

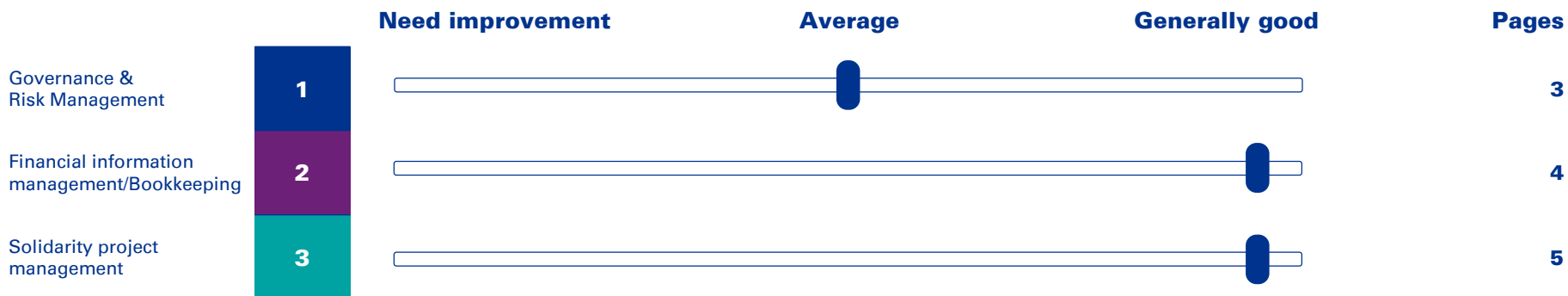


UCI Solidarity Fund governance management

Union Européenne de Cyclisme

1st November 2019

Detailed below are the key observations relative to the areas of focus for this site visit. The overall assessment for each area of focus has been prepared based on our understanding of good practice and our experience in working with a wide range of international and continental sport federations. The colored dots indicate where the confederation falls on the scale.



Overall result and findings

Governance & Risk Management

- The UEC has developed a registry of interests which is individually published for each Committee Member on the UEC internet website.
- The UEC has externalized or requested external assistance in order to ensure compliance with laws and regulations.
- The Secretary General and the Treasurer are generally aware of the risks existing within the organization (such as cancellation of events, unethical behavior, strong reliance on few individuals, etc).
- The UEC has not implemented a formalized Internal Control System. However, it has implemented specific procedures with regards to purchases of goods and services and with regards to staff expenses which are the two main sources of disbursements.
- Most the topics linked to the general governance and to risk management are informal and need to be actively monitored. For example, there is currently no active monitoring of risks and there is no action plan to mitigate these risks.

Financial information management/Bookkeeping

- The bookkeeping is maintained internally by one part-time employee. The UEC maintains its accounting records under Cresus, which is a recognized and standard Swiss accounting software.
- The UEC is subject to the audit from a recognized audit firm and from appointed internal auditors. Internal auditors are providing high quality recommendations.
- There are however improvement possible with regards to the extent of information provided by the UEC in its audited financial statements. The current information remains in a very aggregated level without detail on the effective accounting treatment and on specific positions.

Development project management

- The UEC directly manages the funding received from the UCI and does not sub-grant funds to National Federations. It purchases and pays directly for the purchase
- In accordance with the UCI, we selected one project to be tested. Invoices were easily identified and traced to the accounting.

KPMG engagement - general background

KPMG conducted specific procedures to provide a broad picture of the status of the Confederations (hereinafter “CF”) of the Union Cycliste Internationale (hereinafter “UCI”).

Our work has been directed to helping you to identify the risks and opportunities which could be important to your assessment decision. As such, the procedures performed do not constitute an audit or a review made in accordance with any generally accepted auditing standards.

The UCI has selected the Union Européenne de Cyclisme (hereafter: UEC) to be analysed and assessed for its overall governance with regards to its capacity to manage the UCI Solidarity Funds.

We held a first meeting at the UCI office with the UCI finance department in order to understand the existing relationship between the UCI and the UEC and also to select on solidarity funding made in 2018.

We then conducted the assessment on site at the UEC office in Lausanne. The assessment was made based on inquiries made to Henrik Jess Jensen (UEC Treasurer), Enrico Della Casa (UEC General Secretary) and Stéphanie Strebel (administrative assistant). The UEC has also completed, in advance, the self-assessment questionnaire and provided all requested information in a clear and complete manner.

The assessment took place on 5 and 6 September 2019.

Governance of the UEC

According to UEC website, “the UEC Management Board is responsible for the management of the European Cycling Union, under the supervision of the General Assembly which meets annually. Its duties are in particular to carry out the decisions of the General Assembly, the organization of the European Championships or the management of established commissions to coordinate UEC affairs.”

The UEC affairs are managed by the General Secretary with the assistance of 2 part-time employees.

The UEC has not applied any recognized good governance principle. However, it has developed some specific actions with regards to good governance:

- Regular update to the UEC constitution (published on UEC website);
- Development and regular progress report on UEC ambitions (Together for European cycling – programme 2019-2022);
- Development of a registry of interest (published on UEC website);
- Specific reporting when a risk is identified (such as the ARETI Solidarity Programme).

However, the good governance remains generally informal and not fully documented.

Overall risk management and internal control environment

Interviewed individuals have a clear perceptions of risks within the UEC. However, these risks are not actively monitored and there is no risk management process in place. Consequently, there is no documentation.

In 2016, the UEC has implemented the following procedures which were approved by the UEC Management Committee:

- Approvals manual – to ensure that commitments made are for the well being of the UEC and not managed by one single individual.
- Expenses guidelines – to ensure that volunteers and staff are reimbursed for reasonable expenses.

However, due to its size, the UEC has not developed an Internal Control System concept. As such, there is no evidence that all risks with regards to the financial reporting are effectively identified and monitored.

Governance & Risk Management

KPMG recommendation	UEC position
<p>We recommend the UEC to formalise its general governance concept on paper. The UEC could consider the basic universal principles of good governance of the IOC which governs the following topics:</p> <ul style="list-style-type: none"> • Vision, mission, strategy • Structures, regulations and democratic process • Highest level of competence, integrity and ethical standards • Accountability, transparency and control • Solidarity and development • Athletes' involvement, participation and care • Harmonious relations with governments while preserving autonomy 	<p>We are in agreement with the recommendations and we will work on that direction. Regarding the solidarity projects, we have already met with the new person in charge at the UCI. We are in agreement to completely review the procedures of allocation of the funds.</p>
<p>We recommend the UEC to conduct a complete risk assessment with the Management Committee to identify risk and then to implement a mitigation plan.</p>	<p>The topic will be addressed at the next Management Committee planned on 8 November 2019.</p>
<p>We recommend the UEC to specifically mitigate the key-person dependency risk that the organization has with its the Secretary General.</p>	<p>We have already implemented several internal procedures. We will formalize these actions on paper and further develop on this risk.</p>

Finance function / Bookkeeping

According to the Constitution, the UEC General Assembly has the exclusive power and duties to elect members of the Management Committee. In addition, a treasurer is elected by the Management Committee from amongst its members. The UEC aims to select a treasurer with either sport or finance knowledge.

The Treasurer is responsible for the proper and fiscally correct accounting of the UEC. He must submit to the Annual General Assembly, a detailed annual report on the accounts for the last financial year and the financial situation. The Treasurer must regularly submit details of the financial situation to the Management Committee.

We have obtained minutes of the Management Committee for the year 2018 which shows that duties of the Treasurer have been effectively fulfilled and clear information is regularly provided.

Bookkeeping is maintained under Cresus, a standard Swiss accounting software and reconciled with the bank statements.

The Treasurer regularly supervises the accountant's work through monthly financial reporting provided by the UEC secretariat.

While having a high-level review of the financial statements, we identified that some improvement may be made to the current reporting such as:

- Revise current practice on provisions which should have been qualified as reserve;
- Standardise the presentation of the income statement to provide a clearer understanding of the performance;
- Provide comparative information and notes to the financial statements.

However, the finance function remains at a high standard.

Audit function

According to the Constitution, the UEC General Assembly has the exclusive power and duties to elect 2 internal auditors and/or an external auditor.

The elected auditors must verify the accounts and submit their report to the same Annual General Assembly.

The current external auditor is a recognized audit firm which issued a review report based on the Swiss Auditing Standards. The review is the minimal audit requirement in Switzerland. Our observations over the finance function listed previously does not contradict the conclusions of the report issued by the external auditor. We believe that improvement may however be implemented for the sake of clarity and transparency.

In addition, to the work of the external auditor, two internal auditors have been elected in the name of Tamara Gálíková and Rory Wyley.

We have obtained the internal audit reports for the year 2013 to 2018. We noted that recommendations given by the internal auditors are of a very high quality. Latest recommendations related to:

- Formal adoption of accounting policies;
- Crisis management and split of responsibilities.

The two audit functions remains important for the organization as most of the operations remains within a limited number of individual which is a high risk for the organisation.

Financial information management/Bookkeeping

KPMG recommendation	UEC position
We recommend the UEC to analyse its financial statements with good practice of other sport federations and with the more stringent requirements of the Swiss law.	We will organize a meeting with our auditor to review the presentation of our financial statements.

Solidarity project management

Solidarity Project selected

In order to minimize risks of misuse of funds by national federations, the UEC has decided to select its own projects and finance projects directly. As such, the UEC pays directly for the solidarity expenses and coordinate with the national federation for the transfer of assets.

We observed that the UEC has a clear view of the needs from National Federations and aims to finance for projects that provide additional value.

The UCI requested KPMG to conduct a specific review of one project. The project selected related to the purchase of vehicles for national federations.

We have obtained a clear understanding from the UEC on purpose of the solidarity project conducted. We were able to easily trace invoices to the accounting and to the financial report of the UEC.

As such, criteria for “good accounting” as defined by the Swiss accounting practice are met.

Solidarity project management

KPMG recommendation	UEC position
<p>We recommend the UEC to discuss with the UCI on a possible strengthening and targeting in funds provided directly by the UCI for national federations member of the UEC. It would allow the UCI to ultimately avoid double funding and ensure that funds are used for the specific development needs of the national federation.</p>	<p>We met the UCI on 3 October 2019 and have agreed a common process to better manage Solidarity funds. Monthly meeting will be organised to cover the preparation of files and for the follow-up of projects. The next meeting will take place on 21 and 22 November 2019 at the CMC satellite center in Anadia (POR).</p>



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