two bases is shown in Note 12.

Business developments

UPOV PRISMA

17 In our previous report, we commented on the introduction of UPOV's Electronic Application Form (EAF), UPOV PRISMA. We suggested that the Union would need to establish realistic projections to enable progress against targets to be measured. In its Strategic Business Plan² presented to the Consultative Committee in July 2017,

² UPOV CC/94/3 – Draft Strategic Business Plan

management presented projections for the EAF (Figure 3), which indicated significant increases in activity levels and income.

Figure 3: Initial projection for the income from EAF

Year	Number of applications expected via EAF	UPOV charge (CHF)	Income (CHF)
2017	183	150	27,405
2018	701	150	105,216
2019	1,018	250	254,475
2020	1,326	250	331,524
2021	1,541	250	385,193
2022	1,694	250	423,581

Source: UPOV Strategic Business Plan

18 In its latest meeting on UPOV PRISMA developments³, UPOV reported that it received submissions through UPOV PRISMA totalling 14, 77 and 220 for the years 2017, 2018 and 2019 respectively. This represents some 16.4 per cent of its initial projection and compares with total Plant Variety Protection (PVP) applications filed by UPOV of 18,300 and 20,000 in 2017 and 2018⁴. The UPOV Council agreed that UPOV PRISMA would be made free of charge for an introductory period, consequently no revenue was received for using the system during the 2018-2019 biennium. This waiver was on the basis that the budgeted costs of the applications were funded by means other than the regular budget. While not significant, as there were only 220 applications, we found no other sources of funds were used to meet the costs related to these in 2019, although two funds-in-trust existed to meet certain costs of UPOV PRISMA, some remaining costs were funded from the Regular Budget. .

19 UPOV commissioned an assessment of the UPOV PRISMA project, a measure we see as important for significant investment projects. During 2019, UPOV engaged an external consultant to assess the value of UPOV PRISMA⁵, identify its advantages and drawbacks to help support consideration of an appropriate price point, balancing fairness and market demand. The consultant's report found that while users considered UPOV PRISMA an appealing concept with expectation that it will lead to reduced burden, users considered that IT issues needed to be resolved, that it lacked completeness of crop/species coverage and locations and that delays were occurring in respect of acknowledgements of receipt from participating members' PVP offices. The consultant recommended that UPOV should charge applicants EUR 100 – 150 (CHF 109 – 163⁶) once initial technical issues and completeness issues have been fully resolved.

³ UPOV EAF/15/2 – Meeting on the development of an electronic application form

⁴ UPOV C/53/INF/7 – Plant Variety Protection Statistics for the period 2014-2018

⁵ UPOV EAF/14/3 – Annex III

⁶ Converted using United Nations Operational Rates of Exchange as at 31 December 2019.

20 At the fifty-third ordinary Council session⁷, on recommendation of the Consultative Committee,⁸ a fee for the use of UPOV PRISMA was re-introduced of CHF 90 from 1 January 2020, subject to resolution of the technical issues and improvements being made to the user experience. Based on the new fee, UPOV has included anticipated revenue from UPOV PRISMA within the 2020-2021 biennium program and budget⁹ of CHF 198,000, representing 2,200 applications. This was projected at a level significantly higher than in the biennium 2018-2019 to minimise the risk that the maximum ceiling of expenditure would be less than actual UPOV PRISMA revenue. Surplus revenues which cannot be used by UPOV are, unless otherwise decided by the Council, reimbursed to members, in line with Financial Regulation 4.6.

21 Pending a proposed change to the above Regulation during the 54th ordinary session of the UPOV Council, management have recognised a more realistic UPOV PRISMA revenue of CHF 112,500 in its preliminary planning for the Program and Budget for the 2022-2023 biennium, representing 1,250 applications. There is a risk that the revenue does not cover the operational costs of the system and is unlikely to recover the investment in UPOV PRISMA to date. Consequently, UPOV may not achieve its original objective when developing the system that the fees from applications would ultimately cover the cost of the service. It is important that if original aims and assumptions are at risk, that the Council approves a revision to the UPOV PRISMA objectives to ensure they remain realistic and challenging.

22 In any significant investment project, there are both financial and non-financial factors to consider and against which value can be assessed. In the period 2017-2019, UPOV spent CHF 289,000 on IT costs, including the development of UPOV PRISMA. While the user base remains low, initial survey results support management's assumptions that the user base will grow if technical and completeness issues are resolved. The pace of this growth will determine whether the application can recover its costs. Further costs will be incurred to rectify known problems over the biennium as well as additional costs to further develop capability and to maintain the application. It is important that these costs are clearly visible against the future anticipated revenues. This will ensure transparency and help support clear decision making. As any new application begins its life cycle there will be uncertainties, and it is important that UPOV continues to assess and manage these risks with appropriate reporting to Council on any potential impacts on the reserves of UPOV.

23 The financial and policy aspects of UPOV PRISMA are kept under review by the Consultative Committee, specifically in relation to aspects such as the fee but also in the overall context of the Strategic Business Plan and the preparation for the Program and Budget. This has included the wider policy considerations that should be taken into account when financing. Facilitating PBR applications will enable farmers and growers to have greater access to improved new varieties and UPOV PRISMA can offer members particular benefits by providing a national, online electronic application system, facilitating applications and increasing the number of applications by breeders

⁷ UPOV C/53/15

⁸ C/53/9 Rev.

⁹ C/53/4 Rev. Table 8

from other territories. It is important that in making determinations that there is clarity around the extent to which funding is intended to recover costs or is to be seen as an investment in the aims of UPOV. It is important that the funding sources and application are clearly disclosed to the Council.

R1: To enhance transparency and to inform future decision making, we recommend that UPOV consider separate reporting on the costs and revenues relating to UPOV PRISMA, and that they reflect the most realistic and prudent assumptions around costs and revenues.

R2: We recommend that UPOV ensures there is clarity over the funding source for any deficit in the operation of UPOV PRISMA, and where necessary agree appropriate transfers or identify where costs are seen as providing wider benefits to be funded from regular budgets.

Other matters for the Council

24 The Secretary-General reported no frauds, or ex-gratia payments during 2019. We identified no instances of fraud in our audit, and no cases have come to our attention through our testing.

Prior year recommendations

25 We made three recommendations to UPOV during the 2018 financial year. Of these, we consider that two recommendations were implemented during 2019 and one remains under implementation. **Appendix One** contains a detailed commentary on the status of previous recommendations.

Acknowledgments

26 We would like to thank the Secretary-General and his staff for their co-operation in facilitating our audit engagement, especially during such a significantly challenging period.

Original as signed

Damian Brewitt

Financial Audit Director- International

For and on behalf of Gareth Davies

Comptroller and Auditor General, United Kingdom - External Auditor

14 August 2020

Appendix One

Follow-up of prior year recommendations

Previous reference	Summary of recommendation	Administration's comments on status: May 2020	External Auditor's view	Status
2018 (C/53/6) R#1	Consider reviewing the current content of the SIC and the scope to draw upon the emerging practices used to support WIPO's own SIC and the underlying assurance evidence.	UPOV improved its assurance processes for the 2018 year by including a strong Statement on Internal Control (SIC). A copy of the SIC was included in the Management Representation Letter from the Vice Secretary-General to the Secretary-General, confirming that Entity and Process Level Controls had been reviewed, demonstrating satisfaction with the WIPO internal controls. UPOV is in the process of reviewing the WIPO accountability framework with a view to considering whether a similar framework would be beneficial to UPOV. It has also included its SIC alongside the financial statements in the overall reporting to Council.	We note the progress made and the inclusion of the SIC with the 2019 financial statements. We believe there is scope to provide more details of the relevance of IOD's work to UPOV within the review of effectiveness.	In progress
2018 (C/53/6) R#2	Enhance the risk management disclosures in the SIC to provide more information on UPOV's	UPOV undertook an extensive risk assessment in October/November 2019, and as a result, high-level risk information has been included in the 2019 SIC.	We have noted the enhanced risk management information outlined	Closed

External Auditor's Report on the 2019 UPOV Financial Statements Appendix One 13

Previous reference	Summary of recommendation	Administration's comments on status: May 2020	External Auditor's view	Status
	own risk management and the operational risks it faces.		within the Statement of Internal Control presented alongside the financial statements.	
2018 (C/53/6) R#1	UPOV should either formally approve the approach taken by WIPO with regards to placing a restriction on funds or ensure that a separate account is established in line with the Council's decision.	The Council decided to place a restriction in a UPOV bank account for funds allocated for financing UPOV's After-Service Health Insurance (ASHI) liability, and that the amount represented by the provisions for ASHI obligations at the end of the 2016-2017 biennium, together with the balance from the 6 per cent charge after deduction of the respective biennium's payments, if any, be transferred to that account with the restriction starting from the 2018-2019 biennium and to apply to that funds thus restricted in the UPOV bank account the investment policy that WIPO applied to the account for financing WIPO's liability.	We have noted that the current blocking instruction was approved during the Fifty-Third Ordinary Session of the Council.	Closed

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

Opinion on financial statements

I have audited the financial statements of the International Union for the Protection of New Varieties of Plants for the year ended 31 December 2019, which comprise the statement of financial position, the statement of financial performance, statement of changes in net assets, statement of cash flow, the statement of comparison of budget and actual amounts – for the year then ended, the statement of comparison of budget and actual amounts –for the biennium then ended, and the related notes, including the significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the International Union for the Protection of New Varieties of Plants as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Opinion on regularity

In my opinion, in all material respects, the revenue and expenses have been applied to the purposes intended by the Council and the financial transactions conform to the Organization's Financial Regulations.

Basis for opinion(s)

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the International Union for the Protection of New Varieties of Plants in accordance with the ethical requirements that are relevant to my audit of the financial statements. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the International Union for the Protection of New Varieties of Plants' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the International Union for the Protection of New Varieties of Plants or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the International Union for the Protection of New Varieties of Plants' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My responsibilities are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the International Union for the Protection of New Varieties of Plants' internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the International Union for the Protection of New Varieties of Plants' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the International Union for the Protection of New Varieties of Plants' to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Other Information

Management is responsible for the other information. The other information comprises the Introduction, the Financial Results for the year ended December 31, 2019 and the Statement on Internal Control. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Original as signed

Damian Brewitt

Audit Director- International, For and on behalf of Gareth Davies, Comptroller and Auditor General

National Audit Office, 157-197 Buckingham Palace Road, London, United Kingdom

14 August 2020

[End of Annex and of document]